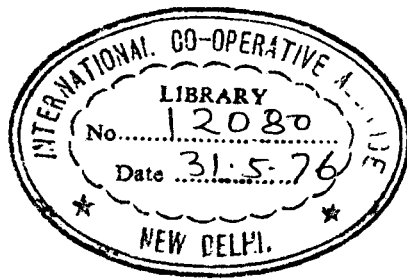


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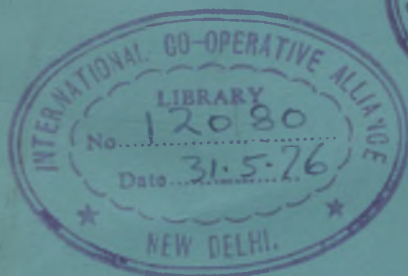


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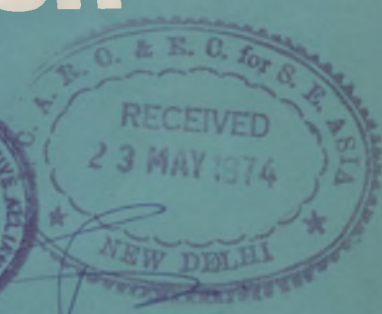
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THE INTERNATIONAL CO-OPERATIVE ALLIANCE

was founded in London in 1895 as an association of national unions of co-operative societies, which seek to promote a non-profit system of production and trade, organised in the interests of the whole community and based upon voluntary and mutual self-help.

It comprises organisations in every continent, and its total affiliated membership through national organisations exceeds 300 million. The consumers' movement accounts for about half the membership, the other half consisting of agricultural, housing, credit, workers' productive, artisanal and fishery societies.

Its purpose is to propagate co-operative principles and methods and to promote friendly and economic relations between co-operative organisations of all types, both nationally and internationally.

It promotes, through auxiliary trading, housing, banking and insurance organisations, direct commercial and financial relations between co-operative enterprises in different countries so as to enable them to exert on the world market, as well as at home, an influence beneficial at once to consumers and primary producers.

It convenes international congresses, furthers the teaching and study of co-operation, issues publications and research data, and collaborates closely with the United Nations as well as with voluntary and non-governmental international bodies which pursue aims of importance in co-operation.

In the United Nations, its Economic and Social Council, as well as in some of the Specialised Agencies, it enjoys the right of participation in their meetings and work as an International Organisation with Consultative Status, Category I.

Its official organ is *The Review of International Co-operation*, published bi-monthly.

The study of International Co-operation takes place under the auspices of the 'Henry J. May Foundation', the Permanent Centre of International Co-operative Study.

The ideological work of the Alliance also finds expression in the annual celebration in July of International Co-operative Day.

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The official Organ of the International Co-operative Alliance

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ICA and the Environment

An organisational response

The involvement of the ICA in environmental issues dates from its preparations for, and participation in, the UN Conference on the Human Environment held in Stockholm in 1972, but it has long been concerned with matters closely related to them, such as consumer protection (see Declaration of Consumer Rights in the Review of International Co-operation, Vol. 63, Nos. 1-2, 1970). Since 1972 the ICA has also participated in the first session of the Governing Council of the UN Environment Programme (UNEP), created by the General Assembly of the UN following the Stockholm Conference. The extent to which the ICA is to participate actively in environmental activities is still to be determined and to this end several of its auxiliary committees (the Organisation for Co-operative Consumer Policy, the Housing Committee, the Fisheries Sub-Committee and the International Co-operative Insurance Federation) have been examining the matter. The Fisheries Sub-Committee is at present concerned with preparations for the forthcoming UN Conference on the Law of the Sea, to be held in Caracas in May this year; the Organisation for Co-operative Consumer Policy is studying specific areas in which it could make a contribution; and the Housing Committee is considering the ways in which it could collaborate with UNEP and participate in the UN Conference/Exposition on Human Settlements, to be held in Vancouver in 1976. From these tentative and small beginnings it seems that the co-operative movement might well be on the way to making a positive contribution to national and international activities in the field of environment protection, an issue which affects the lives of all co-operators both in developed and in developing countries.

Edit.

Co-operation in Defence of the Environment

by **Jean Boniface**

The following is a shortened version of the talk given by Mr Boniface, Chairman of the Working Party on the Co-operative Press, at their meeting in October 1973.

The desire to make our group more operational, as one says nowadays, has prompted me to speak on the protection of the environment, for although to be a regular and sympathetic forum is a good thing, to discuss a concrete theme, to suggest a course of action to the highest authorities of the co-operative movement and to carry it through with their help is, in my view, an even better one.

The theme of the environment has several characteristics that make it especially suited for this purpose, the first one being that it is politically neutral. By this I do not mean that the problems related to pollution, for instance, have no political implications—on the contrary, they are potentially explosive. But they are problems about which co-operators, be they from a socialist or a capitalist society, from the Third World or from industrialised countries, can easily agree, for the very simple reason that these problems are present everywhere—with varying characteristics and intensity but everywhere—and the solutions that can be advocated at a national level do not differ greatly from country to country. What is more, these problems are by their very nature trans-national: pollution of the Baltic or the Mediterranean affects all

countries bordering the Mediterranean or the Baltic, which means that any action taken must also be trans-national. It is useless for any one country to fight pollution if its neighbours carry on as before.

It is also the case that co-operators occupy a privileged position from which to examine these problems. Their vocation makes it possible for them to grasp and reconcile views as opposed as those of the consumer and the producer, the individual and those in charge of the community, since through the various forms of Co-operation, that modern version of Vishnou, they can simultaneously identify themselves with each of these dissimilar characters.

This is by way of introduction. I shall now try to briefly define the theme and to see where it might lead us.

What is the environment? The place where people live, their surroundings. Two other concepts complement the word: “environmental policies”, by which is meant the attitude of a particular country vis-à-vis its territory, and “ecology”, i.e. the science that studies the relationship between living creatures and their natural habitat.

Men have always been concerned, albeit implicitly, with the environment,

with environmental policies and ecology, for men have virtually remodelled the surface of the earth. Although oceans and mountain peaks appear to have remained the same for millions of years we now know that neither the motion of glaciers nor the depths of the sea-bed escape from human influence. But people have only recently become aware of the dangers this entails; it is only now that men have come to realise that the development of their industry, their scientific power, their sheer numbers are such that their actions could in some cases have consequences not very different from those of a natural catastrophe—a typhoon, an earthquake, a tidal wave. It is now evident that man is capable of altering natural equilibrium, for better or for worse. Such is the possibility disclosed by research and studies like the one carried out at the Massachusetts Institute of Technology,* no less alarming because controversial; such is the terrifying conclusion to be drawn from atomic bombing and tests, the wreck of the Torrey Canyon, the poisoning of the Japanese fishermen of Minamata, to take only a few examples.

The Environment Conference held in Stockholm in June 1972 echoed this alarm at an international level and since then several governments, pressed by public opinion, have begun more or less seriously to study means of preserving natural resources, and to draft laws protecting the air, the waters, silence. Even developing countries, who until recently had affirmed that the protection of the environment could be considered a problem only in industrialised countries, are now worried by the deterioration of their soils and forests. Matters at which people smiled only yesterday are now of concern to everyone. I shall mention only a few.

For instance: if we go on drawing on mineral and other resources (gas, oil, coal) at the present rate, will they not be eventually exhausted? The supporters of un-

limited industrial growth will answer confidently that we must place our bets on the side of science and technology: a new discovery will always be at hand at the right moment to make good any deficiencies. Can co-operators speak with such confidence, which often is nothing but arrogance? It is a matter worth considering.

And again: will man be capable of adapting indefinitely to the new surroundings imposed upon him? He has gone happily from the primeval forest to villages, then to towns; he has withstood famines and the extremes of heat and cold, he is even capable of adapting to weightlessness, but will he survive when vegetation has virtually disappeared, when only a few types of plants and animals are still preserved, when concrete spreads over millions of hectares, when life in a community becomes a permanent source of conflict because of overcrowding and noise? These are also questions we must ask ourselves.

The principles that underly the workings of the world economy at present—maximise industrial production, and correlatively man's needs, of whatever nature, through publicity and other forms of brainwashing—are they valid principles? Or are they dangerous? The answer will be different if the context is an industrialised country or a developing one, but the two matters we referred to earlier, i.e. the exhaustion of natural resources and man's adaptability, necessarily bring us to consider the problem of growth. It is less and less certain that well-being can be viewed solely as a function of GNP.

Finally, the most serious question: has humanity reached, or will it reach in the near future, a point of no return beyond which the damage will be irreparable? The most obvious example is that of atomic radiation: absorbed by the substances that feed us they penetrate the very core of life, causing deep lesions that result in monstrous mutations. And without having to look into the future: life seems to be permanently extinguished in the waters of

*See 'The Limits to Growth—A Report for The Club of Rome's Project on the Predicament of Mankind', New York, Universe Books, 1972.

lake Erie, and we do not know if supersonic aircraft such as Concorde will not in the end destroy the layer of ozone that protects us from deadly ultra-violet rays.

All this brings us to one of ecology's fundamental laws, until now neglected or ironically dismissed: that nature's elements are perpetually in motion, following patterns akin to planetary cycles, and are therefore the best vehicles for pollution. Not only air and water move incessantly: elements like nitrogen, oxygen and carbon are absorbed, assimilated, rejected and reabsorbed in a kind of perpetual equilibrium. Each living species, life itself, is a fragile system kept in balance almost miraculously. These eco-systems are now endangered by the enormous increase in pollution, by excessive use of metals as dangerous as mercury, lead and phosphorus, by the release of gases as toxic as carbon monoxide. The unchecked production and use of detergents, of non-biodegradable plastics, of chemical fertilisers and of pesticides, and the exhaust fumes from cars can permanently poison both water and air; and the increase in air and water temperatures caused by nuclear power stations and factories can bring about a dramatic change in climate and accelerate the melting of the ice-caps. In the times we live in these science-fiction fantasies have become possibilities.

What attitude are we to adopt in these circumstances? That of the indifferent and the egoists, who are content provided they themselves can lead a comfortable life and feel no concern for the unhappiness of future generations? Or that of the gamblers and the fanatic believers in science, who feel certain that humanity will find a way out by means of hard work and ingenuity? Can co-operators, in all honesty, be indifferent, or have blind faith in the progress of science? I do not think so. In my view the principles they uphold should lead them to condemn those who, wittingly or unwittingly, are responsible for this state of affairs. To condemn them strongly but nonetheless objectively, without resorting to the radical

vocabulary of professional protesters who reject technology and progress only to seek refuge in nostalgia, anarchy or woolly ideologies.

The first to be held responsible are clearly industrialists, who for over a century have had no other aim, at least in Western countries, than to increase profits and therefore production with little or no concern for nature and the environment. But the governments who let them have their way, either because it suited their ends or through weakness, are also to blame. And nowadays the blame must extend to irresponsible consumers, motorists, farmers and even housewives.

Co-operators must thus lobby in favour of legislation that would penalise careless enterprises and support (or initiate) campaigns that would make people aware of ecological issues and of the disastrous consequences that many apparently innocent gestures of daily life can have. As I said earlier, co-operators are better placed than most for reconciling the views of producers and consumers and therefore for suggesting measures that would eliminate abuses while protecting the interests of each individual. Inter-co-operative meetings could be held to examine the problems and discuss suggestions.

Such meetings would equally be useful at an international level. How will it be possible to deal with the pollution of the Rhine, the Vistula or the Danube if all the countries affected do not co-operate? Is it really possible to implement measures that will make cars safer and less polluting in America without implementing them also in Europe? All measures of this kind are expensive and necessarily increase production costs, but we have reached a stage when the future is everybody's responsibility, and no other issues illustrate better than environmental ones the extent to which we are all solidary. Surely it is unthinkable to have a boat where part of the crew and passengers are allowed to indulge in capers that endanger the boat itself?

Perhaps the time has now come for


the ICA to include more specifically the protection of the environment in its field of activities. It is now continuing its work on the Co-operative Development Decade but there should be no need to wait until 1980 to concretely tackle this problem, especially since development and the protection of the environment are so closely related, the success of the former depending on how the negative consequences of progress and industrialisation can be minimised.

As co-operators we must hope that economic growth should continue, for too many Third World countries, too many people in developed countries do not yet have an acceptable standard of living. But people must also be aware of the dangers of pursuing growth per se; they should aim to achieve a type of growth that would preserve the earth's resources, avoid pollution, make use of a more human technology and give priority to men's well-being over their profit-earning capacity.

The French co-operative movement

devoted part of its last Congress to discuss this theme but had to admit that it is still very much an abstraction in the eyes of co-operators. A lot remains to be done in terms of explanation and this job is mainly the responsibility of the co-operative press. On a national level many co-operative publications have already published articles on environmental and development problems; we should continue to do so, adopting perhaps a more systematic approach.

Co-operators should also take action at a local level. For instance, during 1973 two French co-operative organisations decided to organise a series of lectures and exhibitions. But probably the best thing to do in the first place would be to contact those organisations specifically concerned with the protection of the environment. Co-operators do not pretend to know all, even less to be able to do all, but they can act as liaison agents, make suggestions and, last but not least, provide a vast network that would help to implement them.



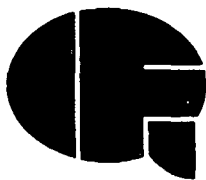
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Participation in Growth

by **Paul Derrick**

All co-operative societies set a limit on the return that they can pay on their share capital. The maximum return allowed by law is different in different countries and varies from 5% in Sweden, 6% in France, 7½% in Britain, 8% in the USA and 9% in India to 10% in Japan and in New South Wales, Australia. In some countries the maximum rate allowed can be adjusted slightly following changes in prevailing interest rates. The surplus earnings of co-operatives are distributed as patronage dividends on purchases as in consumers' co-operatives, or on sales as in agricultural marketing co-operatives, or as bonuses on wages as in co-operative productive societies.

These patronage dividends or bonuses will often be retained by societies and credited to members' share accounts. Or it may be that the patronage dividend will be distributed partly in cash and partly in the form of "bonus" shares. The extent to which retained patronage dividends will be invested by co-operatives in trading operations will depend upon their liquidity requirements, on how easily share capital can be withdrawn and the extent of minimum shareholdings. Sometimes, as with British consumers' co-operatives, share capital can be withdrawn more or less

on demand and retained dividends will tend to be invested in securities that can be marketed rather than in buildings or equipment required for trading. In other cases, as commonly in agricultural co-operatives, some or all of the share capital will be repayable on the retirement or death of the farmer.

Revolving Funds

With US agricultural co-operatives a substantial proportion of patronage dividends are commonly paid in common or preference stock, redeemable after a specified period of years, so as to form a "revolving fund" with money flowing in as patronage dividends are paid in stock and flowing out again as stock is redeemed. Sometimes an agricultural co-operative may have difficulty in repaying to members all their share capital on their retirement and such co-operatives may have a high proportion of retired farmers among their members. A report on agricultural co-operative law published by the UK Central Council for Agricultural and Horticultural Co-operation in 1970 suggested that co-operative law in Britain might be amended so as to allow for the conversion of shares into non-voting preference shares on the retirement of a member, so that agricultural

co-operatives could be more effectively controlled by those trading with them.

Sometimes, as recently with the Plymouth and South Devon Co-operative Society Limited in Britain, special bonus shares may be issued to members of consumers' co-operatives which are redeemable only on their reaching a specified age, such as sixty, or on retiring from the society. The surplus earnings can thus be invested in trading operations and the members participate in the growth of their society's assets. This participation by the consumer, farmer or worker members of a co-operative in the growth of its assets by the issue of bonus shares can be called the "capitalisation of reserves", and such issues of bonus shares may take place after a revaluation of assets; but it is something very different from the participation of the members of a limited company in the growth of its assets either by the issue of bonus shares in proportion to shareholdings or by the appreciation of share value.

Companies

A limited company is run for the profit of its shareholders and may tend to plough back a high proportion of its earnings, especially if its shares are concentrated in relatively few hands and there is a high marginal rate of personal income tax on dividends. The value of the shares will nevertheless tend to increase with the increase in the value of the company's assets and bonus shares may be issued to members in proportion to shareholdings. Such issues of bonus shares to company shareholders do not, however, make any significant difference to the value of their shareholdings since their shares increase in value in any case with the ploughing back of earnings. The bonus issue merely helps to bring the nominal value of the shareholding more into line with its real or market value. A company shareholder participates in the increase in value of the assets of his company by an increase in the value of his shareholdings, whether bonus shares are issued or not; but a co-operator partici-

pates in the growth of the assets of his society only by being issued with new shares that do not increase in value in proportion to his trade with his society.

Company shareholders do not pay personal income tax when they are issued with bonus shares because such bonus issues do not, in theory, add to the value of their shareholdings. They may, in practice, be followed by an increase in share values but this is held to be due to an expectation of higher profits or dividends rather than to the bonus issue as such. But when an agricultural co-operative issues bonus shares to its members in proportion to their trade with the society, such share issues are regarded as personal income in the hands of the farmer and liable to personal income tax. Similarly when a co-operative productive society pays a bonus to its worker members, whether in cash or in bonus shares, this is regarded as income and subject to tax. Only when a consumer co-operative pays a patronage dividend, either in cash or in bonus shares, is it exempt from personal income tax, for the patronage dividend on a consumers' co-operative is rightly regarded not as income but as a rebate on price.

Taxation

On the other hand, co-operatives in most countries are liable to pay corporation tax on their undistributed surpluses but are exempt from paying corporation tax on income distributed in patronage dividends. They may also, as in Britain, be exempt from paying corporation tax on income distributed in dividends on shares. These exemptions may sometimes encourage co-operatives to distribute a larger proportion of their earnings than companies, for they can reduce their corporation tax liability thereby, and the payment of a high dividend on purchases has often been regarded as an indication of co-operative success. It may, however, only be possible to combine high patronage dividends with adequate investment if patronage dividends are largely paid in preference or other bonus shares

that cannot easily be withdrawn for a period of some years.

Limited companies usually pay corporation tax both on undistributed profits and on profits distributed to shareholders as dividends; but they may sometimes, as in the Federal Republic of Germany in the '60s, pay corporation tax at a reduced rate on profits distributed in dividends. Alternatively, as in France, a proportion of corporation tax paid on company dividends may be credited to the shareholders against their liability to personal income tax so as to avoid to some extent "double taxation", that is, the payment of personal income tax on income on which corporation tax has already been paid. Companies in many industries nevertheless tend to plough back a high proportion of earnings, partly because the growth of company assets tends to be reflected automatically in higher share values while capital gains, if taxed at all, are likely to be taxed when the gains are realised and at a lower rate than dividends. This tendency of companies to re-invest a higher proportion of their earnings gives them an advantage in competing with co-operatives, especially during times like the present when retailing is becoming more capital-intensive.

Bonus Shares

The fact that co-operatives can only pay a limited return on share capital puts them at a disadvantage in competing with companies for capital, particularly in inflationary conditions. The question arises as to whether it would be legitimate for co-operative societies to issue bonus shares to members *in proportion to their shareholdings* in order to offset the effects of inflation and maintain the *real* value of their shareholdings; and the separate and quite *different* question arises as to whether it would be legitimate for co-operatives to issue bonus shares to their members in proportion to their shareholdings, following an increase in the value of the society's assets due to the ploughing back of earnings and investment in new equip-

ment, to an increase in land values or to some other cause.

These questions have arisen in a number of countries and have recently been discussed in Australia by members of the Co-operative Federation of New South Wales Ltd. In Australia, as in a number of other countries, some co-operatives have had difficulty in repaying all the share capital of farmer members when they retire from farming and stop trading with the co-operative. A considerable number of the members of New South Wales agricultural co-operatives are in fact retired farmers holding repayable share capital, but societies have shown a marked reluctance to repay this capital. These farmers are known locally as "dry" members to distinguish them from the "wet" members who are actively trading with their societies. The "dry" members have "one man one vote" like the "wet" members but they do not participate in patronage dividends as they are no longer trading. They are not able to withdraw their share capital because their co-operative needs the money, and they cannot transfer their shares as they could if they were company shares. They are left with a limited return on their savings which compares unfavourably with the return that could be obtained by investing elsewhere. It is not surprising that some of them should argue that co-operatives ought to be allowed to issue bonus shares in proportion to shareholdings in the same way as companies; and that others should argue that the conversion of their co-operative into a company would be one way of assuring them a fair return on their capital.

Inflation

Two distinct questions are now being discussed in Australia. Firstly, whether co-operatives should be allowed to issue bonus shares in proportion to shareholdings to the extent necessary to offset inflation, and secondly, whether they should be allowed to issue bonus shares in proportion to shareholdings in order to enable retired

farmers to participate as much as active farmers in benefits resulting from increases in land values which may be much greater than any fall in the value of money. At the Australian Co-operative National Convention held in Canberra in August 1973, the report to the Plenary Session on the final day of the Convention recommended that co-operative legislation should be "updated" so as to enable members to be protected from the effects of inflation on asset values and to make co-operative shares more attractive in the market place. *It seems to me that it should be very useful for such proposed Australian co-operative legislation to authorise co-operatives to issue bonus shares in proportion to shareholdings to the extent necessary to offset the effects of inflation as measured by the official price index; but that it would be contrary to co-operative principles for co-operatives to be allowed to issue bonus shares in proportion to a greater extent, even though the increase in value might exceed the fall in the value of money.*

In some countries where inflation is endemic, such as Chile, the issue of bonus shares to the extent necessary to offset inflation or the revaluation of shares to this extent, so as to maintain their real value, is authorised by law. The Chilean system was briefly described by Mr. Walter Sommerhof in an article in this Review in September, 1971. Such a *limited* issue of bonus shares in proportion to shareholdings does no more than maintain the real value of co-operative shares in the face of inflation. Experiments have been made in some other countries in the issue of shares or loans with interest linked to the cost of living. For example in Sweden in 1952 Kooperativa Förbundet issued a twenty year loan with interest and repayments adjusted to meet any fall in the value of the Swedish kroner. Similar "Index Bonds" have been issued by the Landmark Cooperative, Ohio, USA. If legislation were introduced in Australia authorising the *limited* issue of bonus shares by co-operatives in proportion to shareholdings to the extent necessary to offset

any fall in the value of money, it could provide co-operators in other countries with a useful example of an instrument for coping with inflation.

Land Values

It would, however, be quite another matter for Australian or other legislators to authorise co-operatives to issue bonus shares in proportion to shareholdings to an unlimited extent or, for example, in proportion to increases in the value of land or other assets owned by the co-operatives. This would, in my view, be quite contrary to co-operative principles which need to be respected in the inflationary world of the twentieth century as well as in the nineteenth century. But the result is that in the event of land or other assets of an Australian co-operative increasing substantially more than the fall in the value of money, the "wet" members would derive some benefit, perhaps by the issue of bonus shares in proportion to trade, while the "dry" members would not.

The "dry" members might resent their exclusion from such gains; but there are several ways in which the problem might be tackled. The traditional way would be for members' share capital to be repaid in cash on their retirement so that "dry" members would be able to invest in mining or other companies instead. Such repayment of share capital is not, however, always practicable and another possibility would be for the shares of "dry" members to be converted into non-voting *transferable* preference shares. This issue of such non-voting transferable preference shares was commended in the paper on co-operative financing discussed at the 25th Congress of the International Co-operative Alliance in October 1972, as well as in the British report on agricultural co-operative law mentioned above. In a world of high interest rates, however, "dry" members might not be able to sell such transferable non-voting preference shares at their full face value.

Another possibility would be for bonus shares to be issued to members of a

co-operative in proportion, to their trade, not over the previous year but, for instance, over the previous ten or fifteen years. This would enable recently retired farmers to participate to some extent in surpluses arising in proportion to trade though not, of course, to the same extent in relation to shareholdings as "wet" members still trading with the society. It is a matter of co-operative principle that co-operators should participate in the trading surpluses of co-operatives in proportion to trade and not in proportion to shareholdings after the payment of a limited return on share capital. The issue of bonus shares in proportion to shareholdings to the extent necessary to offset inflation does not contravene this principle because the principle assumes reasonable stability in the value of money.

If members of an Australian co-operative wanted to share in rising land values in proportion to shareholdings there would not be much point in converting their co-operative into a company. It would be much simpler for the members to form a property company, for the co-operative to sell the land to the company at an artificially low price and then lease it back; and for the members to share in the appreciation in the value of the company shares.

Other Countries

Similar problems about participation in the growth of co-operative assets have arisen in some other countries. In the Mondragon industrial co-operatives in Spain, for example, there is heavy investment of retained profits and workers' shares are revalued in proportion to such investment, which is equivalent to their being issued with bonus shares in proportion to shareholdings. It would, however, probably be just as easy for worker members to participate in the substantial growth of assets by being issued with bonus shares in proportion to work instead of in proportion to shareholdings.

A similar problem has arisen in the Federal Republic of Germany where retailing is rapidly becoming more capital-

intensive and where the consumers' co-operative movement has been faced with the problem of raising sufficient funds to finance the investment needed. The co-operative wholesale society GEG has been converted into a limited company, Coop Centrale AG., with a majority of shares in the hands of large regional co-operatives. Some shares in the central company are held by outside organisations and there has been some capitalisation of reserves by the issue of bonus shares in proportion to shareholdings. The conversion of co-operatives into limited companies was criticised in a French paper discussed at the meeting of the ICA Central Committee in Budapest in October 1973, as well as by a Soviet delegate to this meeting.

In some countries such as Switzerland, Sweden, Canada and the USA, co-operative bonds are quoted on stock exchanges and there does not seem to be any very good reason why co-operative shares should not be quoted too—so long as they are *non-voting* shares and so long as the return that can be paid on them is strictly limited. Members of co-operatives participate in the growth of the assets of their societies in proportion to their trade with them and it would be anomalous if they were to participate in the growth of assets in proportion to shareholdings, except insofar as this is necessary to offset a fall in the value of money.

Residual Assets

At the 23rd ICA Congress held in Vienna in 1966 there was some discussion as to whether participation by members of a co-operative in residual assets in the event of its ceasing to trade was contrary to co-operative principles. There were two amendments to the resolution endorsing the report of the ICA Commission on Co-operative Principles, saying that participation by members of a co-operative in its residual assets on a winding up was contrary to co-operative principle. One of the amendments was from the Lega Nazionale delle

Cooperative e Mutue, Italy, and was withdrawn in favour of one from the Société Générale Coopérative (now FEBECOOP), Belgium, in which non-participation in residual assets was one among a number of points. These points were taken together and the amendment was lost, but Mr M. Brot, a former President of the International Co-operative Alliance, argued that they should have been voted on separately.

The point was essentially simple. All members of co-operatives participate in the growth of their assets in proportion to their trade with them, or in proportion to their work for them, but not in proportion to shareholdings. But in some countries, such as Britain and the USA, the members of a co-operative may participate in any residual assets on a winding up in proportion to shareholdings. Sometimes, as with certain co-operative productive societies in Britain and with the Olympia Veneer co-operative in Oregon, USA, a society with fairly substantial assets may be wound up so that the shareholders make substantial capital gains.

In some other countries, such as

Western Australia, the law provides that the residual assets of a co-operative on a winding up are distributed to members not in proportion to shareholdings but in proportion to trade over a specified period; so that members get an extra bonus on past trade instead of making a capital gain. But in France, Belgium and Italy it is considered contrary to co-operative principles for one generation of co-operators to make capital gains out of the sacrifices of an earlier generation.

Capital gains on co-operative shares are in any case anomalous because the return that can be paid on co-operative shares is limited as a matter of co-operative principle. The "dry" or retired members of Australian co-operatives may be concerned because they receive only a modest return on their shares; but the need is surely to make it easier for them to withdraw capital or transfer their shares rather than to make it possible for them to participate in the growth of co-operative assets by the issue of bonus shares in proportion to shareholdings to an unlimited extent.



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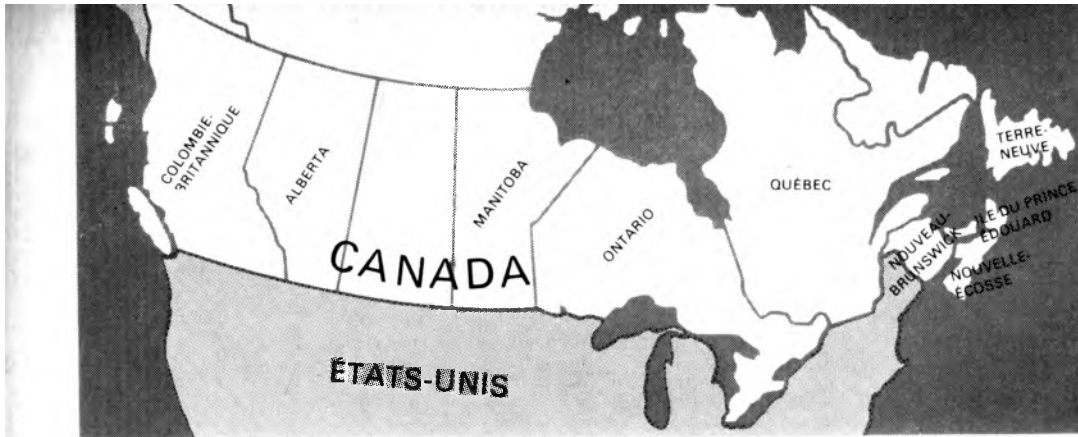
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The Development of the Co-operative Movement in Kenya

by **J. J. Musundi**

Secretary General of the Kenya National Federation of Co-operatives and member of the Executive and Central Committees of the ICA.

In December 1973 Kenya celebrated its tenth year of independence. It was on 12th December 1963 that the people of Kenya became free people and began to re-shape the destiny of their new State. What part has the co-operative movement played in its progress?

We feel amply justified in saying that the movement has been a very significant factor in Kenya's economic and social development, particularly in rural areas. Since independence, under the wise leadership of Mzee Jomo Kenyatta, it has gone from strength to strength and is at present catering for the needs of nearly three million people. From the very outset the government has regarded co-operatives as the most effective instrument in the development process and the importance of the movement has often been stressed in the Government's development plans, as well as in Sessional Paper No. 8 of 1970, in which the Government outlines its policy on co-operative matters.

Main aspects of the movement

During these ten years the movement has not only increased its membership but widened its scope. A glance at the figures will show this clearly: while at the beginning of 1963 there were 639 registered co-

operative societies, we had 1,632 societies at the beginning of 1973 and 2,184 by November of that same year. Membership of the movement increased from 159,167 in 1967 to 620,000 in 1973, and the total turnover of the societies rose from Kshs. 99,000,000* to well over Kshs. 1,200,000,000 during the same period.

The transfer of large farms from the hands of white settlers to those of Kenya citizens was obviously one of the top priorities of the new nation. The co-operative movement played an active role in this process and at present there are 210 farming co-operatives cultivating large areas, a system that yields greater economic benefits than the fragmentation of farms into small holdings.

The development of savings and credit societies is another salient feature of the Kenya co-operative movement. These societies are growing rapidly throughout the country and at present 120 of them are registered, with a total membership of almost 40,000 co-operators (mainly salaried workers) whose savings amount to nearly Kshs. 25,000,000. Most of these co-operatives operate in urban areas, but co-operative savings and credit are also

*Current rate of exchange: £ = 17.2 Kshs.

promoted in rural areas through the Co-operative Production Credit Scheme (CPCS). This programme is implemented by eleven co-operative unions situated in various parts of the country and its objective is to provide credit to small-scale farmers who are members of marketing co-operatives. The programme is sponsored by the Co-operative Bank of Kenya and the loans granted so far amount to Kshs. 20,000,000. As a result the expansion of marketing co-operatives has been very vigorous.

In line with the government policy of crop diversification we have moved from single-commodity marketing societies to multi-commodity and even multi-purpose societies. Two co-operative unions have acquired cotton ginneries in the Western and Nyanza Provinces respectively, and the scope of co-operative activities has been widened with the development of handicrafts and housing co-operatives, and of co-operative fisheries.

In order to unite and consolidate the movement it was necessary to create an apex organisation that would co-ordinate co-operative action throughout the country. This need led to the formation and registration, in 1964, of the Kenya National Federation of Co-operatives (KNFC). This organisation, which has been growing slowly but steadily, acts as spokesman for the co-operative movement and is also responsible for co-operative education and training. In this connection the Federation advises its member organisations on member education in general and the training of Co-operative Education Secretaries; it collaborates with the Department of Co-operative Development and the Co-operative College of Kenya in the training of co-operative personnel; and it prints and supplies standardised accounting forms and other stationery to co-operative organisations. It also runs a co-operative insurance scheme to cover property and employees of co-operatives against various risks; and it deals with information and publicity through the local press, radio and television,

in addition to publishing its own quarterly, "Mshriki wa Kenya" ("Kenya Co-operative").

Self-finance is the basis of a strong, viable movement. The Co-operative Bank, whose aim is to mobilise as effectively as possible the resources of the movement, was registered in 1965. It started with a small share capital of Kshs. 255,800 and a government loan of Kshs. 214,000, and has by now increased its share capital to Kshs. 4,886,600 and hopes to increase it even further, to Kshs. 10,000,000. The Bank has at present Kshs. 70,000,000 in deposits and was able to distribute a dividend of 5% in 1971 and 7½% in 1972 and 1973.

It is both futile and dangerous to have a co-operative movement whose members are not fully familiar with the principles of co-operation, and experience has shown that the basic condition for the success of co-operatives is the adequate training of their staff. The Co-operative College of Kenya was established in rented premises in Nairobi in 1967, and moved to its present location in early 1971. The new building, which cost over 10,000,000 Kshs., was financed with the assistance of the Nordic Project, a joint aid project sponsored by Denmark, Finland, Norway and Sweden. The College admits 180 students each year and offers residential courses for co-operators and co-operative staff, committee members' courses, and conferences and seminars. In addition to catering for the educational needs of the Kenya movement the Co-operative College carries out educational programmes at an international level, in which co-operators from other East and Central African countries participate. It also prepares educational material for its own use and that of the Department of Co-operative Development and the KNFC. Correspondence courses in Basic Co-operative Knowledge, Co-operative Book-keeping, English and Arithmetic are also provided.

Government Support

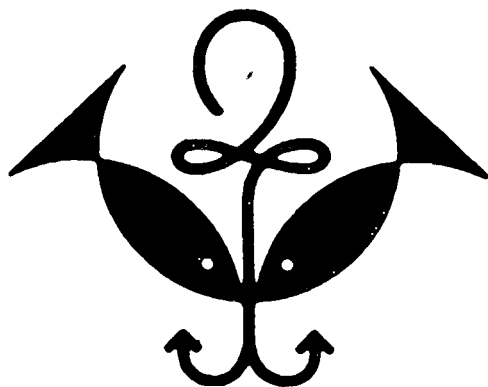
The Department of Co-operative Develop-

ment has the duty of promoting, registering, supervising and guiding co-operatives as well as auditing their accounts and ensuring the training of their staff and committee members. From a handful of officials in 1963 the Department has increased its staff to 655; its budget for the fiscal year 1972/73 was Kshs. 10,012,940.

The Commissioner for Co-operative Development is assisted by a Deputy CCD and four Assistant CCDs in the Department's headquarters, and by six Assistant Commissioners and Co-operative Officers based in the districts. In order to promote co-operative education and training more effectively in rural areas several education teams are operating in the provinces. These

teams are manned by Kenya nationals assisted by expatriates seconded by the Nordic Project. The Project has also provided experts who work for the Department of Co-operative Development and the Co-operative College, and who have assisted the Co-operative Union in matters of management as well as in its education and training programmes.

As can be seen from this brief outline, the co-operative movement of Kenya has contributed greatly to the country's progress during these first and crucial years of independence. But there is still wide scope for its activities, and especially in the field of agriculture much will depend on its continuing efforts.



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New Argentinian Law on Co-operatives

by **Dante Cracogna**

In May 1973 the Argentinian Government promulgated Law 20337 which establishes a new legal system for the country's co-operatives. The previous law (No. 11388), one of the first of its kind in America, had not been amended since its adoption in 1926. Like its predecessor, the new law may be expected to have considerable influence in the other countries of the hemisphere.

In appraising the new text it is important to bear in mind the role that the co-operative movement played in its inception. The need for changes in the system was first urged by the movement itself, through the representatives of its two confederations on the Honorary Consultative Council of the National Institute for Co-operative Action (the government agency responsible for registering, supervising and promoting co-operatives) and the proposal for a new law originated with the Council. The movement was represented on the special committee that prepared the draft, and was consulted for approval prior to its adoption. As a result, Law 20337 expresses faithfully the concerns and aspirations of the Argentinian co-operative movement, a movement that has been in organised existence for three quarters of a century and now consists of 4,200 societies with four million members.

The new law, like the previous one, is

deeply rooted in co-operative doctrine and accurately reflects the needs of the movement and the experiences accumulated through the long co-operative tradition of Argentina. Its terminology is appropriate to the nature of co-operatives and its technical design is directed towards present requirements. It governs all co-operatives in general terms, making no distinction as to type or kind. In the previous law this same characteristic made possible the creation of societies to deal with a wide variety of community needs, and it may be said that there is no useful activity in which the Argentinian movement has not engaged. However, in the new legislation, the possibility of issuing special rules, as necessary, for particular co-operatives—still within the framework of the general law—is allowed for.

Law 20337 has ten times as many articles as the previous one, the reason for this being that it covers virtually every aspect of the organisation, operation and liquidation of co-operatives, whereas Law 11388 confined itself to describing them and setting rules for their formation, leaving gaps that had to be filled by reference to company law. The new law thus guarantees more fully the autonomy of the co-operative sector.

The new law consists of twelve chapters dealing respectively with the nature and characteristics of co-operatives; their formation; members; capital stock and membership dues; accounts; meetings; the Administrative Board; private inspection; co-operative integration; dissolution and liquidation; public inspection; the National Institute for Co-operative Action (Instituto Nacional de Acción Cooperativa); and miscellaneous and transitory provisions. It begins by describing co-operatives as "entities based on self-effort and mutual aid, whose purpose is to organise and provide services" and goes on to enumerate their fundamental characteristics, including among them every one of the principles adopted in 1966 by the Vienna Congress of the International Co-operative Alliance. It specifies a minimum of ten members for primary co-operatives and of seven for federations and confederations. It authorises the provision of services to non-members, subject to whatever regulations the supervisory agency (i.e. the National Institute for Co-operative Action) may establish and provided that any surpluses remaining from such operations are put into an undistributable reserve.

The concept is introduced of "co-operative transactions" (defined as those "conducted between co-operatives and their members or by the former among themselves in fulfillment of their social objectives and in pursuit of the aims of the institution") as distinct from commercial transactions. This concept has already been recognised in co-operative doctrine and has been incorporated into legislation in other countries. Co-operatives are allowed to form partnerships with other legal persons if this is conducive to the achievement of their social objectives, but they are not permitted to turn themselves into companies or public corporations. The law does not define them as companies or corporations—a much-debated question of doctrine—but merely describes them and requires that they be designated by the term "co-operatives".

With respect to surpluses, the law provides that only those resulting from the difference between the cost and price of services to members may be distributed. The distribution is as follows: 5 per cent is allocated to the legal reserve; 5 per cent to a welfare fund for members and employees, or for incentives to staff; 5 per cent to a fund for co-operative education and training which the co-operative must invest annually either in programmes of its own or through a federation or a specialised institution, and must account for in its annual report; an unspecified amount, not to exceed by more than one point the interest charged by the Argentinian Central Bank (Banco de la Nación Argentina) in its discount operations, to the payment of interest on members' shares if the statutes of the society authorise it; and the rest to members in proportion to their operations with the co-operative during the financial year. Members are authorised to make decisions concerning interest and returns at the General Meeting. Shares may be revalued in accordance with regulations issued by the supervisory agency, offsetting thereby some of the pernicious effects of inflation.

External audits by a certified public accountant, a form of control that has often been voluntarily adopted and has proved highly effective, are mandatory for all co-operatives. The audits may be performed by a federation or by an organisation set up especially for this purpose.

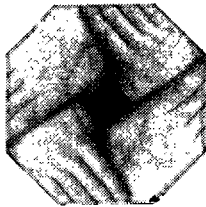
There is wide scope for co-operative integration: interco-operative associations, amalgamation, joint operations and federation for economic, cultural or social purposes are allowed for. In federations the vote may be in proportion to the number of members, to turnover, or both.

The new law ensures the full autonomy of co-operatives and safeguards their freedom from any government intervention even in cases where public agencies join them in undertakings of common interest. The National Institute for Co-operative Action, established in 1971 as part of the Ministry of Social Welfare, is designated as

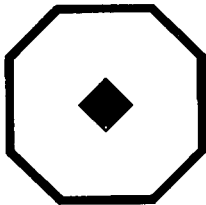
the supervisory agency in charge of registration, promotion and technical and financial assistance. Special technical and financial support is foreseen for the less developed sectors of the movement. The management of the Institute is entrusted to a board of directors consisting of a chairman and four members, two of which are to be appointed from lists submitted by those organisations most representative of the co-operative movement. In addition, the Institute will continue to have an Honorary Consultative Council, whose members will be officials from the government agencies that concern themselves with co-operatives, and repre-

sentatives of co-operative organisations. In this way the participation of the movement in the government agency responsible for it is institutionalised at both the advisory and the decision-making levels.

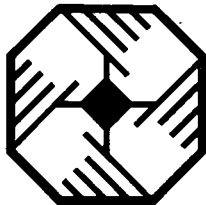
Any final appraisal of Law 20337 will have to await the practical results of its implementation, but there are good reasons for predicting its success: its strict fidelity to co-operative principles; its accurate reflection of the lengthy experience of the movement in Argentina; and finally the fact that, as happens only too seldom, it was drafted by the movement itself.



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ICA Director's Commentary

1 ICA MEETINGS IN BUDAPEST: TWO PRINCIPAL THEMES

International Co-operative Enterprise—Prospects and Problems

Between October 7th and 17th, 1973, Budapest was the venue of a series of ICA meetings which included the meetings of the Executive and the Central Committees of the Alliance. The agenda for the meetings was substantial and in addition to a number of subjects, two principal themes engaged the attention of the Central Committee. The first subject, "International Co-operative Enterprise—Prospects and Problems" was presented by four speakers. Two papers outlined inter-co-operative collaboration in the field of fertilizers, petroleum and oil and one narrated the experience gained in the Nordic countries by joint international co-operative economic enterprises. The fourth paper highlighted the financial problems involved in setting up international enterprises.

Against the background of the concern expressed by co-operators on the rising power of multinational corporations, the Alliance since its Central Committee meeting in Bucharest and at its 25th Congress in Warsaw had studied the problems of international co-operative ventures. The discussion in Budapest was seen as a concrete exercise in analysing the experiences of international co-operative enterprises and to draw conclusions therefrom. Examples were cited of Nordchoklad, Nordspary and Nordkronen, factories jointly owned by the Nordic co-operative wholesale societies. In addition the work of the International Co-operative Petroleum Association was described. It was stressed that the developing countries were now becoming increasingly conscious of the "real" price they pay in inviting a profit-orientated private organisation. As a result, they are now more receptive to inviting collaboration from abroad from organisations which work on co-operative principles. The problems encountered in setting up the Indian Farmers Fertilizer Co-operative were spelled out and it was fascinating to hear the skill and dedication with which policies and procedures of several governments and co-operative institutions were harmonised to establish one of the largest projects of co-operative technical assistance. Finally, attention was focussed on the wide fluctuations and disequilibrium which have in recent years characterised the international money market. The reform of the international monetary system which would curb excessive fluctuations and help to create more

complementary policies would be necessary if multinational co-operative organisations were to be established.

The discussion that followed was both lively and knowledgeable. It was emphasized that co-operative movements have to be realistic both in respect of their capabilities and about the complex problems which are to be encountered in establishing such ventures: perhaps it is best to start in countries which form a "natural" region and in which personal contacts would facilitate mutual trust and understanding. Inquiries may need to be conducted to identify new sources of raw material and of current consumer products. A potentially fruitful area is that of industries in developing countries to be set up by host movements in collaboration with co-operative movements of advanced countries. But considerations of political instability, national economic policies and an appropriate system of surplus sharing must be taken into account. Above all, the principles of co-operative organisation must be maintained and through appropriate mechanisms, member control will need to be ensured.

The discussion was arranged as a panel. Speakers were Messrs. Ebbe Groes, F. Owen, Ch. Veverka and Arne Carlsson, and the President of the Alliance, Dr Bonow, acted as the moderator.

Co-operative Development Decade—The First Stage

It was in 1970 that the Alliance at its Central Committee meeting in London on the occasion of its 75th Anniversary declared the 1970s as the Co-operative Development Decade, a measure undertaken by the international co-operative movement in support of the United Nations Second Development Decade. The first two years were to be kept as a period of planning, contact-making, publicising the idea and generally doing the research and reconnaissance work essential for launching a programme. At its meeting in Budapest, the Committee reviewed the work done during the past two years and indicated guidelines for future activities.

In addition to a paper prepared by the Secretariat, the socialist countries had also expressed their views in a separate memorandum. Mr Peder Søliland, Chairman of the Board of NKL, Norway, introduced the subject.

While complimenting the Alliance on the work done during the past two years on the very meagre resources at ICA's disposal, Mr Søliland, in his characteristic forthright manner, drew attention to the weaknesses of the programme. There was, he said, an urgent need for broadening the flow of resources to ICA's Development Fund. The international co-operative movement had every reason to be grateful to the Swedish Co-operative Centre for its substantial assistance; at the same time, there was inherent in the present system of financing ICA's development programmes a serious weakness in depending on contributions from one movement. The major areas which the ICA and its member organisations ought to look at seriously were: exchange of information, co-ordination, provision of expertise, co-operative education, research in critical areas and the financial resources required to support these activities at a reasonable level. Priorities of the programme needed to be continually reviewed; contacts with governments in developing countries were essential and contributions to the Development Fund had to be considerably enlarged in order to make an impact on problems of poverty and hunger in developing countries.

The discussion ranged over the various questions raised by Mr Søliland in his presentation. If international resources were scarce, there was all the greater need for joint efforts on application of such resources to projects which had the maximum multiplier effect. Education, a principle of the co-operative movement, had to be conceived broadly; there was need for ICA to act as an intermediary in

building contacts between co-operatives of advanced and of developing countries. At the same time there were questions of ideology, of the external circumstances which in many cases inhibited the growth of the movement; aspects of co-operative legislation which had a limiting effect on the autonomy and the progress of the movement. A clear long-term policy for establishing ICA's Regional Offices in different parts of the world needed enunciation. Was there some merit in considering a group approach whereby several advanced neighbouring co-operative movements could provide assistance to some parts of the under-developed world? Above all, if the many tasks involved in this ambitious programme were to be done effectively, the Secretariat both at the Headquarters and at the Regional Offices needed to be substantially strengthened.

2 ASIAN TOP LEVEL CO-OPERATIVE LEADERS CONFERENCE, TOKYO

Within the framework of the Co-operative Development Decade, a Conference of Asian Top Level Co-operative Leaders was held in Tokyo, Japan, from 25th to 27th October, 1973, under the auspices of the ICA Regional Office and Education Centre for South-East Asia, the Afro-Asian Rural Reconstruction Organisation (AARRO) and the Central Union of Agricultural Co-operatives of Japan.

The Conference was attended by over sixty participants. Representatives of the governments and the movements of Australia, Bangladesh, India, Indonesia, Iran, Japan, Khmer Republic, Republic of Korea, Malaysia, Nepal, Pakistan, Philippines, Singapore, Sri Lanka and Thailand attended the Conference, including three Ministers (from Bangladesh, India and Nepal). The Conference was opened by Mr H. Okamura, Director of the Economic Bureau, in the unavoidable absence of the Minister of Agriculture in the Government of Japan.

The following subjects were discussed:

- (1) Long-Term Agricultural Development Programme through Agricultural Co-operatives, and Technical Assistance.
- (2) Forms of Government Aid and Co-operative Democracy.
- (3) Effect of Co-operative Law on the Autonomy of Co-operatives.

In regard to Long-Term Agricultural Development Programme through Agricultural Co-operatives and Technical Assistance, the Conference appealed to the governments of the region to accord a central place to the co-operative movement in national economic plans. Agricultural co-operatives could play a dynamic role in national development provided certain preconditions were fulfilled, including effective implementation of land reforms and adoption of price support policies for major crops. Strong agricultural co-operatives would be able to perform many vital activities related to agricultural development, animal husbandry and fisheries. Efforts were needed to mobilise human resources along the lines indicated in the recommendations of ICA's Open World Conference held in Rome in 1972. In order to develop local leadership, massive co-operative education programmes were needed. Co-operatives should give serious attention to the question of capital formation through mobilisation of resources and promotion of savings. Co-operative movements should give increased technical and economic assistance to one another for agricultural development by offering training and research facilities, providing experts, establishing joint ventures and helping to identify suitable markets for the products of agricultural and agro-based industries of other countries in the region. While noting the efforts being made by the co-operative movements in the region through the ICA Regional Office (including the establishment of an International Co-operative Trading Organisation at Singapore and an Asian Co-operative Development Bank) the Conference suggested that the Regional Office and AARRO should study the ways in which the economic conditions of members of agricultural co-operatives could be improved.

In regard to government aid and co-operative democracy the Conference was of the opinion that the state should assist co-operatives without affecting their autonomy. There was an urgent need for the movements to develop their internal resources and efficiency in order to equip themselves for the tasks that lie ahead.

The Conference next considered the effect of co-operative law on the autonomy of co-operatives. In the interest of fostering a healthy legislative climate conducive to the continued growth of the co-operative movement and its leadership, the Conference felt that a policy programme of gradual phasing out of government involvement in the co-operative movement should be drawn up. As an interim arrangement, there should be created a Committee consisting of representatives of the government and the co-operative movement of each country to evolve a common approach to the matter of co-operative development. There was also need for the movements to constitute internal machinery for reviewing their activities from time to time with a view to preserving the objectives and the fair name of Co-operation and making it an effective instrument of socio-economic prosperity.

Some areas which needed to be studied carefully were the powers given to the government to :

- (a) amend by-laws of co-operatives compulsorily ;
- (b) appoint and/or replace committees/managerial staff of co-operatives ;
- (c) suspend, alter, modify or veto decisions of the general body, and
- (d) control or restrict investment activities of co-operatives.

The participants of the Conference showed great enthusiasm for the development of the co-operative movement and this enthusiasm was shared alike by delegates of the movements as well as the governments represented at the Conference.

 <p>LES ARTISANS COOPVIE</p> <p>SOLIDAIRES DES COOPÉRATEURS DU MONDE</p> <p>333 Est rue Craig Montréal 129, Québec, Canada Tél.: 514-861-5781</p>	<p>Une coopérative d'assurance-vie</p> <ul style="list-style-type: none"> ■ possédée par ses membres ■ organisée démocratiquement chaque membre ayant accès aux divers paliers de l'organisation, grâce à des structures locales et régionales ■ vouée avant tout au service des sociétaires et de la collectivité ■ tournée vers les problèmes de l'heure pour y répondre par ses services — par ses placements — par ses cadres ■ activement présente à chaque milieu, dans un climat de fraternité, près du peuple, en particulier <i>comme centre d'information en sécurité financière, en coopération comme école de formation coopérative pour ses employés, ses cadres, ses sociétaires et la collectivité comme agent de développement économique du milieu, au service de la personne</i> ■ et par tout cela, différente et unique.
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MULTI-NATIONAL CORPORATIONS

THE INTERNATIONAL CO-OPERATIVE MOVEMENT at the ICA CONGRESS IN WARSAW (1972) unanimously passed a Resolution calling for serious attention by all Co-operatives to the RAPID DEVELOPMENT OF MULTI-NATIONAL CORPORATIONS.

A positive role in exposing the facts of the case was played by the LONDON CO-OPERATIVE SOCIETY by asking six authoritative lecturers to deal with various aspects of the operations of Multi-National Corporations at a week's Summer School held at the Co-operative College, Stanford Hall, Loughborough, Leics., in August, 1973.

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Book Reviews

✓ **Company Law and Capitalism**

by Tom Hadden, London, Weidenfeld and Nicolson, 1973

✓ **Participation in Industry**

Edited by Campbell Balfour, London, Croom Helm, 1973

Over the last two centuries industrial capitalism has to a large extent been built upon the joint stock company. Unincorporated joint stock enterprises, often with limited liability, were common in Britain in the eighteenth century and the concept of corporate personality, borrowed from the medieval Guild or corporation which was essentially a public and regulatory organisation, was combined with that of the joint stock enterprise in the nineteenth century to form the joint stock limited company, which became the characteristic vehicle for the expansion of capitalism. It was also during the first half of the nineteenth century that the legal concept of the co-operative enterprise evolved in Britain from the Friendly Societies' Act of 1793 to form the basis of co-operative law in many countries.

Professor Hadden, lecturer in law at the Queen's University, Belfast, has provided a most lucid and readable account of the development of company law in the context of the development of capitalism, and notes in

particular the divergences between legal concepts, the ideas of economists, and industrial realities. In theory a company is a democratic association of shareholders voting in proportion to shareholdings, but in practice shareholder democracy has been no more than a polite fiction in large and even in small companies. In large companies in particular the power of management has been growing against that of shareholders in such a way that shareholder democracy has become a farce in spite of the efforts of the law to preserve it. Professor Hadden points out that company law in Britain has ceased to bear a close relation to the realities of commercial organisation and is tied to a conception of capitalism that has been discarded by most economists. He has sought to reformulate existing law in order to provide a more realistic framework for small, medium-sized and large enterprises.

In the final section of his book he discusses the future of the company and its relationship and responsibilities to its shareholders, its workers and to government. He discusses various "models" of the company. Firstly the formal "Traditional Model", in which a democratic association of shareholders hires wage-earners and undertakes production; secondly the "Exploitation Model", in which unscrupulous capitalists make large profits by the exploitation of unorganised workers;

thirdly the "Co-operative Model", in which capital is hired by those actively associated in production, who may be organised as a co-operative society or as a partnership with earnings distributed in proportion to work contributed; fourthly the "Conflict Model", in which powerful companies and trade unions battle over the division of earnings; and finally the "Managerial Model", in which effective power has passed from shareholders to managers who seek to divide earnings in some acceptable way between workers and shareholders, instead of running the industry simply to produce the highest possible profits and dividends for shareholders.

Mr Hadden regards nationalised enterprises in Western Europe and in the Soviet Union as examples of State capitalism and of the "Conflict Model"—that is, as enterprises run for the profit of the contributors of capital in conflict, at least in the West, with strong trade unions. He recognises that historically industrial production has developed on a capitalist basis but argues that there is no necessity for production to be organised in this kind of way. He discusses the co-operative alternative and also communes—such as kibbutzim—with earnings distributed in proportion to need. In his final chapter he is disposed to favour the "Managerial Model", with workers represented equally with shareholders on a Supervisory Board and with an equitable division of earnings between workers and shareholders, rather than the "Co-operative Model". Perhaps this is partly because co-operatives have made such a small contribution, historically, to industrial production when compared to companies. This could be attributed in some measure to the historical development of class power; but there have been other factors, and some of these are explored in an essay on "Workers' Co-operatives" by Fred Boggis, a former ICA Secretary for Research, in Mr Campbell Balfour's book *Participation in Industry*. This book discusses the co-determination laws in the Federal Republic of Germany and experiments in common ownership in Britain by companies such as the Scott Bader Commonwealth and the John Lewis Partnership, but its main interest for co-operators will be Mr Boggis' essay on why workers' co-operatives have made such limited progress in European and other countries in spite of considerable public encouragement.

Workers' co-operatives have made much more progress in, for example, France and Italy, than in Britain; but even in France and Italy their development has been very limited compared to that of companies. In Britain the number of co-operative productive societies increased from 20 in 1882, when the Co-operative Productive Federation was founded, to more than 120 in 1903, but the number had fallen to 26 by 1973. There were many failures in productive societies in the last quarter of the nineteenth century. Management, discipline, book-keeping and marketing were often inadequate, according to Mr Boggis; and societies were quite often formed as a result of strikes or to provide work for the unemployed rather than to exploit market opportunities. Capital was a perennial problem, in spite of support from trade unions and consumer co-operatives, as wage-earners had little of their own. But Mr Boggis believes that there is scope for the expansion of workers' productive societies today, particularly in expanding service industries which require relatively little capital.

What are the prospects of a "Co-operative Model" being adopted more widely in industry in place of the "Conflict Model"? Mr Hadden discusses the changes that have taken place in the capitalist pattern of production within existing company law, such as the replacement of the entrepreneur by the professional manager; but how far are we likely to move towards the kind of society envisaged by Edward Owen Greening, first Secretary of the International Co-operative Alliance, some ninety years ago? Mr Hadden says that "experiments in France and in such companies as the John Lewis Partnership show how the rights of both investors and employees may likewise be recognised within the traditional framework" and that "if the thinking behind these developments is generally acceptable then there should be little difficulty in formulating a new general structure for all companies and corporations in both the public and the private sectors."

The John Lewis Partnership is not a co-operative but it applies the co-operative principle of a limited return on capital, and a change of this kind would clearly be a decisive move towards a "Co-operative Model". Perhaps it would go some way towards implementing the objective set out in the ICA Statutes: "to substitute for the profit-

making regime a co-operative system organised in the interest of the whole community and based upon mutual self-help." Perhaps legislators will decide that the "Co-operative Model" is a more satisfactory way of organising production than the "Conflict Model", in spite of the very limited progress made by industrial co-operatives in capitalist societies.

P.D.

Serving the Small Farmer: policy choices in Indian agriculture

Edited by Guy Hunter and Anthony F. Bottrall, London, Croom Helm, 1973

This book is an account and assessment of a conference on agricultural development held in New Delhi in December, 1972. It incorporates research papers prepared for this conference with support from the Overseas Development Institute and the University of Reading, the National Institute of Community Development at Hyderabad, the Agro-Economic Research Centres at Vallohb Vidyanagar and at Waltair, and the Punjab Agricultural University. The book is edited by Guy Hunter and Anthony Bottrall, who assess the conclusions of the conference.

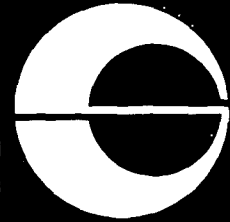
To a considerable extent the book is a criticism of the encouragement given to co-operative development by the Government of India. The problems of co-operative development among very poor people are noted, as also the possibility of the domination of co-operatives by local traders, moneylenders or landlords. There is a tendency to argue that the

provision of facilities by private traders or moneylenders, by commercial companies, by public boards or corporations or by co-operatives should be considered on the merits of each form of organisation in a particular situation and that co-operative development should not be particularly encouraged as against development by public or private agencies.

It is true that co-operatives encounter problems in conditions of great poverty and illiteracy; but so do other organisations. It is true that commercial companies may sometimes have financial resources much greater than a co-operative could easily raise, and that small traders and moneylenders may sometimes display a skill and flexibility not always found in the managements of co-operatives. Nevertheless the criticisms made on co-operative performance are not a convincing argument for not favouring co-operatives as an instrument of agricultural development. The exploitation of producers by traders and moneylenders and by large companies is too well known to need elaboration, while public boards and corporations may sometimes be bureaucratic, inflexible and wasteful. The co-operative method can have advantages over both private and public agencies. Nevertheless the criticisms of co-operative performance made in this book need to be studied by those responsible for co-operative development, in order to make co-operatives more effective instruments for raising the living standards of primary producers in developing countries.

P.D.

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Au cours de 1972, les assurances et rentes en vigueur ont dépassé le cap du milliard de dollars et son actif les cent millions, démontrant ainsi ses progrès constants depuis sa fondation. La philosophie coopérative qui la caractérise lui a de plus permis une nouvelle poussée de son action économique et sociale.

	1972	1967	1962
Assurances en vigueur	\$1 037 000 000	\$476 038 000	\$281 564 000
Nouvelles affaires	195 347 000	91 986 000	43 520 000
Actif	104 539 000	76 012 555	55 982 769

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**Regional Director: Mr P. E. Weeraman
PO Box 3312, 43 Friends Colony
New Delhi 14, India. Tel. 631541; 632093.**

**International Co-operative Alliance
Regional Office for East and Central Africa**

**Regional Director: Mr Dan Nyanjom
PO Box 946, Moshi, Tanzania. Tel. 2616.**

Affiliated Organisations

Angola: see 'Zaire'.

Argentina: Federación Argentina de Cooperativas de Consumo, *Avda. Suárez 2034, Buenos Aires*. Tel. 28-5381/3.

Intercoop, Editora Cooperativa Limitada, *Humberto 1°, 2318-1° P.-A., Buenos Aires*. Tel. 99-3193.

Asociación Argentina de Cooperativas y Mutualidades de Seguros, *Avenida de Mayo 1370, Piso 1°, Buenos Aires*. Tel. 33-0222/7138.

Federación Argentina de Cooperativas de Crédito Ltda., *Pueyrredon 468, 2° Piso, Buenos Aires (RC 24)*. Tel. 86-6283.

Asociación de Cooperativas Argentinas, *25 de Mayo 35, Buenos Aires*.

Confederación Cooperativa de la República Argentina Ltda. (COOPERA), *Luis María Campos 1588, Buenos Aires*.

Instituto Movilizador de Fondos Cooperativos, *Urquiza 1539, Rosario*.

Australia: Co-operative Federation of Australia, Secretariat: *569 Wellington Street, Perth, Western Australia 6000*. Tel. 21-0191.

Austria: "Konsumverband" Zentralverband der österreichischen Konsumgenossenschaften, *Theobaldgasse 19, A-1061 Vienna VI*. Tel. 57-75-38.

Membership (1972): 582,000; turnover: retail trade: Sch. 8,724 mill. (thereof consumers' societies: Sch. 7,466 mill.; department stores: Sch. 1,203 mill.; other retail trade: Sch. 55 mill.); wholesale society (G.Ö.C.): Sch. 3,394 mill.; own production: consumers' societies: Sch. 1,064 mill.; G.Ö.C. and subsidiaries: Sch. 580 mill.

Österreichischer Verband gemeinnütziger Bau-, Wohnungs- und Siedlungsvereinigungen, *Bösendorferstrasse 7/11, 1010 Vienna*. Tel. 65-71-63; 65-13-25.

1972: Affiliated organisations: 277 (comprising 164 societies and 133 associations); membership: 167,737; administered units: 357,241 (of which 156,144 correspond to the societies and 201,097 to the associations; closing balance for 1971: Sch. 56,4 mill. (of which Sch. 25,6 mill. correspond to the societies and Sch. 30,8 to the associations).

Österreichischer Raiffeisenverband, *Seilergasse 16, Vienna I*. Tel. 52-69-34.

Bangladesh: Bangladesh Jatiya Samabaya Union, "Samabaya Sadan" (1st floor) *9/D-Motijheel Commercial Area, Dacca 2*. Tel. 255846.

Provincial Fishermen's Co-operative Society Ltd., *Iqbal Road, Patharghata, Post Box 27, Chittagong*. Tel. 80587; 85967.

Belgium: Fédération belge des Coopératives (FEBECOOP), *26-28 rue Haute, 1000 Brussels*. Tel. 13-28-60; 11-83-50.

Affiliated consumers' societies: 21; membership: 300,000; turnover (1968): Frs. 4,180 mill.; shops: 1,409; Wholesale society turnover (1968): Frs. 1,272 mill.

Société Coopérative d'Assurances "La Prévoyance Sociale", *P.S. Building, 151 rue Royale, 1030 Brussels*. Tel. 18-80-80.

Premiums (1966): Frs. 1,903 mill.; reserves: Frs. 6 milliards; insurance funds, life: Frs. 20 milliards.

Fédération Nationale des Coopératives Chrétiennes, *135 rue de la Loi, 1040 Brussels*. Tel. 35-60-90.

(1967): 1,250 shops; turnover: Frs. 1,430 mill.; Savings Bank: 2,050 branches; 500,000 members; deposits: Frs. 12 milliards; Insurance Society: 290,000 policy holders; premiums: Frs. 450 mill.; reserves: Frs. 1,300 mill.

L'Economie Populaire, *30 rue des Champs, 5300 Ciney (Namur)*. Tel. 228-01.

Branches (1970): 466; membership: 98,456; turnover: F.B. 1,319,000,000; savings deposits: F.B. 380 mill. + 340 mill. CEP (Private Savings Bank, Ltd.); capital and reserves: F.B. 208 mill.

L'Institut Provincial de Coopération Agricole, 42 rue des Augustins, Liège. Tel. Liège 32-36-52.

OPHACO (Office des Pharmacies Coopératives de Belgique), 602 Chaussée de Mons, Anderlecht-Brussels 7. Tel. 22-56-90.

Union of 26 co-operative societies owning (in 1972) 473 pharmacies, 63 optical departments, 6 drug stores, 14 wholesale depots Turnover (1972): Frs 3,469.3 mill Surplus distributed to 544,000 members: Frs. 137 mill.

Centrale des Caisses Rurales du Boerenbond Belge (CERA), Minderbroedersstraat 8, 3000 Leuven. Tel. 279.31.

Bulgaria: Central Co-operative Union, Rue Rakovski 99, Sofia. Tel. 7-83-11; 8-03-11.

Cameroon: West Cameroon Co-operative Association Ltd., P.O. Box 135, Kumba, Meme Division, West Cameroon. Tel. Kumba 251.

Canada: Co-operative Union of Canada, 111 Sparks Street, KIP 585 Ottawa 4, Ont. Tel. 232-9657.

A federation of English-language co-operative organisations, organised in 1909.

Conseil Canadien de la Coopération, Case postale 58, Station N, Montréal 129. Tel. 866-8048.

Ceylon: See "Sri Lanka".

Chile: Cooperativa Sodimac Ltda., Casilla 3110, Santiago de Chile. Tel. 734023.

Cooperativa de Empleados Particulares Ltda., Teatinos 610, Casilla 424, Santiago de Chile. Tel. 82935.

Instituto de Financiamiento Cooperativo, IFICOOP, Ltda., Agustinas 853, Oficina 547, Casilla 1118, Santiago de Chile. Tel. 398253.

Unión Cooperativa de Seguros (Ucoseg) Ltda., Moneda 1040, of. 704-705, Santiago de Chile. Tel. 81295; 65100.

Unión de Cooperativas de Consumo y Servicios de Chile Ltda. ("U-Coop"), Agustinas 1141, 7° Piso, Casilla 14439, Santiago de Chile. Tel. 715256.

Colombia: Cooperativa Familiar de Medellín Ltda., Calle 49, No. 52-49, Medellín. Tel. 45-00-55; 41-71-13; 41-53-78.

Instituto Nacional de Financiamiento y Desarrollo Cooperativo (Financiacoop), Carrera 13, No. 27-00, Edif. Bochica, piso 2°, Int. 9, Apto do Aéreo 12242, Bogotá. Tel. 81-06-00.

Congo, Democratic Republic of: See "Zaire".

Cyprus: Co-operative Central Bank Ltd., P.O. Box 4537, Nicosia. Tel. 62921; 62677; 63311

Cyprus Turkish Co-operative Central Bank Ltd., P.O. Box 791, Nicosia. Tel. 4257.

Vine Products Co-operative Marketing Union Ltd., P.O. Box 314, Limassol. Tel. 2331; 2872; 4582.

Czechoslovakia: Ustredni Rada Druzstev, Tesnov 5, 11006 Prague 1. Tel. 621-54; 647-51.

Denmark: De samvirkende danske Andels-selskaber (Andelsudvalget), (The Central Co-operative Committee of Denmark), Vester Farimagsgade 3, DK-1606 Copenhagen V. Tel. 12-14-19. Telex: 19297.

Det Kooperative Faellesforbund i Danmark, Kronprinsensgade 13, 1114 Copenhagen K. Tel. 12-22-62.

Affiliated societies (1963): 634; total sales: D.Kr. 1,582 mill.; employees: 12,500; comprising 'consumers', workers', artisans', productive and housing societies, etc.

Faellesforeningen for Danmarks Brugsforeninger (FDB), Róskildevej 65, Albertslund. Tel. 64-88-11.

Affiliated societies (1969): 1,742; membership: 839,000; turnover: 4,032 mill. D.Kr.; wholesale turnover: 2,198 mill. D.Kr.; own production: 741 mill. D.Kr.

Finland: Suomen Osuuskauppojen Keskus-kunta (S.O.K.), (Finnish Co-operative Wholesale Society), Nilhonkatu 7, 00101 Helsinki 10). Tel. 90-650-611.

Affiliated societies (1973): 229; membership: 592,000; wholesale turnover: Fmk. 3,104.2 mill.; own production of S.O.K.: Fmk. 438.1 mill.

Yleinen Osuuskauppojen Liitto r.y. (Y.O.L.), (General Co-operative Union), Vilhonkatu 7, 00101 Helsinki 10.

Affiliated societies (1973): 229; membership: 592,000; turnover of societies: Fmk. 4,664.4 mill.; total production of affiliated societies: Fmk. 59.2 mill.

Kulutussosuuskuntien Keskusliitto (K.K.), r.y., P.O. Box 740 00101 Helsinki 10. Tel. 10491.

Affiliated societies (1973): 70; membership: 580,470; turnover of societies: Fmk. 2,934 mill.

Keskusosuusliike O.T.K. (Central Co-operative Society O.T.K.), P.O. Box 120, 00101 Helsinki 10. Tel. 71-13-22; 70731.

Affiliated societies (1973): 70; turnover: Fmk. 2,080 mill.; own production: Fmk. 646 mill.

Pellervo-Seura, Central Organisation of Farmers' Co-operatives, Simonkatu 6, P.O. Box 77, Helsinki K. Tel. 61046.

Affiliated organisations (1973): 9 central organisations; 885 societies.

Fiji: Fiji Co-operative Union, Registry of Co-operative Societies, Co-operative Department, Suva, Fiji.

France: Fédération Nationale des Coopératives de Consommateurs, F.N.C.C., 89 rue la Boétie, 75008 Paris. Tel. 225-99-98.

Affiliated societies (1970): 315; membership: 3,400,000; shops: 8,300; turnover: NF. 6,100 mill.

Société Générale des Coopératives de Consommation, 61 rue Boissière, 75 Paris XVI. Tel. 553-88-22.

Fédération Nationale des Sociétés Coopératives Ouvrières de Production du Bâtiment, des Travaux Publics et des Matériaux de Construction, 88 rue de Courcelles, 75008 Paris. Tel. 622-40-48; 622-45-20.

Confédération Générale des Sociétés Coopératives Ouvrières de Production, 88 rue de Courcelles, 75008 Paris. Tel. 622-07-81/2.

Banque Française de Crédit Coopératif, 88 rue de Courcelles, 75008 Paris. Tel. 227-48-03.

Confédération Nationale de la Coopération, de la Mutualité et du Crédit Agricoles, 129 Bd. St. Germain, 75006 Paris. Tel. 033-93-31.

Caisse Nationale de Crédit Agricole, 91-93 Boulevard Pasteur, 75 Paris XV. Tel. 273-90-00.

Fédération Nationale des Sociétés Coopératives d'Habitation à Loyer Modéré (H.L.M.), 20 rue de Richelieu, 75 Paris 1er. Tel. 266-4520.

Confédération des Coopératives de Construction et d'Habitation, "L'Habitation", 3 ave. du Coq, 75009 Paris. Tel. 742-45-79; 874-67-62.

Confédération des Organismes de Crédit Maritime Mutuel, 18 bis, Avenue Hoche, 75008 Paris. Tel. 267-14-50.

Gambia (The): Gambia Co-operative Union Ltd., P.O. Box 505, Bathurst. Tel. 581.

German Democratic Republic: Verband der Konsumgenossenschaften der DDR, Stresemannstrasse 128, 108 Berlin.

Ghana: Ghana Co-operative Council Ltd., P.O. Box 2068, Accra.

Federal Republic of Germany: Bund deutscher Konsumgenossenschaften G.m.b.H., Besenbinderhof 43, (2) Hamburg 1. Tel. 284-4001. Affiliated societies (December 1969): 115; membership (end of 1969): 2,235,000; turnover (1969): D.M. 4,827 milliards.

Co op Zentrale A.G., Besenbinderhof 43, (2) Hamburg 1. Tel. 284-4310. Total turnover incl. subsidiaries (1969): D.M. 2,462 milliards.

Gesamtverband gemeinnütziger Wohnungsunternehmen e.V., Bismarckstrasse 7, 5000 Cologne 1. Tel. 52-31-81.

Volksfürsorge Lebensversicherung Aktiengesellschaft, An der Alster, (2) Hamburg 1.

Volksfürsorge deutsche Sachversicherung Aktiengesellschaft, Steinstrasse 27, (2) Hamburg 1.

Deutscher Raiffeisenverband e.V., Adenauerallee 127, 53 Bonn. Tel. (0-22-21) 1061.

Greece: Membership suspended.

Guyana: Guyana Co-operative Union Ltd., Ministerial Buildings, High Street and Brickdam, Georgetown.

Haiti: Caisse Populaire Dominique Savio, 57 Rue Riguard, Pétiou-Ville.

Hungary: National Council of Consumers' Co-operative Societies (SZOVOSZ), Szabadság tér 14, Budapest V. Tel. 113-600; 112-800.

National Council of Industrial Co-operatives, Pesti Barnabás 6, Budapest V. Tel. 188-800; 188-806.

National Co-operative Council, P.O. Box 661, H.1373 Budapest V. Tel. 113-600; 112-800.

National Council of Agricultural Co-operatives, Akadémia utca 1-3, Budapest V. Tel. 113-600; 112-800.

Iceland: Samband Isl. Samvinnufélaga, P.O. Box 180, Samband House, Reykjavik. Tel. 17080.

India: National Co-operative Union of India, 72 Jorbagh, New Delhi 3. Tel. 611123; 611343; 619328.

Indonesia: Dewan Koperasi Indonesia, 28 Djalan Djenderal Soedirman, Djakarta. Tel. 581400.

Iran: Sepah Consumers' Co-operative Society, Avenue Sevvom Esfand, Rue Artèche, Teheran. Tel. 332015; 332019.

Credit and Housing Co-operative Society of Iran, 20-22 Shahabad Avenue, Teheran.

Central Organisation for Rural Co-operatives of Iran, 357 Pahlavi Avenue, Teheran. Tel. 64210.

Consumers' and Services Co-operative Society for the Ministry of Labour and Social Affairs Employees, Ministry of Labour and Social Affairs, Teheran.

Irish Republic: Irish Agricultural Organisation Society Ltd., *The Plunkett House, 84 Merrion Square, Dublin 2.* Tel. 64783/4-6.

National Organising and Advisory Body for Agricultural Co-operatives. Affiliated societies: 333; membership: 127,000; turnover (1967): £152 mill.

Co-operative Development Society Ltd., 35 *Lower Gardiner Street, Dublin.*

Israel: General Co-operative Association of Jewish Labour in Eretz-Israel "Hevrat Ovdim", Ltd., *P.O.B. 303, Tel-Aviv.* Tel. 46111-35.

Affiliated societies and companies (1963): 1,855 in all branches.

"Merkaz" Audit Union of the Co-operative Societies for Loans and Savings, *44 Rothschild Bd., P.O. Box 75, Tel-Aviv.* Tel. 65085.

"Haikar" Audit Union of Agricultural Societies of the Farmers' Federation of Israel, *8 Kaplan Street, P.O.B. 209 Tel-Aviv.* Tel. 250881.

"Bahan" Audit Union of Agricultural Co-operative Societies in Israel, *47 Nachmani Street, P.O.B. 622, Tel-Aviv.* Tel. 614933.

Italy: Lega Nazionale delle Cooperative e Mutue, *Via Guattani 9, 00161 Rome.* Tel. 868-141/2-4.

Confederazione Cooperative Italiane, *Borgo Santo Spirito 78, 00193 Rome.* Tel. 653-875; 565-605; 565-614.

Associazione Generale delle Cooperative Italiane, *Via Parma 22, 00184 Rome.* Tel. 462-659; 471-846.

Japan: Nippon Seikatsu Kyodokumiai Rengokai (Japanese Consumers' Co-operative Union), *1-13, 4-chome, Sendagaya, Shibuya-ku, Tokyo.* Tel. Tokyo (404) 3231.

Zenkoku Nogokyodokumiai Chuokai (Central Union of Agricultural Co-operatives), *8-3, 1-chome, Otemachi, Chiyoda-ku, Tokyo.*

Zenkoku Gyogyo Kyodokumiai Rengokai (National Federation of Fisheries Co-operative Associations), *Co-op Building, 7th floor, 1-12 Uchikanda 1 chome, Chiyoda-ku, Tokyo 101.*

National Federation of Forest Owners' Co-operative Associations, *11-35, Nagato-cho, 1-chome, Chiyoda-ku, Tokyo 100.*

Jordan: Jordan Co-operative Organisation, *P.O.B. 1343, Amman.* Tel. 23101/3.

Kenya: Kenya National Federation of Co-operatives Ltd., *P.O.B. 49768, Nairobi.* Tel. 21487; 32106/7.

Korea: National Agricultural Co-operative Federation, *75, 1st Street, Chung-Jong-Ro, Sodaemun-ku, Seoul.* Tel. 73-0021; 75-2681.

Malaysia: Co-operative Union of Malaysia Ltd., *Peti Surat 685, Kuala Lumpur.* Tel. 23903.

Co-operative Central Bank Ltd., *29 Leboh Ampang, P.O. Box 685, Kuala Lumpur.* Tel. 26531/4.

Co-operative Bank Malaysia Ltd., *140 Jalan Ipoh, Peti Surat 1024, Kuala Lumpur.* Tel. 299677; 299679.

Sarawak Co-operative Central Bank Ltd., *Kuching, Sarawak.*

Malaysian Co-operative Insurance Society Ltd., *36 Jalan Ampang, P.O. Box 817, Kuala Lumpur.* Tel. 87915/6.

Angkatan Kerjasama Kebangsaan Malaysia Berhad (ANGKASA), *Jalan Templer: Petaling Jaya, Selangor.*

Malta: Farmers' Central Co-operative Society Ltd., *New Building, Middleman Street, Marsa.* Tel. Cent 24896.

Mauritius: Mauritius Co-operative Union, *Co-operation House, Dumat Street, Port Louis.* Tel. 822.

Netherlands: Coöperatieve Vereniging U.A., Centrale der Nederlandse Verbruikcoöperaties, "CO-OP Nederland", *Postbus 52, Europalaan 30, Utrecht.*

Association of Enterprises on a Co-operative Basis, *Bloemgracht 29, Amsterdam 3.* Tel. 62303.

Nigeria: Co-operative Union of Western Nigeria, Ltd., *c/o Co-operative Buildings, New Court Road, Ibadan, P.M.B. 5101.* Tel. 24399; 24446.

Lagos Co-operative Union Ltd., Co-operative Office, *147 Yakubu Gowon Street, Lagos,* Tel. 58920/85.

Mid-Western Nigeria Co-operative Federation Ltd., *Private Mail Bag 1021, No. 4 Murtala Mohammed Road, Benin City, Mid-Western State.* Tel. 594.

Norway: Norges Kooperative Landsforening, *Revierstredet 2, Post Box 451, Sentrum, Oslo 1.* Tel. 20-62-90. Telex: 19 450 H.Q.

Affiliated societies (1972): 735; membership: 422,807; turnover of local societies: Kr. 3,570 mill.; of N.K.L.: Kr. 1,337.1 mill.

Norske Boligbyggelags Landsforbund (NBBL), *Trondheimsveien 84-86, Oslo 5.* Tel. 33-32-42.

Pakistan: West Pakistan Co-operative Union Ltd., *11 Masson Road, P.O.B. 905, Lahore.* Tel. 54203.

Karachi Central Co-operative Bank Ltd., *14 Laxmi Building, Bunder Road, Karachi 2.* Tel. 36185.

Karachi Co-operative Housing Societies' Union, *Shaheed-e-Millat Road, Karachi 5.* Tel. 40244.

Karachi Co-operative Union Ltd., *Co-operative House, Shaheed-e-Millat Road, Karachi 5.* Tel. 230289.

Fishermen's Co-operative Society Ltd. (FISCOS), *Fish Harbour, West Wharf Road, P.O. Box 5328, Karachi.* Tel. 229101; 224457.

Sind Baluchistan Provincial Co-operative Bank, Ltd., *Provincial Co-operative Bank Bldg., Serai Road, P.O. Box 4705, Karachi 2.* Tel. 32361; 37290; 34736.

Peru: Cooperativa de Seguros del Perú Ltda., No. 170, *Maximo Abril 552, Lima.* Tel. 46769.

Banco Nacional de las Cooperativas del Perú Ltda., *1 Av. Tacna 411, Apartado 4895, Lima.* Tel. 276569.

Philippines: Central Co-operative Exchange Inc., *P.O.B. 1968, Manila.* Tel. 7-60-09.

Grains Marketing Co-operative of the Philippines "Gramacop" Inc., *107-D Arellano Street, Calocan City.* Tel. 23-91-40.

Filipino Cooperative Wholesale Soc. Inc., *P.O. Box 4439, Manila.*

Poland: Central Agricultural Union of "Peasant Self-Aid" Co-operatives, *Kopernika 30, Warsaw.* Tel. 26-39-69; 26-10-81.

Central Union of Building and Housing Co-operatives, *Ul. Marchlewskiego 13, Warsaw.* Tel. 20-90-29.

"Społem" — Union of Consumer Co-operatives, *Grazyńny 13, Warsaw.* Tel. 45-32-41.

Central Union of Work Co-operatives, *Surawia 47, Warsaw.* Tel. 28-51-86.

Supreme Co-operative Council, *Ul. Jasna 1, Warsaw.* Tel. Warsaw 26-72-21; 27-13-26.

Portugal: UNICOOPE - Uniao Cooperativa Abastecedora, S.C.R.L., *Rua Alvaro Gomes, 112 Z.R. Pasteleira, Porto.*

Puerto Rico: Co-operative League of Puerto Rico, *458 Fernando Calder, Apartado 707, GPO San Juan.* Tel. 764-2727.

Romania: Uniunea Centrala a Cooperativelor de Consum, "Centrocoop", *Strada Brezoianu 31, Sectorul 7, Bucharest.* Tel. 16-00-10; 13-87-31. 1969/70: Associated 1,728 Consumers' Co-operatives in 39 District Unions; membership: 7 mill.; 28,000 retail shops: of which 8,100 public catering units; 7 processing and marketing enterprises; 18 production enterprises; 17 building enterprises; 20,400 servicing units; 18 educational centres.

Central Union of Handicraft Co-operatives, "UCECOM", *46, Calea Plevnei Street, Sector VII, Bucharest.* Tel. 13-16-48.

Uniunea Nationala a Cooperativelor Agricole de Productie, "Uncap", *25 Bd. Gheorghe Gheorghiu-Dej, Bucharest.*

Singapore: Singapore Co-operative Union Ltd., *Post Box 366; Office and Library: 3-JJK Clifford House, Singapore 1.*

Sri Lanka: National Co-operative Council of Sri Lanka, P.O. Box 1669, Co-operative House, 455 Galle Road, Colombo 3. Tel. 85496.

Sweden: Kooperativa Förbundet, *S-104 65 Stockholm 15.* Tel. International: 46-8-449560; National: 08-44-90-60.

Affiliated retail societies (1972): 210; membership: 1.7 mill.; total turnover of consumer societies: Kr. 9,211 mill.; turnover of K.F.: Kr. 7,387 mill. (thereof Kr. 5,044 correspond to affiliated consumer societies); K.F.'s own production: Kr. 3,489 mill.; total capital (shares, reserves and surplus) of K.F.: Kr. 1,124 mill.; of affiliated consumer societies: Kr. 1,271 mill.

HSB:s Riksförbund ek.för., Fack, *S-100 21 Stockholm 18.* Tel. 54 05 40.

Affiliated building societies (1974): 88; membership: 339,992; number of completed units: 347,871; production value: Kr. 18,921 mill.

Svenska Riksbyggen, *Hagagatan 2, P.O. Box 19015, S-104 32 Stockholm 19.* Tel. 34-05-20.

Folksam Insurance Group, *Folksam Building, Stockholm 20.* Tel. 22-01-00.

Lantbrukarnas Riksförbund, *S-105 33 Stockholm 3.* Tel. 14-16-00.

Kooperativa Gillesförbundet, *S-104 65 Stockholm 15.* Tel. (08)44-90-60; (08)44-95-60.

Switzerland: Coop Schweiz, *Thiersteinerallee 14, CH 4002 Basle.* Tel. (061)35-50-50.

Affiliated organisations (1972): 186; retail outlets: 1,938; membership: 897,054; Coop total turnover: Fr. 4,135 mill.; Coop retail turnover: Fr. 3,463 mill.; Coop Schweiz wholesale turnover: Fr. 2,086 mill.

Verband sozialer Baubetriebe, c/o SBHV., *Sihlpostfach, Zürich.*

Genossenschaftliche Zentralbank, Aeschenplatz 3, CH 4002 Basle. Tel. (061) 23-84-00.

CO-OP Lebensversicherungs-Genossenschaft Basel, Aeschenvorstadt 67, CH 4002 Basle.

Tanzania: Co-operative Union of Tanganyika Ltd., *National Co-operative Building, P.O. Box 2567, Dar-es-Salaam.* Tel. 23077; 23344; 23347.

Thailand: Co-operative League of Thailand, 4 *Pichai Road, Dusit, Bangkok.* Tel. 811414.

Turkey: Türk Kooperatifcilik Kurumu (Turkish Co-operative Association), *Mithatpasa Caddesi 38, Yenisehir, Ankara.* Tel. 12-43-73.

Uganda: Uganda Co-operative Alliance, *P.O.B 2215, Kampala.* Tel. 56984/6.

U.S.S.R.: Central Union of Consumers' Co-operative Societies of the U.S.S.R., "*Centro-soyus*", *Tcherkassky per no. 15/17, Moscow.* Tel. 221-7253.

Consumers' societies (1970): 14,868; members: 59,637 mill.; shops: 369,700.

United Kingdom: Co-operative Union Ltd., *Holyoake House, Hanover Street, Manchester M60 0AS.* Tel. (061) 834-0975.

Affiliated retail societies (1971): 303; membership: 11.3 million; share capital: £142 million; retail sales: £1,203 million.

Co-operative Wholesale Society Ltd., *P.O.B. 53, New Century House, Corporation Street, Manchester M60 4ES.* Tel. (061) 834-1212.

Co-operative Insurance Society Ltd., *Miller Street, Manchester 4.* Tel. (061) 832-8686. Assets (1964): £369 mill.

Co-operative Bank Ltd., *P.O. Box 101, New Century House, Manchester M60 4ES.* Tel. 061-834-1212.

Plunkett Foundation for Co-operative Studies, *31 St. Giles', Oxford.* Tel. 0865-53960.

U.S.A.: Co-operative League of the U.S.A., *1828 L Street, NW, Washington, D.C. 20036.* Tel. (202) 872-0550.

Uruguay: Centro Cooperativista Uruguayo, *Dante 2252 Montevideo.* Tel. 41-25-41; 40-90-66.

Yugoslavia: Glavni Zadruzni Savez FNRJ, *Terazije 23/VI, Belgrade.* Tel. 30-947/9.

Zaire: Centrale Générale des Coopératives Angolaises, *B.P. 6039, Kinshasa 1.*

Zambia: Zambia Co-operative Federation Ltd. *P.O. Box 3579, Lusaka.*

INTERNATIONAL ORGANISATIONS

Organization of the Cooperatives of America, *Ap. aéreo 2738, Lima.*

Nordisk Andelsforbund (Scandinavia), *3 Axel-torv, 1609 Copenhagen V, Denmark.* Tel. 15-15-33

International Co-operative Bank Co. Ltd. (INGEBA), *Dufourstrasse 54, P.O.B. 711, CH 4002 Basle, Switzerland.* Tel. 23-58-27.

International Co-operative Petroleum Association, *28 West 44th Street, New York, N.Y. 10036, U.S.A.* Tel. LA 4-4455.

Sociedad Interamericana de Desarrollo y Financiamiento Cooperativo (SIDEFCOOP), *Casilla de Correo 4311, Buenos Aires, Argentina.*

International Co-operative Housing Development Association (ICHDA), *Suite 1007, 1012-14th Street, N.W. Washington, D.C. 20005, U.S.A.* Tel. 202-737-3420.



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The International Co-operative Alliance 1895-1970

by **W. P. Watkins**

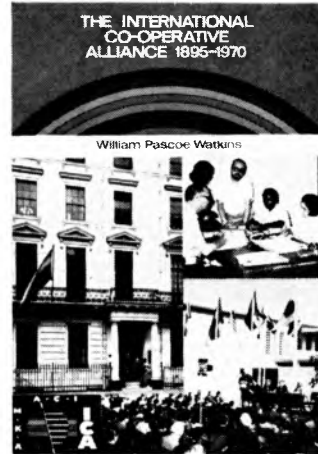
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The Co-operative Movement and Society

by **Olof Palme***

Sweden's Prime Minister

A vigorous expansion of the Swedish co-operative movement took place during the 1960's, coinciding with extensive structural changes in the country's production and distribution processes. The movement succeeded not only in benefiting from the increase in consumption that was the result of the rise in the standard of living but also in capturing an increasing share of the purchases of households. This was a considerable organisational and commercial success, but it also meant that the people's belief in the co-operative idea had become more deeply rooted. For the co-operative movement is not just a variant of traditional commercial enterprises: it is a popular movement, an organisation with human and social aims.

In many respects the co-operative movement was revolutionary. It introduced entirely new principles on which to base economic activity: the pursuit of profit was replaced by the concern to cover the needs of the greatest possible number of people. To belong to a co-operative society could not result in an increase in capital, and capital did not constitute a source of power within the society. Decision-making became a democratic process.

These co-operative principles expressed a view of society very similar to that held by the labour movement, but unlike radical political reforms they could be rapidly implemented. Long before some of the basic democratic aims, such as universal suffrage, had been attained, the co-operative movement had begun to supersede the old order, remodelling society step by step.

There are many who maintain that democracy means merely a decision-taking mechanism and that the substance of the decisions is irrelevant. These groups also claim that democracy is a concept applicable only in politics and has nothing to do with production processes or economic activities in general. But there is another view of democracy: if the basic democratic principle, i.e. that all men are equal, is recognised, then it must be brought to bear on all aspects of social life. This view of democracy is deeply rooted in the Swedish popular movements**, who consider the development of a society as inseparable from the development of each of its members, and see the democratic process not as a question of the right to vote but as

*This article is a shortened version of the speech given by Mr. Palme at KF's National Assembly in June 1973.

***Popular movements" is the equivalent of the Swedish term used to cover organisations such as trade unions, co-operatives, the Farmers' Union, youth organisations etc.

an endeavour to eliminate economic, social and cultural inequalities between them. Democracy thus comes to mean activity and participation in all fields.

Democracy vs. Efficiency?

The process of democratisation follows many different paths. Decentralisation of economic power, one of the fundamental tenets of the Swedish labour movement, can be achieved by making it possible for enterprises owned by the popular movements to increase their share in the national product. I believe the co-operative movement can play an important role in the implementation of an economic policy that aims at increasing productivity while preventing concentration of economic power.

The co-operative movement has proved that it is possible to apply democratic working methods to economic activities, to achieve efficiency within a democratic framework. Its success makes a clean sweep of the widely-held opinion that the participation of workers, employees or consumers in the running of business enterprises would lead to their collapse and ultimately create chaos in the national economy. Co-operation has shown that it is possible to democratise economic life and the movement has been, and still is, a stimulating factor in our efforts to achieve true democracy and prosperity.

Consumer Democracy

The co-operative movement has been for long a consistent and successful advocate of consumers' interests, but it is only during the past decade that systematic consumer protection policies have been developed by governments. There is, however, only limited scope for government action in this field — statutes and institutions will be effective only when backed by an active and well-informed consumer movement.

There appears to be some confusion as to who should plead the cause of consumers. Only recently a journalist claimed that organisations such as KF, LO (the Swedish Confederation of Trade Unions) or TCO (the Swedish Central Organisation of Salaried Employees) were not really entitled to do so since they had business interests of their own, and wondered at the fact that quite often it was the producers themselves who acted as spokesmen for consumers. But there is really little cause for wonder. Why should producers operating within a co-operative framework be ill-suited to defend consumers' interests? One of the aims of the popular movements is to enable consumers to exert influence on producers and production in general, and the importance they attach to participation and discussion helps to make consumers aware of their rights and of the need to formulate their claims. Co-operation, especially consumer co-operation, bridges the gap that separates consumers from producers in modern monetary economies. In the capitalist system the ratio between production and consumption is determined by the level of profits accruing to the capitalist; in a strictly centralised socialist system this ratio is fixed by administrative mechanisms; the co-operative system provides an alternative to both.

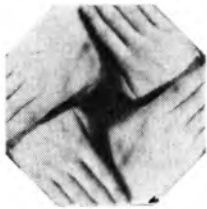
Consumer co-operation is Sweden's most important consumer movement. Its members are well-informed, active and able to make the best of the possibilities created by the new consumer policy. Consumer democracy is in Sweden a meaningful term.

The objective of our consumer policy is not to replace the consumer co-operative movement but to strengthen and increase consumer influence. Collaboration between co-operators and the National Board for Consumer Policies will be of vital importance for its success. I hope that this collaboration will continue to increase and will be extended to new fields of activity.

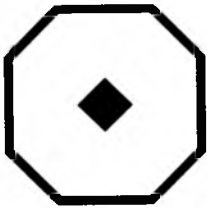
The Future

The role of co-operatives is an important one not only in the field of consumer protection. The co-operative movement can be a decisive fact in shaping a future characterised by democratic participation. This constitutes a great responsibility for co-operators, not only *vis-à-vis* their movement but also *vis-à-vis* society as a whole.

The movement has realised the need to find new ways of stimulating the awareness of its members, of revitalising its activities. This has led to a lively and often self-critical debate within the movement itself, and this fact alone is a sufficient reason to believe that co-operators will meet the challenge facing them successfully.



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Co-operatives and Intermediate Technology

by Bert Oram*

By now the term "intermediate technology" has so thoroughly permeated development literature that it is familiar to the majority of social scientists concerned with the Third World. The philosophy which underlies the intermediate technology approach was described at some length in an article, reproduced in the Review of International Co-operation (No. 4, 1972), by its originator and most eloquent spokesman, Dr E. F. Schumacher.

The purpose of this paper is to point to the close relationship between the objectives and methods of intermediate technology and those of co-operatives in developing countries. To this end it seems useful to start with a brief survey of the problems to which both are addressed.

The Economic and Social Context for Intermediate Technology

The concept of intermediate technology has been developed in relation to developing countries and more particularly to the rural areas of these countries. There are certain basic features common to these areas which largely condition the development process.

One is the *predominance of agricul-*

ture as a means of livelihood. Most of the people—in many countries as much as 90 per cent—derive their income from farming and related activities.

Another is widespread *unemployment and underemployment*, aggravated by high rates of population growth. A consequence has been the drift of rural populations to towns in search of jobs, thus creating unemployment and slum areas there.

Unemployment in turn accentuates the acute *shortage of capital*. Other factors which limit the availability of funds for investment include low productivity, low incomes, low savings, inadequate credit institutions and a reluctance by those who have money (e.g. landowners, merchants) to invest in rural industries.

Equally serious as an obstacle to development is the *scarcity of industrial skills*. Standards of education are low. The market economy is relatively new and economically rational attitudes have had little opportunity to evolve. Also there are few facilities for managerial, technical and professional training.

Finally, there are *inadequate marketing and commercial facilities*. Many of the underdeveloped countries are still in the early stages of transition from a subsistence barter economy to market economies on a

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cash basis, and the infrastructure for such activities has not yet been created.

What is Intermediate Technology?

Against this background Dr Schumacher and the Intermediate Technology Development Group (ITDG) have set themselves the task of formulating and publicising an approach which "endeavours to furnish the poor and the unemployed in developing countries with the means to work themselves out of poverty".* *This approach concentrates on choosing and adapting technologies appropriate to the local resources of the areas in which they are to be used.*

The word "technology" is roughly synonymous with "method of production", but "intermediate" is a more generic term to which ITDG has given an interpretation specifically applicable to the underdevelopment context outlined above. In this context, intermediate technology implies productive techniques which meet certain criteria. They should be designed to increase the efficiency of producers in rural areas where the majority live. They should be labour-intensive so as to provide jobs for unemployed and underemployed workers. They should be inexpensive and hence within the reach of more producers so as to create more work places out of limited capital resources. They should be adapted to the production of goods and services in local demand, i.e. the most urgent needs of the majority of people—for example, food, clothing, construction materials, farm implements, simple household utensils, irrigation equipment, pesticides and seeds. Finally, they should make maximum use of local skills and local materials and should be simple enough for local people to learn fairly quickly. In short, they should maximise participation, self-help and involvement at the "grass roots".

Thus it is clear that the intermediate

technology approach is concerned to help large numbers of people in developing countries acquire relatively simple skills and tools, rather than dissipating resources on more sophisticated but less appropriate techniques and equipment. It must be stressed, however, that this effort involves far more than locating, assembling, designing and reporting on tools, machinery and engineering equipment. It is equally concerned with communication techniques, organisational structures, productive services and commercial operations like purchasing, marketing, financing, training and administration. Like tools and equipment, these are indispensable aspects of the production process.

For one thing, potential users of intermediate technology must be made aware of the choices open to them. This means developing a network of communication channels for publicising and disseminating throughout the Third World the practical information collected by the ITDG—a task which requires the collaboration of voluntary groups, opinion leaders, public authorities and the mass media.

It is not enough, however, simply to inform rural producers in the less developed countries of the availability of intermediate techniques. Apathy, tradition and resistance to innovation are firmly entrenched in these areas and a strenuous effort is required to persuade people to adopt new methods. This is a question of motivation—of involving people, of encouraging initiative, of stimulating participation and self-help. In the words of Gunnar Myrdal: "Initial interest aroused by the prospect of better things can be sustained only by the sight of achievement, however moderate, and the consciousness of a share in it, however indirect. Means must be found to bring people into association at the stage of formulation of plans and their implementation".

However, even if producers are fully informed as to the technological choices open to them and actively motivated to

*E. F. Schumacher, "The Work of the Intermediate Technology Development Group in Africa", ILO Review, July 1972.

make full use of available techniques, they cannot make progress unless they are trained. Inadequacies of managerial and technical know-how have been the major obstacle, to development in the Third World. No matter how simple the methods and the skills required, they must be learned; producers must have access to training facilities.

A final—and fundamental—implication of intermediate technology is that effective development is a dynamic process which evolves from the simple to the more complex. Development embraces the entire process by which a predominantly agricultural society develops into a diversified economy based on manufacturing and commercial as well as agricultural activities. This clearly involves an enormous transformation with fundamental changes in economic and social structure. It follows that the development process must be gradual. The process can be accelerated, and the transitional stages telescoped, through appropriate organisation of machinery, vocational training and technical assistance. But still the process must build on what exists.

This means that in most underdeveloped countries efforts to increase output and incomes must initially concentrate on “agro-industry”, that is, on raising the productivity of agriculture and on promoting industries based on agriculture, fishing and forestry. This in turn implies an increase in processing facilities and in capacity for light industries which serve farm and household requirements, for example small tools and light machinery, simple pumps, fencing, containers, construction materials, clothing, kitchen equipment, etc. At each step the growth of manufactures must support and be derived from increased productivity in agriculture.

Thus the process is likely to be unspectacular. It must utilise local materials, local manpower, local skills and appropriate technologies rather than trying to transform the economic situation

overnight by transplanting large-scale organisations and complex techniques. The changes that can be accommodated at any one time are generally small in relation to what has gone before. But a great deal can be accomplished by a large number of small changes over wide areas, each taking advantage of local opportunities and resource availabilities and each in turn making further growth possible.

For several reasons *small-scale enterprise* is widely considered to be the major springboard for the initial stages of industrialisation in the less developed countries. One is the fact that most of the labour force in these countries is to be found in small-scale industries. Workers in these enterprises have acquired valuable skills and familiarity with the kinds of technology which they can afford.

Also there are many situations in developing countries in which smaller productive units have positive advantages. “Economies of scale” is a relative concept. The most economic size of production unit depends upon a combination of several factors including size of market, relative availabilities of labour and of capital, proximity of raw materials, availability of transport, communications, marketing facilities and credit institutions, types of production techniques and degree of divisibility of plant.

Some types of modern machinery require large-scale productive units if they are to be used economically. But large-scale capital-intensive production is not efficient if markets are small, scattered, highly seasonal or fragmented; if distribution channels are not well organised; if workers are not used to factory discipline; if management does not know the necessary techniques of control, or even if aware of them cannot implement them because they conflict with accepted customs, beliefs, systems of authority, etc. Also it is necessary to have service engineers who can put the complicated machinery back into action if it breaks down. Scarce capital is wasted if it is incorporated in such forms

as to be unusable.

In most developing countries at present, and probably for many decades to come, the most common situation is one which gives rise to "economies of small-scale", that is in which smaller productive units have definite advantages.

Sometimes the advantage is locational. This may be in terms of saving transport costs for heavy, bulky, fragile or perishable items based on local raw materials that are widely dispersed—as for instance, bricks, carpentry and other products of saw mills, certain processed goods and dairy products. Or it may relate to the importance of proximity to the customer and attention to individual requirements as with tailoring, shoe making, job printing and maintenance and repairs. Small local firms are best adapted to take care of domestic consumer needs that cannot be met by mass production, or specialised articles for which the total demand is small, such as certain leather goods.

Overhead costs may be lower for a small firm in terms of simpler and cheaper equipment, lower cost of buildings and flexibility for taking decisions more quickly. Also such firms can minimise administrative costs and economise on scarce managerial skills by operating under the personal supervision of the manager and dispensing with sophisticated control procedures and a complex hierarchy of authority.

Smaller firms may have a labour advantage in that they can recruit locally and they experience lower worker turnover. Also the fact that workers are members of a small, intimate community may make for better teamwork. Moreover, because manpower is abundant—indeed often redundant—in most developing countries, small firms tend to use relatively labour-intensive techniques; thus the capital invested generates more employment than would the same amount invested in large-scale production. Small firms are also in a better position than large automated plants to

give employment to groups of workers in need of part-time work, including farmers during slack seasons, students and housewives.

To summarise, intermediate technology is concerned with techniques and organisational forms specially adapted to the particular contexts for which they are intended. Building upon existing indigenous resources and attitudes, they preserve what is useful in the old and incorporate what is useful from outside, whilst always adapting to the realities of the given situation. "Intermediate" does not imply "inferior" or "second best". Rather, it implies techniques which are appropriate to the present but flexible enough to facilitate a gradual transition to new methods and new organisational forms in the future.

Co-operatives and Intermediate Technology

As we have seen, intermediate technology does not just "happen". It must be consciously devised; potential beneficiaries in developing countries must be made aware of the technological choices open to them; they must be motivated to choose and to apply appropriate techniques; they must be trained in how to use them; and building on local resources and agro-industry, they must find an organisational framework within which they can mobilise their savings so as to acquire and adapt their tools and productive methods to their evolving capabilities.

There are many different kinds of social structure at the grass-roots level in developing countries which can and do serve as organisational channels for involving the people in their own development. These include, *inter alia*, parastatal bodies, private enterprises, trade unions, community development organisations, farmers' unions, educational institutions, churches, women's and youth organisations and co-operatives. All of these have shown themselves capable of contributing to one or more aspects of the tasks outlined above. However, among these

social forms probably co-operatives have the greatest potential for disseminating and implementing intermediate technology.

1. Communication

Intermediate technology will prove useful as an instrument of development only to the extent that it is brought to the attention of those by whom it must be applied. Obviously, therefore, every available channel of communication should be utilised for dissemination of the information provided by the ITDG. This includes all the various organisational structures at the local level in developing countries to which reference has just been made, and particularly co-operatives.

Co-operatives are a useful means of communicating with rural populations in developing countries. Their network of contacts with individual producers is widespread, intimate and closely related to actual productive activities. Also, more than any of the other organisations mentioned, co-operatives have emphasised adult, functional education. They have developed a wide array of methods for achieving this, such as discussion circles, members' meetings, courses and seminars, demonstrations, extension services, lessons through correspondence, teaching manuals, mobile educational units and extensive use of audio-visual aids.

2. Motivation

Co-operatives are set up to meet defined local needs. They provide the organisational means by which a group of ordinary people, relying primarily on their own resources, can create and control their own businesses to satisfy their own requirements. Thus they bring the people most directly concerned with development into direct participation and involvement in economic enterprise.

"A great merit of Co-operation in relation to development is its motivational impact. Co-operatives appeal to the self-interest of the member in a way that he can understand, and demon-

strate through tangible results how he can pool his efforts and resources with others in order gradually to lift himself out of poverty and hopelessness.

"Co-operatives give members the will and the means to shape their own futures. They know that their efforts are directed to the success of their own enterprise and that they will participate in the fruits of those efforts. Since co-operative training is work-related it has immediate practical consequences in terms of output of goods and services; there is a built-in incentive and the training does not lead to frustration through unemployment.

"People have to be convinced through demonstration that it is possible for them to better their lot and this is what co-operatives accomplish. Centuries of tradition cannot be swept away without dramatic evidence of the benefits of 'progress' in terms of rising standards of living. But once this evidence becomes tangible, there is a powerful impetus for members to acquire the training and skills through which their co-operative efforts can be made viable."*

3. Training

Co-operatives are well equipped not only to introduce new ideas to their members, but also to teach them how these should be put into practice. The co-operative method makes use of the "demonstration" approach in the most basic sense of the term. It literally demonstrates to members new ways of doing things through courses, seminars, study circles, model farms, mobile educational units and co-operative extension workers. More important, co-operatives make it possible, through co-operative credit and co-operative purchasing, for their members to adopt these new methods; and they maintain close contact with them and provide continuing

*Co-operatives and Functional Education, ICA Paper, prepared for the International Conference of Co-operative Education Leaders at Joigny-sur-Vevey, November/December 1970.

technical advice while they are learning to apply them.

“There is no more effective way of helping peasants to acquire the skills required in a modern industrial society than through the co-operative process of learning by doing. The only way to build up the educational and skill levels of rural populations in order to prepare them for technological progress is to take training to the people where they live and work, and to relate it directly to their work environment.

“What this implies is that training must be closely linked with rural agriculture and industrial extension services. In the context of learning how to improve co-operative processing and market methods, to plan ahead, to transact business in cash and to co-operate with others in buying and selling operations, peasants acquire elementary skills of reading, writing and counting and ability to cope with simple managerial, clerical and administrative tasks.

“Because the co-operative method is flexible and can be applied to many different types of activity, it offers a wide spectrum of training. And because it is comparatively cheap and does not require elaborate facilities, it can be made accessible to all.”¹

4. Gradualism

In view of the evident need for a gradual, diffused, evolutionary approach to development based on agro-industry, it is clear that the process must build upon the initiative of numerous small-scale producers. This means that over large sectors of industry, for a fairly long initial period, the most appropriate productive units will be relatively small. But it is equally clear that industrial initiative should not be allowed to be stifled by the disadvantages of smallness or by the ruthless competition of large-scale operators. And this is where

¹The Role of Co-operatives in Economic and Social Development, ICA Paper prepared for ECOSOC, May 1969.

co-operatives have an important role to play.

The function of co-operatives is to pool resources while retaining individual initiative and drive. More specifically, they make it possible for small-scale producers to associate themselves in order to secure the advantages of scale with respect to certain operations for which larger units, specialisation and division of labour are more economic. These may be advantages in purchasing, processing, marketing, technical services or finance. In many cases, but gradually and over a period of time, this kind of association results in relatively large scale operations.

Moreover this kind of resource pooling through co-operation can occur at several levels corresponding to the particular needs at each level. Through the flexible structure of primary, secondary and apex societies, co-operatives can offer a series of service centres throughout an area. First there can be small centres at the village level appropriate to the simple needs of small farmers and rural artisans. Then market town centres can provide processing facilities for co-operative members as well as financial and technical support and training. Thirdly, services such as auditing and high level training can be provided at regional and national centres.

This flexibility of co-operative organisation applies not only geographically and in terms of level of services, but also through time. Co-operatives often start in a small way using locally available natural and human resources and building on them little by little. They also use simple techniques and productive methods adapted to the skills of local people. They develop these techniques as skills increase. Co-operative development can thus be geared to the members' increasing capacity for assuming greater responsibilities. Often formal co-operatives are preceded by a “pre-co-operative” form of collective activity. After the formal constitution of a co-operative, pragmatism still applies. This does not mean that evolution must be

slow. It means that activities of the co-operative are extended only in step with the growing needs of members and with their increasing capabilities resulting from training, planning and participation in the co-operative's decision-making processes.

Thus on all four counts—communication, motivation, training and pragmatism—co-operatives rate high as vehicles for disseminating intermediate technology.



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Pre-Co-operative Organisations – A Nigerian Experience

by **R. C. Maxon** and **A. U. Patel***



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Agricultural co-operatives can play a very positive role in developing countries by transforming subsistence farming into market-oriented farming. Co-operatives can help to attain certain objectives of the government such as political equality, social justice and equitable distribution of incomes. However, co-operatives are not yet effective in rural areas in a number of developing countries.

There are many constraints which affect the successful working of agricultural co-operatives. The major ones are bureaucratic domination of the co-operative movement, inadequate management and inefficient employees, apathy among members, illiteracy, lack of capital, of technical and commercial skills, and backward production techniques. It has been widely observed that co-operatives are launched among the rural people who are not ready for them. Under these circumstances it is desirable to have a pre-co-operative stage, which provides the participants with "on the job" opportunity for learning the real meaning of co-operation. Success during the pre-co-

operative stage should provide rural residents with motivation to develop modern co-operatives. The pre-co-operative organisations could serve as a bridge towards fully-fledged co-operatives.

The attempts of starting pre-co-operative agricultural organisations seem to be quite effective in some developing countries. This paper analyses the case of a pre-co-operative organisation in agriculture started by small farmers in the Badeku village of Nigeria's Western State.

Inception of the Badeku Agricultural Production and Supply Company

Badeku has been selected as a laboratory for the students and staff of the Department of Agricultural Economics and Extension, University of Ibadan, since October 1970. It is located 17 miles away from the campus of the University. The activities during the first year were concerned with meetings and demonstrations on the improved methods of maize and cocoa cultivation. After seeing the possibility of increasing the maize and cocoa yield significantly, the farmers wanted to increase their maize acreage and use fertilizers and spraying chemicals for maize and cocoa. However, they did not have adequate financial resources to purchase inputs and employ additional labour.

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While cocoa production is the largest cash crop in Western Nigeria, and cocoa marketing through the Marketing Board is a government monopoly, cocoa farmers often face difficulties in obtaining necessary chemicals at the proper time, and in securing prompt and fair payment for their crop due to various unethical practices by licensed buying agents (LBAs). LBAs frequently finance cocoa farmers by small cash loans or chemicals given in kind, and charge exorbitant interest rates. Misgrading, short weighing, and long delay or failure to pay for all cocoa purchased are additional hazards faced by many farmers in selling their cocoa through LBAs. Adapting new levels of technology usually require additional production inputs of improved seed varieties, chemicals, fertiliser, and equipment such as sprayers. These items are beyond the means of most farmers who lack adequate cash or credit sources on reasonable terms.

The villagers were therefore guided to the Western State Agricultural Credit Corporation—WSACC (formerly known as the Western State Agricultural and Industrial Investment Corporation) as a possible loan source. One of the conditions the WSACC insisted upon before granting a group loan was that the farmers should form either a co-operative formally registered in the Ministry of Trade and Co-operatives, or a pre-co-operative organisation such as a business company registered under the Registration of Business Names Act, 1966.

The registered company is relatively free of government control. Forming a co-operative is a relatively lengthy process and subjects the co-operative to close government supervision, although the co-operative form of business does relieve the individual member of liabilities for the co-operative's obligations. The villagers had seen the functioning of agricultural co-operatives in nearby villages and thought it too complicated for them. About 95% of the farmers are illiterate and they did not have any one whom they

could trust and employ to keep the accounts. They preferred the simpler and less formal requirements of the registered company and thus the Badeku Agricultural Production and Supply Company (BAPSC) was formally registered in the Federal Ministry of Trade in February, 1972.

The Badeku village registered company was initially formed to overcome barriers in the production and marketing of cocoa and maize, and to assist its members in adopting new techniques of production.

The Corporation has restricted the size of an informal group to 20 members, whereas there were 52 members in the BAPSC in the beginning. Therefore, three sub-groups were formed, and applied for a total of N5,436* loan from the WSACC. The amount of the loan requested was determined after studying the farm plans and credit needs of individual members, plus consideration of the credit needs for the group activities, by the credit assistants (trained in agriculture) of the Corporation. These assistants also provide the farmers with technical guidance. The farm plans of the members were then scrutinised by the executive committee of the company. A part of the loan agreements called for the registered companies to join the Western State Farmers' Union, which could serve as a guarantor, deduct the amount of the loans from crop sales, and remit payments to the WSACC.

The three sub-groups formed an executive committee of nine members and appointed a Chairman, Secretary, and Treasurer. By-laws were established, which included a requirement that all cocoa produced by members should be sold through the company, a system of screening and approving loans in cash and kind for members and non-members, a method of work assignments for company projects, and membership discipline through a series of small fines for failure to attend meetings,

*Current rate of exchange: £=1.5 N.

quarrelling at meetings, or failure to carry out assigned work on group projects such as production of maize and construction of the store building. Financial controls and accounting procedures were established, and records were kept by the Secretary. Company officials and board members are not paid for their services.

The First Year

In its first year, the registered company undertook four major activities:

1. Cash loans and purchasing of materials for loans in kind.
2. Group maize production on a four-acre plot.
3. Buying and marketing cocoa.
4. Construction of two maize storage cribs and a cocoa grading and storage building.

During its first year of operation (from April 1972 to February 1973) the Company's cocoa sales amounted to N13,695 and its maize sales to N308. Total expenses were N13,428.46. Total operating gains show a gain from cocoa marketing of N582.92, from maize production of N206.25 and from credit operations of N434.95; membership fees and contributions amounted to N214.61, leaving a total operating gain of N1,184.29.

Total capital expenditure during this first year came to N494.70 and covered the construction of a cocoa store, the purchase of store equipment and of shares in the Farmers' Union, and the construction of maize storage cribs. These cribs, designed by the Nigerian Stored Products Research Institute of Ibadan, are made of bamboo and thatch, the major expense involved being the wire netting. Cement, lumber and roofing materials were the most expensive items for the construction of the cocoa store and drying floor; the weighing balance was the essential and most costly piece of equipment. Volunteer labour is not included in the value of the capital outlay. On 1st February 1973 the

total assets of the Company were estimated at N1,512.70.

The cocoa marketing activities reflects both production of the Badeku village and of some surrounding villages. Fifteen cocoa traders who purchased on commission for outside LBAs lived in the village; because company members were bound to sell through the company, the traders were unable to operate in the village. The traders were subsequently commissioned and financed by the company to buy cocoa from surrounding villages; The Badeku company established a reputation for honest weighing and grading, partial cash payment on delivery, and payment in full within a few days of delivery, to the Farmers' Union. Considerable cocoa was thus diverted from independent LBAs. The company recovered its loans in cash and kind from its borrowers as the cocoa was sold.

Conclusions

The Badeku registered company showed remarkable achievements and progress during its first year. This success must be due in large part to the dedication, perseverance, and capability of its leadership. The securing of the initial loans took 13 trips by 12 members to Ibadan before final approval was received. The company Secretary has made an estimated 166 trips to Ibadan, Ikire and Egbeda on company business. The nine-member executive committee held 24 meetings during the year and members have held six general meetings. Records are kept in a very competent manner and all business transactions were efficiently executed.

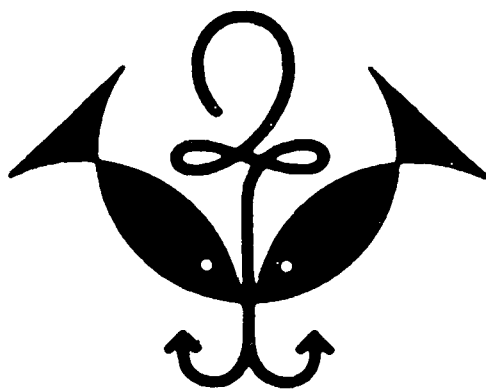
The impact of the company is undoubtedly many times greater than the sum of its net gain or capital accumulation. The farmer members benefited from loans at reasonable cost and better arrangement for selling their cocoa. Some of the labour costs paid went to members of the community. Beyond this, however, is the recognition that given an opportunity and freedom to manage its own affairs, the

village is quite capable of making substantial progress towards the solution of its economic and social problems.

The Badeku Agricultural Production and Supply Company, which can be called a pre-co-operative organisation, has been quite successful during the last 18 months. The members have been able to obtain loans for two years, to purchase inputs such as seeds, fertilizers and chemicals, to market cocoa, and to produce and store maize co-operatively through the company. People in neighbouring villages are now requesting guidance to help them form similar companies.

It is difficult to say at this stage for how long farmers should run a pre-co-

operative organisation before turning it into a formal co-operative. It might be desirable for co-operative officials to study the possibility of changing the Co-operative Act to include such pre-co-operative organisation, keeping in view that the administration of such organisation should remain simple and informal. Membership in pre-co-operative organisations should be restricted to average farmers who are residing in the area farms. The primary advantage of a formal co-operative is that the Co-operative Union serves as its guarantor to the credit-granting organisation. This advantage should be available also to such pre-co-operative organisations.



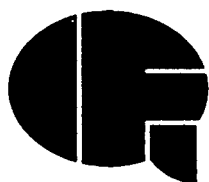
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Joint Action by Trade Unions and Co-operatives in Developing Countries

by **Sarah Scott**

The advantages to be gained from joint action by trade unions and co-operatives in the less developed countries of the world have been increasingly recognised in recent years. A number of international organisations, including international trade union organisations, the International Co-operative Alliance and relevant United Nations agencies, have all expressed the view that both movements could act with more effectiveness in developing countries if they collaborated more closely with each other.

At the 50th Session of the ILO's International Labour Conference in June 1966, a recommendation was passed on the Role of Co-operatives in the Economic and Social Development of Developing Countries. Included in this was a section recommending that:

“workers' organisations and craftsmen's associations should be encouraged and helped in the implementation of plans for the promotion of co-operatives.”

The World Economic Conference of the International Confederation of Free Trade Unions, in June 1971, urged on governments that

“one of the most important means for countering the adverse employment trends in developing countries is the

adoption of immediate measures for rural development through the *promotion of co-operatives*, provision of vocational training and functional literacy and elimination of waste in the utilisations of available educational and training resources.”

A resolution passed by the 25th Congress of the International Co-operative Alliance in October 1972 recommended:

“all co-operative organisations and leading authorities of the ICA to manifest the spirit of collaboration and mutual help with trade union organisations and their central authorities; to widen and consolidate friendly and business relations with them on national, regional and international levels; and to use all ways and means to create an atmosphere of mutual trust between co-operatives and trade unions, which are conducive to co-ordinated decisions and the implementation of joint activities on the problems of the co-operative and trade union movements.”

It is clear then that international bodies are aware of the possibilities for collaboration between trade unions and co-operatives, particularly with regard to activities in rural areas, and are anxious for a closer collaboration to be achieved.

Trade Unions in Developing Countries

Trade unions operate in a context quite different to that which existed in industrialised countries at the beginning of this century, when employed workers began to organise themselves into unions. Whereas in Western industrialised countries the trade union movement has been a mass movement catering for the relatively under-privileged majority, in the modern developing countries trade unionists tend to be a relatively *privileged* minority. Their movement is on the whole an urban movement (there are some exceptions—in countries with large plantation sectors there are frequently well-organised rural trade unions) but only a very small proportion of the population lives in urban areas, and of these many are unable to find employment. Hence only a tiny proportion of the working population is organised in unions.

It must be emphasised that “privileged” is a relative term, however, and the trade union movement in most developing countries is in a weak position, mainly as a result of the general situation of under-development in which it operates. The excess of cheap labour and the migratory character of workers in many areas weakens their position *vis-à-vis* employers. There is a general shortage of capable leaders, and the financial position of the unions is unfavourable because dues are necessarily low and, unless there is a “check-off” system in operation, they frequently remain unpaid.

The trade union movement in many Asian and African countries grew up in the era of colonialism, and trade unions tended to follow the European pattern, regardless of whether or not they were suited to local conditions. A number of trade unionists played leading roles in the events leading to independence, and since independence many unions have become identified with particular political parties or sometimes with the government. Where trade unions are strongly influenced by political parties any split in the party

means a corresponding split in the union, and fragmentation and proliferation of unions results. Indeed fragmentation is very common in the trade union movement in developing countries, particularly where there are large numbers of “company” unions. However, there has been a reduction in recent years in the number of very small unions and a move towards larger industry-based unions.

Co-operatives in Developing Countries

Whereas the trade union movement in developing countries is typically an urban movement, catering for workers in the “modern” sector of the economy, co-operatives are formed for the purpose of marketing farm produce and supplying the farmer with credit, fertilisers and seeds etc.; the majority of members of these co-operatives are self-employed peasants.

However, in some developing countries, particularly in Latin America and some South East Asian countries, the urban co-operative movement is quite well-developed, and there are large numbers of consumer, handicraft and credit co-operatives, as well as co-operatives in the fields of housing, transport and insurance.

Most governments in developing countries have recognised the advantages to be gained from co-operative organisation for a wide range of activities, and have encouraged the growth of the movement, by providing credit on favourable terms, by providing expertise for extension services and by supervising the activities of co-operative societies. Many governments have co-operative departments which are responsible for such activities.

Government support is important for co-operatives in the early stages of their development in a situation where finance is in short supply, where there is a scarcity of qualified co-operative leaders and where general standards of education are low. However, in some cases this has resulted in co-operatives becoming too dependent on government help, perhaps because govern-

ments have been over-anxious to establish co-operatives quickly, without allowing sufficient time for members and co-operative officials to attain the skills necessary for the efficient running of the co-operative. This is evidenced by cases where after withdrawal of government support co-operative societies have failed to fulfil their earlier promise.

The Prospects for Collaboration

Despite the fact that trade unions and co-operatives have broadly the same objectives, namely the improvement of the material conditions of working people, they traditionally approach the problem from opposite directions: while the primary task of trade unions has been to obtain higher wages and better working conditions for their members, co-operatives have concentrated on reducing prices and improving services. Each of these approaches should be complementary to the other, and hence the closer the collaboration between the two movements the more effective will be their respective efforts.

In the first place, the introduction of co-operatives for the benefit of trade union members is a valuable way of increasing union effectiveness and improving the living conditions of members. Co-operatives for the promotion of savings and credit, for the provision of consumer goods, housing, insurance and even medical services can all be initiated and encouraged by trade unions, and if successful can have a dramatic effect upon the living standards of trade union members. In addition, there may be indirect benefits both to trade union members and to the union itself in terms of its strength and effectiveness. Thus co-operatives of all kinds can encourage thrift among members and can help them to make gradual adjustment to the modern cash economy by providing them with an opportunity to make the best use of their wages. At the same time involvement of union members in co-operative activities will increase their loyalty to the union and give it added stability.

Secondly, co-operative activity may be a way of extending the horizon of trade unions to include new types of members. This has particular relevance to part-time wage-earners and non-wage-earners in rural areas. It is obvious that the traditional approach of trade unions would be quite inappropriate here, particularly as in many cases employment opportunities actually have to be created. In these areas organisation of farmers and labourers into self-help groups of all kinds, including pre-co-operatives and eventually fully-fledged co-operatives, could be an effective way of reaching these people.

In India a step has already been made in this direction: the ICFTU Asian Trade Union College has initiated a training programme to enable trade union officials to become teacher-administrators for rural workers' family welfare courses, the aim being to broaden the base of the trade union movement in countries with a predominantly agricultural population. Following a course held in May 1973 in Poona, forty-two Indian workers and their families decided to set up their own co-operative.

If co-operators are anxious for the expansion and strengthening of the co-operative movement, they will do all they can to encourage and promote trade union interest in co-operation. Indeed trade unions should prove to be valuable allies in mobilising support for co-operatives, in using their bargaining powers to gain concessions for co-operatives from employers, and by supporting co-operatives financially in their early stages.

It is evident, then, that both movements have much to gain through mutual encouragement and support. But if trade unions are to promote cooperatives successfully, both among existing members and among new members, co-operative unions and federations will need to make themselves available for consultation and be willing to take part in joint education programmes, pilot projects and so on. At the same time trade union officials should

be willing to seek such advice to avoid unnecessary duplication of effort and costly mistakes.

Difficulties in Collaboration

It cannot be assumed, however, that collaboration between two such large and varied movements can be achieved without encountering a number of difficulties on both sides. Such difficulties can occur both because of the *situation* of the two movements and because of their *attitudes*.

a. The Situation

The problems caused by the situation of trade unions are evident from the conditions in which they operate, described above. In nearly all developing countries the trade union movements are weak both in terms of finances and in terms of influence, and they frequently have to counter unfavourable or even hostile government attitudes. Co-operatives also operate under considerable difficulties, suffering from a lack of trained and competent management, shortage of funds and over-reliance on government aid. Because there are few strong co-operative unions, the help which they should be giving to trade unions wishing to embark on co-operative promotion is frequently difficult to come by. Moreover, there are difficulties connected with the geographical distribution of co-operatives and trade unions, the former being more often found in rural areas, and the latter in towns.

Sometimes government legislation complicates collaboration between the two movements. For example, there are cases where government regulations prevent the use of trade union funds for co-operative ventures, and in some instances trade unions are prohibited from depositing funds in co-operative banks or taking out shares in these banks. As to regulations regarding membership of co-operative societies, membership of secondary level co-operatives by non-co-operative institutions is sometimes forbidden, thus excluding trade unions.

b. Attitudes

i. Of trade unions

Apart from disadvantages of circumstances, however, there are problems in *attitude* which may be more difficult to overcome. While trade unions may be willing to provide co-operative servicing for members, they may be reluctant to approach co-operatives for advice and support because of feelings of mistrust towards them. This mistrust has two main bases. One fear is that because of the large amount of government support of, and influence over, co-operatives, the independence of trade unions will be threatened if they enter into co-operative activities. This barrier will obviously disappear once co-operatives are strong enough to operate independently and stand on their own feet, but in the meantime a substantial measure of government support seems inevitable for young co-operative movements struggling to establish themselves. In many cases the shortage of trained and qualified personnel is such that officials from government co-operative departments are obliged to carry out such duties as auditing the books of the society, supervising the weighing and marketing of produce and supervising repayment of loans. However, where such support is confined to provision of training facilities and loans at concessionary rates of interest, trade unions should have little to worry about and indeed much to gain from working closely with co-operatives.

A second reason for distrust of co-operatives relates to the experience of some trade unions which represent employees of co-operatives. It has been claimed, particularly in India, that co-operatives are no better as employers than private firms—indeed in some cases they are worse. A seminar conducted at the Vaikunth Mehta National Institute of Co-operative Management, India, in 1972, examined this problem and found that there was a great deal of conflict on both sides. The problems seem to be greatest in co-operatives which are owned by people

who are not involved in the actual work of the society—industrial co-operatives owned by agricultural producers or (in a few instances) by consumers. For example, in the case of sugar co-operatives it was claimed that the leadership came from the richest segment of rural society (sugar producers) who were unsympathetic to workers. Workers did not see themselves as having any particular status in a co-operative, and there appeared to be poor communications between management and workers.

Evidently large industrial co-operatives, like all industrial enterprises, have to confront problems of personnel management and communications within the enterprise, and evolve machinery for settlement of disputes. However, it is reasonable to expect that conflicts between management and workers should be fewer in co-operative enterprises, where in theory the aims of both parties are the same with neither side wishing to exploit the other. One step in this direction would be to ensure that all workers have the chance of becoming members of the co-operative by which they are employed, as well as having representatives on boards of management to ensure a voice in the running of the establishment.

There is no doubt that some producer-owned co-operatives which have poor labour-management relations and which make no effort to encourage their workers to become members can create a poor image of the movement in the eyes of trade unionists. On the other hand there are a number of industrial co-operatives, particularly worker-productive societies, which have been successful in operating without undue conflict between management and workers, even where it has been necessary to recruit management from outside the movement. In Argentina, for example, factories owned and run by co-operatives have markedly fewer conflicts and are reckoned to play an important role in reducing the social tensions which are a considerable problem in that

country. In Chile, SODIMAC, a large co-operative enterprise which manufactures supplies for the building industry, and employs a total of 1,200 workers, has an elaborate system of councils representing management, workers and consumers to ensure consultation between all three parties. The organisation of the co-operative also provides for worker participation in management, and workers are encouraged (through extensive education programmes) to become members of the co-operative.

Here again the moral would seem to be that co-operation in general should not be judged by the worst examples of co-operative-labour relations.

Where trade unions are expanding into rural areas, they are sometimes reluctant to experiment with co-operative methods of catering for peasants due to lack of experience of the "self-help" approach. Indeed trade unionists often take the view that their task should be confined to efforts on behalf of wage earners. Better communications between the two movements and within the movements would help to overcome this drawback, and here perhaps co-operatives could do more to publicise their own activities.

ii. Of co-operatives

Collaboration is also made difficult by attitudes of co-operatives towards trade unions. Trade union affiliations to particular political parties may discourage co-operatives from seeking to collaborate with them, both because of not wanting to seem to favour political parties and for fear of themselves being influenced by politics. Moreover, in areas where co-operatives are already well-established, they may dislike the competition of new co-operatives promoted by a trade union, and thus be reluctant to collaborate on advice or joint use of facilities.

Another factor which might deter co-operatives from collaborating with trade unions is their fear that unions may

want to retain control of any co-operative sponsored by them. It may be that with a newly-established co-operative, trade union officials will consider it necessary to supervise closely its activities and perhaps reserve for themselves the offices of co-operative management. However, it is essential that the co-operative should eventually become autonomous, although of course maintaining close links with the union.

An investigation conducted by the ILO in 1970 into trade union-sponsored co-operatives in Honduras revealed some of the confusion which can be caused if such co-operatives remain merely a branch of a trade union. The study showed that these co-operatives had no uniform structure, some being registered by the Co-operative Department while others were treated as though they were a part of the trade union itself, thus putting them in a delicate legal situation. It was possible, according to the law, for co-operatives to function and be run by the trade union officials, and this, although it had not necessarily led to inefficiency, had restricted the development of co-operatives, preventing them from serving a public wider than the trade union membership. It was therefore recommended that all co-operatives should be registered with the Co-operative Department and that the latter should have a trade union/co-operative representative on its staff; it was also recommended that the co-operatives should have separate management and finances from the trade unions, although a proviso was added that separation should not occur too suddenly, imposing independence on co-operatives as yet too weak to cope with it.

The question of open membership of co-operatives is also one which may cause conflict between the co-operative and trade union movements. It is one of the co-operative principles that any individual who wishes to become a member of a co-operative may do so, (although in practice the type of co-operative will

determine the application of this principle). For example, membership of certain housing co-operatives will be limited according to the number of houses available, and it would be reasonable for membership of this type of co-operative to be restricted to trade union members if it was trade union-sponsored. However, with other types—consumer, thrift and credit or insurance, membership need not be restricted in this way. This is often not only a matter of principle but of sound economic practice, for if membership is limited the co-operative will find expansion impossible, and its effect on the lives of its members and the community at large will be strictly limited.

In rural areas, if established co-operative unions or federations are to make available their expertise for the embryo co-operatives promoted by trade unions, they will need to be flexible in their approach and tolerant of pre-co-operative groups which may as yet show little resemblance to classic co-operatives.

Trade unions will need to draw on the experience of other organisations working in the same field (United Nations Agencies, governmental agencies and private foundations). Such experience points to the fact that co-operative development cannot be rushed, that the impetus for the establishment of a co-operative must come from the peasant farmers themselves, and that a progression of fairly loose associations or pre-co-operative groupings may be necessary before the farmers have gained sufficient self-confidence and know-how to establish a primary co-operative in its "classic" form. Such flexibility in approach may be difficult for many co-operators to achieve when their experience has been restricted to dealing with fully developed primary co-operatives, and co-operative officials may be reluctant to associate themselves with groups and organisations not operating strictly according to co-operative principles. A change in the attitudes of co-operators may in some cases require a

change in orientation of co-operative training programmes, with more emphasis on pragmatism and more encouragement of experimental methods.

Instances of Trade Union/Co-operative Collaboration

In the industrialised countries of Western Europe there is a long history of collaboration between the co-operative and trade union movements. Secondary level organisations—in particular banks—have been established by *both* movements, with joint shareholding and joint control. In developed countries powerful organisations have been built up in this way—for example the Bank für Gemeinwirtschaft in the Federal Republic of Germany was established by trade unions and co-operatives, and as well as serving as a “house bank” for trade unions and co-operative societies today acts as a commercial bank and participates in other banking houses and credit institutions; in Austria the shares of the Bank für Arbeit und Wirtschaft are owned by the Co-operative Wholesale Society and the trade union movement, and in Sweden Svenska Riksbyggen, a co-operative building organisation which was founded by Swedish building trade unions today builds 10 per cent of the total of Sweden’s new dwelling units.

Compared to the long-established movements of industrialised countries, the trade union and co-operative movements in developing countries are still very much in their youth. Nevertheless there are one or two instances of steps being taken in the direction of joint enterprises. The Co-operative Union of Malaysia and the Malaysian Trade Union Congress, have plans to establish a Workers’ Bank and a co-operative supermarket. The plans were the outcome of a seminar organised by the Co-operative Union and the MTUC in Kuala Lumpur in May 1973, and they have been made possible by the reform of legislation which had hitherto prevented trade unions from investing their funds in

business ventures. The project consists of a Workers’ Bank which the MTUC intends to initiate, and the Co-operative Union has agreed to support the venture by contributing the amount necessary to make up the \$10 million authorised capital. The MTUC, in its turn, has pledged support for the co-operative supermarket which is expected to cost \$5 millions, and which has been planned with the collaboration of the International Co-operative Alliance and the Swedish co-operative movement.

Apart from rare instances of joint ventures, there are quite a number of examples in developing countries of co-operatives promoted by trade unions as well as instances of collaboration on education and training. The following are a few illustrative examples.

In Bombay, India, Hind Mazdoor Sabha, one of the country’s three largest trade union federations, has encouraged the promotion of co-operatives among its affiliates. Many of these are consumer co-operatives, and some have grown into societies of considerable size. Such a society is the Mumbai Kamgar Madhyavarti Grahak Sahakari Mandal Ltd., which has 21 branches in Bombay, some of which have been acquired by amalgamating formerly independent co-operatives which were not functioning efficiently. This society also manages two department stores, and it has encouraged subsidiaries for the production of articles of daily requirement—for example spices, pickles, ready-made garments and household appliances. It has also been appointed by the State government as one of the four marketing societies in the State. Shareholders of this society and other consumer co-operative societies sponsored by the Hind Mazdoor Sabha were originally exclusively trade unionists; nowadays, however, there is a more diversified membership, although a large number of members are workers in the textile, engineering and chemical industries.

Besides consumer co-operatives, several unions affiliated to Hind Mazdoor

Sabha have set up credit co-operatives and housing co-operatives. Membership of some of these co-operatives is confined to one particular union, in which case the co-operative operates in more than one factory or place of work; but others are sponsored by trade union members working in the same establishment who may be members of several different unions.

In Honduras the Sindicato de Trabajadores de la Tela Railroad Company (SITRATERCO), a banana workers' union with 11,000 members, has a remarkably good record in the field of co-operatives. Having failed to persuade the government to implement price controls in the fight against inflation, the union established in 1959 its own co-operative store, which was effective in lowering prices and ending the dependence of trade unionists on the credit of the private shopkeeper. Following this early success the Union has since opened five co-operative shops and a modern supermarket, and runs three delivery vans which serve plantations.

In the early sixties SITRATERCO established a housing co-operative, using a loan from US AID. The union negotiated land for building from the employers, and succeeded in building 184 houses for members at very low cost. The success of this venture led the union to build more houses, using a grant of money from the employers. The complementary effects of the union's negotiating strength and the co-operative approach to the housing project has enabled the workers to benefit from lowest possible costs, at the same time as stimulating the individual efforts of those workers.

In Malaysia, the National Union of Plantation Workers set up the "Great Alonioners Trading Corporation" which in 1967 bought two rubber plantations which were in danger of being broken up and sold off in small plots, resulting in the loss of many jobs. These rubber estates are run on co-operative lines and are financed mainly by union shareholders, despite the fact that, due to registration difficulties,

they were registered as corporations rather than as co-operatives. However, a national multipurpose co-operative society has now been established which will take over the running of these estates. It is intended that the earnings from them will be used to organise a general servicing for co-operative membership throughout the countryside. The Society is now in the process of setting up consumer stores throughout the country and the first, in Petaling Jaya, is already operating successfully.

Collaboration on education and training appears to be one of the most fruitful ways in which trade unions and co-operatives can pool their resources—whether of finance or of expertise. Such collaboration can take many different forms and can appear on a variety of levels. One of the most obvious ways is at trade union and co-operative colleges, where the training of officials in their respective movements is undertaken. Now that trade unionists in developing countries are beginning to realise that they must broaden the base of their activities if they are to substantially improve the position of working people in their countries, trade union colleges are including a wider range of subjects in their curricula, and co-operative principles frequently feature as one of these. However, such teaching would have more effective results if the subject was treated in more depth and with a more practical orientation. At the same time co-operative colleges could well do more to draw students' attention to the possibilities for acting in conjunction with trade unionists.

Trade unions and co-operatives themselves can also do a great deal within their education programmes. In Latin America there are examples of ways in which the gap between the two movements is being bridged by joint education and training.

Thus in Colombia the Unión de Trabajadores de Colombia started its activities in the field of co-operation by

organising training courses for co-operative leaders and personnel in the urban and rural sectors, as well as publishing information and study materials. UCONAL, an organisation of trade union-sponsored co-operatives, set up jointly with private contributors the Instituto de Economía Social y Cooperativismo, which runs high level courses for co-operative leaders and managers; and the Federación Agraria Nacional (FANAL), the affiliate of the UTC representing independent and wage-earning agricultural workers, has together with the Church established a campesino training centre.

Conclusions

The cases referred to above seem to indicate that joint activity may follow two main patterns. Firstly, trade unions may establish their own co-operative societies, which remain to a greater or lesser extent under the control of the trade union. Membership in these cases may be confined to trade unionists, particularly where producer co-operative societies have been set up, but also occasionally in the case of consumer societies. Once consumer societies have become firmly established, however, they usually find it to their advantage to widen the basis of their membership in order to allow the society to expand—this has been the case with the consumer co-operatives sponsored by the Hind Mazdoor Sabha and its affiliates in India, and co-operatives initiated by trade unions in several European countries.

In urban areas individual trade unions can promote co-operative societies in the fields of savings and credit, consumption, housing, insurance, workers' production, and medicine, to give immediate tangible benefits to workers by bringing down prices and providing services where employers and state organisations do not themselves provide them. Savings and credit co-operatives, or credit unions, seem to be particularly suitable for promotion by trade unions, and frequently

provide a starting-off point for more ambitious co-operative enterprises.

Secondary co-operative organisations can encourage the affiliation of trade union-sponsored co-operatives, thus making available to them the servicing, advice or financial support necessary for their healthy operation and expansion.

Trade unions can include in their workers' education programmes information on co-operatives and thus encourage interest in co-operation among workers; and co-operative societies in their own education programmes can make co-operators aware that trade unionism and co-operation are both parts of a general workers' movement, and that close collaboration can enhance the effectiveness of both movements.


In rural areas where there are fairly cohesive trade union organisations, normally in areas where a large number of wage earners live and work together, for example on plantations, trade unions may sponsor co-operative societies in the same way as in urban areas. Where there is no organisation of rural workers, however, there is still scope for secondary trade union organisations or trade union federations to encourage co-operative activity in the countryside and to encourage links with town-based co-operatives. Trade unions are unlikely to be successful in accomplishing such a difficult task alone, and the efforts of other agencies such as governments, international organisations, voluntary agencies and of course the co-operative movement, will be needed to supplement and support trade union initiatives. In this way a co-operative society may be the starting point for general workers' representation in rural areas, where trade union interest would be an additional safeguard to ensure that the benefits of co-operation are distributed to the very poor as well as to the better off.

Secondly, the existing co-operative movement may collaborate with trade unions in joint ventures. This sort of joint action has been comparatively rare in

developing countries except in the field of education and training, where there has been some collaboration in the holding of seminars and training courses. Efforts have been made here and there, however, to involve the two movements in promotion of new societies. There seems to be scope for more joint action between existing societies and trade unions, even if it is only

a case of co-operatives acting in an advisory capacity when trade unions are setting up co-operatives.

Despite the difficulties involved, a promising start has been made on collaboration between the two movements in developing countries. Increasing such collaboration can only be to the advantage of both movements.



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Trade Unions and Credit Unions - The Ghanaian Case

by E. T. Ashiley*

Trade unions are organised not only in order to increase the money income and protect the immediate interests of their members—they also exist as an important social force that ensures the building of a better and fairer society. It is therefore easy to see why trade unionists are very often active in promoting co-operatives. Acknowledging that improvements in wages and working conditions for their members are dependent on society's overall level of development, trade unionists have over the years endeavoured to co-operate and co-ordinate their activities, both nationally and internationally, with other organisations having similar aims. In many countries the co-operative movement and the trade unions maintain close ties. The two movements agree on many matters, particularly on the need to educate their members, and have learnt to share ideas and experiences, and to show understanding of each other's problems for the purpose of maintaining industrial peace and of collaborating in the shaping of a healthy and stable national economy.

The First Savings Societies

The practice of self-help and mutual assistance is indeed ancient. In Ghana our

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forefathers helped each other in the cultivation of farms and at harvest time—a practice they called “nno boa” (helping one another, or communal labour). They also practised savings by storing unused foodstuffs in barns. This form of saving developed into local savings societies known as “susu”, which consisted of a group of people who agreed to save a fixed sum over a certain period; at the end of this period the contributions made by the group were handed over to one of its members and the process continued until all had benefited from the communal savings.

Alongside these “susu” societies other friendly societies developed. These were known by different names according to the part of the country in which they operated, but generally consisted of a group of men, women and sometimes even children who weekly contributed small sums to a common fund destined to help members of the group in times of hardship, particularly in cases of bereavement. A good number of these societies still function in some communities.

The Development of Credit Unions

The European idea of Co-operation was introduced in Ghana by the British during the second half of the last century, when

the country was known as the Gold Coast, but it was not until the 1920's that the formation of co-operative societies (thrift and credit, consumers' and marketing societies) was encouraged by the Department of Co-operatives. The Thrift and Loan societies appealed mainly to salaried workers and therefore few co-operatives of this type were established. However, these societies, together with other co-operatives, founded the Gold Coast Co-operative Bank in 1948.

After independence was attained in 1957 the Ghana government became aware of the fact that the development of co-operatives was unsatisfactory, mainly on account of the inadequate training of committee members. Steps were then taken to strengthen the staff of the Department of Co-operatives in order to provide the societies with much-needed supervision, advice and guidance.

In 1958 a nation-wide campaign was launched by the government to promote thrift and loan societies. As a result many new societies were registered, almost all of which made use of the services provided by the Co-operative Bank. In due course the movement became financially strong.

The leaders of the movement tried to put into practice the co-operative principle of political neutrality but that proved incompatible with the ideology of the party in government at the time. The government's reaction to the situation was to dissolve the Department of Co-operatives in 1961. In that same year the Co-operative Bank was liquidated, and since the existing societies depended entirely on officials from the Department of Co-operatives for supervision and other essential services most of them went into voluntary liquidation.

In 1955 a parallel savings and credit movement had been started by Roman Catholic missionaries in Jirapa, a town situated in the Upper Region of the country. Groups of people belonging

either to a church or to a community formed savings societies that would make loans to members at a low rate of interest. Many months of preparatory work were needed before these credit unions started functioning but the Jirapa experiment proved a success and people from the nearby towns of Nandon, Wa, Ko, Daffiama and Kaleo followed the example. By 1968, 25 of these credit unions were operating in Ghana.

The Ghana T.U.C. Involvement in the Promotion of Credit Unions

Like the co-operative movement, the idea of labour unions and collective bargaining came to Ghana from Britain. A colonial Labour Department was created in 1938 and a Trade Union Ordinance, which encouraged groups of at least five workers to form a union, was promulgated in 1941. At that time there existed only house unions, some with membership of just about, or little over, fifty workers. The unions were very weak both numerically and financially, and the Labour Officers who tried to encourage the formation of new unions were regarded with suspicion by the workers, who were not sure of what might have prompted the government to make such a move.

It may be of interest to mention here that it was one of the small unions, the Meteorological Workers' Union, with about seventy members, who led the general strike of October 1949, thus sparking off the political unrest that persisted until Ghana's independence in March 1957.

In 1954 the need to form national unions became evident and steps were taken to reorganise the existing house unions at a national level. The Maritime and Dockworkers' Union, the Distributive, Retail and Allied Workers' Union and the union of Building Operatives were some of the unions that emerged at the time. However, it was not until 1958, after the

enactment of the first Industrial Relations Act, that the basis was laid for the emergence of a strong trade union movement in Ghana. This Act regrouped the existing hundreds of ineffective unions into 24 National Unions and made it obligatory for employers to negotiate with the certified unions the conditions of employment of their workers. The 1958 Act was replaced by the Industrial Relations Act of 1965 that further reduced the number of unions to 16, through amalgamation.

In 1966, shortly after the formation of a military government, the labour movement felt the need to reorganise itself and the National Liberation Council shared this view. Elections were called and measures taken to ensure that the Trades Union Congress should operate as a free and democratic body.

In October 1968 the Executive Board agreed that the Trades Union Congress should encourage the promotion and development of credit unions throughout the country, as a means of supplementing the benefits gained through collective bargaining. The decision was taken after examining a report on a successful credit union pilot scheme that the Teachers' and Educational Workers' Union had started at the Ghana Presbyterian Educational Unit in 1967.

The Trades Union Congress also noted that the savings mobilised by credit unions served the needs of members and their families and that when properly deployed they could help to generate greater activity in the national economy. It also noted that credit unions make it unnecessary for employers to grant salary advances and loans, thus leaving more funds available for further development and expansion. The unused savings are deposited by credit unions with commercial banks, and some of them are later used for buying Government Treasury Bills and Bearer Bonds in order to help in the overall development of the country.

Collaboration between the T.U.C. and the Credit Union Association

When starting to implement the decision of the Executive Board, trade union officers established contact with officials of the then still unregistered Ghana National Credit Union Association. The Association had been founded in April 1968 at Tamale under the auspices of CUNA International (now called the World Council of Credit Unions) and its first Chairman was the Rev. Father J. P. McKillip. Its leaders held a meeting with the then General Secretary of the T.U.C., Mr. B. A. Bentum, as a result of which a firm basis was laid for the co-ordination of activities. By April 1969, when the Association held its first Annual General Meeting, the T.U.C. had already set in motion its machinery for the establishment of credit unions. About 35 primary societies, some of which had only recently been set up as a result of the T.U.C.'s efforts, were represented at this meeting.

The three full-time Ghanaian Field Organisers of the Association were paid from grants provided by the Raiffeisen Bank of Holland. They were assisted by three Peace Corps volunteers. All of them showed great co-operative spirit and worked harmoniously with the Industrial Relations Officers of the trade unions. Trade union platforms were placed at the Association's disposal and the doors of the T.U.C. Labour College were opened for credit union seminars. The educational programmes of the two organisations were co-ordinated and lecturers were freely exchanged. By January 1971 the number of credit unions founded by trade union members had increased to such an extent that credit union officers were unable to provide adequate supervision. The T.U.C. then engaged two full-time officers who after training were seconded to the Association.

The following statistics show the progress made by the movement as a result of the collaboration between the T.U.C. and the Credit Union Association.

Year	No. of Unions	Membership	Total Savings	Total Loan Outstanding
1968	25	Not available	Not available	Not available
1969	44	11,642	NC 694,542.63	NC 183,543.67
1970	81	16,693	1,008,895.49	653,622.11
1971	207	25,139	1,308,882.93	858,882.94
Mar. 1972	251	27,405	1,589,875.30	1,042,086.46

At the time of writing this paper records show that savings deposited with approximately 300 credit unions amount to 2½ million Cedis* and loans to members to 1½ million Cedis.

Some recent developments in the Ghana Credit Union Movement

Planning and Organisation. Since September 1970 the development programmes of the Association have been co-ordinated by Mr. J. R. DuMouchel, a Canadian Technical Advisor and former Assistant Director of the World Council of Credit Unions, whose services were obtained by the Ghana government through the Canadian International Development Agency (CIDA). The request for Mr. DuMouchel's services was made in the first place by the Ghana Trades Union Congress, which established contact with him in the summer of 1969 at the Coady International Institute of the St. Francis Xavier University, Antigonish (Canada). His special duties cover the extension, reorganisation and administration of the credit union movement. He travels to all parts of the country, accompanied by Ghanaian credit union officials, in order to organise training courses for credit union officers, committee members and members in general, and gives advice on how to improve the services and management of newly-established societies.

CUA Central Fund.—The Association decided in August 1972 to establish a

Credit Union Central Fund to pool the surplus monies from the affiliated societies and grant loans to any society for on-lending to its members. Another objective of the Fund is to invest some of these surpluses in government programmes. The Central Bank of Ghana gave technical and financial assistance to the movement for the setting up of the Fund and a CUA Central Fund Advisory Board of nine members, drawn from the Ghana Co-operative Council, the Department of Co-operatives, the Bank of Ghana, the Ghana National Association of Teachers, the Trades Union Congress and the CUA has been constituted. The Board advises on investment possibilities in specific sectors of the country's economy and suggests ways and means to encourage effective mobilisation of domestic savings by credit unions.

Loan Protection Fund.—In 1972 the Association called upon the affiliated primary societies to establish a Loan Protection Fund to ensure the complete safety of members' savings in case of death or total permanent disability of any borrower. In those societies where the Fund operates borrowers pay into it 1% of the loan taken and at the annual general meeting of the society members allocate part of its net surplus (not more than 25%) to the Fund. In the event of death or total disability of a borrower full repayment of his loan or of any balance thereof is made from the Fund, irrespective of whether the loan was guaranteed by co-signers or by a wage/salary assignment. It is hoped that in the near

*Current rate of exchange: £=2.64 Cedis.

future a Ghana Co-operative Insurance Society will be set up, using the Fund as a basis.

School Saving Clubs.—In April 1971 the Association started a pilot scheme to introduce the idea of credit unions and of co-operation in general into schools by means of saving clubs. The project was well received and by June 1973 22 selected

schools had enrolled 1,838 members with savings of 1,436.19 Cedis. The Association plans to extend this programme to all schools in the country.

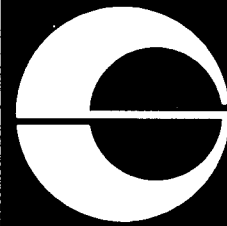
Although the experiments described in this article are still in the initial stages, the Ghanaian case shows how fruitful the collaboration between trade unions and co-operatives can be, especially in developing countries.



Notre participation à la vie de
L'ALLIANCE COOPERATIVE INTERNATIONALE
nous permet d'adapter constamment notre action
aux principes authentiquement coopératifs et
de découvrir la vraie dimension mondiale de l'entraide.

LA MUTUELLE SSQ
(Les Services de Santé du Québec)
Société coopérative d'assurance collective
Siège social: Québec - Canada

**LA
SAUVEGARDE**
COMPAGNIE
D'ASSURANCE SUR LA VIE
UNE INSTITUTION DU MOUVEMENT DES CAISSES POPULAIRES DESJARDINS



La Sauvegarde, doyenne des compagnies d'assurance-vie canadiennes-françaises, fut fondée en 1901. Le 7 août 1962, d'entreprise familiale qu'elle était, elle devient un nouveau chaînon dans l'économie coopérative québécoise, et la pérennité de son appartenance à la collectivité canadienne-française se trouve assurée du même coup.

Au cours de 1972, les assurances et rentes en vigueur ont dépassé le cap du milliard de dollars et son actif les cent millions, démontrant ainsi ses progrès constants depuis sa fondation. La philosophie coopérative qui la caractérise lui a de plus permis une nouvelle poussée de son action économique et sociale.

	1972	1967	1962
Assurances en vigueur	\$1 037 000 000	\$476 038 000	\$281 564 000
Nouvelles affaires	195 347 000	91 986 000	43 520 000
Actif	104 539 000	76 012 555	55 982 769

La Sauvegarde offre aux individus, aux familles et aux groupes une gamme complète de plans d'assurances bien adaptés aux besoins actuels. Les besoins des assurés de La Sauvegarde, des membres des Caisses populaires et de la population en général demeurent la première préoccupation de l'entreprise.

La Sauvegarde, consciente de la valeur de ses ressources humaines et techniques sur lesquelles elle peut s'appuyer, envisage un avenir prometteur bâti sur des défis positifs.

LA MAISON DES ARTS, LA SAUVEGARDE

Une œuvre socio-culturelle qui fait sa marque

Depuis sa fondation en 1965, cette œuvre philanthropique a permis à plus de trois cents artistes de faire valoir leur talent tout en



contribuant de façon concrète à la restauration du Vieux Montréal et à l'épanouissement de la vie culturelle au Canada français.

Book Reviews

The Advance of American Co-operative Enterprise 1920-1945

by Joseph G. Knapp, The Interstate Printers & Publishers, Danville, Illinois, 1973. Price: \$9.95.

In the first volume of his history of co-operative enterprise in the United States, Dr Knapp collected and set out with admirable assiduity all the evidence of early co-operative activity in America from 1620 to 1920. Inevitably, given the size of the U.S.A. and the variety of spontaneous initiative, the story, though often fascinating, was a disjointed one and the achievement sometimes thin. In his second volume, beginning with the end of the first world war, Dr Knapp has much richer material, movements of real economic importance, conflicts both of principle and personality, the whole taking place against the background of two depressions and a second world war and interwoven with a remarkable series of changes in U.S. government policy towards farmers and their institutions.

The story begins with the irruption of the charismatic but fallible Aaron Sapiro, his fruitful influence in establishing legislation suitable to co-operative development and his less happy and indeed misleading contention that strong centralised marketing co-operatives could control commodity prices. It traces

the rise of the various central organisations, the League, the Council, the Institute and later the various national trading bodies and makes it clear why a single national organisation was never really a practical possibility. It shows the influence of other dynamic personalities: Dr Warbasse the theorist of the consumer, Kagawa the mysterious Japanese evangelist, Cooke the engineer and Bowen the public relations man.

The second half of the book is mainly occupied with the New Deal, its fertilising effect on agricultural co-operation and the institutions it created, the Agricultural Adjustment Administration, the Farm Credit Administration and, beyond the main stream, but of great interest especially to developing countries, the co-operative aspects of T.V.A. and the Co-operative Rural Electricity Association. It also covers the rise of the credit unions and the almost fortuitous way in which they became linked with the consumers rather than the agricultural co-operatives.

Dr Knapp as an author has had the advantage of living through all these events, (and often playing a decisive part in them, though this he is too modest to mention) and he is in a position to disentangle motives and pressures, to present the dramas without over-dramatisation and the personalities with scrupulous fairness, charity and restraint.

American co-operation is a vast subject, often known to Europeans only through the literature of the sectional or regional organisation with which they happen to have made a contact. Yet the story as a whole is not only of

great interest but presents lessons and prototype situations which should be studied by all those seriously concerned with co-operative organisation or promotion.

Margaret Digby



LA SOCIÉTÉ D'ASSURANCE
DES CAISSES POPULAIRES

François Adam, Président

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**International Co-operative Alliance
Regional Office and Education Centre for
South-East Asia**

**Regional Director: Mr P. E. Weeraman
PO Box 3312, 43 Friends Colony
New Delhi 14, India. Tel. 631541 632093.**

**International Co-operative Alliance
Regional Office for East and Central Africa**

**Regional Director: Mr Dan Nyanjom
PO Box 946, Moshi, Tanzania. Tel. 2616.**

Affiliated Organisations

Angola: see "Zaire".

Argentina: Federación Argentina de Cooperativas de Consumo, *Avda. Suárez 2034, Buenos Aires*. Tel. 28-5381/3.

Intercoop Editora Cooperativa Limitada, *Humberto 1°, 2318—1° P.-A., Buenos Aires*. Tel. 99-3193.

Asociación Argentina de Cooperativas y Mutualidades de Seguros, *Avenida de Mayo 1370, Piso 1°, Buenos Aires*. Tel. 33-0222/7138.

Federación Argentina de Cooperativas de Crédito Ltda., *Pueyrredon 468, 2° Piso, Buenos Aires (RC 24)*. Tel. 86-6283.

Asociación de Cooperativas Argentinas, *25 de Mayo 35, Buenos Aires*.

Confederación Cooperativa de la República Argentina Ltda. (COOPERA), *Luis Marla Campos 1588, Buenos Aires*.

Instituto Movilizador de Fondos Cooperativos, *Urquiza 1539, Rosario*.

Australia: Co-operative Federation of Australia, Secretariat: *569 Wellington Street, Perth, Western Australia 6000*. Tel. 21-0191.

Austria: "Konsumverband" Zentralverband der österreichischen Konsumgenossenschaften, *Theobaldgasse 19, A-1061 Vienna VI*. Tel. 57-75-38.

Membership (1972): 582,000; turnover: retail trade: Sch. 8,724 mill. (thereof consumers' societies: Sch. 7,466 mill.; department stores: Sch. 1,203 mill.; other retail trade: Sch. 55 mill.); wholesale society (G.Ö.C.): Sch. 3,394 mill.; own production: consumers' societies: Sch. 1,064 mill.; G.Ö.C. and subsidiaries: Sch. 580 mill.

Österreichischer Verband gemeinnütziger Bau-Wohnungs- und Siedlungsvereinigungen, *Bösendorferstrasse 7/11, 1010 Vienna*. Tel. 65-71-63; 65-13-25.

1972: Affiliated organisations: 277 (comprising 164 societies and 133 associations); membership: 167,737; administered units: 357,241 (of which 156,144 correspond to the societies and 201,097 to the associations; closing balance for 1971: Sch. 56,4 mill. (of which Sch. 25,6 mill. correspond to the societies and Sch. 30,8 to the associations).

Österreichischer Raiffeisenverband, *Seilergasse 16 Vienna 1*. Tel. 52-69-34.

Bangladesh: Bangladesh Jatiya Samabaya Union, "Samabaya Sadan" (1st floor) *9/D-Motijheel Commercial Area, Dacca 2*. Tel. 255846.

Provincial Fishermen's Co-operative Society Ltd., *Iqbal Road, Patharghata, Post Box 27, Chittagong*. Tel. 80587; 85967.

Belgium: Fédération belge des Coopératives (FEBECOOP), *26-28 rue Haute, 1000 Brussels*. Tel. 13-28-60; 11-83-50.

Affiliated consumers' societies: 21; membership: 300,000; turnover (1968): Frs. 4,180 mill.; shops: 1,409; Wholesale society turnover (1968): Frs. 1,272 mill.

Société Coopérative d'Assurances "La Prévoyance Sociale", *P.S. Building, 151 rue Royale, 1030 Brussels*. Tel. 18-80-80.

Premiums (1966): Frs. 1,903 mill.; reserves: Frs. 6 milliards; insurance funds, life: Frs. 20 milliards.

Fédération Nationale des Coopératives Chrétiennes, *135 rue de la Loi, 1040 Brussels*. Tel. 35-60-90.

(1967): 1,250 shops; turnover: Frs. 1,430 mill.; Savings Bank: 2,050 branches; 500,000 members; deposits: Frs. 12 milliards; Insurance Society: 290,000 policy holders; premiums: Frs. 450 mill.; reserves: Frs. 1,300 mill.

L'Economie Populaire, *30 rue des Champs, 5300 Ciney (Namur)*. Tel. 228-01.

Branches (1970): 466; membership: 98,456; turnover: F.B. 1,319,000,000; savings deposits: F.B. 380 mill. + 340 mill. CEP (Private Savings Bank, Ltd.); capital and reserves: F.B. 208 mill.

L'Institut Provincial de Coopération Agricole, *42 rue des Augustins, Liège*. Tel. Liège 32-36-52.

OPHACO (Office des Pharmacies Coopératives de Belgique), *602 Chaussée de Mons, Anderlecht-Brussels 7*. Tel. 22-56-90.

Union of 26 co-operative societies owning (in 1972) 473 pharmacies, 63 optical departments, 6 drug stores, 14 wholesale depots. Turnover (1972): Frs. 3,469.3 mill. Surplus distributed to 544,000 members: Frs. 137 mill.

Centrale des Caisses Rurales du Boerenbond Belge (CERA), *Minderbroedersstraat 8, 3000 Leuven*. Tel. 279.31.

Bulgaria: Central Co-operative Union, *Rue Rakovski 99, Sofia*. Tel. 7-83-11; 8-03-11.

Cameroon: West Cameroon Co-operative Association Ltd., *P.O. Box 135, Kumba, Meme Division, West Cameroon*. Tel. Kumba 251.

Canada: Co-operative Union of Canada, *111 Sparks Street, KIP 585 Ottawa 4, Ont.* Tel. 232-9657.

A federation of English-language co-operative organisations, organised in 1909.

Conseil Canadien de la Coopération, *Case postale 58, Station N, Montréal 129*. Tel. 866-8048.

Ceylon: See "Sri Lanka".

Chile: Cooperativa Sodimac Ltda., *Casilla 3110, Santiago de Chile*. Tel. 734023.

Cooperativa de Empleados Particulares Ltda., *Teatinos 610, Casilla 424, Santiago de Chile*. Tel. 82935.

Instituto de Financiamiento Cooperativo, IFICOOP, Ltda., *Agustinas 853, Oficina 547, Casilla 1118, Santiago de Chile*. Tel. 398253.

Unión Cooperativa de Seguros (Ucoseg) Ltda., *Moneda 1040, of. 704-705, Santiago de Chile*. Tel. 81295; 65100.

Unión de Cooperativas de Consumo y Servicios de Chile Ltda. ("U-Coop"), *Agustinas 1141, 7° Piso, Casilla 14439, Santiago de Chile*. Tel. 715256.

Colombia: Cooperativa Familiar de Medellín Ltda., *Calle 49, No. 52-49, Medellín*. Tel. 45-00-55; 41-71-13; 41-53-78.

Instituto Nacional de Financiamiento y Desarrollo Cooperativo (Financiacoop), *Carrera 13, No. 27-00, Edif. Bochica, piso 2°, Int. 9, Aptdo Aéreo 12242, Bogotá*. Tel. 81-06-00.

Congo, Democratic Republic of: See "Zaire".

Cyprus: Co-operative Central Bank Ltd., *P.O. Box 4537, Nicosia*. Tel. 62921; 62677; 63311.

Cyprus Turkish Co-operative Central Bank Ltd., *P.O. Box 1861, Nicosia*. Tel. 4257.

Vine Products Co-operative Marketing Union Ltd., *P.O. Box 314, Limassol*. Tel. 2331; 2872; 4582.

Czechoslovakia: Ustredni Rada Druzstev, *Tesnov 5, 11006 Prague 1*. Tel. 621-54; 647-51.

Denmark: De samvirkende danske Andels-selskaber (Andelsudvalget) (The Central Co-operative Committee of Denmark), *Vester Farimagsgade 3, DK-1606 Copenhagen V*. Tel. 12-14-19. Telex: 19297.

Det Kooperative Faellesforbund i Danmark, *Kronprinsensgade 13, 1114 Copenhagen K*. Tel. 12-22-62.

Affiliated societies (1963): 634; total sales: D.Kr. 1,582 mill.; employees: 12,500; comprising consumers', workers', artisans, productive and housing societies, etc.

Faellesforeningen for Danmarks Brugsforeninger (FDB), *Róskildevej 65, Albertslund*. Tel. 64-88-11.

Affiliated societies (1969): 1,742; membership: 839,000; turnover: 4,032 mill. D.Kr.; Wholesale turnover: 2,198 mill. D.Kr.; own production: 741 mill. D.Kr.

Finland: Suomen Osuuskappojen Keskus-kunta (S.O.K.), (Finnish Co-operative Wholesale Society), *Vilhonkatu 7, 00101 Helsinki 10*.

Affiliated societies (1973): 229; membership: 592,000; wholesale turnover: Fmk. 3,104.2 mill.; own production of S.O.K.: Fmk. 438.1 mill.

Yleinen Osuuskappojen Liitto r.y. (Y.O.L.), (General Co-operative Union), *Vilhonkatu 7, 00101 Helsinki 10*.

Affiliated societies (1973): 229; membership: 592,000; turnover of societies: Fmk. 4,664.4 mill.; total production of affiliated societies: Fmk. 59.2 mill.

Kulutusosuuskuntien Keskusliitto (K.K.), r.y., *P.O. Box 740, 00101 Helsinki 10*. Tel. 10491.

Affiliated societies (1973): 70; membership: 580,470; turnover of societies: Fmk. 2,934 mill.

Keskusosuusliike O.T.K. (Central Co-operative Society) O.T.K., *P.O. Box 120, 00101 Helsinki 10*. Tel. 750731.

Affiliated societies (1973): 70; turnover: Fmk. 2,080 mill.; own production: Fmk. 646 mill.

Pellervo Seura, Central Organisation of Farmers' Co-operatives, *Simonkatu 6, P.O. Box 77, 00101 Helsinki 10*. Tel. 602066.

Affiliated organisations (1973): 9 central organisations; 885 societies.

Pohja Yhtymä, *Runeberginkatu 5, 00100 Helsinki 10*.

Fiji: Fiji Co-operative Union, Registry of Co-operative Societies, Co-operative Department Suva, Fiji.

France: Fédération Nationale des Coopératives de Consommateurs, F.N.C.C., *89 rue la Boétie, 75008 Paris*. Tel. 225-99-98.

Affiliated societies (1970): 315; membership: 3,400,000; shops: 8,300; turnover: NF. 6,100 mill.

Société Générale des Coopératives de Consommation, *61 rue Boissière, 75 Paris XVI*. Tel. 553-88-22.

Fédération Nationale des Sociétés Coopératives Ouvrières de Production du Bâtiment, des Travaux Publics et des Matériaux de Construction, *88 rue de Courcelles, 75008 Paris*. Tel. 622-40-48; 622-45-20.

Confédération Générale des Sociétés Coopératives Ouvrières de Production, 88 rue de Courcelles, 75008 Paris. Tel. 622-07-81/2.

Banque Française de Crédit Coopératif, 88 rue de Courcelles, 75008 Paris. Tel. 227-48-03.

Confédération Nationale de la Coopération, de la Mutualité et du Crédit Agricoles, 129 Bd. St. Germain, 75006 Paris. Tel. 033-93-31.

Caisse Nationale de Crédit Agricole, 91-93 Boulevard Pasteur, 75 Paris XV. Tel. 273-90-00.

Fédération Nationale des Sociétés Coopératives d'Habitation à Loyer Modéré (H.L.M.), 20 rue de Richelieu, 75 Paris 1er. Tel. 266-4520.

Confédération des Coopératives de Construction et d'Habitation, "L'Habitation", 3 ave. du Coq, 75009 Paris. Tel. 742-45-79; 874-67-62.

Confédération des Organismes de Crédit Maritime Mutuel, 18 bis, Avenue Hoche, 75008 Paris. Tel. 267-14-50.

Gambia (The): Gambia Co-operative Union Ltd., P.O. Box 505, Bathurst. Tel. 581.

German Democratic Republic: Verband deutscher Konsumgenossenschaften der DDR, Stresemannstrasse 128, 108 Berlin.

Federal Republic of Germany: Bund deutscher Konsumgenossenschaften G.m.b.H., Besenbinderhof 43, (2) Hamburg 1. Tel. 284-4001. Affiliated societies (December 1969): 115; membership (end of 1969): 2,235,000; turnover (1969): D.M. 4,827 milliards.

Co op Zentrale A.G., Besenbinderhof 43, (2) Hamburg 1. Tel. 284-4310. Total turnover incl. subsidiaries (1969): D.M. 2,462 milliards.

Gesamtverband gemeinnütziger Wohnungsunternehmen e.V., Bismarckstrasse 7, 5000 Cologne 1. Tel. 52-31-81.

Volksfürsorge Lebensversicherung Aktiengesellschaft, An der Alster, (2) Hamburg 1.

Volksfürsorge deutsche Sachversicherung Aktiengesellschaft, Steinstrasse 27, (2) Hamburg 1.

Deutscher Raiffeisenverband e.V., Adenauerallee 127, 53 Bonn. Tel. (0-22-21) 1061.

Ghana: Ghana Co-operative Council Ltd., P.O. Box 2068, Accra.

Greece: Membership suspended.

Guyana: Guyana Co-operative Union Ltd., Ministerial Buildings, High Street and Brickdam, Georgetown.

Haiti: Caisse Populaire Dominique Savio, 57 Rue Riguard, Pétion-Ville.

Hungary: National Council of Consumers' Co-operative Societies (SZOVOSZ), Szabadság tér 14, Budapest V. Tel. 113-600; 112-800.

National Council of Industrial Co-operatives, OKISZ, Postafiók 172, 1143, Budapest 70. Tel. 188-800; 188-806.

National Co-operative Council, P.O. Box 661, H.1373 Budapest V. Tel. 113-600; 112-800.

National Council of Agricultural Co-operatives, Akadémia utca 1-3, Budapest V. Tel. 113-600; 112-800.

Iceland: Samband Isl. Samvinnufélagi, P.O. Box 180, Samband House, Reykjavik. Tel. 17080.

India: National Co-operative Union of India, 72 Jorbagh, New Delhi 3. Tel. 611123; 611343; 619328.

Indonesia: Dewan Koperasi Indonesia, 28 Djalan Djenderal Soedirman, Djakarta. Tel. 581400.

Iran: Sepah Consumers' Co-operative Society, Avenue Amir-abad shomali, Iran Novin corner, Teheran. Tel. 636001/2/3.

Credit and Housing Co-operative Society of Iran, 20-22 Shahabad Avenue, Teheran.

Central Organisation for Rural Co-operatives of Iran, 357 Pahlavi Avenue, Teheran. Tel. 64210.

Consumers' and Services Co-operative Society for the Ministry of Labour and Social Affairs Employees, Ministry of Labour and Social Affairs, Teheran.

Irish Republic: Irish Agricultural Organisation Society Ltd., The Plunkett House, 84 Merrion Square, Dublin 2. Tel. 64783/4-6.

National Organising and Advisory Body for Agricultural Co-operatives. Affiliated organisations: 341; membership: 162,249; turnover (1971): £335,014,154.

Co-operative Development Society Ltd., 35 Lower Gardiner Street, Dublin.

Israel: General Co-operative Association of Jewish Labour in Eretz-Israel "Hevrat Ovdim", Ltd., P.O.B. 303, Tel-Aviv. Tel. 46111-35. Affiliated societies and companies (1963): 1,855 in all branches.

"Merkaz" Audit Union of the Co-operative Societies for Loans and Savings, 44 Rothschild Bd., P.O. Box 75, Tel-Aviv. Tel. 65085.

"Haikar" Audit Union of Agricultural Societies of the Farmers' Federation of Israel, 8 Kaplan Street, P.O.B. 209 Tel-Aviv. Tel. 250881.

"Bahan" Audit Union of Agricultural Co-operative Societies in Israel, 47 Nachmani Street, P.O.B. 622, Tel-Aviv. Tel. 614933.

Italy: Lega Nazionale delle Cooperative e Mutue, Via Guattani 9, 00161 Rome. Tel. 868-141/2-4.

Confederazione Cooperative Italiane, Borgo Santo Spirito 78, 00193 Rome. Tel. 653-875; 565-605; 565-614.

Associazione Generale delle Cooperative Italiane, Via Parma 22, 00184 Rome. Tel. 462-659; 471-846.

Japan: Nippon Seikatsu Kyodokumiai Rengoka (Japanese Consumers' Co-operative Union), 1-13, 4-chome, Sendagaya, Shibuya-ku, Tokyo. Tel. Tokyo (404) 3231.

Zenkoku Nogyokyodokumiai Chuokai (Central Union of Agricultural Co-operatives), 8-3, 1-chome, Otemachi, Chiyoda-ku, Tokyo.

Zenkoku Gyogyo Kyodokumiai Rengokai (National Federation of Fisheries Co-operative Associations), Co-op Building, 7th floor, 1-12 Uchikanda 1 chome, Chiyoda-ku, Tokyo 101.

National Federation of Forest Owners' Co-operative Associations, 11-35, Nagato-cho, 1-chome, Chiyoda-ku, Tokyo 100.

Jordan: Jordan Co-operative Organisation, P.O.B. 1343, Amman. Tel. 23101/3.

Kenya: Kenya National Federation of Co-operatives Ltd., P.O.B. 49768, Nairobi. Tel. 21487; 32106/7.

Korea: National Agricultural Co-operative Federation, 75, 1st Street, Chung-Jong-Ro, Sodaemun-ku, Seoul. Tel. 73-0021; 75-2681.

Malaysia: Co-operative Union of Malaysia Ltd., Peti Surat 817, Kuala Lumpur. Tel. 23903.

Co-operative Central Bank Ltd., 29 Leboh Ampang, P.O. Box 685, Kuala Lumpur. Tel. 26531/4.

Co-operative Bank Malaysia Ltd., 140 Jalan Ipoh, Peti Surat 1024, Kuala Lumpur. Tel. 299677; 299679.

Sarawak Co-operative Central Bank Ltd., Kuching, Sarawak.

Malaysian Co-operative Insurance Society Ltd., 36 Jalan Ampang, P.O. Box 817, Kuala Lumpur. Tel. 87915/6.

Angkatan Kerjasama Kebangsaan Malaysia Berhad (ANGKASA), Jalan Templer: Petaling Jaya, Selangor.

Malta: Farmers' Central Co-operative Society Ltd., New Building, Middleman Street, Marsa. Tel. Cent 24896.

Mauritius: Mauritius Co-operative Union, Co-operation House, Dumat Street, Port Louis. Tel. 822.

Netherlands: Association of Enterprises on a Co-operative Basis, Bloemgracht 29, Amsterdam 3. Tel. 62303.

Nigeria: Co-operative Union of Western Nigeria, Ltd., c/o Co-operative Buildings, New Court Road, Ibadan, P.M.B. 5101. Tel. 24399; 24446.

Lagos Co-operative Union Ltd., Co-operative Office, 147 Yakubu Gowon Street, Lagos. Tel. 58920/85.

Mid-Western Nigeria Co-operative Federation Ltd., Private Mail Bag 1021, No. 4 Murtala Mohammed Road, Benin City, Mid-Western State. Tel. 594.

Norway: Norges Kooperative Landsforening, Revierstredet 2, Post Box 451, Sentrum, Oslo 1. Tel. 20-62-90. Telex: 19 540 H.Q.

Affiliated societies (1973): 720; membership: 430,000; turnover of local societies: N.Cr. 3,900 mill.; of NKL N.Cr. 1,500 mill.

Norske Boligbyggelags Landsforbund (NBBL), Trondheimsveien 84-86, Oslo 5. Tel. 33-32-42.

Pakistan: West Pakistan Co-operative Union Ltd., 11 Masson Road, P.O.B. 905, Lahore. Tel. 54203.

Karachi Central Co-operative Bank Ltd., 14 Laxmi Building, Bunder Road, Karachi 2. Tel. 36185.

Karachi Co-operative Housing Societies' Union, Shaheed-e-Millat Road, Karachi 5. Tel. 40244.

Karachi Co-operative Union Ltd., Co-operative House, Shaheed-e-Millat Road, Karachi 5. Tel. 230289.

Fishermen's Co-operative Society Ltd. (FISCOS), Fish Harbour, West Wharf Road, P.O. Box 5328, Karachi. Tel. 229101; 224457.

Sind Baluchistan Provincial Co-operative Bank, Ltd., Provincial Co-operative Bank Bldg., Serai Road, P.O. Box 4705, Karachi 2. Tel. 32361; 37290; 34736.

Peru: Cooperativa de Seguros del Perú Ltda., No. 170, *Maximo Abril 552, Lima*. Tel. 46769.

Banco Nacional de las Cooperativas del Perú Ltda., *1 Av. Tacna 411, Apartado 4895, Lima*. Tel. 276569.

Philippines: Central Co-operative Exchange Inc., *P.O.B. 1968, Manila*. Tel. 7-60-09.

Grains Marketing Co-operative of the Philippines "Gramacop" Inc., *107-D Arellano Street, Calocan City*. Tel. 23-91-40.

Filipino Cooperative Wholesale Soc. Inc., *P.O. Box 4439, Manila*.

Poland: Central Agricultural Union of "Peasant Self-Aid" Co-operatives, *Kopernika 30, Warsaw*. Tel. 26-39-69; 26-10-81.

Central Union of Building and Housing Co-operatives, *Ul. Marchlewskiego 13, Warsaw*. Tel. 20-90-29.

"Społem"—Union of Consumer Co-operatives, *Grazyny 13, Warsaw*. Tel. 45-32-41.

Central Union of Work Co-operatives, *Surawia 47, Warsaw*. Tel. 28-51-86.

Supreme Co-operative Council, *Ul. Jasna 1, Warsaw*. Tel. Warsaw 26-72-21; 27-13-26.

Portugal: UNICOOPE - Uniao Cooperativa Abastecedora, S.C.R.L., *Rua Alvaro Gomes, 112 Z.R. Pasteleira, Porto*.

Puerto Rico: Co-operative League of Puerto Rico, *458 Fernando Calder, Apartado 707, GPO San Juan*. Tel. 764-2727.

Romania: Uniunea Centrala a Cooperativelor de Consum, "Centrocoop", *Strada Brezoianu 31, Sectorul 7, Bucharest*. Tel. 16-00-10; 13-87-31. 1969/70: Associated 1,728 Consumers' Co-operatives in 39 District Unions; membership: 7 mill.; 28,000 retail shops: of which 8,100 public catering units; 7 processing and marketing enterprises; 18 production enterprises; 17 building enterprises; 20,400 servicing units; 18 educational centres.

Central Union of Handicraft Co-operatives, "UCECOM", *46, Calea Plevnei Street, Sector VII, Bucharest*. Tel. 13-16-48.

Uniunea Nationala a Cooperativelor Agricole de Productie, "Uncap", *25 Bd. Gheorghe Gheorghiu-Dej, Bucharest*.

Singapore: Singapore Co-operative Union Ltd., *Post Box 366; Office and Library: 3-J/K Clifford House, Singapore 1*.

Sri Lanka: National Co-operative Council of Sri Lanka, *P.O. Box 1669, Co-operative House, 455 Galle Road, Colombo 3*. Tel. 85496.

Sweden: Kooperativa Förbundet, *S-104 65 Stockholm 15*. Tel. International: 46-8-449560; National: 08-44-90-60.

Affiliated retail societies (1972): 210; membership: 1.7 mill.; total turnover of consumer societies: Kr. 9,211 mill.; turnover of K.F.: Kr. 7,387 mill. (thereof Kr. 5,044 correspond to affiliated consumer societies); K.F.'s own production: Kr. 3,489 mill.; total capital (shares, reserves and surplus) of K.F.: Kr. 1,124 mill.; of affiliated consumer societies: Kr. 1,271 mill.

HSB:s Riksförbund ek. för., *Fack, S-100 21 Stockholm 18*. Tel. 54 05 40.

Affiliated building societies (1974): 88; membership: 339,992; No. of completed units: 347,871; production value: Kr. 18,921 mill.

Svenska Riksbyggen, *Hagagatan 2, P.O. Box 19015, S-104 32 Stockholm 19*. Tel. 34-05-20.

Folksam Insurance Group, *Folksam Building, Stockholm 20*. Tel. 22-01-00.

Lantbrukarnas Riksförbund, *S-105 33 Stockholm 3*. Tel. 14-16-00.

Kooperativa Gillesförbundet, *S-104 65 Stockholm 15*. Tel. (08)44-90-60; (08)44-95-60.

Switzerland: Coop Schweiz, *Thiersteinallee 14, CH 4002 Basle*. Tel. (061)35-50-50.

Affiliated organisations (1972): 186; retail outlets: 1,938; membership: 897,054; Coop total turnover: Fr. 4,135 mill.; Coop retail turnover: Fr. 3,463 mill.; Coop Schweiz wholesale turnover: Fr. 2,086 mill.

Verband sozialer Baubetriebe, c/o *SBHV., Sihlpostfach, Zürich*.

Genossenschaftliche Zentralbank, *Aeschenplatz 3, CH 4002 Basle*. Tel. (061) 23-84-00.

CO-OP Lebensversicherungs-Genossenschaft Basel, *Aeschenvorstadt 67, CH 4002 Basle*.

Tanzania: Co-operative Union of Tanganyika Ltd., *National Co-operative Building, P.O. Box 2567, Dar-es-Salaam*. Tel. 23077; 23344; 23347.

Thailand: Co-operative League of Thailand, *4 Pichai Road, Dusit, Bangkok*. Tel. 811414.

Turkey: Türk Kooperatifçilik Kurumu (Turkish Co-operative Association), *Mithatpasa Caddesi 38, Yenisehir, Ankara*. Tel. 12-43-73.

Uganda: Uganda Co-operative Alliance, *P.O.B. 2215, Kampala*. Tel. 56984/6.

U.S.S.R.: Central Union of Consumers' Co-operative Societies of the U.S.S.R., "Centrosoyuz", *Tcherkassky per no. 15/17, Moscow*. Tel. 221-7253.

Consumers societies (1970): 14,868; members: 59,637 mill.; shops: 369,700.

United Kingdom: Co-operative Union Ltd., *Holyoake House, Hanóver Street, Manchester M60 0AS*. Tel. 061-834 0975.

Affiliated retail societies (1971): 303; membership: 11.3 million; share capital: £142 million; retail sales: £1320, million.

Co-operative Wholesale Society Ltd., *P.O.B. 53, New Century House, Corporation Street, Manchester M60 4ES*. Tel. 061-834 1212.

Co-operative Insurance Society Ltd., *Miller Street, Manchester 4*. Tel. 061-832 8686. Assets (1964). £369 mill.

Co-operative Bank Ltd., *P.O. Box 101, New Century House, Manchester M60 4ES*. Tel. 061-838 1212.

Plunkett Foundation for Co-operative Studies, *31 St. Giles, Oxford*. Tel. 0865-53960.

U.S.A.: Co-operative League of the U.S.A., *1828 L Street, NW, Washington, D.C. 20036*. Tel. (202) 872-0550.

Uruguay: Centro Cooperativista Uruguayo, *Dante 2252 Montevideo*. Tel. 41-25-41; 40-90-66.

Yugoslavia: Glavni Zadruzni Savez FNRJ, *Terazije 23/VI, Belgrade*. Tel. 30-947/9.

Zaire: Centrale Générale des Coopératives Angolaises, *B.P. 6039, Kinshasa 1*.

Zambia: Zambia Co-operative Federation Ltd., *P.O. Box 3579, Lusaka*.

INTERNATIONAL ORGANIZATIONS

Organization of the Cooperatives of America, *Ap. aéreo 2738, Lima*.

Nordisk Andelsforbund (Scandinavia), *3 Axel-torv 1609 Copenhagen V, Denmark*. Tel. 15-15-33.

International Co-operative Bank Co. Ltd. (INGEBA), *Dufourstrasse 54, P.O.B. 243, CH 4010 Basle, Switzerland*. Tel. 23-58-27.

International Co-operative Petroleum Association, *28 West 44th Street, New York, N.Y. 10036, U.S.A.* Tel. LA 4-4455.

Sociedad Interamericana de Desarrollo y Financiamiento Cooperativo (SIDEFCOOP), *Casilla de Correo 4311, Buenos Aires, Argentina*.

International Co-operative Housing Development Association (ICHDA), *Suite 1007, 1012-14th Street, N.W. Washington, D.C. 20005, U.S.A.* Tel. 202-737-3420.

Review of INTERNATIONAL CO-OPERATION

The official Organ of the International Co-operative Alliance

Editor: J. H. Ollman

Publications Assistant: C. Bermúdez

Vol 67 No 3

1974

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Dear Co-operators,

52nd International Co-operative Day

Please accept my cordial greetings on the occasion of the 52nd International Co-operative Day. I hope the celebrations will demonstrate the high purpose of our movement and also give your members an opportunity to reflect on some wider issues.

A matter of urgent concern to the international community is the rapid growth of population which upsets all programmes of social and economic development, and we are therefore very pleased that the United Nations has highlighted this important subject by declaring 1974 as World Population Year. We are making arrangements for representation at the U.N. World Population Conference in Romania in August this year.

Co-operative organisations have not been immune from the severe strains caused by the energy crisis throughout the world. The problem has not been sprung upon us suddenly, but is rather the cumulative result of unplanned and wasteful use of energy resources in the belief that human ingenuity would not allow a world shortage to occur, or would at any rate enable us to avert it successfully. Now that the problem has been exposed so dramatically, it is essential that saner arrangements are made to ensure planned and rational use of these scarce resources. Millions of members of our co-operative organisations have been affected by the energy crisis—industry owned by co-operative organisations has been hit and, more particularly, I am thinking of the large number of farmers who need to be assured of a steady supply of oil and oil products from their co-operative organisations for carrying out day-to-day operations.

One is, on the other hand, cognisant of the low prices paid in the past to the oil producing countries. I hope that these countries will now divert part of their increased revenues for social and economic development of the Third World. In this process co-operatives have, of course, a great deal to contribute.

Many of you will have heard about the collapse of “Co-op Nederland”. The news reached us at a very late hour and, despite energetic attempts by some of our member organisations, it was clear that nothing constructive could be achieved at that stage. Such situations should not be allowed to recur. The problem is very complex; national sensitivities have to be overcome, and in a truly co-operative spirit experiences, both adverse and favourable, must be shared continually with sister organisations in an attempt to forestall such tragedies. An important lesson to be learnt from this experience is the vital role that member information and control must play in the running of co-operative undertakings, and which, coupled with business efficiency, would act as effective checks against the sudden collapse of a co-operative organisation.

The Declaration ends by reaffirming our belief in the validity of the co-operative instrument in reducing global economic and social disparities, and expresses our continuing concern for peace and the needs for the diversion of massive resources from armaments to peaceful purposes.

With co-operative greetings,

S. K. SAXENA, *Director.*

Declaration of the ICA

THE INTERNATIONAL CO-OPERATIVE ALLIANCE, addressing its affiliated organisations comprising over 300 million members in 63 countries on the occasion of the 52ND INTERNATIONAL CO-OPERATIVE DAY

- * * * WELCOMES the decision of the United Nations to designate 1974 as World Population Year, thus highlighting an extremely urgent and complex issue which vitally affects international development ;
- * * * POINTS to the very serious situation created for co-operative organisations by the world energy crisis ; and asks that oil-producing countries consider using part of their increased revenues for the development of the Third World, keeping in mind the relevance of the co-operative form of organisation ;
- * * * VIEWS with extreme concern the unfortunate collapse of Co-op Nederland and asks its members to share, in a truly co-operative spirit and through the agency of the ICA, their problems with other national organisations ;
- * * * REAFFIRMS its belief that in Co-operation, through self-help, mankind has a proven instrument which, if rightly applied, can contribute greatly to reducing the global disparities in social and economic standards ; and
- * * * DECLARES that the voice of 300 million co-operators should be used in support of all policies for achieving permanent disarmament and peace under effective international control.

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Summary of ICA Statistics

The International Co-operative Alliance now has affiliated organisations in 62 countries. The summary of statistics received up to date relates to 60 countries, with 630,717 societies and 305,186,391 members.

TYPE OF SOCIETY	Number of Societies	Number of Members
Consumer	66,218	124,804,643
Credit	278,252	90,540,215
Agricultural	165,282	55,848,679
Miscellaneous	24,347	18,991,622
Housing	45,884	8,133,207
Productive	38,959	5,035,693
Fishery	11,775	1,832,332
	<hr/> 630,717	<hr/> 305,186,391

Total Annual Turnover of Trade: £78,272,177,000

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Le Mouvement
des Caisses populaires
Desjardins



The Swiss Coop Group in the Process of Re-orientation

by **Dr. R. Kohler***

Chairman of the Board, Coop Schweiz

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The Coop Group within the Swiss economy
Switzerland has a liberal economic and social system. Politically and economically this means for the Coop Group on the one hand complete independence as regards its aims and objectives—within the framework of the laws of the land, of course, which apply equally to all; on the other hand it means that the Coop Group receives no preferential treatment whatsoever but is exposed to competition like any private concern. Coop can, however, count on a broad basis of support from members in all sections of the population, since almost half of all Swiss households are members of a Coop society. The democratic structure of our Group guarantees the right of these members to have a say in the affairs of the Group at all levels.

Today the Coop Group consists of 150 regional Coop societies and about 50 production and service organisations besides the central organisation, Coop Schweiz. Within a single organisation Coop Schweiz combines the functions of an administrative centre with those of a central wholesale and production organisation, and at the same time provides numerous

other services. It is increasingly developing into the real nucleus of the Coop Group.

Coop is part of the everyday life of 900,000 Swiss households and fulfils an important function in the national economy. Its share of the retail market is at present about 10%, of the food retail market almost 20%. Its 1,900 shops form the densest network of sales outlets with the largest sales area in Switzerland. It occupies sixth place in the list of concerns with the largest turnovers in the country, with a total turnover of more than 4,000 million francs.**

The constantly changing world around us demands from management the active shaping of the structure of the whole organisation: structures which have developed over a period of many years must be continually re-examined and, where necessary, adapted to suit new or foreseeable circumstances. During the past few years our efforts have been directed towards analysing social and market trends in time to shape our plans in accordance with the future demands of the market. This presupposes that our thinking is primarily geared to the future, an essential prerequisite for economic success. I would like to give you four examples of this, which can

*This paper was presented at the meeting of the ICA Working Party on the Co-operative Press, Basle, October 1973.

**Current rate of exchange: £=6.85 Swiss Fr.

be summed up by the keywords: 'Introduction of net prices'; 'Restructuring of the sales front'; 'Amalgamation'; 'Institutional advertising'.

Introduction of net prices

Various opinion polls have shown the continually declining importance of the *co-operative dividend*. As late as 1969 a third of those questioned were still in favour of retaining the dividend, a third were against it and a third had no preference. In 1972 a new opinion poll showed that more than 60% of those questioned were in favour of the introduction of net prices. This develop-

ment was a signal for us to put into practice our plans for a new and attractive price policy: *as from March 1974 the total assortment in all of our 1,900 shops will be sold only at net prices*. With this step we shall be breaking with a traditional principle which is closely linked with co-operative ideology: the principle of the distribution of surpluses. But what was right, and therefore successful, in Rochdale in 1844 no longer corresponds to social and market conditions here and now. I must emphasise that ideological considerations were in no way responsible for this decision. It was based on an analysis of the present and





future market situation in Switzerland.

On the introduction of net prices these will naturally be reduced by at least the same percentage as the currently valid dividend rate, that is to say by seven to ten per cent. With net prices a new type of distribution of surpluses, in the form of direct price reduction, will replace the traditional one—a measure from which every customer will benefit.

Restructuring of the sales front

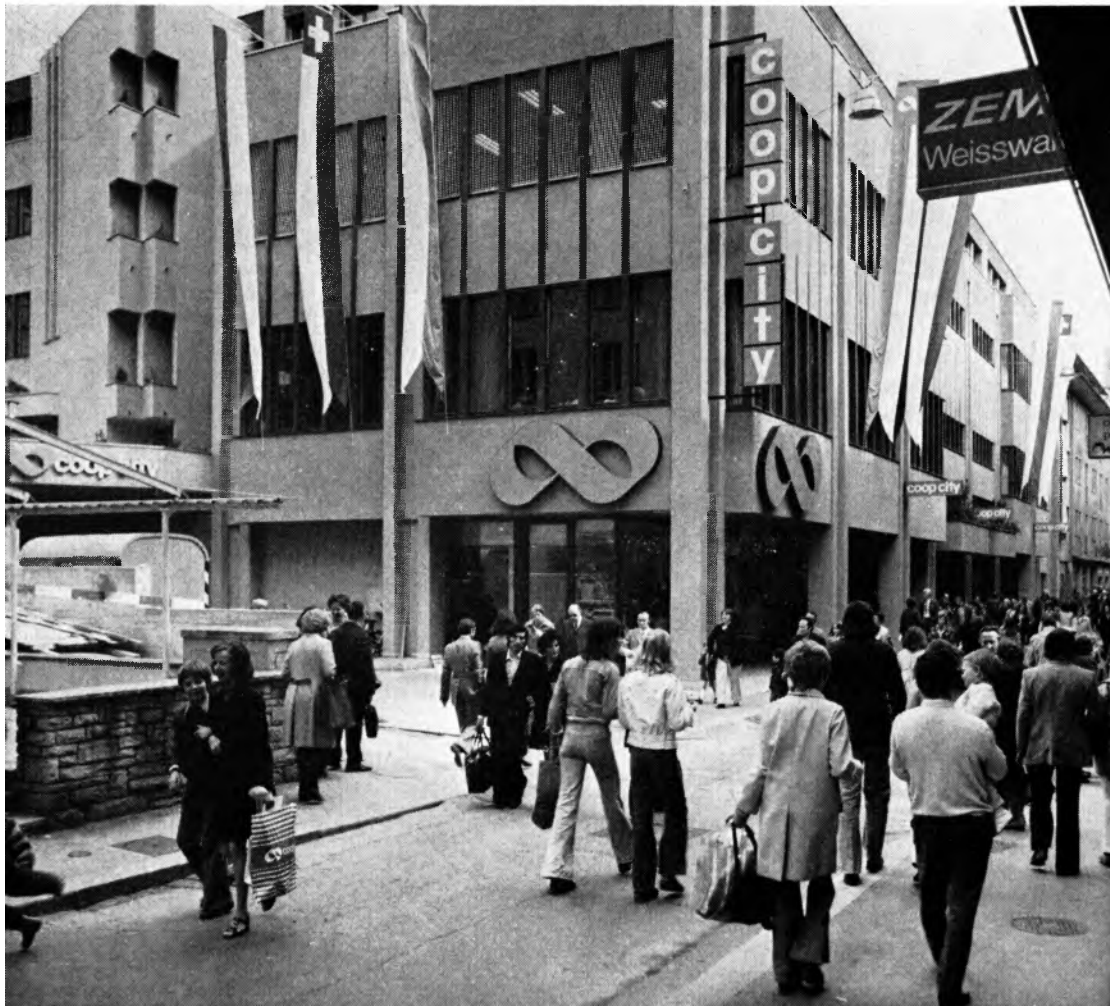
For some time now it has been possible to observe a definite trend in the retail trade towards *larger sales units*. It is not necessary for me to explain in detail here how this development is primarily a process of adaptation to population shifts and to changes in consumers' shopping habits and use of leisure. It is certain that at present

the services provided by smaller sales units are less appreciated by the consumer than the lower prices, the wider range of goods, the possibility of buying everything under one roof, the informal atmosphere and better parking facilities provided by the large units.

A look at today's Coop sales network shows that at present about 50% of all our shops are medium-size self-service stores. Although we have more than 200 supermarkets we still have too many small shops, which prevents us from rationalising retail trading to the necessary extent. Our structural planning is therefore clearly oriented towards the creation of large units. The basic decision has been taken that, wherever possible, no new sales outlet should be set up with a sales area of less than 7,000 sq. ft.

In 1970, when the chain of department stores Coop City AG was set up, there were six co-operative department stores. In the meantime seven new ones have been opened under the management of Coop City AG. In our long-term programme we are planning to open five additional department stores, ten cash-and-carry markets and 30 Coop-Supercentres with a sales area of 21,500 sq. ft. by 1980. Whether it will be possible to carry out this expansion programme depends, among other things, on whether we can find or train capable staff to whom we can confidently entrust the management of these investments. Some Government measures affecting the construction and credit sectors are also obstacles to the rapid implementation of this programme.

Hand in hand with the shift to large-area units goes the *closing down of smaller sales outlets*. All over Europe there are signs that this closing down of small shops does not find favour with governments and the general public. In many instances it is feared that the consumer will be under-supplied as a result of an insufficiently dense sales network. This issue is no doubt going to become a serious problem, both socially and in the sphere of domestic trade policy. How far the Swiss Government is able and willing to intervene in order to keep alive, at all costs, a form of enterprise that is unable to fulfil its function adequately and is a burden on the distribution structure, is still an open question; under our present constitution and laws it has no right to take measures of this kind.



Amalgamation

I mentioned above that the retail sector is in urgent need of capable staff. Our plan to amalgamate the 550 former Coop societies into approximately 30 regional co-operatives will certainly help to provide within our organisation more challenging and attractive jobs for promising young people.

However, the main aim of our plan is to create an easily manageable number of regional co-operatives of optimum size, well located for the easy delivery of supplies. On the basis of the present situation it is possible that the number of new regional co-operatives will be less than 30. This will give Coop a streamlined organisational structure and will enable it to increase even more its efficiency in the service of consumers, while helping to solve the familiar problem of co-operative democracy.

Institutional advertising

A fourth topical matter with which we are concerned is the *new formulation of our relationship with our members* and our *public image as a consumer co-operative organisation*, with particular reference to institutional advertising.

In a massive information campaign which began in the autumn of 1973 we openly and uncompromisingly defended the rights of the consumer. On the basis of exhaustive studies of market psychology we have defined the following six "rights of the consumer", which we intend to safeguard now and in the future:

1. The consumer has the right to satisfy his daily needs in a single shop, with the products of his choice.
2. The consumer has the right to know as much as possible about these products.
3. The consumer has the right to demand wholesome products.
4. The consumer has the right to know immediately how much he is paying for any product.
5. The consumer has the right to obtain clear and objective information in advertisements.
6. The consumer has the right to demand that industrial and commercial enterprises help in planning and creating a future which is worth living for.

In view of the ever-increasing uniformity in the services provided by the various types of competing organisations we hope that by supporting the modern consumer movement the image of our firm will benefit considerably. It is our aim to present Coop as a genuine champion of the consumer by giving the rights of the consumer top priority in our business policy, and by actively standing up for these rights.

The four examples given are to be understood as indications of some of the main problems with which Coop is faced. Obviously the scope of our present problems is considerably larger, but such problems are to be expected in a period of rapid economic growth and changes in social structures. It is our task and our aim to find up-to-date solutions to such problems.



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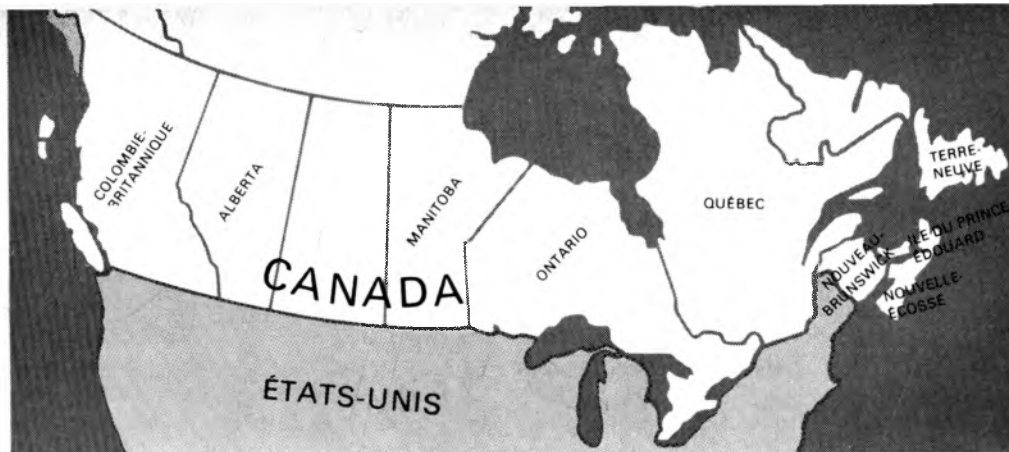


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The 1974 meeting of the ICA Central Committee will be held in Nicosia, Cyprus, in October this year. As we have done in the past we are publishing material that will give our readers a picture of the co-operative movement's development and structure in the country acting as host to this meeting.

Co-operative Progress in Cyprus

by **A. Azinas**

Commissioner for Co-operative Development

Co-operation has today a strong foothold in the economy of Cyprus. Co-operatives engage in a variety of activities, from banking to retailing, from imports and exports to industry and tourism, and their average annual turnover has exceeded £120 million over the past few years.

The movement was started in Cyprus in 1914 but until 1935 its progress was rather slow. During that year trained co-operators joined the staff of the Department of Co-operative Development and a process of reorganisation was started. At the time of independence the movement had acquired a solid basis and its development during the last twelve years has been indeed impressive.

Co-operative banking

Progress is particularly evident in the banking sector. The 450-odd co-operative thrift and credit societies scattered throughout the country have developed into real "village banks". The confidence of the general public in these institutions is great and deposits have increased to such an extent that the movement is nowadays entirely self-financed; funds, channelled through the Co-operative Central Bank, have been available not only to meet the short- and medium-term requirements of

the farming communities but also to finance large-scale co-operative projects of all types.

The Co-operative Central Bank was established in 1938 by co-operatives from all over Cyprus, mainly thrift and credit societies who deposit with it all their surplus funds. The bank provides finance for existing co-operatives as well as for new ventures, acting as central co-ordinating credit agency. In addition it supplies its member organisations with farming inputs such as fertilisers, insecticides, seeds etc. Its total assets at the end of 1972 came to £25 million.*

At the end of 1972 the financial position of the Co-operative Credit Societies and Savings Banks was as follows:

	£m.
Deposits with co-operatives ..	45
Share capital and reserves	4
Farm loans receivable	35
Capital investment in land, buildings and machinery	8
Goods in stock	3

Self-finance has given greater freedom of action to the movement while making organisations more aware of the need for careful management and planning.

*Current rate of exchange: £=1.15 Cyprus £s.

Cyprus co-operators take pride in the fact that their co-operatives operate with owned capital—deposits, share capital and reserves—in contrast with those in other countries at a comparable stage of development, where finance more often than not has to be obtained from other sources.

Consumer Co-operatives

There are at present 270 societies of this type which operate over 900 shops both in towns and in villages and play a decisive role in maintaining prices of consumer goods at reasonable levels. Their total turnover in 1972 was over £12 million. These societies obtain most of their supplies from the Wholesale Supply Unions. There are three such unions, each covering two districts: SPEL for Nicosia-Kyrenia, SPOLP for Limassol-Paphos and SPEA for Famagusta-Larnaca.

Processing and marketing

Co-operative processing and marketing of agricultural products benefits a large number of Cypriot farmers. A significant proportion of the country's production of carob, grapes, tobacco and citrus is processed and marketed co-operatively.

Carobs: As far back as 1946 the carob growers began to market their produce co-operatively, at first through their local co-operative credit societies, later through District Marketing Unions. These Unions have in turn formed a Federation. The co-operative sector processes and markets over 65 per cent of the island's total carob production.

The Vine Products Co-operative Marketing Organisation: This organisation, known as SODAP, was established in 1947 and has become one of the largest enterprises in this sector. In 1972 it processed

The SODAP winery—largest of its kind in the Middle East.



approximately 56 per cent of the country's total production of industrial grapes and marketed its wines and spirits both locally and abroad. Sales in that same year amounted to £1.65 million and membership was 8,500.

SODAP has invested over £1.25 million in buildings, tanks and machinery in two industrial units, one in Limassol and one in Paphos.

Tobacco: The Cyprus tobacco growers formed in 1961 a co-operative processing and marketing organisation known as SOK. With its 2,300 members SOK controls today approximately 80 per cent of the country's tobacco production and has invested over £0.5 million in buildings and machinery. It is slowly but steadily establishing itself in the export market and although it has been faced in the past with serious difficulties in the marketing of concentrated tobacco its position has greatly improved and sales have increased, mainly due to the high quality of its products.

Co-operative Citrus Marketing Organisations: There are four co-operative organisations for the marketing of citrus: SODEM for the Morphou area, SODEA for the Famagusta area, SELEK for the Karavas-Lapithos area and SEDIGEP, which operates at a national level. They all have their own degreening, packing and grading installations and have formed, together with other import/export organisations, the Cyprus General Services Co-operative Organisation Ltd., with offices in London, Hamburg and in future also in Paris.

Export/Import Activities: One of the most significant recent developments within the co-operative sector has been the creation of export/import organisations. In addition to the one mentioned above, the General Imports/Exports Co-operative Organisation Ltd. (SOGEK) was formed in 1971. This organisation engages in large-scale imports of goods such as steel building bars, timber, steel sheets, radios etc. and connects such imports with exports of agri-



The Cyprus stand at the "Green Week" International Fair, Berlin, 1974.

cultural products, in particular of those for which there are no specialised marketing agencies.

Co-operative industrialisation

The Fodders Co-operative Industry (SOPAZ) Ltd. was formed in 1961 to meet the needs of agricultural co-operatives in fodders of all kinds. It has recently modernised its factory to cope with the ever-increasing demand for its products. The average annual production of SOPAZ is 25,000 tons of compound fodders and 12,000 tons of straight fodders, valued at £1.5 million.

The Co-operative Gas Bottling Industry (SYNERGAS) Ltd. has proved a most successful co-operative venture. It has contributed to lower and stabilise the price of butane gas and its sales in 1972 exceeded £250,000.

Services

The Cyprus co-operative movement has its own *shipping and tourism* organisation known as COMARINE. It is a member of IATA and its efficiency is widely recognised.

There are six *Medical Treatment Co-operatives*, financed jointly by co-operative organisations and their employees. Beneficiaries of this scheme are free to consult the doctor of their choice and buy medicines at any pharmacy and are reimbursed by the co-operative on production of the corresponding receipts.

In January 1971 the Cyprus co-operatives started an *insurance* scheme to cover their staff in case of death or accident. The organisations contribute a certain amount per employee, which is not returnable, whereas the premiums paid by employees are returnable on retirement.

The scheme allows for payments of £2,000 to £3,000 in case of death and smaller amounts for accidents.

The *Finance Co-operative Organisation for Studies* was started in 1970 and by December 1972 the total of its loans to its 405 members was £368,470. Loans are made periodically during the period of studies of the borrower and repayment starts when these studies are completed. The bye-laws establish that prospective borrowers should start saving with the organisation long before they need finance; at the start, however, the capital required was obtained from the Co-operative Central Bank in the form of a long-term loan.

The future

Our co-operative movement has by now gained momentum and its role in the economic development of Cyprus, and in Cyprus life in general, is a significant one. Quite spontaneously the people of Cyprus resort to the co-operative formula when faced with difficulties and it is encouraging to see how, without government help, and indeed without economic support from external sources, they have been able to set up a strong movement whose rapid expansion is efficiently oriented and managed. Co-operative leaders are now concentrating their efforts on two main points: the consolidation of the present co-operative structure and the inception and implementation of more ambitious co-operative projects. Experience has shown that the conditions prevailing in Cyprus favour the coexistence of the co-operative and the private sectors, and this is indeed a healthy state of affairs. Each needs and complements the other, and their collaboration will ultimately lead to sound economic and social development.

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Turkish Co-operatives in Cyprus

by **M. Eshref**

General Manager of the Cyprus Turkish Co-operative Central Bank Ltd.

✓
D/B

The first stages

Co-operation amongst the Turkish community in Cyprus dates back to 1920. In the early stages co-operative societies acted only as agents of the Agricultural Bank of Cyprus Ltd., a joint venture of the Government of Cyprus and the local branch of the Ottoman Bank Ltd. During this period it became evident that to give farmers long-term credit while leaving them subject to the exploitation of local middlemen was far from being a correct application of co-operative ideas and principles. This led to a reorganisation of the co-operative movement directed by trained co-operators.

Rural credit was the most obvious tool for relieving the rural community from exploitation, but the indebtedness of farmers was such that societies were registered even before their members had been instructed in the basic principles of Co-operation. In a comparatively short time, however, Raiffeisen-type thrift and credit societies with unlimited liability were established in most rural areas.

The spread of credit societies made necessary the formation of a Co-operative Central Bank and this was done in 1937. The Bank acted as central financing institution, giving short- and medium-term loans and in addition supplied farmers with

chemical fertilisers, sulphur, seeds etc. on an indent system.

Shortly afterwards consumer societies with limited liability were established in several large villages. These societies supplied farmers with products to meet their daily needs at competitive prices. Having thus gained experience in co-operative methods the farmers then proceeded to organise sales of their products on a collective basis and later established marketing societies and unions.

All this co-operative activity in rural areas was matched by action in urban centres and in all main towns credit and savings banks with limited liability were registered. Savings banks were formed to meet the requirements of the various groups of employees with regular incomes, and co-operative school savings banks were started in almost every elementary and secondary school.

Later developments

The year 1959 saw a split in the Cyprus co-operative movement as a consequence of the London and Zurich Agreements and of an amendment to the Cyprus Co-operative Law. This brought into being the Turkish Department of Co-operative Development.

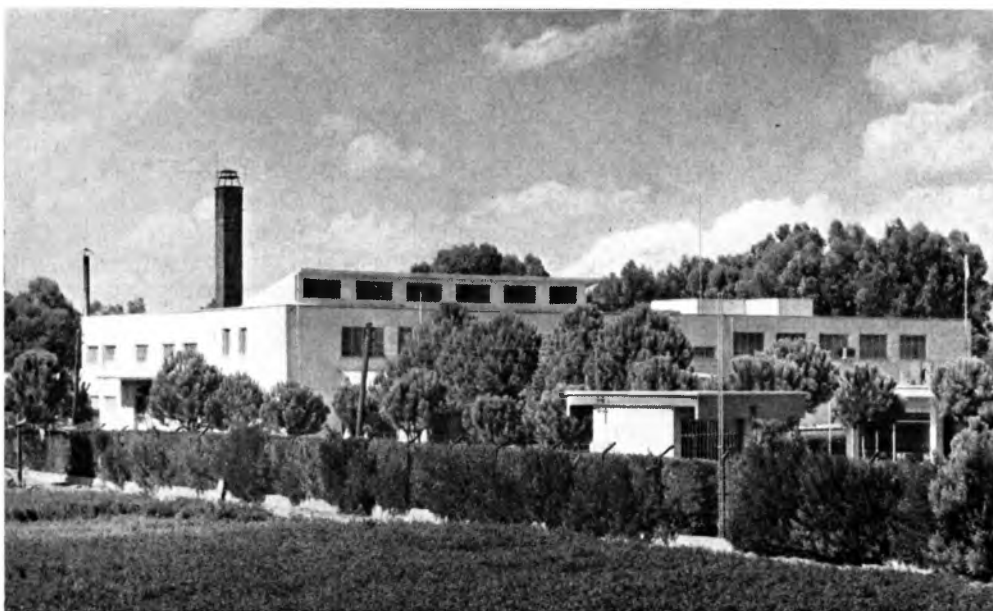
At the time the purely Turkish co-operative societies numbered about 200; of these, 121 were rural thrift and credit societies, 7 town savings and credit banks, 56 consumer societies, and the remaining 10 co-operatives of various types.

As a first stage in the reorganisation of the Turkish movement on an independent basis the Cyprus Turkish Co-operative Central Bank Ltd. was registered and commenced business in that same year, 1959. In addition to providing normal banking services the Bank acts as wholesale distributor to consumer societies through its specialised commercial branch. Profits from these activities are distributed to the societies in proportion to their turnover. The Bank also supplies the members of its affiliated rural credit societies with seeds, chemical fertilisers, insecticides, compound fodders etc.

After independence the activities of the Turkish movement were directed towards the formation of independent societies to meet the requirements of Turkish communities and towards organising the

processing and marketing of agricultural products along co-operative lines. Until 1963, when the unfortunate community troubles started, the Turkish branch of the co-operative movement progressed rapidly. During this period the Turkish rural thrift and credit societies increased from 121 to 174, the consumer societies from 56 to 96, the savings and credit banks from 7 to 18 and the co-operatives of other kinds from 10 to 28. The latter include a modern co-operative dairy, a shoe factory and an animal feed plant. Unfortunately, the situation created after 1963 implied that 79 of these co-operatives ceased their activities as their members moved to less troubled areas.

In view of changing economic conditions the amalgamation of societies appears to be necessary for the development of viable units and this process has been carried out whenever possible. We believe that there is a permanent need for reorganisation and improvement of all types of co-operatives and that the adoption of the co-operative structure can be the solution to many of our problems. Our most recent



Co-operative dairy near Nicosia.



A compound fodder factory.

venture has been the formation of co-operative building societies to put an end to exploitation by building contractors and help in solving the now universal problem of housing. A society of this type has already started its operations.

Co-operative education

The Turkish Department of Co-operative Development established in 1960 an Education Section. Its staff consisted of an Education Officer, a Secretary and his assistant and a few clerical assistants, and its purpose was to plan and co-ordinate the training of co-operative officials, employees and committee members as well as that of members in general. After the events of 1963 the Section inevitably remained in a state

of suspended animation until early in 1969, when the return of comparatively normal conditions allowed it to resume its activities. At present it functions as satisfactorily as the means at its disposal permit.

The Turkish Co-operative Central Bank and the movement as a whole contribute to an Education Fund set up to meet the needs of the Education Section, and it is hoped that their contributions will increase in future years.

It is encouraging to see that although the Cyprus movement was, of necessity, divided on a community basis in 1959, its Turkish and Greek branches have nevertheless maintained close collaboration in various spheres of co-operative activity.

✓ DB

New Methods of Financing in French Consumer Co-operatives

by **J. P. Miège***

*Management Controller of the "Coopérateurs de Champagne"
and Member of the Management Committee of
the Banque Centrale des Coopératives, Paris*

As in the commercial and structural fields, a rapid evolution has taken place during the last decade in the concepts and methods of financing of French co-operative societies.

In view of the vast investments which are now needed each year in order to support the sustained expansion of the large societies of our Group, the traditional means of financing, of which the main one was the recourse to members' savings in various forms, have proved insufficient.

Therefore, when it is a matter of establishing, in the course of the same year, two or three stores with a very large floor area, and at the same time equipping or altering the warehouses in order to adapt them to the demands of low cost distribution, the investment programmes assume proportions with which those of ten or fifteen years ago cannot in any way be compared.

Indeed, a hypermarket represents an investment comparable to several dozen small district shops, and today it is not rare to see a regional society creating, in one single year, the equivalent of a quarter of its existing sales area.

On their part, the classical savings deposited by the co-operators show signs of obvious strain which has been reflected, for some years past, in a general decline in members' share and loan holdings and, in spite of efforts at modernising our methods, this tendency is clearly irreversible.

New forms of financing must, therefore be found answering to these new needs, but also new doctrines, which may upset a little the orthodoxy of our Financial Directors, are needed.

In the present outline we shall develop three subjects, the first related to self-financing, the second to the analysis of balance sheets and the third to medium-term credit.

Self-financing through capital from dividend

The time is long past when co-operative societies were able to boast profit levels of 6 or 10 per cent and could afford to retain, with no problem, an important share of the surplus distributed at the end of the year to meet the essentials of their financing. Besides, they did not all, at that time, have the wisdom to do so.

Competition is responsible for reducing our profits and it follows that the distribution of profits, at the end of the year, becomes today an intricate problem

*This paper was presented at the 41st International Co-operative Seminar held in October 1973 in Nicosia, Cyprus.

if we are to reconcile the commercial attraction of a sufficiently significant dividend with the indispensable consolidation of the co-operative's own resources, without which any future expansion would be impossible.

Certain French regional societies have, in recent years, been using a formula for *conversion of dividends into share capital* which offers obvious advantages.

This system in itself is quite simple, even though it takes various forms: on the annual profits, the General Assembly determines that portion (10 to 25 per cent) of the surplus paid to each member, which will automatically be allocated to the issue of one or more new shares and will, in this way, increase the paid-up capital.

The advantages of this formula are undeniable:

—first of all, it is self-financing without tax, as compared with the allocation to reserves which must bear, according to the French fiscal system, a basic 50 per cent tax.

—second, it is an almost automatic levy which can be compared to “retention at the source” and which is, therefore, much less keenly felt by the members and is more efficient than having to obtain from each co-operator a voluntary subscription of capital.

Moreover, a simple decision of the Ordinary General Assembly is sufficient, each year, if the precaution has been taken not to limit the paid-up capital (that is, the number of individual shares) by rule.

Finally, the sums allocated to capital are contributions to the Society's own capital. They, therefore, afford greater stability than, for instance, deferred dividends, the payment of which unavoidably occurs after a few years and which, for this reason, are classified as long and medium-term debts.

Naturally, such benefits cannot exist without some disadvantages which relate essentially to a certain amount of risk and unfairness.

—Risk of being faced, one day, with

co-operators asking, in increasing numbers, for the repayment of paid-up capital which has become very large and which they do not consider proportionate to the services provided by their co-operative. We do not at the present time have enough experience of this practice in order to appreciate the reality of this risk, but it can be reduced by rules fixing a definite period for the repayment of shares.

—Unfairness towards those co-operators who are big consumers and who are consistently loyal to their co-operative, but pay each year a much higher tax (in absolute value) on their dividend.

Here again, remedies can be applied by fixing a ceiling for the absolute value of the levy per individual and by allowing for remission of the levy for elderly people, and even the partial repayment of paid-up capital at the age of retirement.

Dynamic conception of circulating capital

Our second subject deals with financial analysis.

Among the characteristic ratios of the financial situation of a society, the circulating capital—that is the margin between the resources for self-financing or long-term financing and their employment in fixed assets—constitutes an important criterion in assessing an enterprise.

The most commonly used method consists in calculating the circulating capital which appears in the balance sheets of the enterprise (generally at the end of the financial year) and in tracing its evolution.

This is, therefore, a relatively static view, since it presents a momentary picture of the credit and resources of the enterprise, and does not take into account their continuous and fluctuating character.

This is why a new approach to the evaluation of the circulating capital has recently appeared in the methods of balance sheet analysis. It consists in taking into consideration the characteristics of a co-operative's business, their repercussions on the cash flow, and in trying to find *the*

necessary and adequate level of the circulating capital for the normal financing of its business. A calculation is made of the duration of the flow of the various masses of capital invested in the circulating assets and of the almost-automatic short-term debt.

In order to facilitate the comparison, these durations are brought to a homogeneous unit which could be, for example, the daily turnover of the enterprise, not including tax. On the employment side, one therefore states the number of days' sales represented by the stocks, the customers' or managers' accounts¹, the state tax debts², the cash liquidities indispensable to the normal functioning of the business. On the resources side will be calculated the number of days' credit granted by suppliers, the taxes and expenses to be paid, as well as the expiry dates of short-term loans; a comparison of the uses and resources enables one to determine, according to the difference, the desirable level of the revolving fund, expressed in the number of days turnover, excluding taxes.

We emphasise the fact that the calculation of rotations must take account of average annual values in order to integrate the peak or trough periods of seasonal activity characteristic of distributive trade. This is the case, in particular, for stocks, suppliers' credit and taxes.

From then on, the optimum circulating capital determined in this way will be more closely related to the actual financial structure of the enterprise and, depending on the case, will bring out the excess or deficiency of the actual circulating capital.

Excess of circulating capital means that the Society incurs superfluous debt and

¹Managers' accounts are the amounts owing to the society by the managers of our shops as "mandataries" of the society. These amounts appear when the accounts relating to the shop are drawn up and they correspond to the provisions of the contract between the society and its "mandatary".

²These debts form part of the French taxation system (value added tax) and they correspond to the tax included in the purchase price of goods and payable by the co-operative on the retail prices of those same goods.

must either find a more remunerative use for its liquid assets or reduce the long and medium-term debt incurred and so economise on financial expenses.

A revolving fund which is too low means, on the other hand, that a disequilibrium exists in the structure of the balance sheet and that resources of the appropriate duration and cost must be sought.

One can apply the same calculation to the financial planning of the society so as to evaluate the circulating capital necessary and adjust the means of financing for future needs.

Lastly, it is appropriate to underline that the calculations relating to the revolving fund must take into consideration the peculiarities inherent in co-operative retail societies, such as the absence of credit to customers, the seasonal character of dividends on purchases, the fluctuations, often cyclical, of the co-operators' savings or the managers' accounts.

Our last subject concerns the external financing of the society. This is the:

Consolidation of financing through guaranteed credit

As regards loan capital, the co-operative society has at its disposal all the range of resources available to large enterprises and, in fact, at most times, makes use of them in various ways.

However, the common forms of loan all have a fixed character which obliges the society to bear the entire charge in capital and the financial costs of these debts for the full period and, therefore, to utilise this formula only when there is complete certainty of obtaining a corresponding use.

Today, more than ever, it is difficult to make precise forecasts in matters of investments and the dimensions of each single investment can bring about very significant variations in the programme of any year, should their implementation be altered or cancelled.

In other cases, the forecasts of the needs of circulating capital of the enterprise make it possible to note that an easy cash

situation makes it unnecessary to maintain permanently a large amount of long or medium-term debt.

The co-operatives have, therefore, found in the formula of guaranteed bank credit a way of meeting these demands with more flexibility and less cost.

Actually this form of credit consists in an undertaking by the bank to put at the disposal of a society, upon the latter's request, for a determined period of time and with a limited and graded ceiling, funds on current account or at a discount.

The decision to use credit, the amount and the duration of its use are, therefore, left entirely to the initiative of the society, which can even not make use of them at all. If the credit is not utilised, it acts simply as an insurance against the hazards of "financial planning" and, in this case, only a handling commission is charged by the Bank (1.25%, for example).

The advantages for the society are obvious: use strictly adjusted to needs, real minimum cost, immediate and total availability, possibility of showing this credit in the balance sheet by way of a simple adjustment in the accounts, without even really mobilising the funds.

For the banker, the formula is also not uninteresting, which explains its rapid development in recent years, for, to an appreciable remuneration is added good liquidity (when the credit is made available). In addition, the Bank very often

knows the client's intentions about its use and can avoid granting this type of credit to enterprises which have substantial and permanent medium-term needs.

This form of credit is therefore a privileged instrument for the conversion of capital through the banks because the financing of these medium-term credits can be, in large part, secured by sight or short-term resources. The only really notable disadvantage lies in the fact that its cost is higher than ordinary medium-term credit, if permanent use is made of it. Indeed, one would, therefore, have to meet the costs of the handling commission which, in that case, has no reason to be incurred.

This then is a rapid sketch of some of the financing methods of the French co-operative movement. The examples which have been chosen appeared to us to display a certain originality and, we hope, a certain interest.

It would be a mistake to think, however, that our regional societies make a systematic use of this formula or exclude all other modern forms of financing. This would mean overlooking, in the first instance, the considerable role which has been played, for the past few years, by "leasing" in the implementation of our financial programmes. I shall leave to more competent people the task of developing all the advantages presented by this formula with its manifold aspects and its now universal character.

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Co-operation and Social Welfare Policy ← A Finnish View

by Prof. Vesa Laakkonen*

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In recent times there has been widespread discussion as to whether Co-operation should be seen as a permanent economic institution or as a social movement. It is clear from the literature on the subject, some of which dates back to before World War II, that Co-operation has long been considered an integral part of social welfare policy. In Finland the subject is still found academically under that heading: in his textbook on social welfare policy Professor Heikki Waris, who is also well known outside Finland, states that Co-operation is one of its four main divisions. The connection has also been stressed by many researchers into international co-operation, and contributions to this theme can be found for example in the writings of Charles Gide, Paul Lambert, Gerhard Albrecht and Georg Davidovic.

The social content of co-operative doctrine is given particular emphasis by the International Labour Office, and many of its publications stress that Co-operation is basically a form of voluntary welfare policy. It is through the co-operative structure that members are enabled to obtain those

essential goods and services, which as separate individuals they would never be able to do.

From the beginning, Co-operation played a particularly important part in the ILO, mainly through the influence of Albert Thomas, its first Director General, himself a well-known French co-operator. It was Albert Thomas who, when the ILO was still based in London, created, in addition to the three main organisations within the International Labour Office, a number of technical aid departments, of which one is the Co-operative Service. At one of the first ILO conferences it was established that the co-operative movement was an appropriate and effective means of improving the standard of living of economically weak countries, and would therefore serve the purposes of the new organisation, i.e. the achievement of social justice and lasting peace. The high value placed on the role of Co-operation was not only manifest in words but was also put into practice, and it is important to recognise that this has had significant repercussions in developing countries throughout the world.

Co-operation in its present form developed around the middle of the last century in the already industrialised coun-

*This article is part of a Collection of Essays published on the 60th birthday of Professor Armas Nieminen, Professor of Social Philosophy, University of Tampere, Finland.

tries of England, Germany and France. When they began, co-operatives were known as the "children of want", because it was out of "want" that these self-help movements of low-paid industrial and agricultural workers developed.

As far as Finland is concerned, the idea of Co-operation was "imported" at the end of the 19th century, and in Finland, as in other places, it was the "want" of the people that caused the idea to fall on fertile soil. Hannes Gebhard and Väinö Tanner were among those who did most to spread the ideals and practice of Co-operation in Finland. For many years Gebhard had acted as secretary of a committee to improve the living standards of the landless agricultural workers; he knew their needs and difficulties, and saw in Co-operation a means of improving their lot. Tanner, on the other hand, came from a politically active workers' organisation and was editor of a workers' newspaper, and he felt that consumer co-operatives, in particular, could help the poor urban worker.*

In Finland, as in many other countries, there had existed, before the development of modern Co-operation, various organisations which could be loosely termed "co-operative" in their aims, particularly in rural areas. These pre-co-operative organisations facilitated the introduction of Co-operation. They also attracted people from all classes of society, and during the first two decades of this century, while Finland was under the Tsarist regime, co-operative ideas and practice acquired patriotic significance.

Today, in the second half of this century, co-operatives in the developed countries are no longer described as the "children of want". Nevertheless, it depends on what is meant by "want". Insecurity exists even today, and it is the connotations of "want" which perhaps vary from country to country. It is clear that, even in highly developed countries, Co-operation has not lost its significance

*Väinö Tanner was President of the International Co-operative Alliance from 1927 to 1945.

for social welfare policy.

In the course of time Co-operation has developed many aspects. It is therefore perhaps not always easy to see clearly, and to define, what is meant by "Co-operation" and by "co-operative organisations", as their activities are today so widespread and varied. However, the International Co-operative Alliance and its affiliates have been consistently concerned with delineating and defining the principles of Co-operation. Discussions on the Principles started at the beginning of the century, and still continue. The Principles were last revised at the Vienna Congress in 1966.

The definition of the socio-political nature of Co-operation, and of social welfare policy itself, has also changed from time to time. The Finnish researcher, Professor Armas Nieminen, defined it as "embracing all endeavours and measures whose object is to give all levels of society, families and individuals, a reasonable standard of living, social security and contentment" (1955). A more recent definition by Ritva Auvinen (1971) describes social welfare policy as "endeavours by society aimed at improving the position of those of its members in need of assistance". This is very similar to the aims and principles of Co-operation, whose main content has remained unchanged over the years, although their application may differ in developed and developing countries.

In 1921 the International Co-operative Alliance asked Anders Örne of Sweden and Albert Thomas of France to draw up a new list of Co-operative Principles. Thomas was shortly afterwards appointed Director of the ILO, and it was left to Örne to carry out the task by himself. He selected those principles which seemed to him fundamental, and of particular relevance to those co-operative movements engaged in consumer activities:

1. Open membership
2. Self-financing
3. Provision of good quality goods and correct weights and measures
4. Cash trading and fair prices

5. Distribution of profits among members according to their participation in the organisation
6. Democratic administration
7. Using part of the profits for education

Although these principles noted by Örne never received the official sanction of the International Co-operative Alliance, most of them have never ceased to be practised, and in their essence have been contained in the findings of successive Principles Commissions.*

In the early days, co-operatives aimed at satisfying their own members only. With the passing of time, co-operatives allowed outsiders to benefit from their services. In Finland, for example, the strong agricultural marketing co-operatives and co-operative banks successfully involved the whole agricultural community in their endeavours, developing their trade in the process. The agricultural co-operatives found work for the peasants, and without them many peasants would have had not only to forsake their occupations, but leave their villages and attempt to find a new livelihood. By their very existence, the agricultural co-operatives have affected a whole people's way of life.

Co-operatives gave people, members and non-members alike, the possibility of an alternative to the existing system. As more and more people chose this alternative, competitors were forced to offer similar benefits and services. In Finland, due to the widespread activities of co-operatives, especially in the fields of agriculture and retail trade, standards have risen while the cost of living has remained low compared with other countries.

Co-operation and social welfare planning overlap in many of their spheres of action, although this is not always recognised. This is perhaps due to the fact that co-operatives are usually evaluated mainly from an economic point of view, while research into the effects of the co-

*Details of the background and application of Co-operative Principles are given in the "Report of the ICA Commission on Co-operative Principles" (1967) obtainable, price 50p, from ICA, 11 Upper Grosvenor Street, London W1X 9PA, England.

operative movement on the households of its members has been neglected, especially regarding the extent to which it has given them security and a greater feeling of importance within their community; these things are not easily measured.

As stated above, Co-operation was included in the field of activity of the ILO from the very beginning. Very early in its operations the ILO paid particular attention to agricultural co-operatives, and it has maintained strong links with the ICA, the European Confederation of Agriculture, and the International Federation of Agricultural Producers, with results benefiting both consumer and producer co-operatives.

After World War II, efforts were concentrated on improving the standard of living in the so-called developing countries, whose problems differ little in principle from those found in European countries in the early days of Co-operation, though possibly aggravated by a greater degree of poverty and illiteracy, lack of specialist knowledge, primitive agricultural methods, iniquitous land tenure, and above all the appalling middleman and money-lending systems. Today the role of Co-operation in the economic and social development of those countries is perhaps its most important aspect.

In Denmark, Finland, Norway and Sweden, development projects have been strongly supported by co-operators, and their outstanding contribution is well known. However, the main object of co-operative development is to teach others to help themselves, and it is interesting to note how closely the governments of the developing countries, in their social welfare policies, are involved in the furtherance of co-operative organisations, in contrast with the early struggles of the European movements.

It is in this context that the promotion of co-operatives in developing countries must be seen as part of an international social welfare policy, deeply rooted in the tradition of welfare theory.

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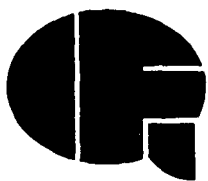
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Book Reviews

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Amalgamation of Primary Co-operatives—The Japanese Experience

by *Lionel Gunawardana, International Co-operative Alliance Regional Office and Education Centre for S.E. Asia, New Delhi 1973, 118 pp., Indian Rs.15.00.*

The rapid economic development which took place in Japan after the war necessitated the amalgamation of small co-operatives into large, economically viable, units to enable them to fulfil their objectives efficiently and effectively. In 1961 the Japanese Government enacted an Amalgamation Aid Law with the object of encouraging and expediting amalgamation of agricultural co-operatives. However, the pace was very slow; even though many co-operatives recognised the necessity to amalgamate, others were unwilling, or could see no reason to do so. Amalgamation first took place in the south, i.e. in the livestock and market produce areas, and gradually moved to the northern, genuinely rural, paddy areas. It was carried out on a voluntary basis, varying in its details according to the geographical, economic and social conditions of the respective areas and the necessity of meeting the changing economic situation.

Mr Gunawardana felt that the experience of the Japanese movement, the most

advanced and autonomous in the region, could provide valuable guidance to co-operators faced with similar problems in the South-East Asian region. His book discusses the factors that made the formation of large societies in Japan an economic necessity and explains the procedures adopted in amalgamation. It outlines, without any claim to completeness, the problems that the Japanese co-operative movement has faced, both in the process of amalgamation (e.g. unwilling directors and employees, fear of loss of member-management contact, financial considerations) and afterwards (greater demands on managers and directors, poor member and employer-employee relations etc.), and describes the ways in which they have been solved, including two case studies.

Mr Gunawardana does not try to sell the idea of amalgamation of co-operatives in any way, nor does he express an opinion for or against the methods used by the Japanese co-operative movement. He has described the process objectively and factually, supporting his statements by 14 tables of statistics issued by the Ministry of Agriculture and the Central Union of Agricultural Cooperatives. If there is any fault to be found with the book, it is the poor reproduction of the photographs. From my own experience with one of the largest agricultural credit banks in Japan, I consider that this book presents a fair picture, and will

be of great help not only to co-operatives facing similar problems, but also to all those wishing to study the agricultural co-operative movement in Japan, particularly as there are very few publications written in English on this subject.

H.O.

love have

TWO I.C.A. PUBLICATIONS

The Role of Agricultural Co-operatives in Economic and Social Development

ICA Studies and Reports Series No. 10, London, 1973, 37 pp., £0.50. This publication will also be available in French at £0.50.

The relative importance of each branch of Co-operation has varied according to time and place: while nowadays the main strength of the movement in developed countries, especially in Europe, lies in its efficient provision of services to the community (consumer co-operatives, insurance etc.) its present and future contribution to development is more closely related to agriculture. The movement and in particular the ICA has long been concerned with the issue of development and with the problems of the agricultural sector in developing countries. *The Role of Agricultural Co-operatives in Economic and Social Development*, which is the Report of the ICA/FAO/ILO/IFAP Open World Conference held in Rome in 1972, defines its approach to these problems and the many positive suggestions it offers for their solution.

The dual concept of co-operatives as (a) business enterprises and (b) instruments of social change must be kept constantly in balance. But this is not easy. While ideas can cross cultural boundaries and still retain their validity the same cannot be said of the institutions that embody them. In the case of co-operatives, the success of democratic control by members, for example, will depend to a great extent on the democratic tradition and practice to which people in the region are accustomed. Creating an institution in a new cultural milieu is much more complex than teaching new skills and techniques, and training good co-operators is more difficult and takes longer than introducing new varieties of cereals or fertilisers.

The basic problem in many developing countries is still insufficient food production. Some success has been achieved with high-yielding seeds but the level of agricultural production as a whole remains low, in spite of the 'green revolution'; because the necessary prerequisites for the success of improved techniques are for the most part lacking. Human attitudes in particular have only too often hindered progress in this respect. Co-operatives can be a very effective instrument for solving this problem, not least because of the importance they attach to member education and participation. But for agricultural co-operatives (indeed for any type of co-operative) to be successful in developing countries governments must provide suitable legislative and fiscal support.

Agricultural co-operatives in developing countries rarely start spontaneously and are often the result of initiatives taken by governments or by international agencies. The enthusiasm, motives and methods of the initiators are of primary importance, and the attitude of governments, the type of official employed for promoting Co-operation are crucial if the movement is to be successful and independent. Co-operatives cannot work in a vacuum, independent of national economic planning. In many instances they are instruments for the implementation of overall development policies and it is therefore legitimate that the State should bear the cost of promoting them. However, financial help from governments has almost invariably strings attached. This could prove disastrous in many instances, but if the potential problems are carefully analysed by co-operators before starting a new venture ways and means can be found for achieving the type of collaboration between governments and the co-operative sector that is so necessary in developing countries.

This particular problem was discussed in depth at the Rome Conference and a summary of the papers, conclusions and recommendations on the subject is to be found in the Report under the heading "Co-operatives and their Environment: Collaboration with Governments, National and International Institutions". Other main themes analysed during the Conference were "The Operational Efficiency of Agricultural Co-operatives" and "The Mobilisation of Human Resources for Rural Development through Agricultural Co-operatives". The Report, prepared by Mr

W. P. Watkins, gives an excellent summary of the papers and discussions, and will provide all those concerned not only with co-operatives but with the problems of development in general with a clear and concise analysis of the possibilities offered by a co-operative approach to agricultural development.

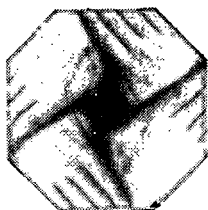
Peace and the Co-operative Movement

ICA, London, 1974, 16 pp., £0.20.

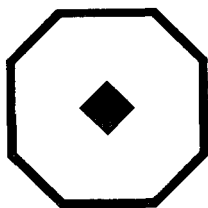
The co-operative movement is by its very nature apolitical, but cannot refuse to be aware of, and concerned by, the consequences of

politically-motivated actions such as massive military spending or discrimination on racial, religious or political grounds. The International Co-operative Alliance, one of whose objectives is "to work for the establishment of lasting peace and security" has on many occasions clearly defined its position on these subjects. *Peace and the Co-operative Movement* contains the Resolutions on Peace adopted by the 25th ICA Congress (Warsaw, 1972) and by the ICA Central Committee (Budapest, October 1973), together with speeches made by Dr M. Bonow, President of the ICA, on these two occasions.

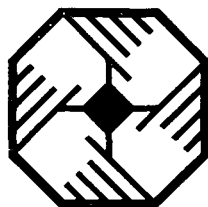
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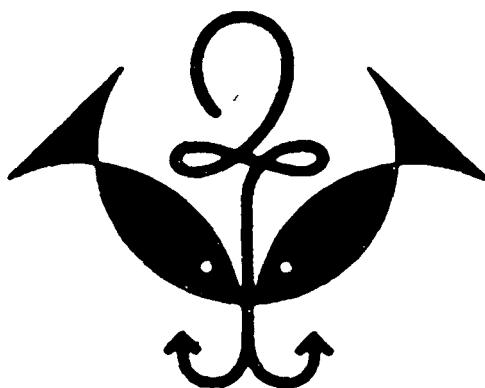
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comme agent de développement
économique du milieu, au service de
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Annotated List of Books Received at the ICA Library

COADY, M. M.

The Man from Margaree. Writings and speeches of M. M. Coady, edited and with commentary by Alexander F. Laidlaw.

218 pp. Toronto, McClelland & Stewart Ltd., 1971.

Dr. Laidlaw presents a cross-section of Dr. Coady's addresses, articles and letters and gives a portrait of the man who became a national figure in Canada and well-known all over the world for his influence on the co-operative movement.

CO-OPERATIVE COLLEGE OF CANADA—PUBLICATIONS COMMITTEE

A Guide to Publications on Co-operatives.

56 pp. Saskatoon, Co-operative College of Canada, n.d. (1974?)

A bibliography that lists material published between 1964 and 1973. The focus is on Canadian material published in English but it also contains many references to material published in other countries. It includes lists of periodicals.

FISCHER, Gerhard

Genossenschaften in Kolumbien (Schriftreihe des Forschungsinstitut der Friedrich-Ebert-Stiftung, Band 104).

347 pp; bibliogr; tabs. Bonn-Bad Godesberg, Verlag Neue Gesellschaft GmbH, 1973.

The first section of this work deals with economic and social conditions in Colombia; the second offers historical, legal and structural reviews of the Colombian co-operative movement; in the third part co-operatives are discussed by sector and an analysis is made of their influence on the country's economic development; the fourth and final section deals with the relations between co-operatives and Colombia's national and social institutions.

GARNETT, R. G.

William Pare: Co-operator and Social Reformer (Co-operative College Papers, No. 16).

56 pp. Loughborough, Co-operative Union Education Department, 1973.

The first biography of a disciple of Robert Owen who was instrumental in the creation of the Co-operative Union.

INTERNATIONAL CO-OPERATIVE ALLIANCE

International Financing of Co-operative Enterprise in Developing Countries. A study prepared by the ICA in collaboration with the ILO, the FAO and COPAC.

65 pp. Geneva, ILO, 1974.

This study explores such questions as: what are the typical financial needs of co-operatives; where can resources be obtained at an international level; how to make better use of existing organisations and institutions; what type of new institutions should be created for the purpose of international financing of co-operatives.

INTERNATIONAL CO-OPERATIVE ALLIANCE—REGIONAL OFFICE AND EDUCATION CENTRE FOR SOUTH-EAST ASIA

Readings in Co-operative Housing.

161 pp; index. New Delhi, Allied Publishers, 1973.

This book contains a selection of papers presented at a seminar held in 1970. The problems examined include rural and urban housing shortages, the growth of slums, etc.

INTERNATIONAL LABOUR OFFICE

Cooperative Information Supplement No. 1: Bibliography.

390 pp. Geneva, ILO, 1973 (also available in French and Spanish).

A selective bibliography of co-operative literature published between 1813 and 1973. Over 3,000 books are listed chronologically and indexed by author, country, subject and technical sector.

INTERNATIONAL LABOUR OFFICE

Cooperative Information Supplement No. 2: Cooperative Chronology, by R. Verdier.
307 pp; graphs. Geneva, ILO, 1973.

Significant dates in the history of the co-operative movement are entered according to country and sector in several types of tables. A basic information work for co-operative historians.

JAGGI, E.

Agricultural Co-operatives and Associations in Switzerland (Plunkett Foundation Occasional Paper No. 40).

71 pp; tabs. Oxford, Plunkett Foundation for Co-operative Studies, 1974.

A concise handbook that gives the reader a view of the historical, legal and structural developments in Swiss agricultural co-operation. The author also states his views on likely future developments in the structure of co-operatives and in the field of marketing.

MICHALSKI, Klaus-Joachim

Landwirtschaftliche Genossenschaften in afro-asiatischen Entwicklungsländern.

426 pp; summaries in French and English; bibliogr; indices; tabs. Berlin, Akademie-Verlag, 1973.

An analysis of agricultural co-operatives in developing countries of Africa and Asia from a marxist point of view.

PLUNKETT FOUNDATION FOR CO-OPERATIVE STUDIES

Yearbook of Agricultural Co-operation 1973.

330 pp; index; bibliogr; tabs. Oxford, Basil Blackwell, 1973.

PLUNKETT FOUNDATION FOR CO-OPERATIVE STUDIES

Agricultural Co-operation in the United Kingdom: Summary of statistics 1972-1973.

24 pp; tabs. Oxford, Plunkett Foundation for Co-operative Studies, 1974.

THEDIN, Nils

Some perspectives of co-operative philosophy ("Howard A. Cowden Lecture").

31 pp; photos. Stockholm, Kooperativa Förbundet, 1974.

TREYDTE, Klaus-Peter

Genossenschaften in Lybien. Entwicklung, Stand und Struktur des libyschen Genossenschaftswesens (Schriftreihe des Forschungsinstitut der Friedrich-Ebert-Stiftung).

183 pp; summaries in English and French; bibliogr. Hannover, Verlag für Literatur und Zeitgeschehen, 1970.

The study begins with a general assessment of the economic situation of Libya, followed by a detailed study of agricultural co-operatives. Consumer and fishery co-operatives are also examined.

TREYDTE, Klaus-Peter

Genossenschaften in der VAR (Ägypten): Entwicklung, Stand und Struktur des ägyptischen Genossenschaftswesens (Schriftreihe des Forschungsinstitut der Friedrich-Ebert-Stiftung).

204 pp; summaries in English, French and Arabic; map; tabs; bibliogr. Hannover, Verlag für Literatur und Zeitgeschehen, 1971.

This study centres on the development of agricultural co-operatives in Egypt and deals in detail with developments since 1952, when co-operatives became an integral part of the land reform programme. It also contains chapters dealing with pre-revolutionary co-operative undertakings, education and non-agricultural co-operatives.

U.S. DEPARTMENT OF AGRICULTURE—FARMER COOPERATIVE SERVICE

Cooperative's Position in Feed Marketing (FCS Research Report 25).

48 pp; tabs; photos; diagrs. Washington D.C., USDA-FCS, 1973.

VAN RENSBURG, P.

Report from Swaneng Hill: Education and employment in an African Country.

235 pp; tabs; photos. Uppsala, Dag Hammarskjöld Foundation, 1974.

A collection of essays on the author's work at Swaneng Hill School (Botswana), updated and revised.

**International Co-operative Alliance
Regional Office and Education Centre for
South-East Asia**

**Regional Director: Mr P. E. Weeraman
PO Box 3312, 43 Friends Colony
New Delhi 14, India. Tel. 631541 632093.**

**International Co-operative Alliance
Regional Office for East and Central Africa**

**Regional Director: Mr Dan Nyanjom
PO Box 946, Moshi, Tanzania. Tel. 2616.**

Affiliated Organisations

Angola: see "Zaire".

Argentina: Federación Argentina de Cooperativas de Consumo, *Avda. Suárez 2034, Buenos Aires*. Tel. 28-5381/3.

Intercoop Editora Cooperativa Limitada, *Humberto 1°, 2318—1° P.-A., Buenos Aires*. Tel. 99-3193.

Asociación Argentina de Cooperativas y Mutualidades de Seguros, *Avenida de Mayo 1370, Piso 1°, Buenos Aires*. Tel. 33-0222/7138.

Federación Argentina de Cooperativas de Crédito Ltda., *Pueyrredon 468, 2° Piso, Buenos Aires (RC 24)*. Tel. 86-6283.

Asociación de Cooperativas Argentinas, *25 de Mayo 35, Buenos Aires*.

Confederación Cooperativa de la República Argentina Ltda. (COOPERA), *Luis María Campos 1588, Buenos Aires*.

Instituto Movilizador de Fondos Cooperativos, *Urquiza 1539, Rosario*.

Australia: Co-operative Federation of Australia, Secretariat: *569 Wellington Street, Perth, Western Australia 6000*. Tel. 21-0191.

Austria: "Konsumverband" Zentralverband der österreichischen Konsumgenossenschaften, *Theobaldgasse 19, A-1061 Vienna VI*. Tel. 57-75-38.

Membership (1972): 582,000; turnover: retail trade: Sch. 8,724 mill. (thereof consumers' societies: Sch. 7,466 mill.; department stores: Sch. 1,203 mill.; other retail trade: Sch. 55 mill.); wholesale society (G.Ö.C.): Sch. 3,394 mill.; own production: consumers' societies: Sch. 1,064 mill.; G.Ö.C. and subsidiaries: Sch. 580 mill.

Österreichischer Verband gemeinnütziger Bau-Wohnungs- und Siedlungsvereinigungen, *Bösendorferstrasse 7/11, 1010 Vienna*. Tel. 65-71-63; 65-13-25.

1972: Affiliated organisations: 277 (comprising 164 societies and 133 associations); membership: 167,737; administered units: 357,241 (of which 156,144 correspond to the societies and 201,097 to the associations; closing balance for 1971: Sch. 56,4 mill. (of which Sch. 25,6 mill. correspond to the societies and Sch. 30,8 to the associations).

Österreichischer Raiffeisenverband, *Seilergasse 16 Vienna 1*. Tel. 52-69-34.

Bangladesh: Bangladesh Jatiya Samabaya Union, "Samabaya Sadan" (1st floor) *9/D-Motijheel Commercial Area, Dacca 2*. Tel. 255846.

Provincial Fishermen's Co-operative Society Ltd., *Iqbal Road, Patharghata, Post Box 27, Chittagong*. Tel. 80587; 85967.

Belgium: Fédération belge des Coopératives (FEBECOOP), *26-28 rue Haute, 1000 Brussels*. Tel. 13-28-60; 11-83-50.

Affiliated consumers' societies: 21; membership: 300,000; turnover (1968): Frs. 4,180 mill.; shops: 1,409; Wholesale society turnover (1968): Frs. 1,272 mill.

Société Coopérative d'Assurances "La Prevoyance Sociale", *P.S. Building, 151 rue Royale, 1030 Brussels*. Tel. 18-80-80.

Premiums (1966): Frs. 1,903 mill.; reserves: Frs. 6 milliards; insurance funds, life: Frs. 20 milliards.

Fédération Nationale des Coopératives Chrétiennes, *135 rue de la Loi, 1040 Brussels*. Tel. 35-60-90.

(1967): 1,250 shops; turnover: Frs. 1,430 mill.; Savings Bank: 2,050 branches; 500,000 members; deposits: Frs. 12 milliards; Insurance Society: 290,000 policy holders; premiums: Frs. 450 mill.; reserves: Frs. 1,300 mill.

L'Economie Populaire, *30 rue des Champs, 5300 Ciney (Namur)*. Tel. 228-01.

Branches (1970): 466; membership: 98,456; turnover: F.B. 1,319,000,000; savings deposits: F.B. 380 mill. + 340 mill. CEP (Private Savings Bank, Ltd.); capital and reserves: F.B. 208 mill.

Inspection General des Services Agricoles Coopération. *33 rue de Sélys, 4370 Waremmé*.

OPHACO (Office des Pharmacies Coopératives de Belgique), *602 Chaussée de Mons, Anderlecht-Brussels 7*. Tel. 22-56-90.

Union of 26 co-operative societies owning (in 1972) 473 pharmacies, 63 optical departments, 6 drug stores, 14 wholesale depots. Turnover (1972): Frs. 3,469.3 mill. Surplus distributed to 544,000 members: Frs. 137 mill.

Centrale des Caisses Rurales du Boerenbond Belge (CERA), *Minderbroedersstraat 8, 3000 Leuven*. Tel. 279.31.

Bulgaria: Central Co-operative Union, *Rue Rakovski 99, Sofia*. Tel. 7-83-11; 8-03-11.

Cameroon: West Cameroon Co-operative Association Ltd., *P.O. Box 135, Kumba, Meme Division, West Cameroon*. Tel. Kumba 251.

Canada: Co-operative Union of Canada, *111 Sparks Street, KIP 585 Ottawa 4, Ont.* Tel. 232-9657.

A federation of English-language co-operative organisations, organised in 1909.

Conseil Canadien de la Coopération, Case postale 58, Station N, Montréal 129. Tel. 866-8048.

Ceylon: See "Sri Lanka".

Chile: Cooperativa Sodimac Ltda., *Casilla 3110, Santiago de Chile*. Tel. 734023.

Cooperativa de Empleados Particulares Ltda., *Teatinos 610, Casilla 424, Santiago de Chile*. Tel. 82935.

Instituto de Financiamiento Cooperativo, IFICOOP, Ltda., *Agustinas 853, Oficina 547, Casilla 1118, Santiago de Chile*. Tel. 398253.

Unión Cooperativa de Seguros (Ucoseg) Ltda., *Moneda 1040, of. 704-705, Santiago de Chile*. Tel. 81295; 65100.

Unión de Cooperativas de Consumo y Servicios de Chile Ltda. ("U-Coop"), *Agustinas 1141, 7° Piso, Casilla 14439, Santiago de Chile*. Tel. 715256.

Colombia: Cooperativa Familiar de Medellín Ltda., *Calle 49, No. 52-49, Medellín*. Tel. 45-00-55; 41-71-13; 41-53-78.

Instituto Nacional de Financiamiento y Desarrollo Cooperativo (Financiacoop), *Carrera 13, No. 27-00, Edif. Bochica, piso 2°, Int. 9, Aptdo Aéreo 12242, Bogotá*. Tel. 81-06-00.

Congo, Democratic Republic of: See "Zaire".

Cyprus: Co-operative Central Bank Ltd., *P.O. Box 4537, Nicosia*. Tel. 62921; 62677; 63311.

Cyprus Turkish Co-operative Central Bank Ltd., *P.O. Box 1861, Nicosia*. Tel. 4257.

Vine Products Co-operative Marketing Union Ltd., *P.O. Box 314, Limassol*. Tel. 2331; 2872; 4582.

Czechoslovakia: Ustredni Rada Druzstev, *Tesnov 5, 11006, Prague 1*. Tel. 621-54; 647-51.

Denmark: De samvirkende danske Andels-selskaber (Andelsudvalget) (The Central Co-operative Committee of Denmark), *Vester Farimagsgade 3, DK-1606 Copenhagen V*. Tel. 12-14-19. Telex: 19297.

Det Kooperative Faellesforbund i Danmark, *Kronprinzengade 13, 1114 Copenhagen K*. Tel. 12-22-62.

Affiliated societies (1963): 634; total sales: D.Kr. 1,582 mill.; employees: 12,500; comprising consumers', workers', artisans, productive and housing societies, etc.

Faellesforeningen for Danmarks Brugsforeninger (FDB), *Róskildevej 65, Albertslund*. Tel. 64-88-11.

Affiliated societies (1969): 1,742; membership: 839,000; turnover: 4,032 mill. D.Kr.; Wholesale turnover: 2,198 mill. D.Kr.; own production: 741 mill. D.Kr.

Finland: Suomen Osuuskauppojen Keskus-kunta (S.O.K.), (Finnish Co-operative Wholesale Society), *Vilhonkatu 7, 00101 Helsinki 10*.

Affiliated societies (1973): 229; membership: 592,000; wholesale turnover: Fmk. 3,104.2 mill.; own production of S.O.K.: Fmk. 438.1 mill.

Yleinen Osuuskauppojen Liitto r.y., (Y.O.L.), (General Co-operative Union), *Vilhonkatu 7, 00101 Helsinki 10*.

Affiliated societies (1973): 229; membership: 592,000; turnover of societies: Fmk. 4,664.4 mill.; total production of affiliated societies: Fmk. 59.2 mill.

Kulutusosuuskuntien Keskusliitto (K.K.), r.y., *P.O. Box 740, 00101 Helsinki 10*. Tel. 10491.

Affiliated societies (1973): 70; membership: 580,470; turnover of societies: Fmk. 2,934 mill.

Keskusosuusliike O.T.K. (Central Co-operative Society) O.T.K., *P.O. Box 120, 00101 Helsinki 10*. Tel. 750731.

Affiliated societies (1973): 70; turnover: Fmk. 2,080 mill.; own production: Fmk. 646 mill.

Pellervo Seura, Central Organisation of Farmers' Co-operatives, *Simonkatu 6, P.O. Box 77, 00101 Helsinki 10*. Tel. 602066.

Affiliated organisations (1973): 9 central organisations; 885 societies.

Pohja Yhtymä, *Runeberginkatu 5, 00100 Helsinki 10*.

Fiji: Fiji Co-operative Union, Registry of Co-operative Societies, Co-operative Department Suva, Fiji.

France: Fédération Nationale des Coopératives de Consommateurs, F.N.C.C., *89 rue la Boétie, 75008 Paris*. Tel. 225-99-98.

Affiliated societies (1970): 315; membership: 3,400,000; shops: 8,300; turnover: NF. 6,100 mill.

Société Générale des Coopératives de Consommation, *61 rue Boissière, 75 Paris XVI*. Tel. 553-88-22.

Fédération Nationale des Sociétés Coopératives Ouvrières de Production du Bâtiment, des Travaux Publics et des Matériaux de Construction, *88 rue de Courcelles, 75008 Paris*. Tel. 622-40-48; 622-45-20.

Confédération Générale des Sociétés Coopératives Ouvrières de Production, 88 rue de Courcelles, 75008 Paris. Tel. 622-07-81/2.

Banque Française de Crédit Coopératif, 88 rue de Courcelles, 75008 Paris. Tel. 227-48-03.

Confédération Nationale de la Coopération, de la Mutualité et du Crédit Agricoles, 129 Bd. St. Germain, 75006 Paris. Tel. 033-93-31.

Caisse Nationale de Crédit Agricole, 91-93 Boulevard Pasteur, 75 Paris XV. Tel. 273-90-00.

Fédération Nationale des Sociétés Coopératives d'Habitation à Loyer Modéré (H.L.M.), 20 rue de Richelieu, 75 Paris 1er. Tel. 266-4520.

Confédération des Coopératives de Construction et d'Habitation, 23 rue du Dome, 92100 Boulogne.

Confédération des Organismes de Crédit Maritime Mutuel, 18 bis, Avenue Hoche, 75008 Paris. Tel. 267-14-50.

Gambia (The): Gambia Co-operative Union Ltd., P.O. Box 505, Bathurst. Tel. 581.

German Democratic Republic: Verband deutscher Konsumgenossenschaften der DDR, Stresemannstrasse 128, 108 Berlin.

Federal Republic of Germany: Bund deutscher Konsumgenossenschaften G.m.b.H., Besenbinderhof 43, (2) Hamburg 1. Tel. 284-4001. Affiliated societies (December 1969): 115; membership (end of 1969): 2,235,000; turnover (1969): D.M. 4,827 milliards.

Co op Zentrale A.G., Besenbinderhof 43, (2) Hamburg 1. Tel. 284-4310. Total turnover incl. subsidiaries (1969): D.M. 2,462 milliards.

Gesamtverband gemeinnütziger Wohnungsunternehmen e.V., Bismarckstrasse 7, 5000 Cologne 1. Tel. 52-31-81.

Volksfürsorge Lebensversicherung Aktiengesellschaft, An der Alster, (2) Hamburg 1.

Volksfürsorge deutsche Sachversicherung Aktiengesellschaft, Steinstrasse 27, (2) Hamburg 1.

Deutscher Raiffeisenverband e.V., Adenauerallee 127, 53 Bonn. Tel. (0-22-21) 1061.

Ghana: Ghana Co-operative Council Ltd., P.O. Box 2068, Accra.

Greece: Membership suspended.

Guyana: Guyana Co-operative Union Ltd., Ministerial Buildings, High Street and Brickdam, Georgetown.

Haiti: Caisse Populaire Dominique Savio, 57 Rue Riguard, Pétion-Ville.

Hungary: National Council of Consumers' Co-operative Societies (SZOVOSZ), Szabadság tér 14, Budapest V. Tel. 113-600; 112-800.

National Council of Industrial Co-operatives, OKISZ, Postafiók 172, 1143, Budapest 70. Tel. 188-800; 188-806.

National Co-operative Council, P.O. Box 661, H.1373 Budapest V. Tel. 113-600; 112-800.

National Council of Agricultural Co-operatives, Akadémia utca 1-3, Budapest V. Tel. 113-600; 112-800.

Iceland: Samband Isl. Samvinnufélaga, P.O. Box 180, Samband House, Reykjavik. Tel. 17080.

India: National Co-operative Union of India, 72 Jorbagh, New Delhi 3. Tel. 611123; 611343; 619328.

Indonesia: Dewan Koperasi Indonesia, 28 Jalan Djenderal Soedirman, Djakarta. Tel. 581400.

Iran: Sepah Consumers' Co-operative Society, Avenue Amir-abad shomali, Iran Novin corner, Teheran. Tel. 636001/2/3.

Credit and Housing Co-operative Society of Iran, 20-22 Shahabad Avenue, Teheran.

Central Organisation for Rural Co-operatives of Iran, 357 Pahlavi Avenue, Teheran. Tel. 64210.

Consumers' and Services Co-operative Society for the Ministry of Labour and Social Affairs Employees, Ministry of Labour and Social Affairs, Teheran.

Irish Republic: Irish Agricultural Organisation Society Ltd., The Plunkett House, 84 Merrion Square, Dublin 2. Tel. 64783/4-6.

National Organising and Advisory Body for Agricultural Co-operatives. Affiliated organisations: 341; membership: 162,249; turnover (1971): £335,014,154.

Co-operative Development Society Ltd., 35 Lower Gardiner Street, Dublin.

Israel: General Co-operative Association of Jewish Labour in Eretz-Israel "Hevrat Ovdim", Ltd., P.O.B. 303, Tel-Aviv. Tel. 46111-35. Affiliated societies and companies (1963): 1,855 in all branches.

"Haikar" Audit Union of Agricultural Societies of the Farmers' Federation of Israel, 8 Kaplan Street, P.O.B. 209 Tel-Aviv. Tel. 250881.

"Bahan" Audit Union of Agricultural Co-operative Societies in Israel, 47 Nachmani Street, P.O.B. 622, Tel-Aviv. Tel. 614933.

Italy: Lega Nazionale delle Cooperative e Mutue, Via Guattani 9, 00161 Rome. Tel. 868-141/2-4.

Confederazione Cooperative Italiane, Borgo Santo Spirito 78, 00193 Rome. Tel. 653-875; 565-605; 565-614.

Associazione Generale delle Cooperative Italiane, Via Parma 22, 00184 Rome. Tel. 462-659; 471-846.

Japan: Nippon Seikatsu Kyodokumiai Rengoka (Japanese Consumers' Co-operative Union), 1-13, 4-chome, Sendagaya, Shibuya-ku, Tokyo. Tel. Tokyo (404) 3231.

Zenkoku Nogyokyodokumiai Chuokai (Central Union of Agricultural Co-operatives), 8-3, 1-chome, Otemachi, Chiyoda-ku, Tokyo.

Zenkoku Gyogyo Kyodokumiai Rengokai (National Federation of Fisheries Co-operative Associations), Co-op Building, 7th floor, 1-12 Uchikanda 1 chome, Chiyoda-ku, Tokyo 101.

National Federation of Forest Owners' Co-operative Associations, 11-35, Nagato-cho, 1-chome, Chiyoda-ku, Tokyo 100.

Jordan: Jordan Co-operative Organisation, P.O.B. 1343, Amman. Tel. 23101/3.

Kenya: Kenya National Federation of Co-operatives Ltd., P.O.B. 49768, Nairobi. Tel. 21487; 32106/7.

Korea: National Agricultural Co-operative Federation, 75, 1st Street, Chung-Jong-Ro, Sodaemun-ku, Seoul. Tel. 73-0021; 75-2681.

Malaysia: Co-operative Union of Malaysia Ltd., Peti Surat 817, Kuala Lumpur. Tel. 23903.

Co-operative Central Bank Ltd., 29 Leboh Ampang, P.O. Box 685, Kuala Lumpur. Tel. 26531/4.

Co-operative Bank Malaysia Ltd., 140 Jalan Ipoh, Peti Surat 1024, Kuala Lumpur. Tel. 299677; 299679.

Sarawak Co-operative Central Bank Ltd., Kuching, Sarawak.

Malaysian Co-operative Insurance Society Ltd., 36 Jalan Ampang, P.O. Box 817, Kuala Lumpur. Tel. 87915/6.

Angkatan Kerjasama Kebangsaan Malaysia Berhad (ANGKASA), Jalan Templar: Petaling Jaya, Selangor.

Malta: Farmers' Central Co-operative Society Ltd., New Building, Middleman Street, Marsa. Tel. Cent 24896.

Mauritius: Mauritius Co-operative Union, Co-operation House, Dumat Street, Port Louis. Tel. 822.

Netherlands: Association of Enterprises on a Co-operative Basis, Bloemgracht 29, Amsterdam 3. Tel. 62303.

Nigeria: Co-operative Union of Western Nigeria, Ltd., c/o Co-operative Buildings, New Court Road, Ibadan, P.M.B. 5101. Tel. 24399; 24446.

Lagos Co-operative Union Ltd., Co-operative Office, 147 Yakubu Gowon Street, Lagos. Tel. 58920/85.

Mid-Western Nigeria Co-operative Federation Ltd., Private Mail Bag 1021, No. 4 Murtala Mohammed Road, Benin City, Mid-Western State. Tel. 594.

Norway: Norges Kooperative Landsforening, Revierstredet 2, Post Box 451, Sentrum, Oslo 1. Tel. 20-62-90. Telex: 19 540 H.O.

Affiliated societies (1973): 720; membership: 430,000; turnover of local societies: N.Cr. 3,900 mill.; of NKL N.Cr. 1,500 mill.

Norske Boligbyggelags Landsforbund (NBBL), Trondheimsveien 84-86, Oslo 5. Tel. 37-29-70.

Pakistan: West Pakistan Co-operative Union Ltd., 11 Masson Road, P.O.B. 905, Lahore. Tel. 54203.

Karachi Central Co-operative Bank Ltd., 14 Laxmi Building, Bunder Road, Karachi 2. Tel. 36185.

Karachi Co-operative Housing Societies' Union, Shaheed-e-Millat Road, Karachi 5. Tel. 40244.

Karachi Co-operative Union Ltd., Co-operative House, Shaheed-e-Millat Road, Karachi 5. Tel. 230289.

Fishermen's Co-operative Society Ltd. (FISCOS), Fish Harbour, West Wharf Road, P.O. Box 5328, Karachi. Tel. 229101; 224457.

Sind Baluchistan Provincial Co-operative Bank, Ltd., Provincial Co-operative Bank Bldg., Serai Road, P.O. Box 4705, Karachi 2. Tel. 32361; 37290; 34736.

Peru: Cooperativa de Seguros del Perú Ltda., No. 170, *Maximo Abril 552, Lima*. Tel. 46769.

Banco Nacional de las Cooperativas del Perú Ltda., *1 Av. Tacna 411, Apartado 4895, Lima*. Tel. 276569.

Philippines: Central Co-operative Exchange Inc., *P.O.B. 1968, Manila*. Tel. 7-60-09.

Grains Marketing Co-operative of the Philippines "Gramacop" Inc., *107-D Arellano Street, Calocan City*. Tel. 23-91-40.

Filipino Cooperative Wholesale Soc. Inc., *P.O. Box 4439, Manila*.

Poland: Central Agricultural Union of "Peasant Self-Aid" Co-operatives, *Kopernika 30, Warsaw*. Tel. 26-39-69; 26-10-81.

Central Union of Building and Housing Co-operatives, *Ul. Marchlewskiego 13, Warsaw*. Tel. 20-90-29.

"Spolem"—Union of Consumer Co-operatives, *Grazyny 13, Warsaw*. Tel. 45-32-41.

Central Union of Work Co-operatives, *Surawia 47, Warsaw*. Tel. 28-51-86.

Supreme Co-operative Council, *Ul. Jasna 1, Warsaw*. Tel. Warsaw 26-72-21; 27-13-26.

Portugal: UNICOOPE - *Avenida da Boavista, 3292 Porto*.

Puerto Rico: Co-operative League of Puerto Rico, *458 Fernando Calder, Apartado 707, GPO San Juan*. Tel. 764-2727.

Romania: Uniunea Centrala a Cooperativelor de Consum, "Centrocoop", *Strada Brezoianu 31, Sectorul 7, Bucharest*. Tel. 16-00-10; 13-87-31. 1969/70: Associated 1,728 Consumers' Co-operatives in 39 District Unions; membership: 7 mill.; 28,000 retail shops; of which 8,100 public catering units; 7 processing and marketing enterprises; 18 production enterprises; 17 building enterprises; 20,400 servicing units; 18 educational centres.

Central Union of Handicraft Co-operatives, "UCECOM", *46, Calea Plevnei Street, Sector VII, Bucharest*. Tel. 13-16-48.

Uniunea Nationala a Cooperativelor Agricole de Productie, "Uncap", *25 Bd. Gheorghe Gheorghiu-Dej, Bucharest*.

Singapore: Singapore Co-operative Union Ltd., *Post Box 366; Office and Library: 3-J/K Clifford House, Singapore 1*.

Sri Lanka: National Co-operative Council of Sri Lanka, *P.O. Box 1669, Co-operative House, 455 Galle Road, Colombo 3*. Tel. 85496.

Sweden: Kooperativa Förbundet, *S-104 65 Stockholm 15*. Tel. International: 46-8-449560; National: 08-44-90-60.

Affiliated retail societies (1972): 210; membership: 1.7 mill.; total turnover of consumer societies: Kr. 9,211 mill.; turnover of K.F.: Kr. 7,387 mill. (thereof Kr. 5,044 correspond to affiliated consumer societies); K.F.'s own production: Kr. 3,489 mill.; total capital (shares, reserves and surplus) of K.F.: Kr. 1,124 mill.; of affiliated consumer societies: Kr. 1,271 mill.

HSB:s Riksförbund ek. för., *Fack, S-100 21 Stockholm 18*. Tel. 54 05 40.

Affiliated building societies (1974): 88; membership: 339,992; No. of completed units: 347,871; production value: Kr. 18,921 mill.

Svenska Riksbyggen, *Hagagatan 2, P.O. Box 19015, S-104 32 Stockholm 19*. Tel. 34-05-20.

Folksam Insurance Group, *Folksam Building, Stockholm 20*. Tel. 22-01-00.

Lantbrukarnas Riksförbund, *S-105 33 Stockholm 3*. Tel. 14-16-00.

Kooperativa Gillesförbundet, *S-104 65 Stockholm 15*. Tel. (08)44-90-60; (08)44-95-60.

Switzerland: Coop Schweiz, *Thiersteinerallee 14, CH 4002 Basle*. Tel. (061)35-50-50.

Affiliated organisations (1972): 186; retail outlets: 1,938; membership: 897,054; Coop total turnover: Fr. 4,135 mill.; Coop retail turnover: Fr. 3,463 mill.; Coop Schweiz wholesale turnover: Fr. 2,086 mill.

Verband sozialer Baubetriebe, c/o SBHV., *Sihlpostfach, Zürich*.

Genossenschaftliche Zentralbank, *Aeschenplatz 3, CH 4002 Basle*. Tel. (061) 23-84-00.

CO-OP Lebensversicherungs-Genossenschaft Basel, *Aeschenvorstadt 67, CH 4002 Basle*.

Tanzania: Co-operative Union of Tanganyika Ltd., *National Co-operative Building, P.O. Box 2567, Dar-es-Salaam*. Tel. 23077; 23344; 23347.

Thailand: Co-operative League of Thailand, *4 Pichai Road, Dusit, Bangkok*. Tel. 811414.

Turkey: Türk Kooperatifcilik Kurumu (Turkish Co-operative Association), *Mithatpasa Caddesi 38, Yenisehir, Ankara*. Tel. 12-43-73.

Uganda: Uganda Co-operative Alliance, *P.O.B. 2215, Kampala*. Tel. 56984/6.

U.S.S.R.: Central Union of Consumers' Co-operative Societies of the U.S.S.R., "Centrosoyuz", *Tcherkassky per no. 15/17, Moscow*. Tel. 221-7253.

Consumers societies (1970): 14,868; members: 59,637 mill.; shops: 369,700.

United Kingdom: Co-operative Union Ltd., *Holyoake House, Hanover Street, Manchester M60 0AS*. Tel. 061-834 0975.

Affiliated retail societies (1971): 303; membership: 11.3 million; share capital: £142 million; retail sales: £1320, million.

Co-operative Wholesale Society Ltd., *P.O.B. 53, New Century House, Corporation Street, Manchester M60 4ES*. Tel. 061-834 1212.

Co-operative Insurance Society Ltd., *Miller Street, Manchester 4*. Tel. 061-832 8686. Assets (1964). £369 mill.

Co-operative Bank Ltd., *P.O. Box 101, New Century House, Manchester M60 4ES*. Tel. 061-838 1212.

Plunkett Foundation for Co-operative Studies, *31 St. Giles', Oxford*. Tel. 0865-53960.

U.S.A.: Co-operative League of the U.S.A., *1828 L Street, NW, Washington, D.C. 20036*. Tel. (202) 872-0550.

Uruguay: Centro Cooperativista Uruguayo, *Dante 2252 Montevideo*. Tel. 41-25-41; 40-90-66.

Yugoslavia: Glavni Zadruzni Savez FNRJ, *Terazije 23/VI, Belgrade*. Tel. 30-947/9.

Zaire: Centrale Générale des Coopératives Angolaises, *B.P. 6039, Kinshasa 1*.

Zambia: Zambia Co-operative Federation Ltd., *P.O. Box 3579, Lusaka*.

INTERNATIONAL ORGANIZATIONS

Organization of the Cooperatives of America, *Ap. aéreo 2738, Lima*.

Nordisk Andelsforbund (Scandinavia), *3 Axel-torv 1609 Copenhagen V, Denmark*. Tel. 15-15-33.

International Co-operative Bank Co. Ltd. (INGEBA), *Dufourstrasse 54, P.O.B. 243, CH 4010 Basle, Switzerland*. Tel. 23-58-27.

International Co-operative Petroleum Association, *28 West 44th Street, New York, N.Y. 10036, U.S.A.* Tel. LA 4-4455.

Sociedad Interamericana de Desarrollo y Financiamiento Cooperativo (SIDEFCOOP), *Casilla de Correo 4311, Buenos Aires, Argentina*.

International Co-operative Housing Development Association (ICHDA), *Suite 1007, 1012-14th Street, N.W. Washington, D.C. 20005, U.S.A.* Tel. 202-737-3420.

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New Trends in the International Co-operative Movement

Economic Growth and Co-operative Principles

by **Sadao Nakabayashi**
President of the Japanese Consumers'
Co-operative Union

The consumers' co-operative movement of Japan has learned a lot from the experience of co-operative movements in other countries. The Japanese movement has been in particular taught, encouraged and helped by the growth and achievements of the consumers' co-operative movements of Europe.

Many co-operators from our movement visit Europe every year to learn from the advanced consumers' co-operative movements there. I personally appreciate very much the kind encouragement and good advice given to me over the years by co-operative friends in Europe; and this, I am happy to say, has been of very great value to me in my work over many years in the consumers' co-operative movement in Japan.

The first ICA Congress that I attended was the 20th Congress which was held in Stockholm in 1957; and since then I have attended all ICA Congresses and Central Committee meetings. At the Lausanne Congress in 1960 Dr Bonow put forward proposals for structural reorganisation and the modernisation of co-operative movements. At the Vienna Congress in 1966 the new ICA statement on Co-operative Principles was approved and the main theme at the Hamburg Congress in 1969 was contemporary co-

operative democracy. This important series of discussions brought significant and valuable lessons to our movement. At the 25th Congress in Warsaw the central theme was "Multinational Corporations and the International Co-operative Movement"; and our movement was warned of the threat posed by the growth of these organisations.

Without question the ICA's leadership in the world co-operative movement has long been highly appreciated by Japanese co-operators. Our movement has developed in accordance with the guidelines given by the ICA but it has experienced many difficulties, especially those resulting from the formation of oligopolies and from the rapid growth of the Japanese economy.

In order to overcome the weaknesses of consumer co-operatives in big cities, the Japanese Consumers' Co-operative Union (J.C.C.U.) started the Tokyo Consumers' Co-operative Society in 1969; while the Sapporo Citizen Co-op initiated the "Citizen Co-op Group" which also includes the Tokyo Citizen Co-op and the Nagoya Citizen Co-op, a new strand in the consumers' co-operative movement which has received considerable publicity in recent years. There are also consumers' co-operatives that have been formed as a

result of the welfare activities of trade unions; and in middle sized cities such as Tsuruoaka, Ohdate, Shizuoka and Yamaguchi independent regional co-operatives have been organised by factory workers and other local people.

Retail prices in Japan are rising rapidly—by 15.7% in 1972 and by 26.3% in 1973. Each month prices rise further in a way that destroys the livelihood of the people throughout the country in spite of the superficial modernisation of the country and the rapid economic growth of big business. In these circumstances consumer movements opposing price increases have made rapid progress and they have supported the consumers' co-operative movement which has made significant growth. In the process of this development of our movement a group advocating an increase in the size of stores and the rapid amalgamation of local societies exercised considerable influence. This school of thought claimed that a rapid increase in turnover and in the co-operative share of the retail market was essential for a modern consumers' co-operative movement, if it was to compete effectively with the private supermarkets and department stores and not lose sales to them.

As a result of the influence of the theories of the advocates of rapid growth a considerable number of local retail societies sought financial assistance from outside capital—from private bankers—while they paid less attention to making their members' organisation more solid and increasing their own co-operative capital. The rapid expansion which resulted from the theories of these expansionists appeared for a time to be a powerful engine and to achieve striking results; but in the end it harmed the movement. This was because the theory essentially represented the logic of capitalism, not of the co-operative movement. Our movement should have based itself more upon the individual members of its local retail societies and should not have relied to the extent that it did upon outside capital.

As long as we live in a capitalist world our consumers' co-operative movement is bound to be influenced to some extent by its capitalist environment which it cannot altogether ignore or avoid.

We now realise the seriousness of the errors made as a result of the theories of the advocates of over rapid expansion. We made light of the teaching of the Rochdale Pioneers that the co-operative movement should be based on a strong members' organisation if it is to compete with and overcome private traders in a capitalist society. We recognise too that we failed to realise that we should fail if we tried to compete with big business simply by giving priority to business management activities and thinking little of member involvement in the co-operative. It was to reaffirm the importance of strengthening member organisation in present economic conditions that the ICA Congress in Vienna adopted its new statement of co-operative principles. As oligopolies grow larger adherence to these basic co-operative principles will become more and more important.

In connection with co-operative principles I think it is particularly important for us to realise the practical demands which participation in co-operative management places upon the time and energy of individual members. It is very difficult to cultivate member loyalty in the co-operative movement in this age of mass communication, television and innumerable electronic devices which permeate the lives of the people. Our Japanese consumer co-operative movement has, therefore, been organising neighbourhood "Han Groups" consisting of about ten members. The function of these "Han Groups" is to promote group activities such as joint purchasing, home economics, consumer education, cookery etc. Based upon these members' activities we have been doing our utmost to raise our own funds from our own members and not to raise funds from outside. This objective has not yet been fully attained; but I

think it most important that retail co-operatives should maintain and develop their business activities mainly from their *own* funds and not mainly from loans from outside private banks. These co-operative business activities could easily be threatened and invite intervention by third parties if their financial structure were not sufficiently sound and stable to support their own self financing.

In 1949 and 1950 the Nada-Kobe Consumers' Co-operative Society, the largest in the country, was faced with financial difficulties and asked for assistance from a private bank. The bank said it was prepared to provide such assistance—but only on condition that changes were made in the society's board of management. The society rejected this demand and made an emergency appeal to its members to save their society from such outside interference; and the response from the membership was so good that the society succeeded in overcoming its financial difficulties. Since then this society has made remarkable progress and 360,000 families in the Nada-Kobe region belong to it. Its financial position today is based upon its own capital. There is some borrowing from the public loan system but none from private banks.

The Japanese consumers' co-operative movement had some bitter experiences in the years following the Second World War. In the light of this experience it seems to us that some European consumer co-operative movements face problems which could threaten their very existence.

For example in the paper on co-operative financing that was discussed at the 25th ICA Congress in Warsaw it was pointed out that co-operatives are in a more difficult position for raising capital than private traders, especially in view of the fact that retailing has recently become more capital intensive. Co-operatives have needed more capital. The paper says:

“The financing difficulties of consumer co-operatives derive from the

co-operative principle of a limited return on capital. A co-operative raises its share capital from members who, more often than not, have only limited savings. It offers them a limited return only with no prospect of capital gain. Also members are entitled to only one vote per member regardless of shareholdings. One consequence is that the distinction between share capital and loan capital has become blurred as far as co-operatives are concerned. If a share carries only a limited return and if it carries no additional voting rights it has little advantage to the investor over a loan. The net effect is to make co-operatives less attractive as an investment than private companies.

“The other competitive disadvantage of co-operatives in respect of financing arises from the fact that in many countries over past decades their ratio of loan capital to own capital has tended to be high compared to that of their competitors. In short they have had to place much greater reliance on borrowing which is a reliable and useful source of investment finance.”

And in its section on “Share Capital” the paper says:

“All co-operative societies raise their initial capital by the issue of shares to members. They may also raise capital by the issue of special kinds of shares and bonds, long term, short term or withdrawable on demand; and by the opening of savings accounts of various kinds for members. However movements differ considerably in the proportion of members' capital held in the form of shares. This proportion ranges from practically nothing in some places to 85% in the United Kingdom.”

These quotations show the tendency for the proportion of the share capital of co-operative societies to decline in relation to bonds, savings accounts and other forms of capital. Under present day exceptional conditions of rapid inflation

and high interest rates it is difficult to increase the share capital of members; but for this very reason it is urgently necessary to encourage the involvement of members in their societies and to make them unite in support of their societies as organisations to protect their livelihood and health.

I realise that the report of the ICA Commission on Co-operative Principles declared that:

“It is legitimate for co-operative societies to adjust the upward limit of their interest rates to the level set by the long term movement of interest rates.”

However we are very much surprised to have learned that the idea now exists in Europe that co-operatives should be able to issue non-voting shares and bonds not only to members but also to the general financial market—that is to the Stock Exchange and to the Money Market, even though each country has different co-operative legislation. This draws a distinction between membership and shareholding and threatens to upset the fundamental character of co-operatives as a community organised by its members according to their two basic functions, that of shareholders and that of customers.

Even if such shares have no voting rights, when a high proportion of share capital or bonds is held by outsiders the influence of outsiders and the risk of their active intervention will inevitably be strengthened. Needless to say this will have an adverse effect upon the development of co-operatives as a self governing democratic movement.

It is this idea of shares or bonds being held by outside interests that leads to the transformation of co-operatives into joint stock companies. It is thought that it is more advantageous for co-operatives to undertake their trading operations as joint stock companies instead of maintaining their original form of co-operative societies. It is reasonable to say that consumers' co-operative societies must compete effectively with private depart-

ment stores and supermarkets; but we consider that the very foundation of the co-operative movement is to be found principally in the unity and solidarity of its individual members. We consider that the conversion of co-operative societies into joint stock companies dissolves the co-operative unity among people and strengthens the power of capital.

To take another case that we examined, we were greatly shocked by the collapse of CO-OP Nederland. We followed the events leading up to this closely and noted that the main reason for the collapse was a neglect of the basic need of the co-operative movement to develop on the foundation of its individual members. There was more need for investment capital than the members were prepared to provide and, as a result, an unbalanced introduction of outside capital. At the time of the financial failure there were internal conflicts over amalgamations which had not been resolved, and there was financial intervention from the outside.

We in the consumers' co-operative movement of Japan have long been on very friendly terms with the consumers' co-operative movement of the Federal Republic of Germany. We have collaborated with it through exchange of personnel and we have done business with it though the volume of trade between us has not been large. In October 1973 our member society Nada-Kobe Co-op signed a fraternal agreement with Produktion CO-OP in Hamburg. We hope that friendship and collaboration between our two movements will be further developed.

Nevertheless we have strong reservations about the fact that the central organisation in the Federal Republic that we have known and respected over the years, the G.E.G., has been converted from a G.m.b.H. into an Aktiengesellschaft or joint stock company under the name Co-op Zentrale A.G. In accordance with Section 376 of company law in the Federal Republic of Germany outside

capital has been introduced to a certain extent. We understand that the work of the co-operative movement in Germany has long been hampered and restricted by legislative anomalies and that company law in Germany is much more modern than it is in Japan.

Legislation for consumer co-operatives in Japan, however, has more restrictive provisions than it does in the Federal Republic of Germany. It absolutely prohibits sales to non-members, it prevents societies doing banking business, and it restricts the trading areas of societies. These things have greatly hindered the development of our movement and we have been making strenuous efforts to get co-operative law amended in every session of the Diet.

However unfavourable co-operative law is to the development of the consumers' co-operative movement in Japan we think it vitally important that co-operative principles should be strictly observed. Legislation is the responsibility of the Diet whether it is favourable to co-operatives or not; but legislation can be changed and improved. But we should never forget that co-operative principles are immutable and provide a basis for replacing capitalism by something better.

At the meeting of the ICA Central Committee in Budapest in October, 1973, Mr Ch. Veverka, S.G.C.C., France, presented a report on the "Financial Aspects of International Co-operative Enterprises" in which he referred to the conversion of co-operatives into joint stock companies in the following way:

"The change into joint stock companies restores equality of opportunity with capitalist enterprises. Shares will only be remunerated to the extent of profit, if any. . . . The capitalist enterprise is well aware of how to make use of methods leading to successive increases in capital whereby subscribers are led to expect a subsequent accrued profit and a revaluation of their capital.

But shall we, in our co-operative societies, go so far as to revalue likewise the value of the shares for the benefit of the holders, while at the same time proposing to pay unlimited and increasing dividends on shares, at least in anticipation? We must clearly understand that if this practice is accepted it runs counter to our principles."

I consider the points made by Mr. Veverka to be very significant and important.

I should now like to present my views on one report and two articles. The report is section III on co-operative finance in the paper on "Multinational Corporations and the International Co-operative Movement: Managerial and Financial Imperatives" which was introduced at the 25th ICA Congress in Warsaw in October 1972 by Dr W. Peters, Federal Republic of Germany, and Professor P. Lambert, Belgium. The articles are "New Directions for the German Consumers' Co-operative Movement" by Dr Hans Eberhard Zaunitzer and published in Volume 64, No. 1, 1971 issue of the *Review of International Co-operation* and "New Forms of Collaboration between Consumers' Co-operatives in the Federal Republic of Germany," by Dr A. Peter and published in Volume 66, No. 4, 1973 issue of the *Review*.

Firstly the paper on "Co-operative Finance" discussed at the ICA Congress in Warsaw: I appreciate its keen analysis of present problems deriving from the essential character of co-operatives. The points covered deal with a wide range of problems of co-operative finance especially the financial handicaps of co-operatives compared with private businesses run as joint stock companies, share capital, savings, bonds, borrowing, co-operative property companies, financial collaboration between co-operatives, financial collaboration with trade unions, international financial collaboration, etc. As I have pointed out the basic ideas in this report

attach major importance to the problem of enabling co-operatives as "enterprises" to succeed in improving their financial strength in competing with multinational corporations. It seems to me that the paper fails to take into account the task of organising consumers and producers into co-operatives on a mass scale in order to present a countervailing power to that of the multinational corporations and in order to strengthen the finances of co-operatives at the same time.

Secondly the two articles in the *Review of International Co-operation*: these claim that the reorganisation of the central organisations of the consumers' co-operative movement in the Federal Republic of Germany in 1973 was undertaken in order to deal with three basic problems which can be summarised as follows:

- (1) Co-operative law in the Federal Republic and the application of legislation on taxation to co-operatives have been very unfavourable to the development of the co-operative movement. It has proved difficult for the German consumers' co-operative movement to get this legislation changed in spite of strenuous efforts over many years.
- (2) In view of the keen competition from private enterprise in the field of distribution, consumers' co-operatives have been obliged to convert themselves into capital intensive enterprises capable of vast investment; and to do this by amalgamations, by the integration of small and medium sized co-operatives and by conversion into joint stock companies which allow greater freedom of action and can bring great benefit to individual members through dynamic business leadership.

(Note: The movement transformed the former central organisation G.E.G. which was a G.m.b.H. into CO-OP Zentrale A.G. which is a joint stock company or public com-

pany. It was decided to promote the amalgamation and integration of leading retail societies under the legal form of co-operatives as laid down in the law of March 21st, 1973. The constitution of CO-OP Zentrale A.G. introduces outside shareholding up to 49% of its total share capital. No shareholder is allowed more than 10% of the total voting power so as to reduce the risk of excessive external influence. Non-voting preference shares in CO-OP Zentrale A.G. are issued to members of retail co-operatives).

- (3) In order to encourage investment and to enable shareholders to participate in the growth of co-operative assets a more flexible application of the co-operative principle of a limited return on capital has been adopted. It is claimed that this is necessary in conditions of inflation and high interest rates.

With regard to (1), I understand that these difficulties arise from certain special features of German legislation. But, frankly speaking, the right course to have taken would have been to have improved co-operative law. In fact the movement succeeded in doing this in September, 1973, after repeated attempts over many years. I think there is room for further discussion as to whether the right course was the immediate transformation of co-operatives into joint stock companies just because it was difficult to get co-operative and other legislation amended.

With regard to (2), we do not deny that it is necessary for co-operatives to adopt more dynamic business methods in order to compete more effectively with private traders in present economic conditions. In the Japanese movement there was a time when the theory of the rapid growth of consumers' co-operatives was influential and opinions similar to those now prevailing in Germany were widely held. All over the country existing co-operative

stores were extended and new stores were opened in spite of strains on the financial resources of societies, in order to raise the market share of the movement. This policy failed in a number of areas.

The Tokyo Consumers' Co-operative Society was established as a result of the "rapid growth" theory; and was under direct control of the Japanese Consumers' Co-operative Union. It was not successful. The affair was seriously criticised at the annual Congress of the Union in Fukushima City in 1970, when the Union severely criticised itself. If we try to compete with capitalist enterprises by the conversion of co-operatives into joint stock companies then the co-operative movement might be in danger of being integrated into the capitalist system. If we thought that co-operative principles were already the obstacle to co-operative development, then the co-operative movement would not exist any more. In this connection I think the German movement has been wise to leave its retail societies in the legal form of co-operative societies and also wise to have made determined and successful efforts to get co-operative law amended, after careful consideration of all these points, between December, 1972 and March, 1973.

With regard to (3), I think that co-operatives should be permitted to pay an adequate return on share capital comparable to prevailing interest rates as recommended by the ICA Commission on Co-operative Principles; but the payment of an unlimited return on capital is contrary to co-operative principles as Mr Veverka has pointed out.

It is surely a mistake from a co-operative viewpoint to seek to encourage investment by giving co-operative share-

holders the right to participate as shareholders in the growth of assets, for co-operatives have always been mutual self help organisations for safeguarding the livelihood of consumers and producers. They are not in business to pursue profit, that is to seek as high a return as possible on share capital for their members.

In this connection the article by Mr W. P. Watkins entitled "Challenge and Response: the present situation of the Consumers' Co-operative Movement" (*Review of International Co-operation*, Vol. 66, No. 4) impressed me very much, particularly in this paragraph:

"Success, however, is not to be achieved by attempting to beat capitalism by imitating capitalism's methods on capitalism's own ground, but by drawing on moral resources which capitalism cannot tap and by shifting the battleground to regions where the profit motive is not supreme as an economic driving force."

This is a comment on a tendency which seems to be not uncommon.

I am very much afraid that the German movement, which is one of the most influential movements in the ICA, is affected by such a tendency. If these ideas are widely prevalent in consumers' co-operative movements in Europe it could undermine the whole co-operative spirit and purpose. So when we look at the increasing influence on the daily lives of people throughout the world of the tyrannical power of the multinational corporations, I think it important and, indeed, imperative, that we as co-operators should do our best to safeguard the living standards of the mass of the people.

Au QUÉBEC l'avenir s'écrit "COOPERATION"



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Botswana Co-ops

by **Tony Hall**

OXFAM staff journalist

The Swedish aid administrator was quite unequivocal: "I dare to say that co-operative development has been more successful in Botswana than in any other country where we are involved."

He was not talking of size. There are other developing countries with far bigger, more complex co-operative movements. Nor did he deny that many other countries faced far more difficulties in setting up co-operatives.

He was referring to the financial viability of every primary society in the country, the community participation in each one—and the way all are supervised and co-ordinated in one national movement.

"It is because those who are steering the development know their own limits—they have gone first of all for what is practicable. They have limited themselves to what is accepted by villagers.

"No co-operative has been pushed into the villages. The people themselves have been motivated for it. And people always do their best when the idea comes from them, or when they feel the need to do something.

"Mistakes in some developing countries have come from pushing co-operatives too fast."

There are 16 consumer societies,

most in the eastern sector where the majority of Botswana's 650,000 people live. This is enough, in this very small nation, to make co-operatives the biggest retailer in the country—often the only one in a village—and to put a co-op shop in almost every town and big village.

The consumer societies have more than 10,000 members. With families averaging six people, this means they include more than 60,000 people—or 10 per cent of the population.

Where there have been setbacks, they illustrate the Swedish official's point: two shops that were closed down, had been built with outside help, before the local society members decided themselves that a shop should be built. So the people always felt that somehow this was other people's property—and somebody else's problem.

Last year, however, not one of the consumer societies had a deficit and all except one newly formed society, paid at least a 2 per cent bonus to members. Altogether the co-operatives did about 10 per cent of the national retail trade.

In the capital, Gaborone, the consumers' co-operative store is the biggest supermarket and, like co-op shops in the villages, helps to keep prices down.

Lack of organised competition is



Batswana farmers approaching their village.

definitely one of the reasons for the consumer societies' success. Mr Derek Heffer, the British head of co-operative accounting, explained: "There are no big catchment areas in Botswana to encourage the big supermarket chains from South Africa and Rhodesia to come in. If big competition does come, it will be in Francistown in the north, and Selebi-Pikwe, the new town being built to serve the copper nickel mines."

Competitors at the moment are Indians and Greeks. The big attraction of Indian shopkeepers in the villages is that they give credit. There are 29 thrift and loan societies in Botswana, but so far they are not notably successful. "We are trying to develop more successful credit unions so we can develop marketing societies to give credit facilities," Mr Heffer explained.

Tight supervision and financial checking is another reason for success.

The representative of one aid donor says: "This is the first country I've been in where I can find out how every penny has been spent. This is the only country so far where we have dropped the system of international auditing to check the spending of funds."

If competition has not been keen in retailing, it is very tough in cattle marketing—another field which the co-operative movement has moved into, and is carving out an increasing share for the small man.

Until a few years ago, cattle marketing was almost entirely in the hands of the big ranchers, almost all foreigners, and the middlemen speculators who would buy beasts all over the country, trek them southwards to the Botswana Meat Commission slaughterhouse in Lobatse—and sell them for almost twice the price they paid.

But Batswana cattlemen have got



Cattle finding some water in a river bed that is nearly dried out.

together in marketing co-operatives all over the country—there are almost 40 today—to trek their own animals by stages to the big slaughterhouse in Lobatse.

There, sales to the BMC are handled by Peace Corps volunteer Gary Bond and his staff, who in two years have built up the National Marketing Co-operative into a business worth \$200,000 a year.

The real stimulus for participation of the people in the economy is in cattle marketing, since beef, marketed through BMC, remains the country's main export.

Co-operatives have performed well in this competitive sector. Big European ranchers and local traders have watched, sometimes with trepidation, as the co-ops' share of cattle put through the BMC has risen from 5 to 12 per cent in two years.

The Batswana farmer received an average of about R100 (\$142) through the co-operative last year, compared with the

local traders' prices of R50 or less for the same cattle.

So the co-operatives are developing competitive muscle in an important sector, at a time when meat prices are soaring. They are able to produce highly visible benefits for their members.

Co-operatives started in 1964 with the registration of one marketing and one consumer society. Growth of the movement picked up from 1966 when the British Co-operative movement in association with Oxfam gave R60,000 (\$85,000) to establish the Co-operative Development Trust to provide loans for the launching and promotion of consumer societies.

Development on a much bigger scale got under way with the launching in 1969 of the UNDP/ILO project for co-operatives. The UN contribution for this first phase, which was completed at the end of 1973, was \$423,400, with

**LA
SAUVEGARDE**
COMPAGNIE
D'ASSURANCE SUR LA VIE
UNE INSTITUTION DU MOUVEMENT DES CAISSES POPULAIRES DESJARDINS



La Sauvegarde, doyenne des compagnies d'assurance-vie canadiennes-françaises, fut fondée en 1901. Le 7 août 1962, d'entreprise familiale qu'elle était, elle devient un nouveau chaînon dans l'économie coopérative québécoise, et la pérennité de son appartenance à la collectivité canadienne-française se trouve assurée du même coup.

Au cours de 1972, les assurances et rentes en vigueur ont dépassé le cap du milliard de dollars et son actif les cent millions, démontrant ainsi ses progrès constants depuis sa fondation. La philosophie coopérative qui la caractérise lui a de plus permis une nouvelle poussée de son action économique et sociale.

	1972	1967	1962
Assurances en vigueur	\$1 037 000 000	\$476 038 000	\$281 564 000
Nouvelles affaires	195 347 000	91 986 000	43 520 000
Actif	104 539 000	76 012 555	55 982 769

La Sauvegarde offre aux individus, aux familles et aux groupes une gamme complète de plans d'assurances bien adaptés aux besoins actuels. Les besoins des assurés de La Sauvegarde, des membres des Caisses populaires et de la population en général demeurent la première préoccupation de l'entreprise.

La Sauvegarde, consciente de la valeur de ses ressources humaines et techniques sur lesquelles elle peut s'appuyer, envisage un avenir prometteur bâti sur des défis positifs.

LA MAISON DES ARTS, LA SAUVEGARDE

Une œuvre socio-culturelle qui fait sa marque

Depuis sa fondation en 1965, cette œuvre philanthropique a permis à plus de trois cents artistes de faire valoir leur talent tout en



contribuant de façon concrète à la restauration du Vieux Montréal et à l'épanouissement de la vie culturelle au Canada français.

technical assistance and a variety of technical services provided through the International Labour Organisation. The Botswana Government contributed \$268,100.

By the end of 1972 the co-operative movement was in every sense a national one. There were more than 80 societies, forming a network of co-operatives throughout the country, almost all functioning successfully. The Botswana Co-operative Union was set up to serve the consumer and marketing societies. And in October, 1972 the Co-operative Development Centre, built with Swedish aid, was opened at Sebele outside Gaborone.

From this modest but up to date centre, a variety of expatriate and Botswana staff handles the supervision, promotion and auditing of all co-operatives. Courses are held regularly for co-operative staff and members. As the summary report on the UN project states: "Co-operative development is an exercise in adult education. If members and employees do not understand the nature of the enterprise, nor possess appropriate skills, the result is failure."

Head of the project is Mr Basil Loveridge, who started his working life in the British Co-operative Movement and had more than a decade of experience in promoting and advising co-operatives in the Middle East and Asia before coming to Africa. He spends half his time driving all over the country to provide the personal guidance, supervision and stimulus from headquarters, which plays a large part in keeping up the morale and efficiency of the far-flung village co-operatives.

Among Botswana's thousands of active co-operators are the 465 members of the Molepolole Consumer Society, in the sprawling dusty village near where

David Livingstone started his first mission. They gather for meetings in the little office/storeroom beside their co-op shop—sometimes in greater numbers than there are chairs for, so they sit on the floor.

Most of the vocal, activist members seem to be women. The committee is made up of the older villagers and the management is generally young. Frequently they discuss the expansion and improvements they would like to introduce: for example, to increase the lines of foodstuffs and basic household items, to include clothing, hardware, and basic drugs. They are thinking of buying a donkey cart or a bicycle, so customers who may live up to four miles away within the scattered village region can have a delivery service. The committee, however, will not sanction the purchase of a donkey cart until the profits show they can afford one.

But they will almost always heed the cautionary advice of the experts from Gaborone about expanding into more lines than they can manage.

Have things really changed since independence came eight years ago? One Molepolole lady spoke up sharply: "Life is much better than it used to be. Here we are in a co-operative store! We have our own children employed in our own place. And there is the discovery of minerals. They say the mines at Orapa will give three times as many diamonds as Kimberley does."

Co-operatives have given this lady a place in the economy—and have developed her expectations. She is among thousands who are being mobilised to expect—and trained to handle—a share of the benefits in the boom years that probably lie ahead for Botswana.

Sewing,
Weaving
and
Carpentry
at the
Umuauunu
Co-operative.



Co-operatives in East Central State of Nigeria:

A Case Study of Umuanunu Farmers Multi-Purpose Co-operative Society

by **Dr M. O. Ijere**

Head, Agricultural Department,
University of Nigeria

In Review No. 2, 1974, R. C. Maxon and A. U. Patel described how in the Western State of Nigeria in 1972 Badeka farmers formed a Pre-Co-operative organisation, "The Badeku Agricultural Production and Supply Company".

Due to the 95 per cent illiteracy in the village and absence of any leadership, the farmers felt the running of a Co-operative would be too complicated.

This challenge of forming a true Co-operative was however accepted by the people of Umuanunu in the East Central State as Dr M. O. Ijere explains in his article.

Rural transformation based on the co-operative idea can be a success given certain conditions, namely, a clear and consistent objective, an adaptive strategy, forthright leadership and the existence of a mechanism for the assessment of performance. The Umuanunu Farmers Multi-Purpose Co-operative Society is examined in this paper against this background. This society was formed in October 1966 to tackle socio-economic problems in the community and was ably supported by the regional government and the local people.

Part One

The Role of Co-operatives in East Central State

The multiferous problems affecting the poor in a rural setting can be tackled by a variety of means: through the capitalistic process of free-market mechanism, exclu-

sive state intervention and co-operation. In the Eastern Region of Nigeria in 1966, the choice was largely the last. The rationale for this approach was enunciated in a government policy statement of 1955 namely:

"The Government acknowledges the value of co-operative societies in the national life. That they are valuable because in co-operative societies the people organise themselves for active participation in measures to promote their own welfare and economic development; because through them Nigerian nationals can play a more prominent part in the economic life of the country; because in them people gain valuable experience of democratic procedures and modern business methods, and education and management of their own affairs; because they are organisations for self-help. . . . The Government also

appreciates that the co-operative movement can be an invaluable instrument for national development.”¹

In pursuance of the above policy the regional government passed into law “The Co-operative Societies Law and Rules of 1956” incorporating co-operatives into limited liability corporate bodies, at the same time providing audit facilities and for enquiry, arbitration, surcharge, liquidations and dissolutions where necessary.

A. Co-operative Performance 1955-67

As a result of government patronage and local enthusiasm co-operatives in Eastern Nigeria made spectacular achievements between 1955-66. The greatest success however was with thrift and credit societies. This is illustrated in Table I showing the position as of 1966.

The Co-operatives had a relatively poor performance in processing and marketing. In 1960/61 the Eastern Regional Government organised primary co-operative societies for the purpose of processing and marketing their products. Members were to get shares of the proceeds on sale. There were four such societies as of 31st March, 1963, and 4,355 tons of rice were processed. Deposits stood at £2,867 while paid up share capital amounted to £10,294. The societies made 41 loans amounting to £2,308.

Between 1961-63 the co-operatives achieved some degree of success particu-

larly with processing, but not so with marketing. “The reasons for this,” says Adeniyi Osuntogun, “were that there were no assured marketing outlets and there was lack of capital to finance the marketing operation.”² The declining role of marketing co-operatives can be seen in Table 2.

Other indices of the co-operative situation can be given.

Over 81,000 acres were acquired between 1961-67 by all agricultural co-operatives. Of these, co-operative community farms and farm settlements cultivated 19,600 acres of farm land for palms, cocoa, rubber and cashew and 12,590

Table I
Number and Type of Co-operative Societies
Eastern Region, 1966

Number	Type
1,448	Thrift and Credit
49	Thrift and Loan
44	Palm Produce Marketing
70	Farmers Co-operatives
2	Maternity Centres
2	Rice Mills
72	Community Farms
7	Farm Settlements
8	Housing
2	Crafts
81	Credit Unions
2	Oil Mill Unions
6	Co-operative Unions
7	Regional Apexes
1	Bank
6	Others
1,808	

Source: Registrar of Co-operatives Report, March 31, 1966. Ministry of Rural Development, Enugu, 1966.

1 Annual Report on Co-operative Dept. of Eastern Nigeria, 1955-56, par. 1, p. 27; see also Okpi, S. N. *The Co-operative Movement in Eastern Nigeria*, Report on the First All Co-operative Seminar. Nigeria National Press, Lagos, p. 14. Other useful information on the development and role of co-operatives in the Eastern States of Nigeria can be gleaned from S. N. Okpi, “Relationship between the Co-operative Division and the Co-operative Movement”. Paper read at the Seminar for Leaders of the Co-operative Movement in East Central State, 12-13th December, 1972; *Annual Reports* on Co-operative Dept. of Eastern

Region of Nigeria. Report of First Co-operative Seminar in Eastern Nigeria, 1963. (Ministry of Commerce. Official Document No. 31 of 1965). *Eastern Nigeria Co-operative Field-Workers Manual*. (Ministry of Commerce publication). *The Economic Development of Nigeria*, World Bank Report. Baltimore, 1963.

2 Osuntogun, Adeniyi, “Improving the Marketing of Food Crops in West Africa through the Development of Farmers Co-operatives”, *West African Journal of Agricultural Economics*, Vol. 1, No. 1, 1972 (Proceedings), p. 347.

Table II
Analysis of the Operation of Rice Processing and Marketing Societies in Eastern Nigeria, 1961-1964

	1961	1962	1963	1964
No. of Societies	4	4	4	4
Membership	185	227	222	181
Capital (£)	9,595	16,144	21,796	16,365
Tonnage Hulled	4,130	4,136	4,355	3,831
Surplus (£)	2,426	834	880	934

Sources: (1) Annual Report of the Co-operative Division, Ministry of Rural Development, Eastern Group of Provinces of Nigeria, 1962-64. Official Document, No. 14, 1966.
(2) Annual Statistical Digest of Eastern Nigeria, 1965. Statistics Division, Economic Planning Commission, Eastern Nigeria. Official Document, No. 21, 1966.
(3) Osuntogun, A. "Improving the Marketing of Food Crops in West Africa through the Development of Farmers Co-operatives." *West African Journal of Agricultural Economics*, Vol. 1, No. 1, 1972 (Proceedings), p. 348.

acres for maize, yams, rice and cassava. The rest were cultivated by Farmers Multi-Purpose Co-operative Societies.³

In 1967, the Co-operative Cocoa Exporters Ltd. handled 25 per cent of total cocoa; other co-operatives marketed 7.5 per cent palm oil; 9 per cent of palm kernel and over 60 per cent of rubber. In distributive trade, the consumers co-operative movement handled less than 1 per cent of Eastern Nigeria's trade.⁴ The co-operative share in the supply of agricultural inputs stood at 15-25 per cent, an evidence of farmers' reliance on their co-operative societies for seeds, seedlings, fertilizers, implements and insecticides.

Co-operatives assisted the Eastern Nigeria Marketing Board to build up the export of agricultural products and by their independent exportation of rubber, raffia and wood works, they earned foreign exchange for the region.

It was not expected that co-operatives should embrace all economic activities or affect all members of the population. Nevertheless, in the light of the encouragement given by the government, and the possibilities held out for them, the Co-operative Movement in Eastern Nigeria had barely scratched the

soil in its attempt to solve the socio-economic problems of the people. This was due not only to limited co-operative education, scarcity of supervisory staff, and limited finance, but to lack of a proper orientation. It had become abundantly clear that a new orientation in co-operative organisation was needed in Eastern Nigeria, one that would combine most of the functions of co-operation. Hence was born the idea of Farmers Multi-Purpose Co-operative Societies.

B. The Emergence of Farmers Multi-Purpose Co-operative Societies

The World Bank Report on Nigeria of 1954, titled *The Economic Development of Nigeria*, had drawn attention to suitable forms of co-operatives for Nigeria. Following this, a Conference of Co-operative Staff met in March, 1955 in Enugu, Eastern Nigeria, and held the view that a new type of society should be organised which would cater to the interests of farmers alone. From 1955-60 an attempt was made to concentrate on credit co-operatives. But the shortcomings of single-purpose co-operatives led to the establishment in 1960 of Farmers' Multi-Purpose Co-operative Societies (F.M.C.S.).

³ Okpi, S. N., op. cit. p. 15.

⁴ Wahlfor, O. (ILO-Expert) in a memorandum to the Government on the Establishment of a Co-operative Enterprises Development Centre, Geneva, 1967, p. 1.

The Philosophy

Farmers' Multi-Purpose Co-operative Societies have been defined as "a voluntary

and democratic organization wherein persons in rural communities join together for the attainment of two or more economic and social objectives, regardless of their religious and political ideologies.”⁵ These societies were designed to be a service centre for all the farmers’ needs as well as those of non-farmers such as artisans and fishermen whose lives are blended with those of agriculturists. They could take the form of co-operative community farming, farm settlements or unit co-operatives of the primary agricultural society type providing services relating to agriculture and allied activities of members.

interest were palm kernel cracking, garri grating and rubber processing. In agricultural processing, the F.M.C.S. continued the activities of Pioneer Oil Mills and Rice Mills, under a system of “Co-partnership” between the regional government and F.M.C.S. The superiority of this joint venture is in evidence in Table IV.

The phenomenal growth of the F.M.C.S. after the Nigerian civil war is illustrated in Table V.

Our survey of co-operative development in East Central State has shown that this form of socio-economic organisation was acceptable to the people and was

Table III
Growth of F.M.C.S.

Date	No. of Societies	Membership	Total Capital £
31-3-61	28	719	14,948
31-3-62	38	1,549	24,727
31-3-63	49	2,190	33,957
31-3-64	63	2,990	50,314

Source: Registrar of Co-operative Societies, Annual Report, 1962-64.

There was a three-fold growth in the number of societies, membership and finance from 1961-64. During the national crisis the newly-created Ministry of Rural Development took active interest in their promotion. Through them the government assisted rural areas. Philanthropic organizations and other voluntary agencies used them to settle displaced persons and promote agricultural enterprises.

By March, 1967 there were fifty co-operative weaving industries, four blacksmiths and carvers’ co-operatives, seven knitting and soap industries, one sheet metal industry, one wood workers co-operative and two timber and saw-mill co-operative societies.⁶ Other areas of

capable of achieving given objectives. Although the Multi-Purpose Co-operative Societies could be said to be quantitatively successful, yet their contributions in individual cases remained to be proved. The following investigation of the Umuanunu F.M.C.S. is expected to provide the information on this requirement.

Part Two

A. Case Study of Umuanunu F.M.C.S.

The Umuanunu Farmers Multi-Purpose Co-operative Society was founded in October, 1966 by the author in response to the influx of refugees from the crisis ridden parts of Nigeria and the mounting unemployment which was its consequence. The Ministry of Rural Development and the Rehabilitation Commission both at Enugu exercised a favourable influence on the establishment of the Society. Under the direct supervision of the former an

⁵ *Agricultural Co-operatives and Small-scale Agro-Industries*. Official Document No. 4, 1973, Ministry of Trade and Transport. Enugu, 1973. p. 2. See also *Co-operative Movement in Israel*, Tel Aviv, 1963.

⁶ Report on the Rural Services Division, Ministry of Rural Development. April, 1967.

Table IV
Palm Fruit Purchases Under Two Different Managements

Period	Fruit Purchased (in tons)	Management
1953 1954	337.63 } 476.14 }	Under Eastern Nigeria Development Corporation
1959 1960	1,207.13 } 1,246.00 }	Under Co-partnership

Source: Report of Registrar of Co-operative Societies, Eastern Nigeria, 1963.

Table V
Growth of Co-operatives, 1972-73

Period	No. of Co-operative Societies	No. of F.M.C.S.
March 1972	849	344
Sept. "	891	372
Dec. "	923	395
March 1973	967	529
July "	992	558

Source: East Central State Review. Government Printer. March-December 1972 and March-July, 1973.

area was selected in Umuanunu Nsu, Mbano, Okigwe as a suitable site for the project.

1. The Area

The project was located in Umuanunu village with a population of 4,000 (1963 census). This village is in Nsu Town with a population of 30,000 (1963). Nsu lies in Mbano Division (population 200,000) in the former Okigwe Province. The project was expected to affect an area of 20 square miles touching parts of Etiti and Okigwe divisions (559,000).

Most people in Nsu live in villages and carry on farming, handicrafts and trading. Land is fertile but limited as a result of population pressure. The social organization is the extended family system with no modern social security systems. The average family is made up of six members. Educationally, Nsu had nine primary schools in 1966, managed by voluntary agencies and turning out over 300 school leavers annually. There was one teacher training college, one secondary school for girls and no industry.

2. Problems to be tackled

The crucial problems to be solved by the co-operative society related to unemployment, rural exodus, lack of skills, resettlement of disabled and unused local resources.

(a) Unemployment

This was due to lack of rural industries or occupations. Schools turned out about 300 pupils annually without technical knowledge or competence.

(b) Rural Exodus

About 95 per cent of youths drifted to urban areas in search of jobs that did not exist. There was no meaningful activity to keep them at home.

(c) Lack of Skills

No competence in technical subjects. The knowledge of three "Rs" was not enough. The problem affected both boys and girls, but they could be taught trades and home management as a solution.

(d) Resettlement of Disabled

The crisis affected some youths, who could be gainfully prepared to lead normal, useful lives in the village.

(e) *Lack of Use of Local Resources*

Agricultural products (e.g. cassava, yams), timber and palm/kernels could be processed in the village by the application of simple modern tools or equipment.

The priority for a F.M.C.S. was based on the understanding that:

- (i) It is the best possible institution to deal with many-sided rural problems;
- (ii) It involves local people and thus has local support;
- (iii) It is capable of attracting government support and is easily evaluated for efficiency;
- (iv) It is self-financing in the long-run, once it has been set into operation.

3. Changes and Improvements Expected

With the formation of the co-operative project in October, 1966, the following results were expected:

- (a) More boys and girls would learn trades in the locality;
- (b) Production of clothes, food and furniture for local and external consumption, in quantity and quality hitherto unknown in the area;
- (c) Generation of employment in co-operative projects, as well as in others not directly related to them. Resettlement of displaced persons and incentive to self-employment.
- (d) Higher income and better living standards for the members;
- (e) Inculcation of co-operative principles, habits of thrift and saving and the spirit of self-help.

The projects were a practical approach to real problems. They emphasized learning and doing for all classes of people, particularly for youths and women.

4. The Planned Measures

By the formation of the society with 40 members, the co-operative started with:

(a) *Weaving*

Twenty boys and girls were admitted and an instructor appointed in October, 1966. Ten weaving looms and accessories were procured. In March, 1967,

the first 20 graduates passed out of the Centre, 15 of them worked in the co-operative centre earning money on piece rates, i.e. ten kobo per metre of woven cloth. Others started on their own.

(b) *Tailoring*

Six boys were enrolled and a tailor employed. The training lasted one year. This division sewed the products made by the weavers, which were in high demand in schools and colleges.

(c) *Farming*

One of the projects planned from the beginning was farming. In a Ministry of Agriculture memorandum of August 11, 1967, the Ministry promised to "use the Association as one of our starting points for the Expanded Production Drive next year".

By a letter of 24th May, 1967, 2RS/2/11/420 the Ministry of Rural Development authorised the survey of the land leased out and 50 acres of land were surveyed. As a result of the "land hunger" during the Nigerian civil war, the land was planted by the original owners, and lost temporarily to the Society.

(d) *Carpentry*

It employed ten persons. There was a couple of trained carpenters without tools and jobs. There were others wanting to learn the trade. A well-trained carpentry instructor was employed. Commercial sawing, planing and making of furniture were undertaken.

(e) *Domestic Science*

The division gave instruction in sewing, knitting and embroidery, preparation of home-made foods, household management, child-care and general sanitation. There was one instructor for 20 girls.

(f) *Small-Scale Industries*

Palm-kernel cracking, garri-processing, and soap-making were projected to occupy 20 people. These projects were delayed by the war.

B. The Umuuanunu Nsu F.M.C.S. in Retrospect: its Lessons

Quite often promoters of co-operatives in their absorption with the noble objectives of co-operation tend to lose sight of its defects and the fact that in many instances they cannot survive without perpetual subsidy from the state.⁷

Nobody disputes the desirability of co-operatives, or even the need for state support. What is asked, however, is that co-operatives justify their existence by contributing meaningfully to the enrichment of the lives of members in particular and the community in general. With this awareness the experience of the Umuuanunu F.M.C.S. can be highly illustrative and educative.⁸

I. The Strengths of the Umuuanunu F.M.C.S.

1. Planning

The co-operative society has clear-cut objectives from the outset: to solve certain socio-economic problems by the use of available resources. These objectives are up-to-date, understood and taken into account in all operations.

The society complied with a regional government requirement for market research and feasibility studies by competent University personnel, some of whom were members of the co-operative.⁹ Only on such a basis too, could a society qualify for a loan. By an order of the Regional

⁷ See the author's critique along these lines "Co-operative Efficiency: Myth or Reality", Paper read at the Seminar for Leaders of the Co-operative Movement in ECS 12-13th December, 1972. Compare also with the defence by Enyeribe Onuoha "Co-operative Humanism", *Renaissance*, March 14 and 15, 1973.

⁸ The most recent feasibility study was made by Dr Agom Eze, Lecturer, University of Nigeria (October, 1973). His analysis portrays the potential business volume and service requirements of the co-operative over the next several years.

⁹ See Idigo, J., "Criteria for Viability of a Weaving Centre". *Rural Services Newsletter*, Ministry of Rural Development, Enugu. No. 6, 31st July, 1967.

government in May, 1966, all primary and secondary schools in the region were to have uniforms made of locally woven materials. The author consulted schools to be affected and satisfied the Ministry requirements before the weaving centre was allowed to open.

The society's operations are adequately planned on both a long-range and a short-term basis in harmony with set objectives.

2. Organising

There is a well-defined organization plan relating personnel and facilities to tasks to be accomplished. Job descriptions are available for executives and supervisors. These make clear their responsibilities, authority and relationships. Instructors for weaving, tailoring, domestic science and carpentry were well qualified and selected against the requirements of the positions they occupied. They were eventually properly assigned in the organization and adequately remunerated. To provide for an eventual short-fall or drop in key positions, the society created positions of assistants, a type of counterpart training. Otherwise recourse was had to the labour market, which, fortunately, supplied adequate replacements.

3. Directing

Great importance is placed on the day-to-day execution of detailed activities. For this, instructions necessary to get things done have to be supplied, and the work of guiding, overseeing and coordinating the total operation carefully provided.

In consequence work assignments are fairly designed corresponding to practices in other co-operative societies. To ensure that directions are clear, only those who passed the Government Trade Tests and are active co-operators are employed. Such persons should be able to tell why or what action is required.

Criteria for position and performance evaluation were known. For example,

each weaver is expected to produce an average of six metres of cloth a day. Payment was made on ten kobo per metre of finished material. In addition, each instructor is capable of directing twenty weavers on the average. Thus, standards of performance or results are known and accepted.

4. Controlling

Control connotes checking results being achieved to ensure that plans of action are being carried out as intended. It also implies taking remedial action to prevent unwanted results.

The hired instructors or managers are empowered to direct business activities by regulating the operations of their business, and by guiding, instructing and giving orders. They can make short-range plans to achieve established objectives. It is their responsibility to co-ordinate those working under them to ensure that the goals of the co-operative are achieved.

The Board does not abdicate its responsibility of controlling the affairs of the co-operative. It keeps itself informed of services needed by members, directs and supervises the activities of the society, determines general policy and employs the personnel to carry out its functions. In a fundamental way, the Board makes long-term decisions, deals with financial commitments and the overall performance of the society.

The Board makes appropriate use of an external audit. Under its by-laws, the society is subject to periodic audit by the inspector of co-operatives living in Mbano division. There are specific records and accounts to be kept. The inspector ensures that they are modern and up-to-date. But there are three other factors which can be said to have had the greatest controlling effect on the co-operative. The first is the periodic review of the operations of the society by the board, the members of which, out of varying-interests, demand to know the operations and accounts of the society. The second is the use of an

operating budget. This is prepared once or twice a year and used to check current performance. The third is local sanction. It is this factor that was responsible for the retrieving of co-operative equipment which was looted at the end of the civil war. Most of the members belong to the same clan or kindred. They associate together because they trust one another. Persons of doubtful character never pass the screening stage of admission. It is regarded as anti-social to embezzle co-operative money or to misuse its equipment. Such cases, when they occur, are referred to the extended family for settlement where the individual proves intractable.

5. Co-operative Management

Many co-operatives fail because of weak management. Competent management, on the other hand, can make a difference between success and failure in co-operatives. This is likely to become more evident with the growing complexities of modern societies. The Umuanunu F.M.C.S. demonstrated some of the techniques of overcoming such strictures.

From the outset co-operators were educated in the principles of the co-operative movement. It was emphasised to them that the co-operative is a business organisation of a type with its own risks and uncertainties. As such it must be run like any other business with the aim of maximising resources and showing some dividends. Members are not to expect the co-operative to function as a charity, an unorganised market, or a philanthropy, nor should governmental patronage or subsidies be used as a cloak for sloth or inefficiency. These directives are not meant to debar the co-operatives from state assistance, but to warn members against unnecessary reliance on relief.

The Umuanunu F.M.C.S. was run as a business, though the social aspect of the society was always kept in view. Owners of the co-operative shared in the gains and losses in proportion to their

dealings with it. When a loan of £2,000 came from the Regional Rehabilitation Commission, the Board decided to employ local labour to put up the Co-operative Workshop. A Ministry evaluation of the building later on put it at £3,500. What a saving by the employment of business sense!

Although local leaders were available for voluntary services, it was soon discovered that the number of such dedicated, self-less people is always small and their services irregular. The Board had to decide in 1966 on some form of remuneration for the secretary and other hired staff. A nominal allowance was given the Secretary, while hired staff were paid the going rate for each profession.

The effect was more enthusiasm and regularity in the execution of duties. The payment also forced the society to work harder and make profit to keep staff and continue the projects. As to the staff, they had to justify their employment by their efficiency. It was clear to them that if their division failed, they would lose their jobs.

The maintenance of the co-operative management team was another pillar of strength for the co-operative society. This was achieved by a proper delimitation of authority and responsibilities of members, board and hired management, the freedom of hired instructors to make recommendations to the board according to their best judgement and a corresponding duty of the board to support them in appropriate cases. One consequence of this team spirit was the appreciation of the need for improvement. For example, it could be said without contradiction that the facilities of the co-operative society are attractive and suitable. Further, the community respects the society and has confidence in the management.

6. Socio-economic objectives

One way of assessing the impact of the Umuanunu F.M.C.S. is by looking at the extent to which it has been able to

achieve its socio-economic objectives, namely: provision of employment, re-settlement, stemming of rural exodus, teaching of skills, the fuller utilisation of local resources, and advancement of modern farming. The discontinuity caused by the war prevents a proper assessment over a reasonably long period.

In terms of employment the co-operative, between 1966-73 was successful in creating jobs for over 60 of its trainees: in weaving (30), tailoring (8), domestic science (12) and carpentry (10). Of these, 35 worked with the co-operative as journeymen; the rest took up self-employment, and in five cases became instructors in other co-operatives.

Up to December, 1968, the Co-operative Society was providing uniforms for over 50 primary schools, four training colleges and secondary schools and meeting the needs of a population of some 200,000 people. After the officers of the society had ascertained the requirements of the above, the weaving division wove the cloth, and the tailoring sewed them. The government 50 per cent subsidy per lb in the purchase of yarns was a favourable factor in the growth of weaving. The weaving section was also boosted by the addition of the popular Akwete cloth in May, 1972. As a result, the co-operative realised more income by the increased sales. Similarly, the carpentry division turned out high quality furniture at the request of individuals and schools. The Domestic Science section fed a teeming population with akara balls, moi-moi, and fried plantain.

The co-operative was able to re-settle thirty young men and women who lost their jobs in other parts of Nigeria. These came with appreciable skills in carpentry and tailoring and weaving, and found in the society a suitable place to utilise their skills once again. Iroko and other types of wood were quickly put to good use, and the same applied to other local raw materials.

The planned projects in small-scale

industries could not take off for lack of funds, and because of the desire of the board to consolidate its activities in the sections already in progress. As soon as this has been done, a nut-cracking machine will be installed to cater to the needs of the 12-13 hand-presses in the locality. Such a machine can be fixed or mobile, and will be invaluable to the co-operators and the community. The same applies to garri-processing. Cassava, once regarded as the "poor man's food" is now highly regarded everywhere, thanks partly to the modern methods of processing cassava into garri. Although the impact of the knowledge of home-management cannot be easily ascertained, it is obvious that it shows itself in better feeding, cleanliness and healthier homes.

7. Financial Management

The Umuanunu Co-operative Society started with a clearly planned budget, which was strictly adhered to all the time. A picture of the sources of funds and liabilities can be seen in Table VI.

The membership rose from 40 in October, 1966 to 60 in 1969; and share capital from £800 to £1,200. Loans amounted to £100 in 1966 and £150 in 1969. In October, 1972 the membership

stood at 40, share capital £400 and loans £50.

Generally activities were slowed down at the end of the civil war due to a variety of factors, chief of which were the migration of some members to the cities to seek wage employment, poverty (the share capital had to be reduced to £10 and since 1972 to £5), irregularity at meetings and the discovery of fraud in the Financial Secretary/Treasurer, who tampered with the accounts in the end-of-war confusions, and who also could not account for the Biafran money given him to exchange for Nigerian money.

To alleviate the members' inability to buy shares or pay dues the society after the war accepted labour services for clearing, felling of trees, carrying wood and other equipment in lieu of cash contributions. This method of paying for cash at a time when people are poor found favour with most affected members. It was emphasised to them, however, that they must save up little by little to build up the capital of the society.

II. The Weaknesses of Umuanunu Co-operative Society

1. There was a certain amount of misconception concerning the purpose of the co-operative society. From the outset,

Table VI
Trial Balance Sheet. October 1, 1969

Assets		Liabilities	
	£ s. d.		£ s. d.
Cash in hand			
Fees	5 0 0	Wages	38 0 0
Donations	4 0 0	Maintenance	3 5 0
Levies	12 0 0	Stationery	5 6 0
Interest on Loan	12 10 0	Transport	7 4 0
Sales—Cloth	113 15 0	Loan at Bank	3,000 0 0
Furniture	89 4 0	Bank Charges	150 0 0
Clothes	28 10 0	Dues to Union	5 0 0
Foods	7 10 0		
Cash in Bank	1,000 0 0		3,208 15 0
Equipment	550 0 0		
Building	2,000 0 0	Net Worth	813 14 0
Share Capital	1,200 0 0		
	£4,022 9 0		£4,022 9 0

Source: Computed from the Records of the Society as of October 1, 1969.

many of the members believed it was an avenue for obtaining government assistance. On this strength they were reluctant to pay up their share capital but were more prepared to ask for loans. And those who obtained them were unwilling to pay them back, arguing that it came from government money. A co-operative society, in the minds of many, was a relief organisation or a charity to disburse public funds.

2. The society was inclined at the beginning to count its success by the number of members it had. This was a mistaken view, because with time the very large size became unmanageable. It was evident that the Nigerian crisis with the forced return of many people to their villages, was a strong cohesive force necessitating their patronising the society. The co-operative spirit had not taken root yet with many.

3. The attendance at meetings is irregular; some members believe that it is enough to pay their dues and not to bother about the running of the society. The management, as a result, became more powerful than it should, finding itself left with most responsibilities which ordinary members would normally carry.

4. There was a tendency to mistake enthusiasm for integrity in the choice of executive members. The case of the mismanagement of funds by the Financial Secretary/Treasurer is an example. The society was lulled into entrusting him with its finances, only to discover quite late that this official had used the society to enrich himself.

5. The lack of co-operation from local ministry officials after the civil war demoralised the members. Looking back on the pre-war situation when the Ministry of Rural Development gave the society its unqualified support, the members expected in vain the same type of support after the war. But it was clear that the ministry personnel were more interested in the more valuable Uboma rice, five kilometres away, than in the Unuanunu co-operative, described by one inspector as "too technical". Rather than use this rebuff as a challenge and opportunity for self-help and personal initiative, the majority of the members shifted their eyes to the educated ones expecting them to carry the whole responsibility of reactivation.

Conclusion

Quality and not quantity of membership is the objective in the future. The Umuanunu F.M.C.S. has a great potential in transforming a rural community into a beehive of activity and modernity. For once, it has dawned on the youths that jobs can be created, high quality products manufactured and skills acquired in the village. The experience has also shown that self-help and co-operative efforts are the key to the mobilisation of local resources for socio-economic development. Finally, the continued existence and stability of F.M.C.Ss, and in fact all types of co-operatives depend on the quality of management personnel in the widest sense of the term.

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The Co-operative Way of Housing in Canada

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The cooperative system is one of the alternatives available to people in need of housing but in only a few countries of the world is it widely used and highly developed. Apart from some parts of Europe, especially the Scandinavian countries and Poland, the cooperative way in housing has not made headway to the point of providing for a high proportion of the population. In North America the largest concentration of cooperative projects is in New York City. In Canada, while the self-help cooperatives for construction of individual homes are quite numerous in some provinces, the multiple-housing projects providing rental-type accommodation for members are relatively new and still few in number. However, the latter type will be described in more detail in this paper as having much greater potentiality for large centres of population.

The Cooperative Idea

All cooperatives have this in common: they belong to those who use the service they provide. They are business organisations owned and operated by people as users rather than as investors.

Cooperatives also observe certain rules which place individual persons at a superior level of control vis-a-vis invested capital. Voting is by the democratic

principle of "one member, one vote" instead of according to the number of shares held. And the earnings on capital, after a normal rate of interest, belong not to the owners of capital, but to those who, as consumers, created the earnings. Cooperatives may seem on the surface to be quite similar to other business, but in this respect they are essentially different.

Cooperatives are also distinguished from other business by their dual nature, being both economic and social. Their immediate aims are economic, through efficient operation of a business enterprise, but their long-term and more remote aims are viewed in terms of social purpose.

Cooperative Concepts in Housing

Since there is nothing new or difficult to understand about a group of people constructing houses to be individually owned when completed, there is no need to explain this type of cooperative further. But it should be stated here for the record that this kind of cooperative effort has produced some of the most inexpensive low-cost housing in Canada. For some twenty years the building cooperatives, as they are commonly called, have constructed up to 15 per cent of new housing in the province of Nova Scotia and a smaller percentage in other eastern provinces.

But this is a limited and temporary kind of cooperative which normally terminates when the houses for all members—usually a small number, perhaps ten—have been built. Its main limitation, especially in these days of rapid urbanisation, is that it is inappropriate and unworkable in large centres of population with high-priced land. So it seems inevitable that building cooperatives in the future will be confined to smaller places and at best will be only a fringe activity in national housing programmes.

So this presentation will be in terms of the continuing housing cooperative with a larger number of members, usually 50 to 200 or more in Canada, owning some form of multiple housing. This is a new form of housing in Canada. Its aim is to provide housing for people of moderate and low incomes. In several respects it is the most innovative form of housing being tried in Canada today.

As applied in a housing cooperative, the cooperative idea means, above all, joint ownership of the accommodation by the residents. It means, in effect, that a member in a cooperative project of 50 units owns 1/50 of each unit instead of a single unit outright. For success there must, therefore, be total commitment to the concept of collective responsibility.

In terms of conventional housing, the novel feature of housing cooperatives—and frequently the most difficult for the general public to understand—is that it provides housing which is at once ownership and rental accommodation. Cooperative tenure implies that the members are collectively owners but individually renters. They are both landlords with proprietary rights and tenants with long-term security of tenure. The ownership feature is especially important for families of lower income, because the great social injustice in most policies for low-cost housing is the assumption that low-income people may be permitted to live in it but they cannot own it.

From the Rental Viewpoint

On the rental side, the great significance of cooperatives is that, in contrast to all other forms of rental accommodation, they have the effect of making owners, those responsible for management, and the residents all the same people, and thus they achieve the same kind of integrity that attaches to individual home ownership, with the reservation, however, that members cannot offer their accommodation for sale on the market.

Another feature of housing cooperatives now being organised in many parts of Canada is that they are structured and operated as non-profit corporations and thus enjoy the benefits that go with such housing under federal legislation. Again, the concept of non-profit is often misunderstood by the general public. In this context it does not mean housing built without normal remuneration to those who build it. It means housing that is not produced nor operated primarily to yield a profit on investment but rather produced and operated for the use and benefit of those who occupy it.

Housing cooperatives are planned and organised primarily to serve the needs and aspirations of those who are either obliged to or prefer to rent their living accommodation. In Canada as in most countries this is a constantly growing proportion of the population. In 1961, 66 per cent of Canadians lived in accommodation which they owned, while 34 per cent were renters; by 1971, these figures had changed to 60 and 40 respectively. It is not hard to imagine the situation very soon when half the population will be living in housing which they rent, and it is for a large number of these people that the cooperative idea will be particularly attractive.

New Features Emerging

A few years ago, starting about 1970, certain features began to emerge in the organisation of housing cooperatives that,

taken together, constitute an innovative departure from Canadian conventions. The most important was a formula providing for mixed incomes, essentially allowing for a broad band that would include both low and moderate or medium incomes. Its purpose was to ensure that members would not be forced to leave a cooperative as their income rose—they would simply be required to pay a surcharge in order to equate the rate of interest with the market. But instead of paying the surcharge to the lender, in this case * Central Mortgage and Housing Corporation, the federal housing authority, the cooperative was allowed to retain it to assist members at the other end of the income scale. Thus there are now a number of cooperatives generating internal subsidies for low-income families, and all cooperatives operating as non-profit corporations are expected to follow this pattern in the future. In any cooperative of this kind now in operation, one is likely to find a range of incomes from \$6,000, occasionally less, to \$15,000, sometimes more.

The voluntary creation of a community of mixed incomes has obvious social values for the nation. It tends to get away from the stereotyped kind of neighbourhood which automatically carries an income-tag and encourages social in-breeding at separate levels from top to bottom. But more importantly, it tries to avoid the creation of ghettos for the poor, where by sheer concentration their problems tend to be intensified and perpetuated.

Spokesmen for cooperative housing in Canada insist that they are not interested in simply building cheap housing for the poor. They aim instead to build or acquire good housing for families or persons within a broad mix of incomes, where the poor can find their place without stigma, for they believe that inferior housing should not be a badge of their poverty that the poor must forever wear for purpose of social identification.

The Question of Land

Another feature is the tendency of these cooperatives to seek land in the public domain by leasehold instead of purchasing it at market prices. This makes good sense since the cooperative is not built as an investor enterprise and therefore has in mind no thought of capital gain in land-holding. From the viewpoint of the public interest it is sound commonsense too. This has the effect of reducing the frightening hurdle of land acquisition to a minimum.

Normally the lease period is 50 or 60 years, sufficient to overlap the mortgage by at least ten years, and the public authority, whether municipal, provincial or federal, or any combination of these, will attach certain conditions in return for a favourable rate of ground rent. A cooperative project completed in Ottawa, the national capital, in the fall of 1973 had the land assessment set at the same level as land for public housing, and the annual rent set at the same concessional rate as the mortgage. This resulted in very low-cost land, less than \$10.00 per unit per month.

In one province, British Columbia, with federal assistance for its programme of public land-banking, the government is attempting to make land available for non-profit housing cooperatives as quickly as they can be formed. Where necessary the provincial government purchases land needed for a project, as long as it can be obtained at a fair market price, and then leases it to the cooperative at 4 per cent of assessed value per year.

This partnership between citizens and government to provide good housing for people of medium and low income is now seen as a basic requisite for the development of non-profit cooperatives on a large scale. A bank of non-market land is the primary need for low-cost housing everywhere, for it is patently clear that we can never have a satisfactory programme of low-cost housing as long as we have to live with a high-cost land

system. It is remarkable how North Americans frequently recommend land reform for the economic and social ills of Latin American, without ever thinking that radical land reform is needed at home before we can ever manage to solve our housing problems.

The Creation of Community

Another feature of continuing housing cooperatives of immense value to society at large as well as the members is the milieu and opportunity they create for good community living. Especially when they are established on the foundation of an educational programme which includes group study and planning, where different views and ideas are circulated and debated, they easily become neighbourhoods where problems are often converted into imaginative and constructive solutions. Especially when facilities for common use, such as day-care centres and hobby rooms, are built into the design and their cost is calculated and accepted beforehand, well-planned housing cooperatives quite naturally become a creative and satisfying environment for families and persons of every age.

One cooperative in Canada last year completed a community centre with conveniences and facilities usually found only in rental accommodation of the luxury class but which are made possible in a cooperative by careful budgeting and group effort. Another completed an expansion for a day-care centre, recreation area, leisure lounge and library for senior citizens, as well as a co-op store. The cooperative community also makes it easier for families to plan together for youth camps, holiday tours and vacation trips that might well be beyond their means if undertaken individually.

Of course, what is commonly called "community spirit" and group activities of various kinds do not develop automatically nor all at once, but must be nurtured by a vital and dynamic educational programme. In short, good coopera-

tive housing is not just a project of so many units but housing in a milieu of sharing and concern for human values. Seen in this way, it can be a curative for one of the great ills of society: the alienation and loneliness of individuals in modern urban life. In the affluent suburbs of our cities, the sorriest void may be the almost total absence of true community within a collection of houses occupied by people who are in reality isolated from one another.

New Legislation

Fortunately Canada now has housing legislation which not only provides for this kind of housing but actively encourages it. The National Housing Act was substantially amended in early 1973 to make way for a variety of housing forms and programmes to match the hopes and needs of people of low and moderate income and of citizens' groups concerned with the quality of the environment and the need for better neighbourhoods. The Bill for the new amendments passed the House of Commons on June 12 and shortly afterwards was proclaimed.

Among other things it provides for the first time for financing non-profit housing, including cooperatives, to be owned by the residents—formerly it could be owned only by sponsors. Recognising the difficulties faced in initiating non-profit housing, the legislation also includes start-up funds, 100 per cent loans, a mortgage write-off of 10 per cent and long-term loans at the most favourable rate. Cooperatives will be eligible, again for the first time, for the purchase and rehabilitation of existing housing, and may also qualify for residential rehabilitation loans with a special "forgiveness clause" for families with incomes up to \$11,000. They may also be recognised as rental housing eligible for rent supplements which are shared 50/50 by federal and provincial governments on behalf of low-income people. And the National Housing Act now has a special section on

cooperative housing.

All this opens up possibilities which were formerly closed to housing cooperatives, mainly because the cooperative way in housing was, before the new legislation, understood as just another facet of individual home ownership and therefore subject to the usual constraints of home-owner loans.

Low-Cost Factors

It may well be asked: But what are the low-cost factors in cooperative housing? What savings are made? and by whom? The land factor has already been explained. If a cooperative can lease land from the public domain at a special rate in recognition of its service in social housing, then of course there are substantial savings through lower monthly charges.

In construction costs there may not be great savings to be made if quality is kept at a high level. So in the early stages of planning, the developing group will discuss with potential members what the cost factors are and how aspirations for decent housing and the realities of financing it can be reconciled. It is for this reason that proponents of cooperative housing in Canada strongly favour an educational programme for those who are to be future residents before planning and decision-making have advanced far. If residents know beforehand how much various designs, features and conveniences cost, they are more likely to accept planning within the limitations of a realistic budget.

In the beginning one of the greatest obstacles to cooperative housing was the absence of a delivery system capable of, on the one hand, organising and assisting groups in need of housing and, on the other, acting as an intermediary in dealing with all the forces of production, including professionals, government, builders, contractors and suppliers of both interim financing and mortgage loans. It is at this stage that some savings may be realised but, as stated above, they may not be

very great. In fact, the experience so far shows that a unit in a cooperative project costs about the same to build as in other forms of housing when all items are accounted for. The best that can be said, when members are ready to move in, is that this is housing turned over to them at actual cost.

The great savings in cooperative housing begin to show up after the units are occupied and increase the longer one lives there. The capital costs become frozen at that point and thus the cooperative controls the main inflationary factor in housing. From that point the only increases in monthly charges will be those that reflect actual increases in taxes and maintenance costs. In this way the co-op members have the same hedge against inflation as homeowners have, but only as long as they remain in the project or can move to a similar one. And of course as long as the cooperative operates on the par value principle, a member departing takes with him only the actual amount deposited as "down payment" in the beginning and the new member obtains housing that is really low-cost. It is for this reason that well managed housing cooperatives have long waiting-lists of potential members.

Summary of Advantages

In Canada, the cooperative idea in housing is being carried out in two distinctly different ways. In building cooperatives, small groups of people who are willing to contribute through their labour a "sweat equity" to the construction of separate houses for individual homeowners, are constructing some of the lowest low-cost housing in the country. But apart from the smaller places this method is not likely to be of great significance in the future, even though there are quite substantial savings to be made by it.

However, the continuing non-profit housing cooperatives are a way of obtaining low-cost housing which has virtually unlimited possibilities, provided the appro-

priate policies and support are available. In assessing their value, with the needs of the people they are intended to serve in mind, these benefits and advantages stand out clearly:

- ★ These cooperatives are the only housing that give proprietary rights to those who are obliged to or who prefer to rent accommodation.
- ★ They are the only form of social housing that provides for residents' participation in matters of planning and management.
- ★ They are virtually the only form of ownership open to low-income people in the housing market of most large urban areas.
- ★ They are the only form of multiple housing which allows the owners, those responsible for management and the residents to be all the same people and

thus achieve the kind of integrity which attaches to single-family ownership of a home.

- ★ These are the only projects that set out deliberately to achieve a broad mix of incomes and thus avoid the creation of ghettos for the poor.
- ★ They do not seek to own land but are satisfied to lease it from the public domain.
- ★ They are the only privately-owned housing that does not aggravate the inflationary forces in the housing market.
- ★ They are the only form of housing that undertakes to generate subsidies that do not come from the public purse.
- ★ Because of long-term security of tenure for members, they are the only form of social housing that fosters building of community.



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The Programmes of Principle and Consumer Policy of the Finnish E Co-operative Movement

by **Eero Ollikainen**

Sectional Chief, KK Education and Publicity Department

On May 24, 1973, the 57th Annual Congress of the Co-operative Union KK accepted unanimously the proposals for programmes of principle and of consumer policy for the Finnish E Co-operative Movement. The working-out of the programmes was decided upon by the Annual Congress of the previous year.

In order to perform this task, the Board of Management of KK appointed two working parties. One of them, which consisted of 15 lay members, was to determine the general guidelines and decide on the final wording of the outline programmes. The other working party, which represented the employees, was to collect the material needed and write the text of the programmes.

Before the programmes were accepted by the Congress they were dealt with widely by the members of the E Movement and by other workers' organisations. During this discussion more than 30,000 people expressed their opinions of the contents and forms of the programmes. Besides the administrative organs of the consumer co-operative societies, district unions and the member bodies of the E Movement, i.e. the E guilds and the AE committees, the programmes were discussed by wide circles within the Finnish Labour Movement. The scope and liveli-

ness of the discussion went beyond all expectations. The authors of the programmes received almost 3,000 different proposals for improvement and general comments to back them up in their work. Remarks were concentrated on a few points. Changes were made on the basis of the discussion in about 70 points but the original spirit of the programmes remained as it was in the outline programmes.

The Programme of Principle

Firstly, the programme of principle defines the ideological basis of the E Co-operative Movement. It declares co-operative ownership, financial democracy, equality and solidarity as the basic values of the E Movement. Through these values the E Movement has the same ideological basis as the other sectors of the Labour Movement.

After the definition of the basic values the programme is divided in three sections. In the section "Consumer's position in society" the circumstances under which the consumer has to live, the powers influencing these circumstances and the position of the consumer are dealt with. Proprietary relations, distribution of income and influencing the consumers through commercial information media

are regarded as the most powerful factors.

The section "Consumers in co-operation" analyses the possibilities for consumers to better their own position through collaboration, and the joint efforts of the organisation of the consumers and other progressive forces. In this section the principles of the International Co-operative Alliance are accepted in the form agreed to in Vienna in 1966.

The programme demands open pricing and creating of new consumption models that meet the needs of the consumers. The paragraph dealing with personnel policy states that the interests of the members, too, require democracy in the E Movement.

The programme also states that in the fields of trade and production the co-operative movement can only affect to a limited extent the conditions under which the consumer participates in the market. For this reason the E Movement has to act intensively as a pressure group to ensure and promote the consumers' interests.

As a pressure group, the E Movement works in collaboration with other progressive forces. Thus close relations have been established between the E movement and various labour organisations.

The programme emphasizes that the farmers, too, are consumers. Their interests are basically the same as those of other consumers. The E Movement works as a link between wage earners and farmers and removes unnecessary middlemen between agricultural production and consumption.

The section "Co-operation and solidarity across national borders" deals with the co-operation of hundreds of millions of people in the fight against want and injustice. The E Movement wants to develop collaboration with the co-operative movements of all nations, particularly with those of Finland's neighbours, the Scandinavian countries and the Soviet Union.

The programme insists on societies banning importation of goods from countries tolerating racism or inhumane production conditions which the U.N. has condemned.

The programme declares that the final goal of the E Movement is a society where no man is the object of another's manipulation and no one speculates with another's needs to make a profit.

The Programme of Consumer Policy

The programme of consumer policy of the E Movement was partly worked out in connection with the creation of the programme of principle. Its policy is ideologically based on the programme of principle and the ICA declaration of consumer rights.

The programme distinguishes two lines of activities in the consumer policy of the E Movement. The section which deals with practical consumer policy in the E Movement analyses the means by which participating in distribution and production, it can ensure the interests of the consumers. The other section deals with the activities of the E Movement as a pressure group in the interests of consumers.

The guiding principle of the practical consumer policy of the E Movement is that consumers must be able to rely on the willingness and ability of their own co-operative society to ensure the interests of its members and other consumers. The consumers should also be able to count on being heard in their own co-operative.

The duty of the E Movement in marketing is to meet the true needs of consumers. For the planning of stocks and services, information is required about the needs of consumers and the properties and uses of goods. It is particularly important to get information about the experiences and wishes of consumers through shop personnel.

The programme analyses the methods which should be applied for the benefit of the consumer within trade and produc-

tion. Attention is paid to product development, handling of complaints, pricing, consumer information and advertising. For instance, stricter limitations than the International Code for Advertising Practice are set to the advertising of the E Movement.

The training of employees and elected officers is seen as an important means of serving the consumers' interests. The training of elected officers in the field of consumer policy is believed to help in leading the consumer policy at national level in the right direction.

The educational work of the E Movement aims at educating members to be critical consumers who understand the significance of collaboration for the improvement of the consumers' position; who know their responsibility and rights as members of a co-operative society; and

who want to take an active part in the development of both their own co-operative and the whole E Co-operative Movement as a pressure group serving the consumers and carrying on consumer policy.

Every day the E Movement gains a lot of experience and knowledge of the abuses prevailing in the consumer field. All of these cannot, however, be remedied by means of trade, production and educational work. Therefore the E Movement, as a consumers' pressure group makes proposals to the authorities and presses them for legislative and other measures in the interests of consumers.

The section of the programme which handles the E Movement as a pressure group draws guide-lines for a consumer-oriented legislation and for education and information to be carried out by society at large in the field of consumer policy.



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New Delhi 14, India. Tel. 631541 632093.**

**International Co-operative Alliance
Regional Office for East and Central Africa**

**Regional Director: Mr Dan Nyanjom
PO Box 946, Moshi, Tanzania. Tel. 2616.**

Affiliated Organisations

Angola: see "Zaire".

Argentina: Federación Argentina de Cooperativas de Consumo, *Avda. Suárez 2034, Buenos Aires*. Tel. 28-5381/3.

Intercoop Editora Cooperativa Limitada, *Humberto 1°, 2318—1° P.-A., Buenos Aires*. Tel. 99-3193.

Asociación Argentina de Cooperativas y Mutualidades de Seguros, *Avenida de Mayo 1370, Piso 1°, Buenos Aires*. Tel. 33-0222/7138.

Federación Argentina de Cooperativas de Crédito Ltda., *Pueyrredon 468, 2° Piso, Buenos Aires (RC 24)*. Tel. 86-6283.

Asociación de Cooperativas Argentinas, *25 de Mayo 35, Buenos Aires*.

Confederación Cooperativa de la República Argentina Ltda. (COOPERA), *Luis María Campos 1588, Buenos Aires*.

Instituto Movilizador de Fondos Cooperativos, *Urquiza 1539, Rosario*.

Australia: Co-operative Federation of Australia, Secretariat: *569 Wellington Street, Perth, Western Australia 6000*. Tel. 21-0191.

Austria: "Konsumverband" Zentralverband der österreichischen Konsumgenossenschaften, *Theobaldgasse 19, A-1061 Vienna VI*. Tel. 57-75-38.

Membership (1972): 582,000; turnover: retail trade: Sch. 8,724 mill. (thereof consumers' societies: Sch. 7,466 mill.; department stores: Sch. 1,203 mill.; other retail trade: Sch. 55 mill.); wholesale society (G.Ö.C.): Sch. 3,394 mill.; own production: consumers' societies: Sch. 1,064 mill.; G.Ö.C. and subsidiaries: Sch. 580 mill.

Österreichischer Verband gemeinnütziger Bau-Wohnungs- und Siedlungsvereinigungen, *Bösendorferstrasse 7/11, 1010 Vienna*. Tel. 65-71-63; 65-13-25.

1972: Affiliated organisations: 277 (comprising 164 societies and 133 associations); membership: 167,737; administered units: 357,241 (of which 156,144 correspond to the societies and 201,097 to the associations; closing balance for 1971: Sch. 56,4 mill. (of which Sch. 25,6 mill. correspond to the societies and Sch. 30,8 to the associations).

Österreichischer Raiffeisenverband, *Seilergasse 16 Vienna 1*. Tel. 52-69-34.

Bangladesh: Bangladesh Jatiya Samabaya Union, "Samabaya Sadan" (1st floor) *9/D-Motijheel Commercial Area, Dacca 2*. Tel. 255846.

Provincial Fishermen's Co-operative Society Ltd., *Iqbal Road, Patharghata, Post Box 27, Chittagong*. Tel. 80587; 85967.

Belgium: Fédération belge des Coopératives (FEBECOOP), *26-28 rue Haute, 1000 Brussels*. Tel. 13-28-60; 11-83-50.

Affiliated consumers' societies: 21; membership: 300,000; turnover (1968): Frs. 4,180 mill.; shops: 1,409; Wholesale society turnover (1968): Frs. 1,272 mill.

Société Coopérative d'Assurances "La Prévoyance Sociale", *P.S. Building, 151 rue Royale, 1030 Brussels*. Tel. 18-80-80.

Premiums (1966): Frs. 1,903 mill.; reserves: Frs. 6 milliards; insurance funds, life: Frs. 20 milliards.

Fédération Nationale des Coopératives Chrétiennes, *135 rue de la Loi, 1040 Brussels*. Tel. 35-60-90.

(1967): 1,250 shops; turnover: Frs. 1,430 mill.; Savings Bank: 2,050 branches; 500,000 members; deposits: Frs. 12 milliards; Insurance Society: 290,000 policy holders; premiums: Frs. 450 mill.; reserves: Frs. 1,300 mill.

L'Economie Populaire, *30 rue des Champs, 5300 Ciney (Namur)*. Tel. 228-01.

Branches (1970): 466; membership: 98,456; turnover: F.B. 1,319,000,000; savings deposits: F.B. 380 mill. + 340 mill. CEP (Private Savings Bank, Ltd.); capital and reserves: F.B. 208 mill.

Inspection General des Services Agricoles Coopération, *33 rue de Sélys, 4370 Waremme*.

OPHACO (Office des Pharmacies Coopératives de Belgique), *602 Chaussée de Mons, Anderlecht-Brussels 7*. Tel. 22-56-90.

Union of 26 co-operative societies owning (in 1972) 473 pharmacies, 63 optical departments, 6 drug stores, 14 wholesale depots. Turnover (1972): Frs. 3,469.3 mill. Surplus distributed to 544,000 members: Frs. 137 mill.

Centrale des Caisses Rurales du Boerenbond Belge (CERA), *Minderbroedersstraat 8, 3000 Leuven*. Tel. 279.31.

Bulgaria: Central Co-operative Union, *Rue Rakovski 99, Sofia*. Tel. 7-83-11; 8-03-11.

Cameroon: West Cameroon Co-operative Association Ltd., *P.O. Box 135, Kumba, Meme Division, West Cameroon*. Tel. Kumba 251.

Canada: Co-operative Union of Canada, *111 Sparks Street, KIP 585 Ottawa 4, Ont.* Tel. 232-9657.

A federation of English-language co-operative organisations, organised in 1909.

Conseil Canadien de la Coopération, *Case postale 58, Station N, Montréal 129*. Tel. 866-8048.

Ceylon: See "Sri Lanka".

Chile: Cooperativa Sodimac Ltda., *Casilla 3110, Santiago de Chile*. Tel. 734023.

Cooperativa de Empleados Particulares Ltda., *Teatinos 610, Casilla 424, Santiago de Chile*. Tel. 82935.

Instituto de Financiamiento Cooperativo, IFICOOP, Ltda., *Agustinas 853, Oficina 547, Casilla 1118, Santiago de Chile*. Tel. 398253.

Unión Cooperativa de Seguros (Ucoseg) Ltda., *Moneda 1040, of. 704-705, Santiago de Chile*. Tel. 81295; 65100.

Unión de Cooperativas de Consumo y Servicios de Chile Ltda. ("U-Coop"), *Agustinas 1141, 7° Piso, Casilla 14439, Santiago de Chile*. Tel. 715256.

Colombia: Cooperativa Familiar de Medellín Ltda., *Calle 49, No. 52-49, Medellín*. Tel. 45-00-55; 41-71-13; 41-53-78.

Instituto Nacional de Financiamiento y Desarrollo Cooperativo (Financiacoop), *Carrera 13, No. 27-00, Edif. Bochica, piso 2°, Int. 9, Apto. Aéreo 12242, Bogotá*. Tel. 81-06-00.

Congo, Democratic Republic of: See "Zaire".

Cyprus: Co-operative Central Bank Ltd., *P.O. Box 4537, Nicosia*. Tel. 62921; 62677; 63311.

Cyprus Turkish Co-operative Central Bank Ltd., *P.O. Box 1861, Nicosia*. Tel. 4257.

Vine Products Co-operative Marketing Union Ltd., *P.O. Box 314, Limassol*. Tel. 2331; 2872; 4582.

Czechoslovakia: Ustredni Rada Druzstev, *Tesnov 5, 11006 Prague 1*. Tel. 621-54; 647-51.

Denmark: De samvirkende danske Andels-selskaber (Andelsudvalget) (The Central Co-operative Committee of Denmark), *Vester Farimagsgade 3, DK-1606 Copenhagen V*. Tel. 12-14-19. Telex: 19297.

Det Kooperative Faellesforbund i Danmark, *Kronprinzensgade 13, 1114 Copenhagen K*. Tel. 12-22-62.

Affiliated societies (1963): 634; total sales: D.Kr. 1,582 mill.; employees: 12,500; comprising consumers', workers', artisans, productive and housing societies, etc.

Faellesforeningen for Danmarks Brugsforeninger (FDB), *Rósklldevej 65, Albertslund*. Tel. 64-88-11.

Affiliated societies (1969): 1,742; membership: 839,000; turnover: 4,032 mill. D.Kr.; Wholesale turnover: 2,198 mill. D.Kr.; own production: 741 mill. D.Kr.

Fiji: Fiji Co-operative Union, Registry of Co-operative Societies, Co-operative Department Suva, Fiji.

Finland: Suomen Osuuskauppojen Keskus-kunta (S.O.K.), (Finnish Co-operative Wholesale Society), *Vilhonkatu 7, 00101 Helsinki 10*.

Affiliated societies (1973): 229; membership: 592,000; wholesale turnover: Fmk. 3,104.2 mill.; own production of S.O.K.: Fmk. 438.1 mill.

Yleinen Osuuskauppojen Liitto r.y. (Y.O.L.), (General Co-operative Union), *Vilhonkatu 7, 00101 Helsinki 10*.

Affiliated societies (1973): 229; membership: 592,000; turnover of societies: Fmk. 4,664.4 mill.; total production of affiliated societies: Fmk. 59.2 mill.

Kulutusosuuskuntien Keskusliitto (K.K.), r.y., *P.O. Box 740, 00101 Helsinki 10*. Tel. 10491.

Affiliated societies (1973): 70; membership: 580,470; turnover of societies: Fmk. 2,934 mill.

Keskusosuusliike O.T.K. (Central Co-operative Society) O.T.K., *P.O. Box 120, 00101 Helsinki 10*. Tel. 750731.

Affiliated societies (1973): 70; turnover: Fmk. 2,080 mill.; own production: Fmk. 646 mill.

Pellervo Seura, Central Organisation of Farmers' Co-operatives, *Simonkatu 6, P.O. Box 77, 00101 Helsinki 10*. Tel. 602066.

Affiliated organisations (1973): 9 central organisations; 885 societies.

Pohja Yhtymä, *Runeberginkatu 5, 00100 Helsinki 10*.

France: Fédération Nationale des Coopératives de Consommateurs, F.N.C.C., *89 rue la Boétie, 75008 Paris*. Tel. 225-99-98.

Affiliated societies (1970): 315; membership: 3,400,000; shops: 8,300; turnover: NF. 6,100 mill.

Société Générale des Coopératives de Consommation, *61 rue Boissière, 75 Paris XVI*. Tel. 553-88-22.

Confédération Générale des Sociétés Coopératives Ouvrières de Production, 88 rue de Courcelles, 75008 Paris. Tel. 622-07-81/2.

Banque Française de Crédit Coopératif, 88 rue de Courcelles, 75008 Paris. Tel. 227-48-03.

Confédération Nationale de la Coopération, de la Mutualité et du Crédit Agricoles, 129 Bd. St. Germain, 75006 Paris. Tel. 033-93-31.

Caisse Nationale de Crédit Agricole, 91-93 Boulevard Pasteur, 75 Paris XV. Tel. 273-90-00.

Fédération Nationale des Sociétés Coopératives d'Habitation à Loyer Modéré (H.L.M.), 20 rue de Richelieu, 75 Paris 1er. Tel. 266-4520.

Confédération des Coopératives de Construction et d'Habitation, 23 rue du Dome, 92100 Boulogne.

Confédération des Organismes de Crédit Maritime Mutuel, 18 bis, Avenue Hoche, 75008 Paris. Tel. 267-14-50.

Gambia (The): Gambia Co-operative Union Ltd., P.O. Box 505, Bathurst. Tel. 581.

German Democratic Republic: Verband der Konsumgenossenschaften der-DDR, Stresemannstrasse 128, 108 Berlin.

Federal Republic of Germany: Bund deutscher Konsumgenossenschaften G.m.b.H., Besenbinderhof 43, (2) Hamburg 1. Tel. 284-4001. Affiliated societies (December 1969): 115; membership (end of 1969): 2,235,000; turnover (1969): D.M. 4,827 milliards.

Co op Zentrale A.G., Besenbinderhof 43, (2) Hamburg 1. Tel. 284-4310.

Total turnover incl. subsidiaries (1969): D.M. 2,462 milliards.

Gesamtverband gemeinnütziger Wohnungsunternehmen e.V., Bismarckstrasse 7, 5000 Cologne 1. Tel. 52-31-81.

Volksfürsorge Lebensversicherung Aktiengesellschaft, An der Alster, (2) Hamburg 1.

Volksfürsorge deutsche Sachversicherung Aktiengesellschaft, Steinstrasse 27, (2) Hamburg 1.

Deutscher Raiffeisenverband e.V., Adenauerallee 127, 53 Bonn. Tel. (0-22-21) 1061.

Ghana: Ghana Co-operative Council Ltd., P.O. Box 2068, Accra.

Greece: Membership suspended.

Guyana: Guyana Co-operative Union Ltd., Ministerial Buildings, High Street and Brickdam, Georgetown.

Haiti: Caisse Populaire Dominique Savio, 57 Rue Riguard, Pétiion-Ville.

Hungary: National Council of Consumers' Co-operative Societies (SZOVOSZ), Szabadság tér 14, Budapest V. Tel. 113-600; 112-800.

National Council of Industrial Co-operatives, OKISZ, Postafiók 172, 1143, Budapest 70. Tel. 188-800; 188-806.

National Co-operative Council, P.O. Box 661, H.1373 Budapest V. Tel. 113-600; 112-800.

National Council of Agricultural Co-operatives, Akadémia utca 1-3, Budapest V. Tel. 113-600; 112-800.

Iceland: Samband Isl. Samvinnufélaga, P.O. Box 180, Samband House, Reykjavik. Tel. 17080.

India: National Co-operative Union of India, B-125, Sarvodaya Enclava, New Delhi Tel. 110017.

Indonesia: Dewan Koperasi Indonesia, 28 Jalan Djenderal Soedirman, Djakarta. Tel. 581400

Iran: Sepah Consumers' Co-operative Society, Avenue Amir-abad shomali, Iran Novin corner, Teheran. Tel. 636001/2/3.

Credit and Housing Co-operative Society of Iran, 20-22 Shahabad Avenue, Teheran.

Central Organisation for Rural Co-operatives of Iran, 357 Pahlavi Avenue, Teheran. Tel. 64210.

Consumers' and Services Co-operative Society for the Ministry of Labour and Social Affairs Employees, Ministry of Labour and Social Affairs, Teheran.

Irish Republic: Irish Agricultural Organisation Society Ltd., The Plunkett House, 84 Merrion Square, Dublin 2. Tel. 64783/4-6.

National Organising and Advisory Body for Agricultural Co-operatives. Affiliated organisations: 341; membership: 162,249; turnover (1971): £335,014,154.

Co-operative Development Society Ltd., 35 Lower Gardiner Street, Dublin.

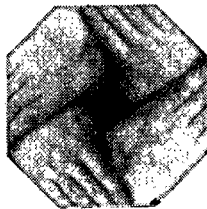
Israel: General Co-operative Association of Jewish Labour in Eretz-Israel "Hevrat Ovdim" Ltd., P.O.B. 303, Tel-Aviv. Tel. 46111-35.

Affiliated societies and companies (1963): 1,855 in all branches.

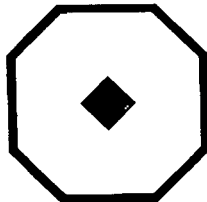


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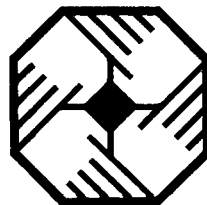
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Montréal, Québec, Canada

"Haikar" Audit Union of Agricultural Societies of the Farmers' Federation of Israel, *8 Kaplan Street, P.O.B. 209 Tel-Aviv*. Tel. 250881.

"Bahan" Audit Union of Agricultural Co-operative Societies in Israel, *47 Nachmani Street, P.O.B. 622, Tel-Aviv*. Tel. 614933.

Italy: Lega Nazionale delle Cooperative e Mutue, *Via Guattani 9, 00161 Rome*. Tel. 868-141/2-4.

Confederazione Cooperative Italiane, *Borgo Santo Spirito 78, 00193 Rome*. Tel. 653-875; 565-605; 565-614.

Associazione Generale delle Cooperative Italiane, *Via Parma 22, 00184 Rome*. Tel. 462-659; 471-846.

Japan: Nippon Seikatsu Kyodokumiai Rengoka (Japanese Consumers' Co-operative Union), *1-13, 4-chome, Sendagaya, Shibuya-ku, Tokyo*. Tel. Tokyo (404) 3231.

Zenkoku Nogyokyodokumiai Chuokai (Central Union of Agricultural Co-operatives), *8-3, 1-chome, Otemachi, Chiyoda-ku, Tokyo*.

Zenkoku Gyogyo Kyodokumiai Rengokai (National Federation of Fisheries Co-operative Associations), *Co-op Building, 7th floor, 1-12 Uchikanda 1 chome, Chiyoda-ku, Tokyo 101*.

National Federation of Forest Owners' Co-operative Associations, *11-35, Nagato-cho, 1-chome, Chiyoda-ku, Tokyo 100*.

Jordan: Jordan Co-operative Organisation, *P.O.B. 1343, Amman*. Tel. 23101/3.

Kenya: Kenya National Federation of Co-operatives Ltd., *P.O.B. 49768, Nairobi*. Tel. 21487; 32106/7.

Korea: National Agricultural Co-operative Federation, *75, 1st Street, Chung-Jong-Ro, Sodaemun-ku, Seoul*. Tel. 73-0021; 75-2681.

Malaysia: Co-operative Union of Malaysia Ltd., *Peti Surat 817, Kuala Lumpur*. Tel. 23903.

Co-operative Central Bank Ltd., *29 Leboh Ampang, P.O. Box 685, Kuala Lumpur*. Tel. 26531/4.

Co-operative Bank Malaysia Ltd., *140 Jalan Ipoh, Peti Surat 1024, Kuala Lumpur*. Tel. 299677; 299679.

Sarawak Co-operative Central Bank Ltd., *Kuching, Sarawak*.

Malaysian Co-operative Insurance Society Ltd., *36 Jalan Ampang, P.O. Box 817, Kuala Lumpur*. Tel. 87915/6.

Angkatan Kerjasama Kebangsaan Malaysia Berhad (ANGKASA), *Jalan Templer: Petaling Jaya, Selangor*.

Federation of Housing Cooperatives, *Bangunan CCB. 29 Leboh Ampang, Kuala Lumpur*.

Malta: Farmers' Central Co-operative Society Ltd., *New Building, Middleman Street, Marsa*. Tel. Cent 24896.

Mauritius: Mauritius Co-operative Union, *Co-operation House, Dumat Street, Port Louis*. Tel. 822.

Netherlands: Dutch Federation of Workers' Productive Co-operative Societies, *Nieuwe Gracht 5, Utrecht*. Tel: 331 331

Nigeria: Co-operative Union of Western Nigeria, Ltd., *c/o Co-operative Buildings, New Court Road, Ibadan, P.M.B. 5101*. Tel. 24399; 24446.

Lagos Co-operative Union Ltd., Co-operative Office, *147 Yakubu Gowon Street, Lagos*. Tel. 58920/85.

Mid-Western Nigeria Co-operative Federation Ltd., *Private Mail Bag 1021, No. 4 Murtala Mohammed Road, Benin City, Mid-Western State*. Tel. 594.

Norway: Norges Kooperativ Landsforening, *Revierstredet 2, Post Box 451, Sentrum, Oslo 1*. Tel. 20-62-90. Telex: 19 540 H.Q.

Affiliated societies (1973): 720; membership: 430,000; turnover of local societies: N.Cr. 3,900 mill.; of NKL N.Cr. 1,500 mill.

Norske Boligbyggelags Landsforbund (NBBL), *Trondheimsveien 84-86, Oslo 5*. Tel. 37-29-70.

Pakistan: West Pakistan Co-operative Union Ltd., *11 Masson Road, P.O.B. 905, Lahore*. Tel. 54203.

Karachi Central Co-operative Bank Ltd., *14 Laxmi Building, Bunder Road, Karachi 2*. Tel. 36185.

Karachi Co-operative Housing Societies' Union, *Shaheed-e-Millat Road, Karachi 5*. Tel. 40244.

Karachi Co-operative Union Ltd., *Co-operative House, Shaheed-e-Millat Road, Karachi 5*. Tel. 230289.

Fishermen's Co-operative Society Ltd. (FISCOS), *Fish Harbour, West Wharf Road, P.O. Box 5328, Karachi*. Tel. 229101; 224457.

Sind Baluchistan Provincial Co-operative Bank, Ltd., *Provincial Co-operative Bank Bldg., Serai Road, P.O. Box 4705, Karachi 2*. Tel. 32361; 37290: 34736.

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Peru: Cooperativa de Seguros del Perú Ltda., No. 170, *Maximo Abril 552, Lima*. Tel. 46769.

Banco Nacional de las Cooperativas del Perú Ltda., *1 Av. Tacna 411, Apartado 4895, Lima*. Tel. 276569.

Philippines: Central Co-operative Exchange Inc., *P.O.B. 1968, Manila*. Tel. 7-60-09.

Grains Marketing Co-operative of the Philippines "Gramapoc" Inc., *107-D Arellano Street, Calocan City*. Tel. 23-91-40.

Filipino Cooperative Wholesale Soc. Inc., *P.O. Box 4439, Manila*.

Poland: Central Agricultural Union of "Peasant Self-Aid" Co-operatives, *Kopernika 30, Warsaw*. Tel. 26-39-69; 26-10-81.

Central Union of Building and Housing Co-operatives, *Ul. Marchlewskiego 13, Warsaw*. Tel. 20-90-29.

"Spolem"—Union of Consumer Co-operatives, *Grazyny 13, Warsaw*. Tel. 45-32-41.

Central Union of Work Co-operatives, *Surawia 47, Warsaw*. Tel. 28-51-86.

Supreme Co-operative Council, *Ul. Jasna 1, Warsaw*. Tel. Warsaw 26-72-21; 27-13-26.

Portugal: UNICOPE - *Avenida da Boavista, 3292 Porto*.

Puerto Rico: Co-operative League of Puerto Rico, *458 Fernando Calder, Apartado 707, GPO San Juan*. Tel. 764-2727.

Romania: Uniunea Centrala a Cooperativelor de Consum, "Centrocoop", *Strada Brezoianu 31, Sectorul 7, Bucharest*. Tel. 16-00-10; 13-87-31. 1969/70: Associated 1,728 Consumers' Co-operatives in 39 District Unions; membership: 7 mill.; 28,000 retail shops: of which 8,100 public catering units; 7 processing and marketing enterprises; 18 production enterprises; 17 building enterprises; 20,400 servicing units; 18 educational centres.

Central Union of Handicraft Co-operatives, "UCECOM", *46, Calea Plevnei Street, Sector VII, Bucharest*. Tel. 13-16-48.

Uniunea Nationala a Cooperativelor Agricole de Productie, "Uncap", *25 Bd. Gheorghe Gheorghiu-Dej, Bucharest*.

Singapore: Singapore Co-operative Union Ltd., *Post Box 366; Office and Library: 3-J/K Clifford House, Singapore 1*.

Sri Lanka: National Co-operative Council of Sri Lanka, *P.O. Box 1669, Co-operative House, 455 Galle Road, Colombo 3*. Tel. 85496.

Sweden: Kooperativa Förbundet, *S-104 65 Stockholm 15*. Tel. International: 46-8-449560; National: 08-44-90-60.

Affiliated retail societies (1972): 210; membership: 1.7 mill.; total turnover of consumer societies: Kr. 9,211 mill.; turnover of K.F.: Kr. 7,387 mill. (thereof Kr. 5,044 correspond to affiliated consumer societies); K.F.'s own production: Kr. 3,489 mill.; total capital (shares, reserves and surplus) of K.F.: Kr. 1,124 mill.; of affiliated consumer societies: Kr. 1,271 mill.

HSB:s Riksförbund ek. för., *Fack, S-100 21 Stockholm 18*. Tel. 54 05 40.

Affiliated building societies (1974): 88; membership: 339,992; No. of completed units: 347,871; production value: Kr. 18,921 mill.

Svenska Riksbyggen, *Hagagatan 2, P.O. Box 19015, S-104 32 Stockholm 19*. Tel. 34-05-20.

Folksam Insurance Group, *Folksam Building, Stockholm 20*. Tel. 22-01-00.

Lantbrukarnas Riksförbund, *S-105 33 Stockholm 3*. Tel. 14-16-00.

Kooperativa Gillesförbundet, *S-104 65 Stockholm 15*. Tel. (08)44-90-60; (08)44-95-60.

Switzerland: Coop Schweiz, *Thiersteinallee 14, CH 4002 Basle*. Tel. (061)35-50-50.

Affiliated organisations (1972): 186; retail outlets: 1,938; membership: 897,054; Coop total turnover: Fr. 4,135 mill.; Coop retail turnover: Fr. 3,463 mill.; Coop Schweiz wholesale turnover: Fr. 2,086 mill.

Verband sozialer Baubetriebe, *c/o SBHV., Sihlpfach, Zürich*.

Genossenschaftliche Zentralbank, *Aeschenplatz 3, CH 4002 Basle*. Tel. (061) 23-84-00.

CO-OP Lebensversicherungs-Genossenschaft Basel, *Aeschenvorstadt 67, CH 4002 Basle*.

Tanzania: Co-operative Union of Tanganyika Ltd., *National Co-operative Building, P.O. Box 2567, Dar-es-Salaam*. Tel. 23077; 23344; 23347.

Thailand: Co-operative League of Thailand, *4 Pichai Road, Dusit, Bangkok*. Tel. 811414.

Turkey: Türk Kooperatifçilik Kurumu (Turkish Co-operative Association), *Mithatpasa Caddesi 38, Yenisehir, Ankara*. Tel. 12-43-73.

Uganda: Uganda Co-operative Alliance, *P.O.B. 2215, Kampala*. Tel. 56984/6.

U.S.S.R.: Central Union of Consumers' Co-operative Societies of the U.S.S.R., "Centrosoyuz", *Tcherkassky per no. 15/17, Moscow*. Tel. 221-7253.

Consumers societies (1970): 14,868; members: 59,637 mill.; shops: 369,700.

United Kingdom: Co-operative Union Ltd., *Holyoake House, Hanover Street, Manchester M60 0AS.* Tel. 061-834 0975.

Affiliated retail societies (1971): 303; membership: 11.3 million; share capital: £142 million; retail sales: £1320, million.

Co-operative Wholesale Society Ltd., *P.O.B. 53, New Century House, Corporation Street, Manchester M60 4ES.* Tel. 061-834 1212.

Co-operative Insurance Society Ltd., *Miller Street, Manchester 4.* Tel. 061-832 8686.
Assets (1964). £369 mill.

Co-operative Bank Ltd., *P.O. Box 101, New Century House, Manchester M60 4ES.* Tel. 061-838 1212.

Plunkett Foundation for Co-operative Studies, *31 St. Giles', Oxford.* Tel. 0865-53960.

Uruguay: Centro Cooperativista Uruguayo, *Dante 2252 Montevideo.* Tel. 41-25-41; 40-90-66.

U.S.A.: Co-operative League of the U.S.A., *1828 L Street, NW, Washington, D.C. 20036.* Tel. (202) 872-0550.

Yugoslavia: Glavni Zadruzni Savez FNRJ, *Terazije 23/VI, Belgrade.* Tel. 30-947/9.

Zaire: Centrale Générale des Coopératives Angolaises, *B.P. 6039, Kinshasa 1.*

Zambia: Zambia Co-operative Federation Ltd., *P.O. Box 3579, Lusaka.*

INTERNATIONAL ORGANIZATIONS

Organization of the Cooperatives of America, *Ap. aéreo 2738, Lima.*

Nordisk Andelsforbund (Scandinavia), *3 Axel-torv 1609 Copenhagen V, Denmark.* Tel. 15-15-33.

International Co-operative Bank Co. Ltd. (INGEBA), *Dufourstrasse 54, P.O.B. 243, CH 4010 Basle, Switzerland.* Tel. 23-58-27.

International Co-operative Petroleum Association, *28 West 44th Street, New York, N.Y. 10036, U.S.A.* Tel. LA 4-4455.

Sociedad Interamericana de Desarrollo y Financiamiento Cooperativo (SIDEFCOOP), *Casilla de Correo 4311, Buenos Aires, Argentina.*

International Co-operative Housing Development Association (ICHDA), *Suite 1007, 1012-14th Street, N.W. Washington, D.C. 20005, U.S.A.* Tel. 202-737-3420.



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Review of INTERNATIONAL CO-OPERATION

The official Organ of the International Co-operative Alliance

Editor: J. H. Ollman

Vol 67 Nos 5 and 6

1974

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The ICA is not responsible for the opinions in signed articles

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The Conference

3RD INTERNATIONAL CONFERENCE ON CO-OPERATIVE THRIFT & CREDIT

London 10–14 June 1974

FOREWORD

by **Dr S. K. Saxena,**

Director ICA and Conference Secretary

This issue of the Review contains the report in brief of the proceedings of the Third International Conference on Co-operative Thrift and Credit which was held in London in June 1974 under the presidency of Dr M. Bonow. The Conference marked an important stage in the development of the work which is now being carried out under the direction of the International Liaison Committee on Co-operative Thrift and Credit. For the ICA, which is represented by the Banking Committee, the Liaison Committee provides an important and flexible instrument for keeping contacts with Thrift and Credit organisations throughout the world, some of which are not in membership of the Alliance. A study of the proceedings will indicate the concerns which exercised the minds of Co-operators at the Conference and the recommendations provide a good basis for future practical action.

It is not possible here to summarize the important points made in the discussions. Two aspects may, however, be noted. First of all, the continuing problem of inflation and the consequent erosion of savings pose a serious threat to the operations of thrift and credit societies. This is a problem which calls for action on many fronts. The reform of the international monetary system, based on a consensus among governments on measures to correct the imbalances which characterise the present international financial scene, is a necessary precondition and the thrift and credit movement must act as a pressure group both nationally and internationally. At the same time, a number of steps must be taken in order to increase the efficiency of co-operative societies. Some of these measures were discussed at length by the Conference.

The second and most encouraging aspect of the Conference, in my view, was the seriousness with which practical programmes of interlending were discussed in two sessions on June 12 and 13. The relevance of co-operative organisations to act as channels through which finance can be transferred from one part of the world to another was emphasized. ICA's recent study entitled "International Financing of Co-operative Enterprise in Developing Countries", and the World Council of Credit Unions' efforts to develop international interlending programmes are welcome efforts, but clearly much more needs to be done and the process needs acceleration with the support of all agencies.

The full report of the Conference will be available in the near future and can be obtained from the ICA. I would like to take this opportunity to thank all those who contributed to the success of the Conference in different ways.

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Day 1

SECTION I

Democracy and Efficiency in Thrift and Credit Co-operatives

Proceedings of the Third International Conference on Co-operative Thrift and Credit

Introduction

The Third International Conference on Co-operative Thrift and Credit held under the auspices of the International Co-operative Alliance from 10th to 14th June 1974 at the Bloomsbury Conference Centre, London, marked a notable advance on its two predecessors. It is not simply that it was more representative of this branch of Co-operation, in that the 32 countries represented by its 150 participants were ten more than in the conference at Paris in 1970, and that there was a greater variety of co-operative and mutual savings, credit and banking organizations sending delegates, that observers were present from a larger number of international organizations and specialized foundations, notably the ILO, FAO, ICFTU, the Friedrich-Ebert and Adenauer Foundations engaged in assisting the economic and social progress of newly emancipated nations in the early stages of their modern economic development. It is that, with lengthened experience of working together, the members of the International Liaison Committee, representing eight national unions or federations, besides the International Co-operative Alliance and the World Council of Credit Unions, were able to plan and carry out a series of discussions with more clearly-defined and concrete aims than on previous occasions.

There was also an external circumstance, widespread monetary inflation with

its inevitable consequences for every corner of the world economy and its special menace of frustration, and even paralysis, for savings institutions through its destructive effect upon thrift, to induce and maintain a seriously reflective mood amongst the participants. As these conferences meet at four-yearly intervals the theme and its treatment had been decided long before the rate of inflation accelerated into a world menace. Nevertheless, to survey the whole field of co-operative thrift and credit from the two standpoints of democracy and efficiency, at all levels from the local to the international, was a refresher exercise in fundamentals which could not be *mal à propos* or anything but salutary, whatever the external situation.

Study of the list of participants is rewarded by discovery of interesting details of the composition of the Conference. Europe was the continent most strongly represented, both by number of countries (12) and number of delegates. Seven African countries were represented and six countries each in Asia and America, North, Central and South. An Australian delegation represented Oceania. France was the country with the largest delegation which comprised, besides officers of national and regional mutual and co-operative credit organizations, both urban and rural, representatives of important banking institutions such as the *Crédit Lyonnais*, the *Crédit Foncier* and the *Banque Nationale de Paris*. Canada also

Day 1 Introduction and Opening Session

sent a strong delegation, the majority of its members coming from the Québec Federation of Desjardins People's Banks. There was some disappointment, however, that the small delegation from the German Federal Republic included no representatives of the twin organizations whose origins, far back in the nineteenth century, entitle their country to be called the fatherland of Co-operative Credit.

The relatively even distribution of delegations between Asia, Africa and Latin America is obviously due, more than any other factor, to the extension in recent years of the Credit Union Movement and its early establishment of continental confederations, under the leadership of the World Council of Credit Unions. Significant also was the presence of delegates of banking institutions serving primarily, if not exclusively, particular branches of Co-operation, such as those integrated with the consumers' co-operative movements of Great Britain, Germany, Sweden and Switzerland, as well as of banks serving practically all forms of Co-operation in their respective countries, such as those of Cyprus, Israel, Malaysia and Nigeria. Noteworthy again is the fact that officers of non-trading national co-operative unions, like the British, the Turkish and the Co-operative League of the USA, were closely following the proceedings. The International Co-operative Alliance was represented by a large number of officers of its London Headquarters staff, the Directors of its Regional Offices for South-East Asia and East and Central Africa, the President and Manager of the International Co-operative Bank Company (INGEBA) and members of three of the ICA Auxiliary Committees, Banking, Insurance and Housing.

Opening Session

At the opening session on Monday, 10th June, DR MAURITZ BONOW, President

of the International Co-operative Alliance, took the chair and welcomed the Assembly on behalf of the International Liaison Committee. He read a message from the RT HON MRS JUDITH HART, Minister for Overseas Development in the British Government, who was prevented by official duties from welcoming the Conference in person. Expressing her regret Mrs Hart said that she was "especially concerned with the need to bring effective economic progress to the massive rural populations of the world. It is in this context that I see the importance of Co-operative organizations, firstly to mobilize the human and material resources of the people themselves and, secondly, to provide channels through which aid from the more fortunate regions may be directed. The theme of this Conference gets down to the root of the question: how can Co-operative credit be democratic, involve the great masses of the people and also be efficient? Answers to this question are desperately needed."

Dr Bonow went on to point out that the deterioration in the world food situation, coupled with the energy crisis, had made the position in a number of developing countries almost intolerable. This fact, with the burden of debt which developing countries have to carry, had made it all the more important that an adequate supply of credit is made available to farmers, as part of a larger package for helping to increase food production. The International Liaison Committee, set up on the recommendation of the 2nd International Conference at Paris in 1970, had provided a meeting point for Co-operators interested in the sector of Co-operative Thrift and Credit. It was his earnest hope that the Conference would provide the Committee with concrete ideas, on the basis of which future international action could be taken. In order that all could be aware of the developments in the field of

Thrift and Credit since the last Conference in Paris, Dr Bonow invited Mr R. G. TIWARI, MP, President of the National Co-operative Union of India and a member of the International Liaison Committee to survey the progress made.

Reporting on thrift and credit co-operation over the past four years, Mr Tiwari said:

Since September 1970, the World Co-operative Movement has been receiving effective support, practical co-operation and promise of further tangible participation in its efforts whenever they are directed to the areas of greatest need—the small farmer in developing countries. The President of the World Bank in his address to the Board of Governors at Nairobi, Kenya, 24th September 1973, referring to his plans in financial terms for the second five-year programme said: "It will represent the largest programme of technical and financial assistance to developing countries ever undertaken by a single agency. The quality of changes in the programme will be of even greater significance than the increase in its size. We plan to place greater emphasis on policies and projects which will begin to attack the problems of absolute poverty, far greater emphasis on assistance designed to increase the productivity of that approximate 40 per cent of the population of our developing member countries who have been able neither to contribute significantly to national economic growth nor to share equitably in economic progress." Mr McNamara, discussing the orientation of development policy, also stated: "Adopting this kind of socially orientated measure of economic performance would be an important step in the redesign of development policies. It would require governments in their planning and finance ministries to consider not only the total output of an investment but also how the benefits would be distributed. And it would ensure that important questions of equity became an integral part of project evaluation procedures put within the developing countries and the lending agencies."

Following upon the statements by Mr McNamara, the United Nations developed a

capital fund to be used for the least developed countries, and suggested further investment in support of the economic and social infrastructure of these developing countries in the fields of integrated rural development and small-scale industrial projects.

These significant events have provided the international co-operative thrift and credit movement around the world with the greatest opportunity to obtain participation by an agency which has the financial and human resources approaching the scale that is required, provided co-operatives can provide the financial vehicle through which loans can be successfully negotiated to benefit the rural populations.

Concurrently with the changing policies of the World Bank the United States Agency for International Development conducted a two-year study of small farmer credit. The programme comprised, in addition to the opening and closing conferences, six regional workshops, one each in San Jose, Costa Rica, for Mexico and Central America; in Quito, Ecuador, for South America; in Manila in the Philippines for East Asia; in Ankara, Turkey, for West and South Asia; in Nairobi for East Africa; and Ibadan for West and North Africa. Four other shorter meetings concerned with single countries were held in Vietnam, Bangladesh, Ghana and Nigeria. The three major topics discussed at these workshops were: (1) the role of credit and small farm development, (2) the institutions involved in supplying credit to small farmers, and (3) the principal policy alternatives available for such programmes. The role of the small farmer credit programme was delineated in the context of the capital market by analyzing the economic constraints in rural development. Information gathered in the course of this extensive study and the conclusions that have so far been drawn therefrom are also available to national and international thrift and credit co-operatives. These two important events occurring concurrently were closely inter-related because of participation in both by representatives of the World Bank, the FAO, and various national and international development organizations

The pledges made by the World Bank

Day 1 Introduction and Opening Session

and the interest shown by the US Agency should convince international co-operative thrift and credit organizations that, provided they are in a position to provide the co-operative structures through which the participation by these agencies may be economically implemented, then they have the opportunity to put into effect the words of Dr Bonow at the close of the last conference: "What we need now is action, we must rise to the occasion."

While the World Bank continues to be interested in co-operatives because they often are a most effective way of making bank finance available to farmers for development projects, the Bank knows that there are limits to the extent to which co-operatives can be used in its lending programmes. Co-operatives in developing countries often lack good management and suffer from poor organization. The Bank is not alone in criticizing poor financial management of co-operatives in developing countries. Nevertheless the Bank continues to look for opportunities to use co-operatives in its lending programmes, and for the means of strengthening them so that they can better achieve their objectives.

Our last report pointed out that membership of the Caisses Populaires movement in Quebec was then 2,647,000 approximately 44 per cent of the population. Today membership has reached 4,000,000 approximately 66.6 per cent of the population. Their assets have now grown to \$3,740,000,000. Shortly after the last conference, the Caisses Populaires movement in Quebec achieved new provincial legislation, which enabled corporations already affiliated with the Federation de Quebec de Unions regionales des Caisses Populaires Desjardins to become members and take part in decisions of the Federation, both on the board of directors and at the general meeting. By the same legislation a joint stock corporation was established under the name of Société d'Investissement Desjardins.

The purpose of SID will be to create an investment fund with the object of establishing and developing industrial and commercial undertakings, co-operative and otherwise, and thus promote the economic progress of the province of Quebec. Authorized capital stock

of the Société d'Investissement Desjardins will be \$100,000,000. Operation started in January 1974 with a subscribed capital of \$38,000,000. Among the other achievements of the Fédération de Caisses Populaires Desjardins is a fully integrated on-line computerized accounting which has been in operation for three years. The network covers points located as far as 1,000 kilometers at the same unit cost. Two hundred and sixty-six caisses populaires plus 45 branches are on-line. Nine hundred and fourteen terminals are used to process 1,530,000 folios, 3,350,000 personal accounts with savings and 328,000 loans. This computerized accounting system is unique in the banking world today.

The Caisses Populaires Desjardins group is constantly alert to socio-economic changes in the Province of Quebec. It is felt that a group of savings and credit co-operative societies should not be restricted to a limited field. It should be a springboard to other financial activities.

During this four-year period also, the ICA completed its study on "International Financing of Co-operative Enterprise in Developing Countries". Although a joint project of FAO, ILO and ICA work on the study was undertaken mainly in the ICA with the assistance of several experts from other agencies. In particular the study notes the serious gap between the basic requirements for technical and financial support in the developing countries and the resources available, and makes suggestions for arrangements at the international level which could help to meet this need. The two ICA regional offices have continued to undertake considerable educational work on "Co-operative Finance" both in South-East Asia and in East Africa. In April 1973 a regional seminar on Co-operative Credit was organized in Tokyo in collaboration with the Central Union of Agricultural Co-operatives and the Institute for the Development of Agricultural Co-operation in Asia. Among the subjects covered were: a general survey of rural and co-operative credit in South-East Asia and the contribution of co-operative credit to agricultural development.

A Standing Committee on Credit and

Finance was established under the auspices of the ICA Regional Office for East and Central Africa to deal with general problems pertaining to urban and rural credit. In 1972 the Standing Committee was instrumental in coordinating a training programme on "Agricultural Credit Through Co-operatives" sponsored by the Technical Assistance Agency of the Government of Finland. A series of national seminars was organized throughout the region, followed by regional seminars and ending up with an international seminar held in Finland in the autumn of 1972.

The relevant organization within the structure of the ICA dealing with questions of co-operative finance is the ICA Banking Committee which has its Secretariat in the Bank für Gemeinwirtschaft in Frankfurt. Since the last conference, the Banking Committee's activities have included the preparation of a directory of member organizations to contain minimal information about the committee's members. An exchange programme of officials of co-operative banks is under active consideration which would enable young people to become interested in international business.

Since its creation in January 1971, the World Council of Credit Unions (WOCCU) has been responding to the requests of its member confederations—groups of credit union federations or leagues within large national areas or geographic regions.

While the World Council will always continue to serve its confederations, it was felt that it could, and indeed should, do much more to aid the development of people and programmes in the areas of greatest need. Of primary importance was the extension of credit services to low income farmers in the rural areas of less developed countries, particularly through the introduction of Agricultural Production Credit programmes. The World Council realizes that if meaningful and continuing development is to be achieved in interlending and production credit programmes, participation of all interested and concerned agencies is necessary. WOCCU seeks to directly involve economic and social development agencies in these programmes on a global scale. Credit Unions worldwide

reached a total membership of approximately 50,000,000 with savings of over \$40,000,000,000, representing a 6 per cent increase in membership and a 17 per cent increase in assets.

In France during the period under review the Crédit Coopératif's activities were orientated in two directions—towards reorganization and towards developing contacts with neighbouring sectors. The Caisse Centrale de Crédit which is the mainspring of activity, plays a threefold role, comprising a financial resources centre, a credit centre, and that of a financial management advisor.

Around the Caisse Centrale de Crédit Coopératif have been set up numerous instruments, among which are the Banque Française de Crédit Coopératif. Other inter-co-operative establishments are three which specialize in leasing: Intercoop—the first French property-lease co-operative loan organization; Coopamat—a property-lease organization for enterprises of all sizes; and Coopbail—created recently for loan-lease of tourist vehicles. The Crédit Coopératif group also provides co-operative financing of equipment for tradesmen, artisans, and the liberal professions, as well as for such establishments as consumers co-operatives. The most important sector of Caisse Centrale's activity is Crédit Maritime Mutuel with its ten regional banks. With regard to the Caisse Centrale's reorganization programme for co-operatives, an expert managerial staff has been created capable of advising co-operative undertakings on their investments, or when difficulties of an economic or structural nature arise. Specialized cadres for each branch of co-operative activity have also been located permanently on a regional basis throughout the country. The Crédit Coopératif has extended its inter-co-operative contacts over the whole of the activities comprised in the public sector, the private sector, and the social sector.

In 1972 a social sector directorate was created within the Caisse Centrale as a consequence of the closer relations with friendly societies, joint production committees, and trade unions. This has led the Caisse Centrale to participate in the setting up of an "Inter-Expansion" Society for the management of

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joint-investment trust funds.

The Crédit Mutuel also reports that the progression curve for the past four years is eloquent. Since the last Thrift and Credit international conference, deposits have increased from 8,000 million francs at 31st December 1970 to 17,500 million francs at 31st December 1973. Despite a cyclical slowing down in the collection of savings, the figure of 20,000 million francs should easily be exceeded by 31st December 1974.

In the course of recent years the Crédit Mutuel has accomplished a number of important achievements. First of all at a commercial level, it has, in agreement with the Banques Populaires, introduced a new "Inter-carte" service which is offered to members of all the Federations. Then, at a technical level, a new accounting chart has been set up, for a greater precision in accounting will be required so that close and fruitful collaboration can be achieved as between accounting and data processing for the defining of the management systems the Crédit Mutuel needs to acquire. The Crédit Mutuel has also joined the "Ordinateur National de Compensation" (National clearing Computer) for all its transfers within the banking system. Within the

European context, the Crédit Mutuel takes an active part in the work of the EEC thrift and credit co-operative group which, among other things, is studying the problem of harmonization of banking regulations. In this connection, a draft directive of the committee for the harmonization of banking legislations fixed the minimum amount of ownership funds for Credit Unions at 250,000 UC, i.e. about 1,250,000 francs.

Similar developments have taken place among our other sponsoring organizations, in the Japanese Central Co-operative Bank for Agriculture and Forestry, and the Indian Reserve Bank and the National Co-operative Union of India. The international co-operative thrift and credit movement across the world has been progressing and this will be mentioned in greater detail during the proceedings of this conference.

These important developments are outlined as a clear indication that with more effective co-operation between co-operative thrift and credit organizations, we can create the financial vehicles and develop the structural instruments to successfully tackle the problem of reaching the lower two-fifths of the population in developing countries.

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The Chairman next called upon Mr J. BURKE KNAPP to deliver the keynote address, and in doing so he referred once more to the new approach of the World Bank to development policy. He emphasized in particular Mr McNamara's recognition that governments cannot deal direct-

ly with millions of farming families and that intermediate institutions are necessary which can service millions of farmers at low cost through local farm groups, smallholders' associations, country or district co-operatives.

Personal Saving, Economic Development and Inflation

by J. BURKE KNAPP
Vice-President, World Bank

I have a real sense of kinship with this meeting, because we are certainly devoted essentially to the same purposes and objectives. The mobilization of the savings of the world for produc-

tive investment is our task, especially productive investment in the developing countries, and one only needs to look about this room to understand that the developing countries play



Keynote speaker, Mr J. Burke-Knapp, Vice-President of the World Bank.

an important role in this organization. I am sure that they share with us and with the World Bank again the same objectives.

The World Bank itself is, after all, an international co-operative institution. That is exactly what it is. Our members are about 120 governments, and we have a Board of Governors and a Board of Directors which is representative of these shareholder governments and, if you like, organized on the democratic system that people vote according to their contributions to the capital of the institution. We have an international Board which directs our affairs in Washington, and which fully represents all of the membership and all of the varying interests of the countries participating in our institution.

We have a family of institutions organized under the heading of the World Bank group. The World Bank itself is the senior member of the family, so to speak, and the World Bank itself is organized on a business basis. We make loans to developing countries around the world at a rate of interest which is not quite a commercial rate. Our present lending rate is $7\frac{1}{4}$ per cent, but it is a solid interest rate, and we finance ourselves by borrowing in the international capital markets. We long ago found, however, that there were many countries which were too poor, too early in the stage of their economic development, or already burdened with heavy external debt, and which could not bear the terms of a World Bank Loan, and therefore

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we organized something called the International Development Association (IDA), which is again an international co-operative institution organized along the same lines, but its funds are provided by governments as free contributions to the organization, and we are therefore able to lend out this money on very lenient terms—50 years without interest, to be precise. We make only a small service charge to cover our administrative expenses.

This money is also used for productive investment. We are just as rigorous in selecting the purposes for which that money is to be used and the manner in which it is employed as we are in the World Bank itself, but on terms suited to the repayment capacity of the poor countries. This fund enables us to carry out missions in the developing countries which would not be eligible for normal World Bank loans. I might point out here that in this year we will be lending about 4 billion dollars to developing countries, of which 3 billion dollars comes from the World Bank and 1 billion from the IDA, and our total portfolio of loans outstanding is reaching towards 25 billion dollars distributed among over 100 countries around the world. We bear the name World Bank and we are in that sense a financial institution, but there has been an historical development of the Bank in the 25 years of its existence towards being more and more what we like to call a “development institution”. We started out on a more or less conventional basis, financing the kinds of projects which banks finance in the domestic economy of most countries. We financed largely what we call infrastructure developments—power companies, railways, ports and highways, providing the basic public services in the developing countries, which seemed to us at the time, in the first decade of the Bank’s activities, to be a necessary underpinning for the development of productive economic life. We still do a good deal of financing of that kind which is capital-intensive and requires large commitments of money as these large projects are carried out.

But over a period of time we have come to realise that development is a very deep-reaching economic and social process, that providing this sort of basic public service was

only laying the groundwork, and that moving on from there to evoking the productive capacity of developing countries meant reaching much deeper into the economy, into industrial, commercial and particularly agricultural life.

For after all, if we look at the developing countries as a whole, the great mass of the population is engaged in agriculture and in agricultural production, and we came to realise that some of the theories about the benefits of development trickling down to the poor elements of the community, especially in the rural communities, just did not work very effectively, and that the problems of agricultural development had to be tackled directly, and tackled, so to speak, at the grass roots. Therefore over a period of time we have evolved, I would say, much more into an economic development institution in which we are engaged in many far-reaching studies, both functionally in different subject fields and also particularly country by country in trying to ascertain what are the latent development capacities in a country, and trying to adjust our lending programme in such a way as to evoke those capacities. Even within agriculture we felt we were not really getting to the roots of the problem and we have become increasingly conscious of the productive capacity which is latent in the 40 per cent submerged element in the rural communities. We are tackling this problem out of deep sympathy with the plight of these peoples. But we are not tackling it as a welfare measure; we are tackling it because we have become convinced that with the proper organization and provision of inputs and the proper provision of credit and marketing facilities, there exists in this submerged 40 per cent great productive capacity which can be mobilized to support food production, to support export crops which can sustain the balance of payments of these developing countries, and which can provide sometimes—frequently for the first time in the life of these people—an opportunity to participate in the economy and in the modern society and to make an effective contribution to development. . . .

Neither we nor any other institution on an international or even a national scale can

reach down to the level of a poor farming community, except through some kind of organization, and we have been devoting a great deal of study and time to trying to define and ascertain what kind of organization exists, what the experience of different countries has been in different forms of organization, and trying to act as a clearing house for the exchange of information as to how to go about these things. Organizations like your own here, in particular the ICA and WOCCU, are to be warmly congratulated for holding a meeting like this and bringing your membership together to exchange experience on how programmes of this kind can be most effectively carried out. Our institution, like yours confronts the fact—sometimes the harsh fact—that we can carry out our missions only as we can raise money, and raising money means savings. We have to mobilize savings to bring them to bear on productive investment in the world that we serve, and our money comes from governments in some part. There is no magic about a government. To the extent that we get money from governments they too have to raise it from taxpayers. A large part of our money, particularly in the World Bank, comes from the private sector. We sell bonds to individuals and private institutions all over the world, and in that sense we are directly dependent upon the mobilization of personal savings and offer a reasonably profitable but also reasonably useful, we hope, and productive outlet for those savings.

One of the most striking facts about the process of development in the world is that, however much may be done by external agencies, bilateral agencies, and multilateral agencies like the World Bank which are doing a great deal, most of the developing countries raise most of the money for development at home. People sometimes have the false impression that developing countries are just on the end of some sort of a breadline from the rich countries. On the average, something like 85 per cent of the resources for development are raised in the developing countries themselves. This we think is a very impressive contribution when we consider the level of living in a developing country.

We have a rule of thumb that if a

developing country is not generating more than 10 per cent of its gross national product, and is not devoting at least 10 per cent to development, it is not making much progress. Viewed against the growing size of the population in most developing countries, and given whatever external aid that country received, it is still true that to make real measurable economic progress the level of savings in that country must be raised above 10 per cent. Fifteen per cent marks an intermediate stage, where it may be beginning to tackle the problems of development. But those countries that are making real economic progress in the world are raising more like 20 per cent and devoting more like 15–20 per cent of their own general output to investment. Governments can save by taxing and by not spending all the tax money, saving some of it for investment. But governments can never do the whole job or even the main part of the job—the only exception being a wholly socialist country. In most developing countries the burden of savings rests on the private sector and upon the capacity of the private people, private households, to save and productively to invest.

Private savings may go in part directly into investment, as a farmer may squeeze out of his crop a little money to employ for perhaps the purchase of a draught animal or to improve his housing. That is direct saving by the investor. This happens in building and loan associations where savers are financing their own housing development. But most savings in quantitative terms must be transferred from the saver on the one hand to the investor on the other hand through savings institutions, and this is the great role that is provided by intermediary financial institutions like many of those represented here—and again the World Bank. We are just an intermediary financial institution collecting savings on the one hand and devoting them to financing production on the other, and one of the things that we have learned very much in developing countries is that this household saving, whether directly invested or transferred to intermediary institutions, has in very large part to come from the poor elements in the community. It is ironic but true that the wealthy people in the community may save

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more individually, but when we look at the nation as a whole, unless there is a savings effort at the grass roots level, we cannot generate that amount of savings necessary to produce economic progress.

What is the outlook for personal savings in the world? I think it has to be said that it is not very good, and the most immediate reason one cannot be too happy about the outlook is the plague that is persisting in the economy and finances of the world today—inflation. There is one extraordinarily bizarre exception: the oil countries of the world today, thanks to a revolution that has taken place in their trade, are accumulating vast savings on a scale that is quite overwhelming for our financial mechanisms on the world markets. This happens to be of particular interest to the World Bank, because we are turning to these oil countries to mobilize their savings for the purposes of the World Bank, and just in the last few months we have sold World Bank bonds in the amount of some 500 million dollars to oil countries in Iran and the Persian Gulf. This is quite an extraordinary phenomenon, but most estimates have it that within the next five years, say by 1980, there will have accumulated in the hands of oil-producing countries something over 500 billion dollars. In other words, in terms of the operations of the World Bank, a pretty large institution, a few crumbs off the table of the oil-producing countries will keep us going. We are trying to mobilize the funds from these countries, and these countries are themselves setting up institutions to assist in the developing countries.

Kuwait has a population of some 800,000 people, and oil revenues of several billion dollars a year. There has been a Kuwait Development Fund for some time which has been using some of its oil revenues to finance poor Arab countries. They have now decided to expand this operation on a world-wide basis and to set up a fund to assist developing countries in Africa and Asia, and maybe eventually in Latin America. They have endowed this institution with 3½ billion dollars. But that is about the only bright light on the scene as far as savings are concerned.

There are far deeper forces, political

and social, that determine the volume of savings, and to my mind the most fundamental is that savings are generated in communities where there seems to be a degree of political and social stability and personal security. Where there is a police state and people live in fear of their lives and in fear of their property, what is the incentive to save? Looking at it from the point of view of an individual or a family, savings are for the future of the saver or his children, his family. But there is more to it than that. Savings, thrift, the propensity to save, is a part of the social ethos of countries. A great deal of study has been devoted to the question by sociologists, without really coming to very satisfactory answers as to why this ethos exists in some communities and some societies and not in others. In different countries there exist different ideas about the relationship between consumption and saving

We in the West have done a great deal to throw over old ideas of thrift, savings and confidence, and the wish to provide a future for our communities and our families. We have done much to encourage the profligate use of material resources: the “keeping up with the Jones’s”, the gadgetry, the fantastic material consumption which western societies have developed: and in this sense we have set very bad examples for other societies—in fact impossible examples for other societies. Twenty per cent of the population of the world consume over 90 per cent of the energy resources. Where does that leave the other 80 per cent which, by definition, can never achieve that level of consumption? The consumption of steel per capita in the United States is 100 times that of Indonesia. It really does not make much sense to talk about a world community when disparities of that kind exist. They will in fact never be closed, but they cannot even be reduced unless Western societies organize themselves a little better in terms of the level of conspicuous consumption of material goods. The Shah of Iran has made himself very unpopular by passing strictures like this upon Western society, but maybe he has a point. Maybe this point is coming home to some of the younger generation. Youth movements in the Western societies are scorn-

ful perhaps of some of these material advances that their elders have made. They may in the end be showing very good sense.

Let us talk a bit more about the poor countries. One can only be inspired to see how a country with a per capita income of 100 dollars can save out of that level of production and devote even 10 per cent—a minimum level—to development. The remarkable thing is that savings have much more relation, not to the levels of living and the standards in a country, but to the pace of advance. If a country can be lifted on to the curve of increasing production, savings begin to accumulate because people just have not adjusted to what is available. But one of the most challenging tasks for those interested in development is to get that momentum established, to get ahead of the game, and with this come the savings that can carry on to the next stage of development. In the post-war years when Japan leapt out of its disastrous situation by a rapid increase in production, that production was not consumed, so that Japan reached extraordinary levels of savings. One of the most effective ways of measuring progress is not by percentage of gross national product invested, but by how much of the increase in gross national product is saved—the marginal product. In Japan over 40 per cent of the increase in production went into investment rather than into consumption. The Japanese “economic miracle” that we hear so much about is attributable exactly to that extraordinary burst in savings. The trick of savings is to keep ahead of the game, increase production, and before people come to live up fully to their possibilities, to seize that margin of savings. The trouble is that as the French say, “l’appétit vient en mangeant”; people see what is happening in other countries and the force of example set by some other societies inspires higher levels of consumption. This is what is happening now in Japan. Consumption is catching up with productive resources and has unfortunately tended to reduce the volume of savings.

Suppose that the political environment and the social ethos are favourable in a country to savings effort, then we come to the question that savings (except in those rare

cases where they are directed to a man building his own house or a farmer developing his own properties), if they are to be transferred to financial institutions, to productive investment, must be based on a unit of account. That unit is money, and here we come to the question of inflation and the degeneration in the value and standard of money.

As we look around these days, not only in the Western countries but in the developing countries too, where inflation has been imported largely from abroad, the prospects are rather dismal. Why should people save in a money medium when they see it depreciate constantly before their eyes? Why should they save when their past savings are eroding and disappearing? This has always been happening. There is a basic inflationary bias in most of our economic and financial systems. It had been going on at the rate of 2 or 3 per cent a year, but we are now reaching levels of inflation which seem to be epidemic and which carry a much greater threat to the entire system of financial institutions—including the World Bank. We are getting now to what people call “double digit” inflation—over 10 per cent.

I do not know if you all know the “rule of 70”. Since I am not very good with a hand machine, I always do a lot of my calculations by the rule of 70. If, for example, something is increasing by 7 per cent per annum, using the rule of 70 we divide that 70 by 7 and get 10, and it takes 10 years to double. If something is going up by 10 per cent per annum it takes 7 years to double. If something is going up by 14 per cent per annum it takes 5 years to double. Two per cent per annum is 35 years. It always works—a strange phenomenon. Anyway, by the rule of 70 we can measure how long it takes for anything to double at a given rate. Looking at it in terms of the value of money, we can measure how long it takes money to fall to half its present value. Going up by just 10 per cent (I am not talking about “double digit” inflation; let us be conservative!) per annum it takes 7 years for the value of money to fall to half, it takes another 7 years for it to fall to a quarter, and so on.

That is the kind of environment in which our economies and our financial sys-

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tems today are trying to operate. Inflation really is poisonous to development, to economic progress, and certainly to savings and thrift. It stimulates consumption. People buy rather than save. People hoard, which means money going into unproductive use. People hoard gold, commodities, postage stamps, antiques, and so on. This simply pulls money out of the productive stream of the community and renders it useless. It distorts investments. Investments go into the wrong kinds of things, to serve the wrong kinds of consumption. It has vicious effects in terms of the distribution of income.

In Brazil, where I spent a year as head of an economic mission, the Brazilian rate of inflation was 75 per cent to 100 per cent per annum. The currency degenerated within a period of about 30 years by a proportion of 1 million to 1! What was incredible in a country with inflation like that was the way in which energies and resources were all devoted to the wrong purposes. The productive efforts of people were going into playing the game of speculation on real estate and commodities rather than into productive activities, with gross distortions of the flow of income, losses to the poor, and a floating tide of inflation profiteers. Then we had attempts by governments to force controls, to introduce rigid enforcement of price controls, materials allocation, production allocation, all to the detriment of an efficient economic mechanism.

Last, but by no means least, in this present company, inflation destroys financial institutions, for when money becomes that nearly worthless the stock-in-trade of the financial community is rotten. Nobody wants money. Everybody wants to spend money on goods or conspicuous consumption.

There are ways of dealing with these problems. It is the responsibility of governments, through fiscal policies and monetary policy and incomes policy, to deal with those problems. The fact that they have arisen shows the failures and deficiencies in public policies, and there is no public policy that is going to do more than ameliorate these conditions. Once inflation has caught hold it cannot be

stopped short in its tracks. It can only be slowed down and ameliorated over a period of time, and only with the understanding and co-operation of all elements in society. One of the prime considerations of this conference ought to be the effects of inflation on the institutions and purposes for which you have gathered together.

A word or two about interest rates: there is a wrong-headed approach to interest rates, particularly in a time of inflation. People say: keep interest rates low; that with inflation at such a high rate they cannot afford to pay higher interest rates. Inflation or not, if interest rates are abnormally low then many unfortunate things happen. It encourages investment of a capital-intensive kind. Many developing countries have low interest rate policies. This fosters unemployment, for if people can borrow money cheaply and invest it in capital goods they tend to make capital-intensive rather than labour-intensive investments. Higher interest rates will encourage the more effective employment of labour, which is the great unused resource of most developing countries. Low interest rates, when administered by institutions—and particularly by public institutions—simply encourage favouritism, not to say corruption. As a matter of fact, although low interest rates are often advocated and meant to reach poor people, those funds often find their way to the middle-income or even the richer people, through some illegitimate channels, and the benefits do not fall where they were expected to fall. But worst of all, if low interest rates prevail in a country, they prevail both on the borrowing and on the lending side, and it means that savers do not have that incentive to save which is given by their getting a fair reward for the savings that flow to financial institutions. Interest rates must be raised to levels that will effectively mobilize and attract the saver's interest.

For the World Bank, like all financial institutions, savings are the staff of life. I would like to vary that a little now and to say that man does not live by bread alone. Man lives by bread, love and savings.

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Motivation Problems

Under the chairmanship of MR R. G. TIWARI the Conference began its consideration of the main theme of the Conference—"DEMOCRACY AND EFFICIENCY IN THRIFT AND CREDIT CO-OPERATIVES"—with a discussion of Motivational Problems for which working papers had been contributed by Messrs P. E. Charron (Quebec), R. Coste (Paris) and P. Lacour (Paris).

MR CHARRON, General Secretary of the Quebec Federation of Desjardins People's Banks (Canada) dealt first with the relations between the three concepts, democracy, motivation and efficiency. A co-operative is a democratic economic organisation in which the persons taking part are at once owners, users and beneficiaries. The Co-operative is administered by persons elected or appointed on a basis of equality: one member, one vote. Co-operation is thus related to political democracy, as Abraham Lincoln defined it, because they are both inspired by the same philosophy based on the conception of the human being and his responsibilities towards the common welfare of Society. Co-operation, as a human activity, also calls for motivation, which is indispensable for activities which aim at efficiency.

The co-operative philosophy dissents from the liberal assumption that social welfare is best served when citizens pursue their own individual interests. The main-spring of co-operative enterprises, on the contrary, is a will to achieve common good. There is a philosophy of solidarity which leads them to combine and co-ordinate their members' personal efforts and which entitles them to a place in any democratic society aiming at the development of people and the social environment

in which they live their lives. The idea of a democratic society for development covers all activities in the life of citizens and society—economic, social, cultural, political, which are all inter-related—and citizens must be encouraged to participate actively in them. Thrift and Credit Co-operatives correspond to these requirements and, in pursuit of their proper objectives, contribute to the development of this kind of society and its citizens.

If the members, leaders and personnel of thrift and credit co-operatives are to actively participate in their societies' operations and discharge their functions fruitfully, they must be fully conscious of the societies' human and social, as well as their economic objectives. Mutual credit acquires moral and social dimensions when members' self-help actions originate from moral and social motives. Motivation becomes more necessary as their co-operative activities become more demanding. Co-operative education enlightens them on their objectives and strengthens the conviction which enables and encourages them to act, in all circumstances, as true co-operators. (See also extract.)

PROFESSOR ROGER COSTE, Director of Studies, Economic Research Centre on Thrift, Paris, began by describing Co-operation as a system designed to create efficiency and by enumerating six general motives for co-operative action. The first is defence against social adversity. The second is the human need to love and be loved. The third is the need to be attached to a social group, to take part in collective life. The fourth is the need for solidarity and mutual exchange. The fifth is the need to introduce notions of morality into economic activity. The sixth is

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human need and poverty, in industrialised societies as well as those from which famine has not yet disappeared.

Motivations specific to savings and credit co-operatives may be classified as (a) requirements of co-operative institutions and (b) requirements of individuals and families. The former arise from the efforts of co-operators to develop enterprises which need financing both for their daily activities and their investments. Co-operation in the provision of credit can establish a financing service at the most favourable rates, make possible a just appreciation of risks and enable co-operators to assume at different levels joint responsibility for credit obtained. The latter arise primarily from the struggle to escape from usury, because mutual credit can maintain reasonable rates of interest. A second motive is the requirements of isolated agricultural groups. A third is the need of housing construction and equipment. It is the failure, until very recent times, of the commercial banking system to take any interest in the money problems of the "small man" that left the vacuum which co-operative credit is engaged in filling. Today the traditional Bank is increasingly aware of the private customer and its endeavours to attract him are obliging Co-operative savings and credit societies to adapt themselves to people's changing needs and habits.

Professor Coste distinguished three kinds of permanent motivation: the spontaneous reactions of individuals against poverty; reactions induced by human nature; reactions in face of economic progress. The first group included solidarity, that is, recourse to combined action; provision of credit on the most favourable terms and replacement of legal guarantees by mutual knowledge of neighbours and workmates; active defence of

the economically weak and incompetent. The reactions induced by human nature result from the desire for liberty, independence, responsibility and sociability which makes people prefer a kind of organisation in which they are treated as human beings and feel "at home"—a family or social bank. The third group of motivations becomes increasingly important with economic progress, rising incomes and accumulation of real and personal property. The two basic factors concerning the Co-operative Movement are the expansion of credit and the growth of savings. Expansion of credit is not merely an accompaniment of economic growth and rising standards of consumption, reflected in the purchase of consumer desirables, but also a need of the family enterprises which, far from being thrust aside, are still an important sector in industrialised economies. The growth of savings is assured by the rise in incomes and it is necessary for them to be employed to sustain economic growth. The volume of savings, in France at least, is highly variable, as a result of the variable behaviour of consumers. A further result is the phenomenon of false savings, and Professor Coste's views on this subject are stated more fully in the extract from his paper. There are, however, stable factors and the researches of the organization whose studies Professor Coste directs show that the primary motive for saving in 44 per cent of the cases investigated was precaution—the creation of a reserve against future troubles and eventually a patrimony to be bequeathed. These motivations are not likely to disappear, even though the improvement in the situations of some classes may bring about a decline in motivations which have linked the savings and credit co-operatives with the fate of the underprivileged. So far economic and social progress have left inequalities which

are as flagrant as ever, and so long as social injustice on a large scale remains, motivations for co-operation will persist.

Turning to the future, Professor Coste declared that while the original tasks of the credit co-operative society are not yet completed, new tasks are already appearing with new prospects and new problems. His views on this phase of his subject are expounded in the latter part of his paper.

MR P. LACOUR, President, Union du Crédit Coopératif, Paris, expressed the opinion that too many theoretical studies by economists of motivations for saving were disappointing in that they were of no assistance in forecasting fluctuations in saving or in calculating saving in the aggregate. He attached more value to the practical and statistical research, carried on since 1935, which had resulted in conclusive figures on savings and patrimonies in different social groups and their variations in value and character during the different periods of a lifetime. They also permitted the calculation year by year of the total mass of saving by enterprises and by households. The researches carried out by the Economic Research Centre on Thrift was especially valuable and the Conference owed a debt of thanks to Professor Coste for making their results available in his paper. Mr Lacour's own discussion of motivations revolved around the distinction between "accumulators" and "enjoyers", who represent the two extreme attitudes to saving. The "accumulators" belong to the world which is disappearing, the "enjoyers" belong to the modern world which is breaking with the earlier generation. Today the "accumulator" type represents under 40 per cent, the "enjoyer" over 60 per cent, of the population. The attitudes to investment also differ, the younger generation preferring

current accounts and cheque books and investment in shares and debentures, the older generation being more attracted to savings banks and interest-bearing bank investments.

Saving by individuals plays an increasing part in the economy; it comes from wage-earners and is aimed, to the extent of one-quarter, towards housing, the rest being a false saving which flows voluntarily into the banks for the sake of liquidity. Half of household thrift flows into the capital market, less and less into the investment market, more and more into the money market.

Mr Lacour devoted a large section of his paper to the action of co-operatives in arousing the desire to save. The most urgent motivation at the present time he considered to be the struggle against inflation. His suggestion for action in the form of a resolution of the Conference for a preliminary working party consisting of practical administrators of savings and finance and of theoreticians, convened in order to formulate the technical bases of solutions to be recommended to political authorities, was discussed in the Drafting Committee and ultimately adopted.

Discussion

MR R. SOUPRAS, Director General, Fédération des Caisses d'Economie du Québec (Canada) dealing with the consequences of inflation, pointed out that inflation had already forced a regrouping and concentration of co-operative and mutual credit in Quebec. By raising interest rates it had also enlarged the gap between the industrialised and the developing countries which needed aid at no more than 2 per cent.

MR T. BRAUN (France) pointed out certain conclusions to be drawn from the exposés presented. Mr Knapp had shown that investments on the world level

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were not always the best formula, quoting Kenya as an example. He accepted the conclusions of Mr Charron on democracy in the economic system, and those of Professor Coste on motivation. Mr Lacour had shown that inflation is continuous and at its present level is a menace, not only to the public, but to the co-operative organization of thrift and credit. Industrialised, as well as developing, countries need opportunities to borrow and loans should retain their social character. High interest rates made this impossible. The present rates were already impossible for some countries.

MR LACOUR replied that inflation limited to 3, 4 or 5 per cent was permissible. The present figure was catastrophic. He made two suggestions: first, that the Co-operative Movement should recall why it was created and join in the struggle against inflation; second, that it should think solely of the savers. Provident savings by modest people must be protected. Savers should receive a premium. Inflation itself was a factor in the increased income of the State which it could use to regulate increasing prices. The Co-operative Movement ought to declare emphatically that borrowers must repay loans in stable money and the loan contract should provide for this. The further inflation proceeded in the developing countries, the higher the cost of raw materials. How could exchanges be made equitably? Here was an opportunity to affirm the value of Co-operative organization.

MR M. A. QURAIISHI (Government of India) described the situation of

his country, menaced by the population explosion which could double the number of inhabitants by the turn of the century. Co-operative credit had an essential role in integrated rural development to help the population living below the poverty line. New experiments were being made to adapt the rules of co-operatives to help the weaker section of the people. Funds were being reserved for lending to small and marginal farmers receiving supervised credit. The Fifth Plan provided for the development of intensive agriculture and subsidiary occupations, and the rehabilitation of poor areas. There was need for new types of co-operative supplying varied types of credit, as well as farm supplies, with an obligation to market members' produce. He deplored the influence of political motivations and party patronage. It was essential to discourage political interference in Co-operative affairs.

MR B. TRONET, Financial Director, Kooperativa Förbundet (Sweden) recounted how the Consumers' Co-operative Union KF during the inflation of 1952 had issued a development loan at 3 per cent for 20 years if inflation continued. In 1972 KF repaid Kr. 150 for every Kr. 100 lent. Today a wider application of the same method was required.

MR LACOUR, in replying to the discussion, thanked the Indian delegate for his contribution. He explained that, subsequent to the study group on inflation, he would suggest convening a more general meeting in collaboration with the ILO and other international organizations to prepare policy recommendations.

Education and Training

Under the Chairmanship of MR P. E. CHARRON, the Conference began its second day by discussing Education and Training which was introduced by DR S. K. SAXENA, Director, ICA.

Dr Saxena chose to treat his subject mainly within the context of the developing countries, education and training in industrialised countries having been thoroughly dealt with in the preceding Conference. Introducing his paper, he emphasized that the central point in education and educational programmes was their relevance to the working and ideology of thrift and credit co-operatives. They should be relevant, first, to the overall objectives of such co-operatives, that is training programmes must constantly emphasize the need for thrift among the members, as has been confirmed by experience among credit unions in certain parts of Africa and Latin America. Secondly, education should develop cost consciousness, the credit society being a business organization which cannot afford to advance credit at concessional rates. Third, credit should be extended so that it performs a distinctly productive function and is not used only for consumption requirements. This may lead to supervision and a series of relations between credit society and member that tend to assume an educational character, in order to ensure that credit is used in such a fashion that it creates its own means of repayment. In this, members' education becomes relevant to the overall objectives of the thrift and credit society.

But education must also be relevant to the three different audiences of which a co-operative society is composed—ordinary members, elected committee members

and other leaders, and professional staff. Relations between these groups tend to be fluid, and leadership in any case has to be replenished. In some developing countries the knowledge and expertise of the professional staff have not been given the attention they deserve. Ordinary members need a general acquaintance with co-operative principles and a clear insight into the reciprocal obligations which unite the members with their society. Elected officers need, in addition, a knowledge of co-operative law and increasingly varied training as their society performs functions of increasing complexity, for it is the committees which immediately supervise the specialized work of the professional staff. This last requires training in all the jobs involved in the day-to-day running of the Society—mobilization of resources, deployment of funds, maintenance of liquidity ratios, principles observed in lending and so on. Two other categories needing special consideration are women and youth.

Dealing with educational techniques, Dr Saxena emphasized that they must create auto-activity on the ground level and the multiplier effect must be as widespread as possible. Education through groups should in time acquire a momentum of its own. Long-distance teaching, for example correspondence courses, is economically extremely important. There is an urgent need to explore the relation between the production of literature, the promotion of literacy and co-operative development, as was indicated by the Teheran Conference on the Eradication of Illiteracy in 1965. All efforts should tend towards functional literacy as a way of preparing man for his social, civic and economic

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roles. The ICA is hoping to conduct a workshop on these problems in 1975, possibly in Nigeria, or elsewhere in West Africa.

The large number of training institutions already existing in the developing countries are doing excellent work, but the teaching in many of them is criticized as being too theoretical. The field situations are not accurately and adequately reflected in the work of the class-room and there is great need for constant experimentation and innovation. The re-orientation of teachers at different stages is also important and the type of approach adopted at Comilla in Bangladesh should be examined with a view to its emulation elsewhere.

The question of the funding of education is partly structural. The co-operative unions which are the apex educational bodies tend to be sharply divided from the business enterprises and may be treated like poor relations. When there is a decline in business the first cut falls on education, partly because the allocation of funds rests with the management, not the body which appreciates the role of education, partly because the relation between education and the economic advancement of the society is not easy to demonstrate. The ICA currently has a project in India looking into this question. The ICA Regional Offices in South-East Asia and in Africa are also aware of the need for manpower planning to determine the numbers and categories of staff required over a period of time as a basis of training requirements.

Training facilities for educators from developing countries are now provided by a number of countries in Europe and North America. There is some need for better co-ordination and exchange of information on selection, orientation of teaching staff, teaching methods, produc-

tion of visual and other aids, etc. The ICA recently set up a committee called the Advisory Group on International Training of Co-operators (AGITCOOP) due to hold its first meeting in Hungary in September 1974.

MRS MARY THOLLEY (Sierra Leone) introduced her paper on the Role of Women in Thrift and Credit Co-operatives with special reference to the experience of Sierra Leone, and declared that there could have been no better way of bringing women together and helping their economic and social advancement than the thrift and credit movement. Of the 1,000 co-operatives in that country, 700 are thrift and credit societies, and in them the women are very active. Women's responsibilities in the household draw them automatically to such societies in countries already industrialised, but even more so in the developing countries where, although economic change is opening up new opportunities for consumers, many of the social services are still lacking.

With the increasing entry of women into part- and full-time work on their own account or for employers, they are handling money on a larger scale. This accompanies their improved status. It is often at the instigation of women that credit societies have flourished in housing estates, blocks of flats, housing co-operatives, village institutions and schools. The very presence of women is sufficient to motivate the organizations.

Illustrating her general observations from first-hand knowledge and practical experience in co-operative credit organization, Mrs Tholley stressed as essential the dissemination of co-operative information and education among the membership. The women of Sierra Leone are very receptive to co-operative education and make practical use of their training in a remarkable manner. The

majority, however, are not active trainers themselves, because of the passive role assigned to them by tradition. Nevertheless many have come to realise that the training which they get through active participation in the affairs of their co-operatives has given them added advantages in the sphere of national affairs. The role of the thrift and credit societies could become still more important if there were sufficient numbers of educated women available to form a sound basis for accelerated development. The time is perhaps not far distant when the better-educated women will be attracted to participate, when they realize how much the illiterate but dedicated women have been able to accomplish.

Discussion

The first intervention in the discussion was made by MR HORII (ICFTU) who related some of the difficulties encountered and the solutions adopted by his Confederation and its affiliates in promoting educational activity among co-operatives in developing countries. He illustrated one difficulty by the history of a group of 130 trade unionists, labourers and clerks, who wished to free themselves from almost permanent indebtedness to money-lenders. The cardinal difficulty was to convince them that what would really emancipate them was not a gift of capital for lending from the ICFTU and the International Plantation Workers' Federation but the capital they accumulated from their own saving and the businesslike management of their Society. In three years they had saved altogether 50,000 rupees and with a matching loan from their employer, were able to pay off their money-lender creditors in about two years.

In the year 1972-73 the ICFTU's Asian trade union college carried out two experimental projects at Aurangabad in

the Indian State of Maharashtra. The idea was to bring 50 families together in communal living for a period of three weeks. The people concerned were agricultural wage-earners and very marginal farmers. They were recruited from varied castes and communities and included Harijans and Muslims. For the period of the experiment they were withdrawn from the misery they had endured since birth and given from morning till night training in new kinds of behaviour and new attitudes. These experiments have received recognition from the Government of India and have been followed up by a larger-scale project for a co-operative village, supported financially by the Central Bank of India. This kind of integrated approach, Mr Horii concluded, might indicate one possible direction for future advance.

DR C. D. DATEY (Reserve Bank of India) pointed out the vital importance of training the members of management committees of co-operatives, especially in countries where the State becomes a partner in co-operative enterprises and the uninstructed membership is apt to conclude that these enterprises are to be managed by Government. Another important need was the training of the staffs of training institutions, especially in large countries with a diversity of languages and traditions. Finally, the education of politicians and legislators and administrators has relevance in countries where Co-operation is regarded by the State as an instrument of economic development and is given financial and other kinds of assistance. This aspect of education receives insufficient attention in India and other countries and the ideology and principles of Co-operation are liable to be forgotten.

MR J. K. DU MOUCHEL (Ghana) asked whether motivation carried people forward to education or education gave

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rise to motivation. In any event the two go hand in hand: education was essential in African countries because they are in a state of transition from a semi-monetary to a fully monetary economy, in which women go out to work and give their children money to buy food instead of giving them rice at home to take to school. What do the children do with the money they suddenly find in their hands? The problem in the developing countries is the lack of facilities for saving. Co-operative education should be slanted in such a way as to create the necessary trust to convince people that they should save. In Ghana much of the money paid out by cocoa-marketing companies to the producers is hidden or buried in the ground. It goes out of circulation and becomes unproductive, because the necessary infrastructure or pattern of facilities does not exist. So far as young people are concerned, Co-operation should be seriously considered for inclusion in the school syllabus. Once again, questioning reveals that young people would save more if some sort of bank were available. It is at this level that co-operative education must start.

MR H. BENZING, of the Friedrich Ebert Foundation (Federal Republic of Germany), mentioned the variety of ways in which his Foundation worked with other kinds of free associations—co-operatives, trade unions and community development agencies—in the developing countries with encouraging results, but also considerable difficulties. The expectations aroused in the co-operative sphere are so enormous that the Foundation hardly knows how to meet them, even remotely. The great difficulty is, given the traditional training courses and the traditional Co-operative institutions, to set up programmes which are relevant to all those who do not yet belong to the Co-operative fold. The main

problem is to adapt the know-how, which is so important for Co-operative association, so that it can be accepted by our partners. The step from Schulze-Delitzsch and Raiffeisen to the concrete situation prevailing in the developing countries is a very hard one to take.

MR A. I. CHOWDHURY (Bangladesh) described the present difficulties in the way of thrift and savings in his home country with its 75 million inhabitants, an average of 2,000 per square mile. Bangladesh is one of the countries worst affected by the population problem, but the great problem arising from the recent war is the destruction of the economy, and the task of rebuilding it in the face of recurrent tidal waves and inundations. The problem of education is particularly acute. Co-operative education is not really available in the true sense of the term. The Comilla project is very small in comparison with the great number of people in the country. A day will come when Bangladesh will lead in co-operative education. If democratic concepts are implanted in the home, then the doctrine of mutuality and co-operation will be successful in days to come.

MR P. E. WEERAMAN, Director, ICA Regional Office for South-East Asia (India), reported on an experiment in co-operative education at the field level with 15 co-operatives in one neighbourhood in India. After two years a series of social changes is visibly taking place as a result of intensive education in co-operative principles and practices. The members are taking to better methods and techniques of agriculture and also adopting different attitudes in their social life. They work together irrespective of differences of caste and religion. Co-operative societies, however, do not find enough money for co-operative education. Money for co-operative education comes mainly from the State. So long as co-operative societies

adopt this attitude, co-operative education will fall short of what is needed.

MR M. A. QURAIISHI (Government of India) amplified the remarks of Dr Datey by giving statistics to convey the magnitude of India's co-operative educational problem. There are more than 158,000 primary co-operatives spread over 567,000 villages with a total membership of 34 million, whose interests are looked after by a huge staff of half a million. Millions of members have received some training, but not much can be said about its quality. A great weakness is the number of members of Parliament and State Legislatures who are office-bearers in the societies at higher levels and who are untrained, although they are assumed to be trained. The members receive training in the objectives and benefits of co-operative thrift and credit, credit programmes and the need for effective participation. Great emphasis is laid on youth training, but there is a lack of resources. Because of the weakness of the primary societies training has to be done at district level by the National Co-operative Union of India. The educational programme is not linked with the business interests of the members and the district unions of co-operatives have no direct day-to-day contact with the farmer-members. However the development officers of the 5,000 community blocks give guidance on all matters relating to farming. As education programmes are at present directed mainly towards heads of families, women are largely neglected.

For staff training there are 60 junior training centres spread over the country, 14 co-operative colleges at the intermediate level and one at apex level, known as the National Institute of Co-operative Management, located at Poona. This system takes care of the paid staff, but nothing is provided for members of

committees. In 1973 the Government of India set up a committee to survey the existing structure of co-operative education, including its policy, direction, guidance and co-ordination. Its report is now under consideration. It is also recognised that a proper system of selection for chief executive posts has become imperative.

MR R. N. CLERIDES (Cyprus Central Co-operative Bank) described the system of school savings banks in his country. (See extract.)

PROFESSOR H. DESROCHE (Collège Coopératif, Paris) mentioned that the French Co-operative Movement had for 15 years possessed an institute which received from 100 to 150 trainees from 30 to 40 different countries each year and served as a very interesting laboratory for co-operative training on the basis of mutual exchange of experience. In his view there were three new problems, involving the relations between (1) training and action; (2) training and research; and (3) training and universities. With regard to (1), progress and contemporary innovation are leading us further and further away from the didactic type of teaching to more experimental training based on real life and experience exchanged with others, analysed, criticized and processed by experts. Attention should be given to the problem of exchange of experience in the training of men whose job involves action and who, for a given period by sabbatical or any other type of leave, can go back to the school bench to improve themselves as managers and men of action.

With regard to (2), a good learning tool is to think over one's experience. That is why much attention should be given to the exchange of experience between co-operatives in the older and the newer countries through sponsorships, co-partnerships and mutual aid – as Mr Moreau has been sponsoring credit co-operatives

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while training his own staff. With regard to (3), we find that of the 150 people who come to us every year, there are perhaps 20 who can take their PhD at the University and present a thesis based on their own experience. The question of Co-operation in the Universities is important because there is a great reservoir of talent and capacity, generosity and sympathy for co-operatives, as well as curiosity. There is an enormous potential to be harnessed and used for co-operative training and research.

MR J. MOREAU (Crédit Agricole, France) gave an account of his experience of exchanges of trainees between France and Togoland and their results. (See extract.)

MR Y. DANEAU, Fédération de Québec des Caisses Populaires Desjardins (Canada) followed with a description of a recent experiment with a course on Co-operation carried on through television at the instigation of a university with the collaboration of the Co-operative Movement and government help. (See extract.)

MR J. L. DE FEUARDENT (Caisse Centrale de Crédit Coopératif, France) commented on the difficulty experienced in finding adequate numbers of monitors and teachers to carry through training programmes. This was all the more disturbing because in the field of thrift and credit the object of the programmes was to change people's behaviour patterns and, if possible, to change the customs of certain countries. The people to be educated come for the most part from an oral tradition. Distribution of simple written documents with abundant illustrations is inadequate. The vital problem is to get the maximum effect at the lowest cost. In France rural tele-promotion has been carried on since 1962. The broadcasts are relayed to centres where people are grouped together. Very

recently attempts were made to reach a more difficult co-operator, the fisherman, and from September 1974 there would be broadcasts twice weekly to fishermen at sea in the Bay of Biscay. It is desirable for the Conference to underline the educational importance of radio and television and emphasize the difficulties Co-operators experience in getting access to broadcasting time from both Government-monopolized and commercially-managed networks.

DR SAXENA, winding up the discussion, reciprocated Mr Horii's sentiments on co-operative/trade union collaboration and mentioned a current ICA study of the possibilities of collaboration between the two movements. Other areas of research included the trade union outlook in developing countries—and even in advanced countries—which makes them aware of the importance of the real, rather than the nominal, wage. A propos of the ICFTU experiment in India with general purpose co-operatives, the ILO recently held a seminar in East Africa in order to analyse the role of the Co-operative Movement in better-living programmes. The question of Co-operative experiments leading to changes in behaviour patterns is very complex. The social stratification in a number of developing countries cannot be solved or resolved by the Co-operative Movement alone. There are a very large number of measures which have to be taken, although the Co-operative Movement can bring about change within its own context.

In reply to Dr Datey, Dr Saxena understood the economics of a common training programme for Co-operative and commercial banks, but it was important to realize that Co-operative banks are banks plus something else. The introduction of co-operatives in schools at an early age is perhaps a long-term pro-

gramme which is bound in time to have an effect on the understanding of senior administrators and politicians as to the nature and significance of Co-operative activity. The chief executives of Co-operative organizations he believed to be a cadre which must be developed on its own. Secondment from government is not a solution of this problem.

Dr Saxena noted the interesting points regarding West Africa made by Mr du Mouchel and agreed emphatically with Mr Benzing on the subject of international training. He also agreed that expectations should not be unduly aroused and believed that, when a technical assistance project is being initiated, it is extremely important that proper communication is established about what the project is supposed to do and what are its limitations. In commenting on Mr Chowdhury's appeal on behalf of Bangladesh, Dr Saxena pointed out that the efficacy of technical assistance depended to a very great extent upon internal efficiency in handling it. The internal infrastructure is absolutely vital, as also is the problem of co-ordination, and the present structure of the Government of Bangladesh seems deficient in the provision of middle management. Dr Saxena noted without

comment the remarks of Mr Weeraman, Mr Quraishi and Mr Clerides. A propos of Mr Desroches' points he mentioned a current ICA project, supported by the Co-operative League of the USA, to make a broad assessment of the effectiveness of training aids at present available in a number of developing countries. In the matter of research there was a great lack of feed-back from the field into the training institutions. This must be improved if teaching programmes are to be more responsive to the needs of the movements in the developing countries. Dr Saxena agreed with Mr Moreau on the need for follow-up and training of local leaders which will ensure continuity of the Togoland exchanges, as well as adaptation of the experience gained in advanced countries to the needs of trainees' own movements. The concept of the Co-operative Development Group, which COPAC was jointly responsible for initiating, is likely to be incorporated in the report to be laid before the UN Economic and Social Council.

Dr Saxena was grateful for the interventions of Mr Daneau and Mr Feuarent on the use of television and looked forward to the fuller evaluation expected fairly soon in Quebec.



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Business Strategy

With MR L. LEE, Chief General Manager of the Co-operative Bank Ltd. (Great Britain) in the Chair, the Conference began its consideration of the economic, as distinct from the social and educational, problems of Co-operative thrift and credit, with a discussion of the Movement's constant and ultimate aims, and the objectives which must be conquered and the resources deployed in order to achieve them. The groundwork of fact and experience necessary for fruitful discussion was laid by inviting several Co-operators of long practical experience in their respective countries and fields of activity to make presentations from their different viewpoints. In this way not only would a large area be covered, but certain common fundamentals might be expected to emerge.

MR GLENN FOX, Financial Consultant, Co-operative League of the USA, was the first of these, and he presented a paper in the drafting of which a number of officers of the League had collaborated. The outlook of the paper was therefore not limited to thrift and credit co-operatives. Assuming that the real end use of savings is consumption, the paper emphasized that service co-operatives become equally as important to the member as credit and thrift co-operatives, although they be legally separate. A well-run co-operative uses money to renew itself, to grow and increase as it contributes to life's needs. Co-operators' responsibility is to see that the concerns in which savings are invested are well-planned, sound and serviceable. This involves technical services such as (1) research, (2) feasibility studies, (3) employee selection and training and (4) education.

The paper advocated the closest

possible relations between commodity and thrift and credit co-operatives. They could occupy the same building, hold annual meetings on the same date, have overlapping boards, be supervised by the same overall management, use the same computer, etc. The co-operative educational programme should encompass the whole Movement. The two co-operatives could inter-loan, besides co-ordinating cash-needs and cash-use by informing each other of impending dividends, patronage refunds, stock-redemptions, etc. Inter-co-operative loans or investments should be sought as part of the most efficient employment of funds.

After a review of various methods of financing co-operatives, the paper discussed strategy of savings promotion. Since co-operatives do not normally make use of stock exchanges, they should build into their programmes practical plans for maintaining liquidity which include whatever safeguards and restrictions appear prudent. One system which has stood the test of time is to place to an internal reserve $\frac{1}{2}$ per cent of a society's total security issue. For expansion, funds may be obtained from re-invested earnings, sale of securities or borrowing, and an alert co-operative should use a balanced combination of all three. Another traditional method for a commodity co-operative is to maintain the totals of its share capital and equity reserves, its allocations to individual holdings based on patronage, its issues of debentures or bonds and its loans from institutional creditors, all at about 25 per cent of its aggregate funds.

In conclusion the paper declared that the ingredients for a sound, efficient

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and growing co-operative are not simple. Leadership, though difficult to define, is all important. Plans, programmes and even principles constantly evolve. They change as needs and challenges change. The late Howard A. Cowden induced the ICA Commission on Co-operative Principles to accept as an addition to the traditional Rochdale Principles the principle of "Co-operation among Co-operatives". That is what this Conference is all about. That is what will make more co-operatives effective in a multi-national competitive world.

MR A. LEWINSKY (Bank Hapoalim, Israel) in his paper pointed out that contemporary changes in economic and social life have fundamentally affected the structure of the banking system. More and more banks are offering an ever-widening range of services. The distinction between savings banks and commercial banks is tending to disappear. Wherever this process is pronounced co-operative credit faces a situation similar to that of consumers' co-operation confronted by the big supermarket chains and department stores. The competition forced upon them seems to lead to large-scale combination and a growing imitation of non-co-operative behaviour. Magnitude diminishes the co-operator's personal involvement and financing exceeds the capacity of the membership. These trends are worldwide and create a sense of urgency. In the final analysis new co-operative concepts are necessary. Concerted action is indispensable.

In Israel adverse conditions and social vision led to such concerted action. The Labour Movement made the Co-operative idea its own and Histadruth, the federation of trade unions, became a super-co-operative under the name of Hevrath Ovdin. As a result a multitude of co-operatives for every kind of economic

purpose developed, united under one roof. In order to channel savings and credits for co-operatives and members alike a bank was necessary and some fifty years ago was established under the name of Bank Hapoalim, which is now the second largest bank in the country, with \$4,500 million assets and an international standing. In recent years the Israeli experience has been emulated in Latin America and the Caribbean. Mr Lewinsky's conclusion was that ideas of joining forces in co-operative effort leading to nationwide concerted action are becoming ever more deeply implanted. Relations between credit co-operatives and other co-operatives should not be a theme for wishful discussion but the well-balanced reality of joint effort.

DR WERNER BLEILE, General Director, Co-operative Central Bank (Switzerland), spoke from the standpoint of an institution with close ties with the consumers' co-operative and trade union movements. He regarded strategic planning as a continuous process concerned with forecasting and preparing change within an enterprise and implying the control, integration and co-ordination of all its activities. A principal element in strategy is to determine the minimum level of liquidity to be maintained, reflecting the economic situation, and the fixing of the minimum productivity level. The most difficult phase lies in determining the directives to be given to the various management levels which must be aware both of their responsibilities and of what obstacles have to be cleared. Planning must leave room for flexibility.

The Co-operative Movement is in a period of transition, characterized by concentration and expansion, with enormous capital requirements. Measures have to be taken to control interest rates and promote saving and the Bank's services

have to be oriented accordingly. The strategy has been to develop local networks, making it possible for the customer to expand his business at local level and thus channel savings into the Bank. Relying on this type of expansion, the Bank has been able to slant its services towards the needs of these people.

In the present inflationary situation the Central Banks of a number of European countries, basing themselves on the same line of approach, have concentrated on the monetary sector. No parallel measures were taken in the attempt to stabilize prices. Measures taken solely in the monetary field will never be capable by themselves of overcoming inflation. Currency measures, such as floating exchange rates, are aimed at disguising devaluation. But how in these circumstances can one engage in long-term planning? It seems that in the whole world there is only one thing to be done, besides taking monetary measures, and that is to increase productivity. At the same time as automation and electronic production there must be an increase in the productivity of each individual. Only additional work will make it possible to increase savings. The personal contributions of individuals are needed to enable us to check inflation and assist the developing countries at the same time.

MR N. A. KULARAJAH, President, Co-operative Union of Malaysia, introduced his paper by stating his belief that every country has to plan its own way of business development. Each country represented in the Conference has its own social, economic and other experience which largely does and will dictate the business tactics to be adopted. Any kind of business strategy must have a sound basis and can only be planned and executed by an organization that is efficient. Mr Kularajah gave an account of

the development strategy of the Malaysian Co-operative Central Bank. The ideas inspiring it may be summarized in the following sentences from his introductory talk:—

“Members and the public think that a co-operative is a charitable or social organization that must go on giving benefits. If it goes on giving benefits in an unbusinesslike manner, it will fail. A co-operative, being a business, has to be run like a business. . . Innovation is necessary. Changes are necessary in order that it keeps up with the times, and the co-operative credit movement, or any co-operative at all, will not be a success unless there is a source of new ideas. . . If we talk about education to Co-operators, especially adults, it is a very sensitive subject; they just do not like education. In Malaysia we decided to call it ‘member communication’ or ‘public relations’, as it suited the occasion. Public relations are very important and necessary to success in a credit co-operative. A credit co-operative will not be successful unless it has a good image. . . Our co-operative leaders must say and do things that will make people, the co-operators, like them and understand them. It is important for the co-operative to look forward to innovative ideas and do things to give the co-operators confidence in it. . . It is important for us to train our employees to give service in the same effective and efficient manner as any other bank or credit organization. . . We must not overlook the need to provide proper facilities. Co-operative credit organizations and banks should have as many branches as is practical so as to be able to provide the facility to save. . . If a co-operative credit society just does credit activities and nothing else, it will not be as successful as it would if it got

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involved with the other activities of the Movement. The ordinary member should be able to see that, though a credit society is a separate society, it is a part of the Co-operative Movement which is striving to improve the standard of living and well-being of the people."

MR EARLE ALLEN, President, National Association of Canadian Credit Unions, dealt with democracy and efficiency in thrift and credit co-operatives in the light of Canadian experience, with particular reference to the Credit Union Movement in the thirty years since the Second World War. Whereas before the War credit unions financed their lending exclusively from their members' savings, the economic and social changes which followed the War brought pressure on the unions to lend for consumption wants rather than for production, and were reinforced by the appearance of the chartered banks in the consumers' credit field, simultaneously with a slowing down in the growth of savings. In this predicament the credit unions had to recognize the need to devise a system which could (1) expedite the flow of funds regionally between credit unions or co-operatives; (2) maximize the investment of surplus funds; (3) obtain additional sources of capital; (4) eliminate duplication of costly services; and (5) maintain a proper level of liquidity. Alongside this was the need to maintain the Movement's philosophical basis, the most salient feature which sets it apart from ordinary business or financial enterprises. The steps taken included entry into the housing field by meeting the demands by credit union members for long-term financing. Certain of the provincial central organizations have established mortgage subsidiaries. Moreover, the Movement has reorganized the Canadian Co-operative Credit Society. Improved legislation to-

gether with support from provincial and inter-provincial bodies should enable the Society to draw additional capital from the money markets, satisfy more of the regional and seasonal demands of its members for loans and utilize their surplus funds to the best advantage. The establishment of a co-operative bank is being actively considered for the sake of access to the Bank of Canada and the clearing system.

Among the most important priorities is the maintenance of liquidity and the assurance that members' savings are available on demand. Mr Allen's paper gives an account of the solution of this problem. Other priorities are concern for the financing requirements of small manufacturing and commercial enterprises, the provision of short- and medium-term loans to aid agricultural and rural development and stem the drift to the towns; the development of a credit card system which will obviate recourse by co-operators to outside banks; savings promotion through adoption of a wide range of convenient techniques and facilities; encouragement of participation by low-income groups such as Indians and Eskimos; increased aid to developing countries.

Discussion

MR D. FITZPATRICK (Mid-Munster Chapter of Credit Unions, Irish Republic) declared that he wished to see the 440 young credit unions in his country combining their forces for the economic improvement of the Irish people. The experience of Israel is of special interest to them and trade unionists should follow the wonderful example of self-help described by Mr Lewinsky, which would be of greater benefit than massive hand-outs from wealthier nations.

MR B. GINS, General Director, Union du Crédit Coopératif (France)

contributed a paper on business strategy of exceedingly wide scope, as is indicated by its title: "From Co-operative and Mutual Credit to the Bank of Social Economy". He began by pointing out that the term "co-operative credit" is applied sometimes to savings societies among families, sometimes to banks of co-operative societies. The former are usually small-scale savings and loan associations whose resources do not permit them to go far beyond advances for consumption or housing. The latter are to a large extent confined within the economic sectors in which co-operatives are engaged, such as agriculture, handicrafts and supply of consumer goods. His study comprised both types of co-operative credit but its scope included the wider field occupied by a host of mutual and non-profit-seeking associations and enterprises characteristic of western market economies and it was based chiefly on French experience.

It is to cater for the financial needs of the diversity of people's organizations in the shape of a depository for savings and a source of credit that co-operative credit exists and aims to develop. The whole of these organizations, together with their adherents, have enough in common in respect of spirit of service, solidarity and democratic management to possess a common image in the eyes of the public. A bank must have solidarity and stability if it is to command the confidence of its clients. Its resources must therefore be diversified and so distributed that it can avoid being embarrassed by any crisis, whether local or sectorial, or large withdrawals by big depositors. It has to organize its resources so that it has not to meet all its obligations at the same time, and to blend its fixed-rate with its variable-rate securities so as to neutralize market movements. It also needs a network of agencies, or sufficient agreements with

sister institutions to serve the same purpose. The division of risks is sometimes difficult for co-operatives which have important clients represented on the board or committee of management and which are open to social and human pressures. However, a certain balance can be achieved where information is open and clear between all those who have to take technical and policy decisions. An obligatory and independent auditing system is often a means of reducing risks. Likewise guarantee funds and mutual caution give protection against the consequences of mistakes, and are methods of strengthening confidence.

In respect of efficiency a bank's strategy should aim at reaching a certain minimum size, at providing a complete range of services, and earning the maximum return on the resources at its disposal. At the same time it must preserve its independence, on the one hand in relation to the State, on the other in relation to its principal clients. In co-operative credit organization this is especially important in view of the same person or organization possessing the double quality of member and client. Hence the importance of maintaining a stable equilibrium and mutual understanding between the different interests represented in the membership.

Mr Gins explained the manner in which the foregoing principles can be applied to serve the expansion, development and growth of co-operative credit systems.

MR M. LECARDONNEL, Fédération Nationale du Crédit Agricole (France), supported Mr. Lacour's plea for action to combat inflation. He considered that the most serious aspect of the situation was that the trust which the co-operative credit organizations have taken 75 years to build up is being eroded to a very serious extent. The agents, the

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thousands of workers in the field who have to "sell" thrift and credit to the public are demoralized and no longer working with the same conviction as before.

In the industrialized countries the biggest problem faced by the co-operative credit organizations is that of reconciling democracy and efficiency. In Holland 40 per cent of the country's banking is carried on by credit co-operatives. In France and Western Germany the percentage is in excess of 20. In the severe climate of competition the co-operative credit organizations have to meet the competition of the commercial banks, which are now taking an interest in family credit, and that of national savings banks which have government support. The association in the same credit co-operative group of family credit, professional credit and credit to labour-intensive concerns certainly needs to be allied to efficiency. Offering a whole range of banking and para-banking services is a vital necessity for credit co-operatives if they wish to face up to commercial competition. Giving co-operative credit agencies sufficient scale and maintaining financial soundness is the duty of the managers. The natural concomitant is that they have to charge the right price for their services.

DR C. D. DATEY (Reserve Bank of India) pointed out that to raise the level of cultivation there must be large-scale

investment to provide working capital for agriculture. The savings of the community at present are not adequate. Co-operative credit institutions, unable to raise enough credit, have to be supported by the Government and the Central Bank of the country. The only way by which the co-operatives in India can progress is through a partnership of the State with the Co-operative institutions.

MR A. KERSPERN, Cités Coopératives (France), in presenting greetings on behalf of the ICA Housing Committee, mentioned that it had set up a panel to undertake a permanent study of housing finance. Out of the seminars on housing finance held by the Economic Commission for Europe at Geneva in August 1973, three conclusions emerged: (1) encouragement should be given to family savings for housing; (2) preference should be given to a specific savings and credit system for housing through co-operative mutualist organizations; (3) a direct link should be encouraged between co-operative thrift and credit associations and the home-loan societies. He was convinced that through a direct link, factual or *de jure*, between these two types of organization, big developments can arise.

Owing to the lateness of the hour the speakers were obliged to forgo their right to reply to the discussion and the discussion was closed.

Structure and Rationalization

MR N. A. KULARAJAH, as chairman, opened the session and invited MR THEO BRAUN, President Confédération Nationale du Crédit Mutuel (France), to introduce his paper on Structure and Rationalization.

Mr Braun's argument started from the underlying motivations of what he called "the co-operative mutual credit enterprise" and the work of Raiffeisen, Durand and Desjardins to create a form of business organization through which the common people, combined on a basis of solidarity to promote their common interest, could develop an economic system different from the block of interests, institutions and forces represented by the capitalist regime. Within this form of organization the reality of power was transferred from a minority of capital holders to a community of free men, collectively responsible, and with that, the concept of service was substituted for the profit motive. Two additional conditions had to be fulfilled. First, the voluntary community had to become an institutionalized society, a co-operative which is the legal expression of the spirit of solidarity, enabling this ideal to take concrete shape and take root in the economic environment. Out of such societies a two-fold structure, at once horizontal and vertical, arose. The horizontal base consists of the thrift and credit societies set up and managed by individuals or families. These are local agencies which constitute the primary level responsibility. The vertical structure, or organizations of the second degree, is created to fulfil the financial, administrative and policy-making functions for which the primary societies feel a common need and which they cannot

effectively perform for themselves.

The operations of primary thrift and credit societies evolve from simple savings and loan transactions in the direction of a more generalized banking activity, as the standard of living rises and their members' wants multiply, while still retaining their contact with individuals. If they are to extend their services as they grow, they must invest capital in their business and run it at a profit, accepting certain limitations which that implies. At the same time they cannot be content to grow like an ordinary enterprise, regardless of their relations with their member-customers and the latter's democratic rights and responsibilities. They must remain faithful to their fundamental task of organizing solidarity, in other words, manifestly conferring additional advantages resulting from mutual self-help. The democratic principle requires the collaboration of four elements: the members, their elected representatives, the management and the staff, and it is that which makes the co-operative and mutual systems such magnificent schools of democracy.

Although the primary societies are autonomous, they are also bound to practise solidarity through organizations of the second degree, variously called unions or federations, within which the advantages of non-centralization have to be reconciled with the demands of efficiency. The second degree organizations have to bear responsibility at their level for activities which are financial, administrative and concerned with policy. Their activities are by nature beyond the scope or power of the primary societies, but are subject to their scrutiny and depend on their support. There thus grows up a

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system of rules, accepted on both levels, which determine their working relations, define their respective spheres of responsibility and authority, and concretize their inter-dependence. Often, beyond the second degree, it becomes necessary to establish a third level of responsibility, a confederation, with functions which concern the Movement as a whole, such as its representation in relations with public authorities and the co-ordination of its constituent bodies, especially in situations where the rules give little or no guidance.

It is impossible to disregard the fact that the establishment of different levels of responsibility raises the question of power. In the Co-operative Movement power has to be considered, not from the point of view of a single individual wielding power, but from the standpoint of the relations which are established on each level and between the several levels, for power here takes on the character of an integrating element which evokes confrontations, exchanges and transfers of responsibility. And because power cannot be defined as an end in itself, but has to be conceived with reference to a given purpose, powers derived from different sources can co-exist and contribute to increased efficiency. It is possible to understand and foresee how, in fact, different powers are reconciled and balanced with one another—a process inseparable from the process of organization. For unlike institutions based on a legal document, a contract, the Co-operative Movement is a community, each part of which has its own life, but exists only through the whole, as the whole exists only through them. It is only on this condition that it becomes possible to operate a system of division of labour imposed by technical demands and the necessity of adaptation to the economic environment.

The concentration of technical de-

vices for increased efficiency which we are now witnessing, is it not the source of constraints which risk bringing about a concentration of power? We can avoid this shoal if we remember that the means are inseparable from the end, which for us is to organize solidarity. The real participation which we wish to achieve at all levels is possible if everyone is sufficiently well trained and informed.

MR H. BENZING, Friedrich Ebert Foundation (German Federal Republic) first discussed the advantages and disadvantages of mergers and decentralization in relation to co-operative development in the countries of the Third World. He maintained that merger trends amongst co-operatives in the industrialized countries have been brought about by the pressure of competition. But to what extent are co-operatives able to take the initiative? How can co-operatives structurally keep pace with modern requirements? This problem will be posed increasingly in developing countries, but there other symptoms, even threatening conditions, prevail. The key position of the savings and thrift sector has been mentioned, but the dual problem for development work consists, first, in the fact that there are often no credit co-operatives and, second, that in many cases the techniques with which to work are badly adjusted to modern times.

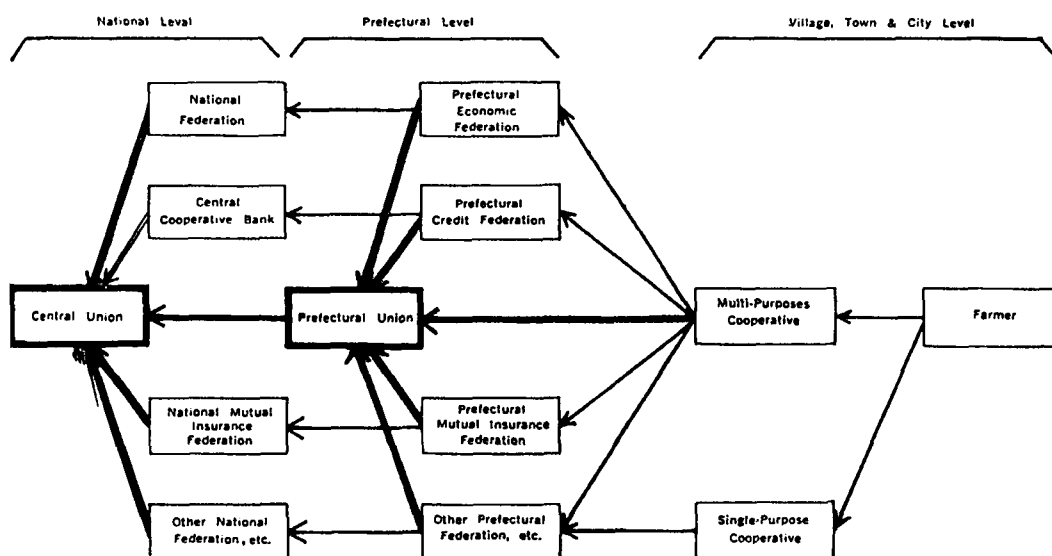
In order to build up infrastructures within the Co-operative sector, much more is needed than just money. In order to accumulate savings for the poor sectors of the population within the framework of the economy, certain attractions have to be offered. A rigid credit and thrift organization needs a certain economic and tax attraction. "Protectionism" is a real pre-requisite for life and for survival. The realities prevailing in many developing countries are very far removed from

initiative on an individual level. This does not signify a lack of willpower or of readiness to solve one's own problems of development. But in many cases, without material and personal impulses from outside, no changes can be achieved. So long as international Co-operation does not function better, we must not demand too much from the Co-operative sector.

Measures have to be taken to make the co-operatives more efficient and co-operatives have to adapt to the social and political situation, for otherwise they are isolated. Co-operatives take very courageous initiatives in order to reform themselves, but this is difficult to bring about and often goes beyond the framework of traditional co-operation. All real development policies rule out the imitation of examples from industrialized countries. Assistance towards self-aid for our partners can only be successful if we in the highly industrialized countries can learn to understand the development towards

merger of the highly-developed Co-operative Movements. The training programmes in the industrialized countries can make important contributions to the promotion of management within the Co-operative Movements of the Third World.

MR T. HAYASHI, Director, Central Co-operative Bank for Agriculture and Forestry (Japan), commented upon the report on the amalgamation of co-operatives in Japan, a summary of which was in the hands of the participants. After the enactment of the Agricultural Co-operative Association Law in 1947 various types of agricultural co-operative sprang up in large numbers all over the country. By 1950 they were almost all in financial difficulties with which they were too small to cope in the structural economic conditions then prevailing. The leaders of the Movement accordingly took quick steps, with legislative help, to reconstruct and rationalize the organizations, partly by the merger of the smallest units into viable



Structure of Japanese agricultural co-operative movement

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societies. Reconstruction continued as the Japanese economy regained stability and entered on a period of growth with expanding exports. The reconstruction was based upon self-help but also on co-operation from the primary to the national level, with assistance from local and central government, including financial aid.

In 1954 the Co-operative law was revised and the Movement once more remodelled its structure. The Central Union of Agricultural Co-operatives was formed and the whole system of agricultural co-operatives was re-shaped into its present form. Against the background of the rapid expansion of the national economy from 1960 onwards, with large-scale industrial development and rising standards of nutrition and comfort, the gap in productivity and income between agriculture and other industries opened wider. In 1961 the Government drew up a basic policy for agriculture which made stronger and larger co-operatives desirable and the law for the promotion of amalgamation among agricultural co-operatives came into force. The law laid down that the decision to amalgamate should depend upon the proposal being carried by a two-thirds majority in each society's general meeting, but it also provided financial aid facilitating the process of fusion. The Central Union formulated guide lines in a policy directive issued in 1963. The size of the amalgamated society should not exceed the limit where the members' views ceased to be reflected in the management. It should conform to the natural, economic and social features of its area. It should be large enough for sound management to achieve economies of scale. In rural areas size is gauged by the types of farm products handled. In suburban areas, where credit and supply business predominates, the volume of business is the main factor.

Elsewhere, a membership of not less than 1,000 is recommended.

Ten years afterwards a sample enquiry which brought replies from 7,000 members revealed that 41 per cent found the results of amalgamation to be favourable whereas 10 per cent were still not in favour of it. The remainder either found little change or were undecided. The national leaders of the Movement were not satisfied with the results of amalgamation. While a large number of strong co-operatives were created, numbers of small co-operatives still existed in all parts of the country. Progress and innovation in the private sector still require stronger and wider co-operation among co-operators. Amalgamation has provided the answers to particular problems but the solutions have created a new situation and many leaders, local and national, hold that the structure of the Movement should be subject to reconsideration at any time. It is their strong wish that the Movement should re-affirm the ideals and principles of Co-operation, in order to keep pace with the increasing demands of the members and arm itself with a stronger Co-operative spirit.

Discussion

MR S. DROUSSIOTIS (Cyprus) gave a brief account of the savings bank of which he was manager and which in 14 years had built up its deposits to £1.5 million, with a reserve fund of £100,000. The future progress of the co-operatives in Cyprus, he declared, depended upon the ability of the Movement to build up leaders. The quality of the people who lead and manage is of vital importance to any economic progress or social development. The managers must be trained to use sound management tools so as to be able to provide effective leadership.

PROFESSOR T. BOTTERI (Italy) described the situation of the Raiffeisen

credit societies in Italy where the law requires local agencies to observe rules corresponding to the original principles of Raiffeisen. Control of the observance of the rules is the function of the organization which monitors banking activities. The co-operative agencies were inclined to seek efficiency through technique rather than through solidarity. The consequence was the disappearance of the small agencies and the appearance of larger and larger co-operatives. Ten years ago a central organization was set up and its presence is being felt in the change of trend towards the concentration and merger of the small units, making it possible for them to solve technical problems without damaging their spirit of solidarity. Naturally the problem cannot be solved simply by creating suitable structures. The quality of the men involved is the only guarantee for the maintenance of principle.

MR A. ROULEAU, Quebec Federation of Desjardins People's Banks (Canada) spoke of the need to find highly qualified men of administrative and financial ability and to find in these same people a constant concern for democracy, for society and for their fellow men. The first concern of the majority of directors, management and staff in managing that enormous machine, the Desjardins Movement, is to run the thing properly. This raises certain problems when at the same time it is wished to be democratic and to preserve the original idea of Co-operation.

MR B. S. VISHWANATHAN (India) described the origin, development and functioning of the Land Development Banks in India which supplement the older credit societies providing only short-term loans. In recent years the Land

Development Banks have received large loans from the World Bank, and in the period of the Fifth Plan will have to provide Indian farmers with loans to an amount almost equal to their previous 40 years' business. He felt, however, that it is necessary to cater for all sorts of loans to farmers through a single co-operative agency, especially at primary level. The National Commission on Agriculture had recommended "Farmers' Service Societies", which would be multipurpose and cater for all farm requirements for a population of roughly 10,000 to 15,000.

MR T. BRAUN, replying to the discussion, after thanking the speakers for their interventions, proclaimed his own faith in the underlying motivation of co-operative and mutual credit. Alongside the profit motive and the motives underlying the state and certain other bodies, there is what he would call a third option in the organization of undertakings, which through their organization and structure can involve men in both handling capital and managing and administering an enterprise, thus enabling them to be free because they are responsible. We must maintain the possibility for human beings to participate in a democratic institution. Democracy is not possible today unless at each level we have intermediate bodies capable of disseminating the message, so that each and everyone should feel and understand and grasp the message and feel personally involved.

The Chairman, in closing the session, thanked Mr Braun and the other speakers, re-emphasizing Mr Braun's remarks on efficiency, the observations of Mr Droussiotis on management and the experience of the Japanese Co-operative Movement with mergers and consolidation.

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International Co-operation

MR HAROLD BRAATEN, President, World Council of Credit Unions (USA) took the chair and called upon DR D. GRETHE, Managing Director of the International Co-operative Bank (INGEBA) to make the first presentation on International Co-operation.

Dr Grethe pointed out three prerequisites for the development of international activities by business enterprises. First, governments must permit and even promote the rapid movement of goods and services, money and capital. Second, there must be mutual trust, besides the wish for international co-operation. Third, firms must employ the requisite experts and specialists trained to carry on international transactions quickly and smoothly.

As to the first, experience of the last 25 years has shown that excessive government intervention impairs the market mechanism. Government action to correct balance of payments situations, the permanent accumulation of currency reserves, the pursuit of liquidity, combine to create havoc in the system of international payments and trade. It is doubtful whether controls and restrictions can have the desired success in a system based on division of labour and close economic interdependence. Only a common conception of partnership in world trade can maintain and enlarge the international movement of goods, services, currencies and capital. Mutual trust is absolutely indispensable for the improvement of relations with the Third and the Fourth Worlds. Members of Co-operatives must attach great importance to these relations, participate in the economic and social development of the respective countries and have faith in the goodwill and efficiency of their friends in

other national movements, irrespective of differences of political development.

In the sphere of Co-operation, not all opportunities of international work have been utilized, probably owing to shortage of adequately trained personnel. Improvement is possible only if large numbers of young employees are given international training, and the co-operatives which already have international experience are ready to provide it.

MR M. ROBERTSON, President, International Credit Union Services Corporation (USA) introduced the subject of international co-operation for agricultural production among small farmers, with special reference to the Interlending Programme of the World Council of Credit Unions. The problem of production credit for small farmers in developing countries has evaded a satisfactory solution over a long period, but there is now a growing awareness in the international co-operative credit and thrift movement that credit unions among farmers open up possibilities of profitable investments, as single loans made to co-operative institutions can be sub-lent to their individual farmer members.

The Credit Union Movement first initiated with some success a Production Credit Programme in Latin America, where peasant farmers, not being able to offer collateral security, are not eligible as clients for commercial banks, which are in any case more strongly attracted by less risky and more profitable opportunities. Government development banks also favour large industrial or agricultural borrowers. Seventeen years ago CUNA International launched a technical assistance programme to assist the foundation

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and extension of credit unions in Latin America. The action was subsequently opened out to include other countries requesting such technical assistance. Today the programme has reached 70 countries, with the support of sympathetic institutions and agencies such as the US Government's AID.

In Latin America 18 countries have developed their own national credit union networks grouped in national federations. In 1970 the Latin American Confederation (COLAC) was established, and fixed as its first priority the provision of credit to small peasant farmers. Up to the present nearly \$10 million have been supplied by external sources to finance agriculture and small industry through credit union federations in eight countries of Latin America. The record of these operations convinced the World Council of Credit Unions that credit unions could help a lower level of farm population than had hitherto been reached and it began, in conjunction with other central organizations of the Credit Union Movement, to design and execute an International Interlending Programme.

The Interlending Programme is supported financially by the International Guarantee Fund to which credit union federations and other interested co-operatives and agencies can contribute. For the present the guarantee provisions will be in force for as long as is necessary for the pilot lending projects to demonstrate more precisely the dimensions of the risk factors involved. There are at least five lines of security and/or protection for the lender, but with continued experience and research the amount guaranteed by the fund will be safely increased according to realistic assessments of the risks.

A further possibility would be the channelling of funds from other sources directly to developing countries for small farmer loans through the instrumentality

of the World Council, the ICA, the United Nations and its Specialized Agencies. There would also be the possibility of utilizing agencies like the International Co-operative Bank and private international financial institutions in the Northern Hemisphere and Australia. The final objective would be direct lending between co-operative central financing institutions and co-operative central or regional organizations in developed and developing countries. Such interlending has already been initiated between central credit unions in the USA and Canada, and federations in Latin America. The preparation of national organizations for full-scale participation in such programmes may take as long as a decade, but as the membership of credit unions expands and technical assistance increases the organizations will begin to provide for themselves the necessary instruments and facilities for a world-wide credit system for farmers.

DR W. HESSELBACH, President, Bank für Gemeinwirtschaft, Frankfurt a.M., and Chairman, ICA Banking Committee, discussed the situation of the Co-operative Thrift and Credit Sector in the light of the world monetary problem and explained why in his opinion, national co-operative solidarity is a pre-condition for international co-operation. In his opinion the world monetary order established at Bretton Woods has been dead since the foreign exchange crisis of February-March 1973. Since then the former system has dissolved into a chaos of fluctuating exchange rates, in which banks, insurance companies and other large concerns all operate, with the result that processes of money creation develop without any world central bank to correct and restrain them.

The release of the exchange rates was followed by the material boom. The background for the latter was a world-wide business boom, so that the level of

world market prices for food, as well as for industrial raw materials and energy, rose during 1973 by about 50 per cent. The cartel-like policy of the energy producers forced consumer countries at once to seek alternative sources of energy and to discover ways of economizing energy and raw materials. At the same time interest rates reached their highest post-war level.

The outstanding phenomenon is the enormous trade surplus of the oil-producing countries, with corresponding deficits in the trade balances of both industrialized and developing countries. How is this going to affect the international money and capital markets? Only one thing is certain in the near future: there will be no reform of the international monetary system—no new rules like those of Bretton Woods—to influence the next decades. We are entering a phase of full international monetary freedom. The basis for world commercial development continues to be good. We have a smoothly progressing world boom and no reason to suppose it should now suddenly come to an end. It is possible that a payment triangle may develop. The European industrial countries and Japan could have balance of payment deficits against the Persian Gulf States which in their turn would probably invest their surpluses mainly in the USA, from where they would then partly return to European credits.

Turning to the consequences for the collaboration of co-operative banks, Dr Hesselbach considered that this would be complicated by the new risks involved in the world monetary situation, added to the political and currency risks. Individual co-operative banks would have to rely for years ahead on their own strength for raising long-term funds. In any case the industrialization of whole countries and regions is primarily not a capital question but a socio-psychological learning process.

Given the wish and intellectual forces in favour of industrialization, means to finance the appropriate industrialization are found. The multitude of possible ways of industrialization afford the hope that the co-operative method will be adopted and industrialization carried through in a democratic, humane and dignified manner.

From this point Dr Hesselbach went on to explore the possibilities for co-operative banks, national co-operative banking systems, the International Co-operative Bank Ltd and international co-operation generally in the financial field. (See extracts.)

MR B. TRONET, Vice-President, International Co-operative Bank, presented the paper on the International Financing of Co-operative Enterprise in Developing Countries which forms an abridged version of a comprehensive study in which ILO, FAO, COPAC and the ICA took part and which was published by the ILO. The first part of the paper sets the scene for the suggestions made in the second part by describing the financial requirements of co-operatives in developing countries, as well as their still unfulfilled financial needs, based on data collected and requests for aid received by the ICA. Special attention is devoted to agricultural co-operative credit in which there exists a major role for co-operatives in generating, channelling and supervising credit to individual farmers. Next, existing sources of finance, both internal and external, are examined, together with the types of aid to which they contribute and their methods of working. Private sources are also included. A special section deals with the co-ordination of assistance, both between sources of aid and between capital and technical support.

The second part of the study is devoted to the examination of proposals for an international institution for financ-

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ing co-operative enterprises in developing countries. These proposals centre upon three possible institutional arrangements: an international co-operative banking institution, an international co-operative fund, or an international co-operative consultancy service. Mr Tronet went on to discuss these proposals. He concluded his intervention by posing the question: What will happen? His own reply was: "A simple way would be for everybody to wait, and nothing will happen. But in the discussions everybody spoke of the necessity of doing something to place investments in the hands of developing countries. I close by recommending that something should happen—and happen very soon—and that there will be collaboration between all those who want to work in the same direction." (See also extract.)

Discussion

MR H. DAHLBERG (Sweden), representing the Insurance Development Bureau, explained that the Bureau was a sub-committee of the International Co-operative Insurance Federation, which grew out of the former ICA Insurance Committee and which comprises 51 co-operative insurance societies in 26 countries. The Bureau was formed in 1963 to assist the Federation in supervising an assistance programme for the development of co-operative insurance, more especially in Africa, Asia and Latin America. After enumerating the advantages to a national co-operative movement in having its own insurance institution, Mr Dahlberg described the work of the Development Bureau. It undertakes feasibility studies and advises co-operative and trade union promoters on the suitability of launching co-operative insurance operations. It provides technical assistance to new enterprises, experts to work for initial periods and loan guarantees for borrowing capital,

backed by a Loan Guarantee Fund to which the 51 members contribute. The Bureau organizes training seminars and places individual trainees with member institutions. It also publishes informative material on insurance suitable for co-operatives in developing countries.

MR G. O. OSOBA, Co-operative Bank, Ibadan (Nigeria) described the activity of the co-operative thrift and credit organizations which collect savings from salaried workers, market women and traders and channel them to the Co-operative Bank. There are a large number of co-operative produce-marketing units handling cocoa, palm kernels, rubber and coffee for export and many occupational co-operatives. At the centre is the Co-operative Bank, established by the Western State Government but managed entirely by the co-operators. The Bank takes all the funds of the co-operators on deposit and endeavours to attract funds for their operations and development.

MR P. LACOUR (France) expressed his pleasure at seeing, six years later, the fruition of a proposal for a loan guarantee fund he had himself made at the first Conference on Thrift and Credit held in Jamaica. He was grateful to the World Council of Credit Unions for the opportunity of marking up a concrete achievement. In his own Movement he would try to find a way of integrating what they were doing at a very modest level with what was being done on a much larger scale.

MR H. WATZLAWICK, International Labour Office, Geneva, explained the grounds of the concern of the ILO with the international financing of co-operative enterprises. The reasons were both formal and practical. The International Labour Conference, when discussing in 1966 its recommendation on the general role of co-operatives in the developing countries, also passed a resolu-

tion inviting all member countries to consider co-operative banking with a view to increasing the availability of finance. It accordingly undertook a survey of needs and possibilities, including the feasibility of an international banking institution.

From the standpoint of the ILO's practical work, it had become an institution interested in generating every form of outside support for help to co-operatives in developing countries. It had already approached the Kuwait Development Fund, mentioned by Mr Burke Knapp, with proposals for co-operative development. In the ILO's Technical Development Programme, self-reliance of the Co-operative Movements assisted was a constant aim and that meant building up a sound financial backbone and incorporating a National Co-operative Bank. It also meant helping movements to mobilize local savings and to get outside finance to supplement their meagre resources.

The ILO fully supports the appeals made by Mr Tronet and Mr Robertson to the international co-operative movement to build up a mechanism for international co-operative development-lending. It was willing to collaborate. If it cannot provide finance, it can help to locate it. Its advisers can provide a kind of technical or moral collateral, and it can adapt its programmes to meet certain needs, notably training and consultancy.

MR A. V. CASTRO (CUNA/ COLAC) fully endorsed Mr Tronet's

proposals and hoped INGEBA would give serious consideration to them. He further suggested that the ICA should set up a committee and invite people interested throughout the world to consider alternative methods of transferring capital resources from the industrialized nations to the less developed countries. He knew from experience in trying to obtain resources from the multilateral development banks what great restrictions were placed on the methods of operating with them. For many co-operative organizations the World Bank is not an accessible source of credit. How does it relate to co-operative organizations? How do the various regional development banks relate to them? How could they become more effective? It is a proper task for the ICA to take hold of this issue and develop different methods and strategies. Co-operators must capitalize on recent developments and propose that the various agencies earmark funding for co-operative development, so that they can reach the small farmer and artisan who does not need millions but a few dollars to get him started in productive activities. Working in the development and design of the inter-lending programme was one of the most difficult tasks Mr Castro had undertaken, but it was the beginning of an international finance mechanism that could be used as a model and example. No matter how difficult the economic conditions prevailing in the world, there would always be this type of problem.

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Day 4

Regional Co-operation

MR T. BRAUN (France) took the chair and called upon MR M. V. MADANE, Joint Director for Technical Assistance and Trade, ICA Regional Office and Education Centre for South-East Asia, New Delhi, to present the first paper.

Mr Madane remarked that it is sometimes assumed that international co-operation, discussed in the preceding session, might cover regional co-operation too. That might often not be the case, for regional co-operation needs intra-regional collaboration. He believed that if a strong base had been created through regional, especially intra-regional co-operation, international co-operation would be easier to achieve.

In the course of a rapid review of the characteristics and trends of the Co-operative Movements in South-East Asia with which he was at present involved, he mentioned a noticeable development of inter-co-operative relations resulting from the efforts made by several international organizations, including the ICA Regional Office, to promote the exchange of information and experience. There had been a time when the different countries did not know about the co-operatives of their neighbours but they were coming closer now. The educational programme of the ICA Regional Office, mentioned by Mr Weeraman, was itself a big effort in international relationships. A more concrete trend is to be seen in the joint ventures by Co-operative Movements in the region and from outside. One is a common enterprise between the Japanese and the Thai Agricultural Co-operative Movements in the cultivation of maize. The other is the establishment of a big fertilizer complex in India jointly by

co-operatives in the USA and India.

The report of the Pearson Commission on International Development referred to the decline of technical assistance to developing countries. A charitable approach to technical assistance will not solve the problem. In the ICA the policy has been to develop projects, such as the dairy project generously financed by the Co-operative Movement of the German Federal Republic, but on the whole there has been little success in obtaining technical assistance or capital aid for projects which are small compared to World Bank size projects.

He appealed to the advanced co-operative movements to combine with the developing co-operative movements as equal partners in joint ventures. Many advanced movements are already buying large quantities of consumers' goods from the developing countries in South-East Asia. Labour is comparatively cheap and many multi-national corporations and private companies are starting joint ventures in these countries. Why not the Co-operatives? He appealed to the Conference to give serious consideration to the idea of establishing consumer industries and agricultural processing industries by mutual collaboration between two co-operative movements.

Mr Madane next dealt with two major projects which had been evolved by the ICA Regional Office with the active support of the movements in the region. The first is the establishment of an international co-operative trading organization. After seven years of promotional work the time had now come to establish an agency which could actively assist in buying and selling. A company called the Inter-

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national Co-operative Trading Organization was being established in Singapore, to buy and sell on behalf of co-operative movements the world over. It will not be restricted to the region but its services will be available to those European co-operative movements already purchasing in the region. Four countries had already joined and the papers for registration had been filed.

The other project is the proposal for the Asian Co-operative Development Bank. The history, situation and prospects of this project were described in greater detail by Mr Madane in his paper.

Further presentations were made on co-operative development, particularly in the form of credit unions, their federations and confederations in other continental regions, by MR ANDREW SO KWOK WING, President of the Asian Confederation of Credit Unions; by MR B. ORTIZ, President of COLAC in Latin America; and by MR B. MUKONG, President of the African Co-operative Savings and Credit Associations (ACOSCA). (See extracts from their papers.)

Discussion

MR D. NYANJOM, Director, ICA Regional Office for East and Central Africa, Moshi (Tanzania), regretted that co-operative leaders from the part of Central Africa covered by the ICA Regional Office were unable to attend the Conference for lack of financial resources. This point might well be considered when future conferences are planned. He emphasized the importance of intensifying education and training programmes now being operated in the region. As a result of the programme for mobilization of local savings, co-operatives were mushrooming in the region at a pace likely to result in serious setbacks, unless growth was coupled with member education and committee

and personnel training programmes. There was danger in allowing the savings and credit co-operatives to become a convenient way of making consumer credit available without inculcating the spirit of thrift. It was encouraging, however, to note the educational programmes now being carried out by ACOSCA.

Mr Nyanjom further pointed out that the agricultural production credit schemes now being developed in the region, as part of the multi-purpose pattern of agricultural co-operatives replacing the former specialized marketing societies, had made training in thrift and credit an important part of the educational programmes. He hoped that the Conference, notwithstanding the need to consider important world monetary problems, would give sufficient attention to supporting the development of sound thrift and credit schemes in the developing countries where co-operatives were facing acute shortages of high-level manpower.

MR O. AMURE (Nigeria) gave additional information about co-operative developments in his country, including association between districts for joint buying of consumers' goods and group-farming projects introduced among the farmers. He invited visits from the ICA to assess what type of assistance was needed and how it might be provided.

MR A. CASTRO (USA) welcomed the information given about developments in the field of regional integration, but regretted that all the various alternatives available to channel capital assistance to the developing world were not yet being explored. There was too much emphasis on the structures of co-operative banks, which were only one method of structuring financial integration. Other structures, such as the workers' banks, are available to move capital resources and make them available to co-operative organizations in

the less developed countries. He knew from experience that credit union federations are just as effective as co-operative banks. There is no more effective system than the credit unions and the thrift and credit societies for reaching the rural sector, because they involve local participation and encourage self-discipline in the management of resources.

Mr Castro repeated his suggestion of a committee to formulate recommendations on action to be taken on the various subjects raised in the Conference, by analyzing possibilities, potential and issues, even though the proposals presented had been directed to the International Co-operative Bank. The International Guarantee Fund described in Mr Tronet's paper would be needed by the Asian Co-operative Bank and by COLAC. Such a fund could have universal application, to the developed as well as the developing countries. In the search for liquid sources, one of the problems posed is inevitably that of a guarantee. "We have to devise a method that can permit and facilitate the flow of capital to help our co-operators in the less developed countries. We are not talking in great sums: the people want to work, to put their skills into productive effort, but they do not have the tools. We in the advanced countries use the major portion of the natural resources of the world and it is for us to find means of re-cycling part of that affluence back to them."

On the question of multilateral and bilateral lending, Mr Castro stated that, although there was a concern to help the less well-off groups, no one had come up with any solution and it was for co-operators to find a means to bring resources to the less developed. The multilateral agencies are mostly government banks and respond to the interests of national governments, many of which look

with some suspicion at co-operative development efforts. A policy of not encouraging co-operative organizations or of controlling them inhibits free development, and funds, intended by the industrialized nations for low-income people in both rural and urban areas, in practice reach them only to a small extent. It is for the co-operative movements organized in the ICA to address themselves to this issue, to find out how the development banks operate, and what are their limitations. The Movement has the structures and institutions to do it itself. What is wanted is the opportunity to get the right type of assistance directly.

The Chairman, MR T. BRAUN (France), summing up the discussion, declared that in the course of previous discussions the Conference had identified a unity on the bases of a common ideal, by identifying a weapon common in each of our countries or in each of the four corners of the world represented. Through the reports presented the delegates would have obtained a better grasp of the efforts being made by the credit unions and their World Council and the activities of INGEBA, as well as suggested lines on which solutions might be sought. The Conference had thus realised what is going on and what has gone on, the successes and failures and hopes of the different organizations, national or international. As a result the Conference is brought once again face to face with its theme: Efficiency—Effective Action. In its previous history the ICA has been mostly concerned with consumers' or production co-operatives. The thrift and credit co-operative movements are of comparatively recent origin. The ICA has in fact brought to birth a new child, born into a large family. The advantage of that is that it injects new life and vigour into the parents. It introduces a new source of wealth into their life. The disadvantage is

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that it upsets the life of the parents and older members of the family. Looking back on the origins and progress of the Conference, Mr Braun pointed out that it was sponsored by the Banking Committee of the ICA, the Canadian and the French national organizations and the World Council of Credit Unions. He agreed with Mr Castro that it would be a good thing if, in the course of summarizing the conclusions of the Conference in the final session, they could work out a formula for precise

definition of the Conference's status within the ICA, its relations with other international organizations, methods of work, efforts at technical assistance, education and training, exchange of funds, so that what comes out of this Conference will be what they wished to see. They needed to have outlined some precise and concrete positions which enable all organizations to exist on an equal footing within the vast family represented by the Alliance.



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Reports, Discussions and Recommendations

MR P. LACOUR (France) in the chair informed the Conference that it had originally been intended that Mr S. Katayanagi, President of the Norinchukin Bank (the Central Co-operative Bank for Agriculture and Forestry, Japan) should preside over the final session. Mr Katayanagi had, however, been unable to attend the Conference and Mr Lacour asked the Conference to agree that a message should be sent to him expressing regret at his absence and thanks for his consistent help given to the Conference and the Secretariat. The chairman reminded the delegates that their task was now to consider whether the drafting committees' reports were an accurate reflection of the sense of the discussions in Conference and called on DR SAXENA, Director, ICA, and Secretary of the Conference, to introduce the reports and explain the procedure.

Dr S. K. Saxena explained that the General Drafting Committee had worked on the basis of the reports of the several sessional drafting committees. It was a bilingual committee but no serious problems were encountered in coming to a consensus. The reports were read out and discussed not only in terms of their accuracy in reflecting the discussions in Conference, but also in order that the Drafting Committee should clearly identify any specific initiative stemming from the discussions.

MR R. P. B. DAVIES, General Secretary, ICA, then read the reports section by section, followed by the synthesis of the reports on international and regional co-operation drafted by Mr T. Braun. Each sectional report was discussed

and, where Conference judged appropriate, amended in substance and phraseology.

After general agreement had been reached on the reports, MR W. P. WATKINS, as general rapporteur, explained that they would need further editing in order that they should read as the considered opinion of the Conference rather than its drafting committees. The "Report and Recommendations" printed in Section II is the final text.

The Chairman then invited DR MAURITZ BONOW, President, ICA, to deliver the closing address.

Dr Bonow thanked all the delegates for their contributions to the discussions, as well as the rapporteurs and the sectional and general drafting committees. In a review of the work of the Conference, he referred to Mr Burke Knapp's remarks on inflation, agreeing that it was necessary to look for a comprehensive approach to the solution of this problem. He was especially happy that Mr Lacour had suggested that the International Liaison Committee should appoint a working group to look into the whole problem of inflation and its effects on Co-operative thrift and credit institutions. Because the causes of the phenomenon were complex and any solution would have to draw on the experience of a wide variety of experts and institutions, he hoped that the work of the study-group would have the advice and support of the World Bank group of organizations.

It was, he said, extremely important that we Co-operators should try to relate our own problems to questions of international development. The world must

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have a better balance, certainly in terms of levels of economic and social development. The long-term perspectives, in respect of available resources of energy, non-reproducible raw materials and food, compared with the rapid and huge increase in world population, give cause for great concern. It is imperative that a massive increase and re-orientation of development policy, to take into account both economic and social objectives, should take place.

Dr Bonow recalled Mr Burke Knapp's emphasis on the need for intermediary organizations to help financial and technical assistance to the vast rural population in the developing countries, and the reference in the statement of the UN Assembly on the Second Development Decade, to Co-operation as means of channelling assistance. General declarations of this type, said Dr Bonow, are very valuable as guidelines, but to find ways of implementing them in practice was just as important. He recalled the variety of institutions and methods which had been mentioned in the Conference and submitted that the time is now really ripe to bring these resources together to channel support to sister organizations in develop-

ing countries. Avoiding overlapping, it was necessary to join forces to achieve the maximum impact on world Co-operative development. This can be illustrated by the increasing collaboration in the field of education already planned through the Advisory Group on International Co-operative Training Centres (AGITCOOP).

Dr Bonow hoped that the recommendations emerging from the Third International Conference on Co-operative Thrift and Credit would contribute to strengthening savings and credit co-operatives and co-operative credit institutions in order to promote the economic interests of their members throughout the world. He concluded by extending thanks in the name of the Conference to all responsible for its organization.

The Chairman thanked Dr Bonow, not only for his address but also for the persistent support he had given the Conference over the years in overcoming its many difficulties and problems. He hoped to meet the delegates again at the next Conference, which might well take place in South-East Asia, as India, Malaysia and the Philippines had already extended invitations.

SECTION II

Report and Recommendations of the Conference

A. Motivation Problems

1. The reports presented to the Conference on the problem of motivations by Messrs. Charron, Lacour and Coste lead to conclusions which the Conference adopts, as follows:

- (1) Co-operative action is justified by its motivations whose aims are to meet economic needs and to achieve collective goals of material and spiritual wellbeing. The credit requirements of those who are qualified to make the best use of such credit are met by voluntary thrift on the part of members of the community. The solidarity thus organized by the savings and credit co-operatives gives the savers a sense of participation in economic life and of constructing a human society in which they can take fuller control of their destiny.
- (2) The Conference stresses the dangers of a form of saving whose structure tends less and less to meet the requirements of long-term development and maintain its growth. The Conference recognizes the risks of behaviour patterns which too often, in an economy of plenty, lead to spurious saving, that is, an inadequate form of saving which is not sufficiently mobilized to finance productive and social investments, a form of consumer saving rather than of investment saving, and saving the growth-rate of which is illusory if inflation absorbs the real value of investments which tend to remain too liquid.
- (3) The Conference is conscious of the shortcomings in theoretical analysis of savings motivations and would like to see practical studies undertaken in every country. It recognizes the fact that thrift is often ephemeral in that savings are accumulated in banks for only a few months in order to purchase some consumer good, but affirms that, in contrast to private enterprises, mutual credit and co-operative credit provide means, by their educative action and specific techniques, of ensuring greater stability for their members' savings.

(4) The Conference feels that the rate of interest which influences the pattern of investments does not provide sufficient motivation at a time when prices are rising steeply. This being so, it affirms that credit banks must adapt themselves to the most modern techniques of banking practice and develop them in the light of their specific characteristics.

2. The Conference does however recommend that consideration should be given to the *new motivations* advanced by the various rapporteurs and speakers from the floor whose objective is to find techniques which are suited to their respective countries and which are effective, such as:

- The need in developing countries to inspire confidence and provide investment opportunities by developing co-operative institutions.
On this particular point the Conference accepts the suggestion of Mr Theo Braun who proposed the possibility of "transfers" in their favour in the name of international solidarity.
- The need for improved quality in all spheres (consumption, provision of housing, etc).
- The need for a more human environment and way of life.
- The need to provide aid for the handicapped of all kinds and for immigrant workers.
- The needs of the elderly.
- The needs of small family businesses.
- The defence of the value of inheritances and the peoples' savings against the onslaughts of monetary erosion.

3. The Conference likewise accepts that the fight against inflation is becoming the most urgent preoccupation of savings and credit co-operation. Indeed inflation endangers credit co-operation and all its motivation. The Conference commends for study:

- (1) Kooperativa Förbundet's experience in the matter of the revalorization guarantees for loans granted to savers;
- (2) The suggestion of Mr Theo Braun, President

Section II Report and Recommendations of the Conference

of the Confédération du Crédit Mutuel de France, which consists in obtaining a premium for the *provident savings* of small savers, to compensate for monetary erosion, which would be provided by the State from the additional resources accruing from inflation; and introducing for *development savings*, which finance longer term productive and social investments, a genuine revalorization deriving from those investments (participation bonus on results).

The Conference considers, in effect, that rates should retain their commercial nature. If the rates paid to creditors rise to a level incompatible with the maintenance of the rates paid by debtors, the very reason for the existence of mutual credit is brought into question.

4. Finally, the Conference, in accordance with the wishes of the delegates, places on record that means must be found by the Thrift and Credit Co-operative Movement to combat inflation and "save saving". In line with Mr Lacour's report, the Conference would like the International Liaison Committee to set up a study group consisting of savings and money experts and responsible theorists, whose terms of reference would be to examine the technical bases for solutions to be submitted for the views of a wider Conference. The aim of such a Committee would be to analyze and define ways of combating inflation and to draw up a list of measures for effective action.

B. Education and Training

The reports presented to the Conference and the ensuing discussions led to the following conclusions:

1. The Need for Education and Training

It is recognized that education and training are necessary elements in the development of a Co-operative Movement. It is generally felt that education and training, more particularly teaching methods, are not always well adapted to the needs of the Co-operative Movement in both developed and developing countries. Education and training should be directed particularly to the following groups (audiences): members; elected leaders (i.e. members of Boards of Directors or Committee members); employed (professional) personnel; managers.

Over and above these "traditional" groups, the need also exists for directing educational programmes to:

- the general public, especially young people from whom future membership will be drawn;

- trainers (those charged with the task of conducting educational programmes at all levels);
- women (who have a considerable influence over family finances);
- national leaders and administrators (particularly those in positions of influence on development policies).

The need for research in the field of thrift and savings co-operatives is now being felt. There exists a need for co-ordination of educational and training programmes at international level. (See also Para. 4 "International Collaboration".)

2. Objectives

Education and Training Programmes should aim at:

- serving the members in the most efficient and satisfactory manner (for their own prosperity);
- encouraging thrift and not only credit;
- bringing about the awareness that thrift and credit co-operatives have to operate as business institutions, and that whilst adhering to co-operative principles and maintaining the co-operative element, they should not be lured away from strict business procedures into giving credit on a concessional basis;
- emphasizing the importance of directing credit to defined production goals rather than consumption only;
- enabling the members to *participate* in the general process of developing and not behave as *passive objects* in the process;
- providing education in the management of family budgets;
- motivating members to participate more actively in other fields of fundamental adult education (see "Methods and Programme Coverage").

3. Methods and Programme Coverage

In view of the high demand for education and training, particularly at the grassroots level, and the existing shortage of trainers, it is essential that educational programmes should provide for the training of trainers—preferably using methods which will bring about a multiplier effect at low cost, e.g. the training of study circle leaders.

Educational methods should be adopted that can transfer knowledge and skills and at the same time bypass illiteracy, particularly in the developing countries where illiteracy affects the effectiveness of educational programmes. Possible

methods, some of which are applicable to developing countries, are:

- discussion groups, study circles and short one-day courses/seminars;
- members' annual general meetings and similar forums;
- educational films, slides and filmstrips;
- educational radio and television programmes;
- inclusion of co-operative studies in the syllabi of institutions of higher learning—e.g. universities;
- introduction of Thrift and Credit Co-operatives in schools (even if on a small scale);
- linking of education and training in thrift and credit with the process of wider social change: thus educational programmes should not simply deal with borrowing and saving, but also with other aspects of fundamental economic, financial and social education—such as family welfare, child care, nutrition, etc;
- exchange of personnel of thrift and credit co-operatives in developing and developed countries, so as to gain experience and skills at all levels;
- production of literacy follow-up material (specially designed to promote functional literacy);
- more emphasis in training programmes on the quality rather than the quantity factor;
- training programmes for professional personnel should be directed to those already serving in the movement rather than to arbitrarily recruited trainees;
- on-the-job training for professional personnel.

4. International Collaboration

There is a felt need for international collaboration in the field of education and training. Current aid programmes from developed countries to the less developed countries are highly appreciated and should be encouraged and continued. The effectiveness of international aid depends largely on the internal infra-structure of the recipient country.

Developed countries sponsoring educational programmes in the developing countries should take into account the need to tailor these programmes to local needs. Technical assistance to developing countries should aim at, among other things, training local counterparts and leaders. In recruiting candidates for training in developing countries, preference should be given to those in senior positions who after training

abroad will be capable of transferring the new skills and experiences acquired to local needs, and of influencing development policies and programmes. Training programmes in such developing countries should be followed up by the sponsoring countries.

The formation of the ICA Advisory Group on International Training of Co-operators is highly appreciated; it is hoped that this body will be instrumental in co-ordinating international programmes, exchange of ideas, experiences and personnel, the recruitment of candidates for training abroad at an international level and the development of suitable syllabi. The existing collaboration between international organizations such as the international Co-operative Training Centres and other organizations is highly appreciated, but it is felt that closer collaboration and systematization of the work of these institutions is required. There exists a need for developing educational materials, methods and techniques at an international level. In this connection the work currently being undertaken jointly by the International Co-operative Alliance and the Co-operative League of the United States of America will, hopefully, meet this need.

5. Problems in Education and Training

Some obstacles which frequently cause difficult problems of education and organization are:

- inflationary pressures (resulting in lack of incentive and motivation to save). This calls for member education on the root causes and solutions of the problem;
- pitifully low incomes, making it difficult for the effective flourishing of thrift and credit co-operatives;
- lack of funds and resources (mainly manpower resources) and adequate facilities;
- lack of initiative by the co-operatives themselves (especially at grassroots level). It is also felt that education and training is not given due recognition by co-operatives, and that funds allocated to education and training are often directed to other uses when financial problems occur;
- lack of exchange of educational materials and translations;
- drainage of qualified and experienced personnel from the movement to Government departments and other (often) better paying jobs;
- cultural norms which stand in the way of development (e.g. prejudices which do not allow women to participate in educational and other programmes).

Section II Report and Recommendations of the Conference

C. Business Strategy for the Development of Co-operative Thrift and Credit Societies

By "strategy" the Conference understands the following three basic elements:

- (1) Definition of, and adherence to, fundamental objectives in keeping with the spirit and driving force of the founders of the Co-operative Movement;
- (2) Selection of the intermediary agency or agencies through which the objectives of the association will be implemented;
- (3) Examination of those resources at the disposal of the association and the day-to-day operating conditions to which members and leaders of co-operatives must be responsive if sound and realistic policies are to be pursued and if co-operative societies are to carry out their stated mission.

In the light of the foregoing, the end-purposes of the co-operative thrift and credit society are:

- (1) To serve the interests of the members in the best possible manner;
- (2) Continued growth, tempered by just and worthwhile economic and social considerations;
- (3) Association at national level with other co-operative organizations, and close links with trade unions, mutual associations and other organizations which share the same spirit; and
- (4) Closer relationships at the international level with kindred agencies.

The means of bringing about the above-mentioned objects comprise the following:

First, at the *primary* level,

- (1) a greater variety of services should be offered to the membership;
- (2) for the sake of economic viability, more membership needs to be attracted;
- (3) services should cover wider geographical areas with the objective of adequately meeting, in particular, the production needs of the weaker sections of the community—small farmers, artisans, traders and household industrialists—if the primary society is to become and remain a competent partner in economic and social regeneration;
- (4) operations on a day-to-day basis should be more efficient and businesslike;
- (5) personnel should have up-to-date training consistent with their tasks; and

- (6) more information needs to be shared and greater emphasis placed on education, both horizontally and vertically, so that there is assent and continuity in operations and membership participation in their co-operatives will be full and conscious. A side-benefit of this greater role of education in the life of the primary society would be a better understanding of the rights, duties and responsibilities of the membership, as well as a greater feeling for the need of integrating the co-operative thrift and credit movement at the national and international levels.

Turning to the *secondary* level of co-operative thrift and credit society operations, apex structures need not necessarily be in strict co-operative form. No loss of co-operative philosophy or erosion of the democratic character of the primary level by the proposed relationship between a co-operative and a joint-stock company need be expected, particularly if strict attention to the six points regarding the basic co-operative structure are adhered to. However, co-operative ownership is essential. The experience of India has demonstrated the possibility of the economic co-existence of primary level thrift and co-operative bodies with incorporated apex structures.

Finally, the following ideas are applicable at *all* levels of operation:

- (1) The fundamental practice and ideal of thrift has to be re-inalcated among the membership.
- (2) A full range of banking facilities must be maintained to attract depositors.
- (3) Greater government assistance may be invoked in order to ensure deposits along commercial lines and to remove limitations on certain needed co-operative operations which, if carried out, are likely to attract deposits from public and semi-public constituents.

D. Structure and Rationalization

The Conference approved the major ideas submitted by the drafting Committee as follows:

Mr Theo Braun emphasized the fact that, as opposed to those undertakings whose motivation lies in profit or service to the State, Mutual and Co-operative Credit opens up vistas of an original type which meet the aspirations of contemporary mankind in both the industrialized and the developing countries.

These aspirations today take the form of

an increased desire for participation and for the organization of a more fraternal society.

This type of new undertaking, by shifting the power of a minority of holders of capital to a community of free men with joint and several responsibility, and substituting the notion of service for that of profit, has become the basis of the community enterprise. Its main objective is to organize active solidarity combined with a sense of interdependence.

If it is to justify its social effectiveness and its economic dynamism, the co-operative and mutualist organization must provide itself with structures which satisfy both its social aims and market requirements. Such structures must both ensure quality services at minimum cost by means of rational management and at the same time strike a happy balance between efficiency and democracy.

Successful practical experiences have led to the adoption of a dual structure:

horizontal, in which financial activities predominate, and

vertical, where there coexist financial, administrative and political activities.

The system as a whole, which is inspired by the consistent application of the principle of co-operation among co-operatives, rests upon:

- (a) the basic co-operative whose autonomy must be preserved and whose size must remain on a human scale if it is to retain awareness of and control over individual risk;
- (b) the intervention of a second level to assume responsibility for additional or common administrative and material tasks;
- (c) the existence of a third level, that of concerted action and co-ordination, whose object is to strengthen that cohesion which is vital to any undertaking in a competitive world.

Balanced participation of each decision centre in the global activity results from the federalist structure and the rule whereby the upper level is normally called upon to carry out only those tasks which cannot normally be done by the lower level.

The relationship between the various centres of responsibility, which by their very essence derive from the collective will, are thus based on a dialogue structure from which the organization policy emerges. It is therefore not the principle of contract which determines these relationships, but the institutional rules defined by the constituent members of the group.

For his part, Mr Benzing of the Friedrich Ebert Foundation, dealing more specifically with the advantages and drawbacks of concentrated structures from the viewpoint of the developing countries, stressed the point that it is important to analyze the influences of the economy in general in this sphere if we are to avoid taking a too restricted view of co-operation. The economic effectiveness and the democratic structure of co-operatives must be looked at both from their horizontal and vertical angles.

The two United Nations Development Decades include the encouragement of co-operatives and self-help organizations. In these programmes thrift and credit hold a key position. Inherited systems and unsuitable technologies bring special problems in the light of the population explosion.

There is direct and indirect dependence between the developing countries. If we are to put this right financial help is necessary—but above all training facilities must be provided.

The list of solutions must be very flexible and will extend to the protection of co-operatives by the State itself. The pressure of competition must be taken into account. Modern promotion strategies of self-help organizations must not stray too far from economic necessities in the strict sense. In certain cases the concentration of technical resources is particularly vital in achieving efficiency.

The basic positions differ according to the orientation given to the system of co-operation.

Analytic and strict accountancy methods can be advocated if the business volume of a *multi-purpose* body is very high. However, efficiency depends much more on the initiative and level of training of personnel rather than on the nature of the co-operative enterprise.

Any co-operative fiscal system must take into account the trend of general development. Co-operatives need fresh means of access to re-financing markets.

The qualities of a partnership and of co-operative democracy also guarantee contact with the base and the economic mobilization of poor and marginal groups, and must take two factors into consideration:

- (1) co-operatives have a very important economic and social role. Their development and growth depend however on their economic environment;
- (2) in the context of development policy, the driving power of this sector is considerable. Co-operatives themselves must become conscious of this fact.

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Mr Hayashi, by concrete examples of the efforts made by his organization to rationalize agricultural co-operation, offered a substantial contribution to the delicate problem which faces the Co-operatives: reconciling the preservation of basic principles with increased efficiency. Various interventions based on experience of national organizations, confirmed the main line of the reports presented and enlarged on them.

All were of the opinion that it is on the quality of service provided, the participation of each and every one in responsibilities, and the organization of solidarity that the original character of our Movement is based, and that it is now up to us to inform and train men and women accordingly.

E. International Co-operation

The background for the Conference's consideration of international co-operation was set by Dr Hesselbach's survey of the world monetary situation with its accompanying symptoms of inflation, excessive liquidity and floating exchange rates. Despite these immediate difficulties in the way of developing more widespread collaboration in the field of savings and credit, Dr Hesselbach's outlook was far from pessimistic. The international Co-operative Movement still had opportunities of assisting co-operative movements in the developing countries to make progress by means of credits channelled through co-operative financial institutions closely linked with co-operative production and commercial activities. Moreover, these co-operative institutions can serve as intermediaries between other sources of financial and technical assistance, for example the International Bank for Reconstruction and Development (World Bank), International Development Association, International Finance Corporation, United Nations Development Programme and governments of industrialized countries and co-operative projects in developing areas. In this connection, Dr Hesselbach stressed the importance of close collaboration between co-operatives and trade union labour banks, and also the willingness of INGEBA to act as the channel for this transfer of resources.

Mr Grethe elaborated some of the prerequisites for developing international collaboration among co-operative credit institutions throughout the world. Governments, he said, must facilitate the free flow of international trade and actively promote its development by loosening restraints on the transfer of goods, services and capital. Moreover, the industrialized countries must participate in development efforts in the Third World, while the developing countries must

create a favourable political, legal and administrative climate for these efforts. Intensive efforts should also be made to train co-operators for technical assistance in developing countries; there is at present a serious dearth of such experts. Finally, Mr Grethe underlined the importance for international co-operation of human personal contacts.

Against this backdrop of world crises the other two speakers outlined concrete action programmes designed to exploit the full potential of co-operators in promoting economic and social development. The programme described by Mr Robertson has already been put into effect by the world credit union movement, primarily on the American continent; that proposed in the study just published by the ICA in collaboration with ILO, FAO and COPAC ("International Financing of Co-operative Enterprise in Developing Countries") suggests measures that could be instituted by the International Co-operative Bank (INGEBA) on behalf of the international co-operative movement.

The two programmes are remarkably similar in terms of their major components, namely:

(1) The creation in developing countries of a network of co-operative financial institutions equipped to generate and mobilize indigenous savings and provide technical assistance for directing these savings into the productive investments required for economic and social development.

(2) Tapping various sources of external aid from co-operatives, governments, private investors and government and non-governmental international organizations to supplement this indigenous co-operative effort, specifically through mechanisms for:

- co-operative interlending at the national, regional and international levels;
- co-operative loan guarantee funds;
- channelling through credit unions and co-operative banks funds provided by international development institutions, including the World Bank group, and by private investors; and
- technical assistance for feasibility surveys, project preparation, managerial and technical expertise and training of local co-operative personnel.

Mr Robertson outlined what he characterized as an ambitious and long-range action programme by credit unions. He stated that the

crucial development problem is agricultural production credit for the small farmer, and proceeded to describe the International Interlending Programme (IIP) directed to this problem. Participants in the programme include:

- the International Credit Union Services Corporation (ICUS), which acts as executing agency;
- the US Central Credit Union which makes the loans;
- the Overseas Private Investment Corporation which provides investment guarantees on loans made by the US organizations for development overseas;
- the Latin American Confederation for Co-operative Thrift and Credit which integrates national credit union federations of 2,500 credit unions in Latin America;
- the World Council of Credit Unions (WOCCU) which is made up of seven regional confederations of credit unions and which provides technical assistance and expertise to the IIP efforts; and
- the WOCCU International Guarantee Fund which facilitates the flow of capital to credit union organizations.

Already some 10 million dollars have been lent to credit union federations in eight Latin American countries, primarily from credit unions in Canada and the United States, and have been repaid. Mr Robertson stressed that the credit union lending programme is not on a subsidy basis; the aim is to be consistent with normal commercial transactions on a free and open money market.

Mr B. Tronet, in introducing the study on *International Financing of Co-operative Enterprise in Developing Countries*, made special reference to the work of Mrs Stettner (ICA) and Mr Watzlawick (ILO) in preparing the study. He sketched its main features, particularly the proposals to:

- strengthen the co-operative "substructure" at the local level in developing countries through farming, credit, supply, processing, marketing, artisanal, industrial, consumer, housing and multi-purpose societies for which external support is ultimately intended through the building up of a network of national co-operative servicing facilities;
- expand existing INGEBA activities to include facilities for stimulating increased co-operative interlending to co-operatives in developing countries, and for channelling funds from international development banks including particularly the World Bank

group to such co-operatives, in some cases on concessional terms;

- encourage the international co-operative movement and related or "friendly" institutions to provide guarantees to co-operative enterprises in developing countries; and
- provide technical and advisory services in connection with such loans and guarantees through a new Consultancy Department in INGEBA.

A theme common to practically all the speakers was the need for concrete action in the immediate future designed to facilitate increased collaboration between co-operators on a world-wide basis, and also the readiness in all quarters—the credit union movement, co-operative insurance institutions, INGEBA, ILO and international financial institutions—to contribute to this collaborative effort.

In the words of Mr Tronet, "We all feel the need to do something now, and the time has come for active collaboration between all those working in the same direction."

F. Regional Co-operation

The Conference agreed that there was a problem in defining the word "regional" in the context of the present discussion, and also that the discussion implied the substitution of the word "continental".

The report accordingly proceeds from the primary to the national, regional, continental and international levels.

Although the final goal of co-operatives is self-sufficiency, there is an ever-increasing need to satisfy the demand for credit for productive purposes in developing countries. Therefore, external assistance is needed. This has led to the formation of various national associations and then on to regional collaboration of various kinds. Examples of this collaboration presented to the Conference were the International Co-operative Alliance, the African Co-operative Saving and Credit Association (ACOSCA), the Latin American Confederation of Credit Unions (COLAC), and the Asian Confederation of Credit Unions (ACCU).

The objectives of these organizations to support their member federations included the following areas of activity:

- (a) training and education of staff and members, particularly management training;
- (b) technical assistance advice in various fields;

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- (c) information exchange, discussion of common experiences;
- (d) research;
- (e) capital inputs—a key problem;
- (f) insurance.

The Conference recognizes that it is highly desirable for continental co-operation to precede international co-operation although this may not always be the case.

An area of particular concern was the role which governments play at the national level, which should be more of a regulatory and supervisory function, rather than one of unnecessary interference and control. The problem is reflected at the regional level and concern was expressed that, for example, the Regional Development Banks are often either unable or unwilling to respond to the credit needs of small farmers through their own democratic organizations. All financial channelling institutions should be responsive to the needs of low income people and this is best achieved by channelling funds in the manner noted above, i.e. through their own institutions.

Among new developments reported at the regional level was the proposal to create an Asian Co-operative Development Bank which would be owned by co-operatives in that region. Governments would be asked to support the Bank, perhaps by providing guarantees, but would not have control.

Regional financing organizations should be aware of the need for capital assistance, accompanied by technical assistance of various kinds, so that the credit provided can be used most effectively. One way in which this might be done is through joint ventures, combining, e.g. the purchase of grain with advice on its production and marketing. A project exists in which Japanese and Thai co-operatives collaborate in this way. Consumer co-operatives in developed countries can play an important role in establishing joint ventures with co-operatives in developing countries and act as a countervailing power to multinational corporations.

In short, it is the business of regional organizations to put external capital in the right hands and to do this they need to be both efficient and sympathetic. Co-operative movements have first to work with indigenous resources to prove their credit-worthiness and then to convince external lending agencies of this.

It was emphasized that co-operation in all continents is vital.

The Conference adopted two specific proposals, made both in this section of the agenda and

in the section on international co-operation, for the consideration of the International Liaison Committee:

- (1) that the operations of Regional Development Banks, with regard to their ability and willingness to give credit to small farmers and similar groups, should be studied;
- (2) that the possibilities for positive action on the recommendations of the International Finance Study should also be examined.

G. Summary Report on Regional and International Co-operation

Despite a highly disquieting world economic situation marked by widespread inflation which threatens the maintenance of the existing level of trading and the prosperity of every country, the Conference, after an exhaustive exchange of views, notes with satisfaction the fact that, since its last meeting in Paris in September 1970, the Thrift and Credit Co-operative movement has seen even further growth both in the industrial countries and those which are not yet industrialized.

This growth is explained by the response which the thrift and credit movement brings to the needs expressed by peoples and to the aspirations to which it gives rise.

The Conference unanimously expresses its intention to strengthen international co-operation both at world level, at the level of each of the continents and at that of the large regions.

The organization of solidarity, which is the basis of the Movement at national level, must be extended to international level. This solidarity must find its expression, in the light of the demands put forward nationally, at the level of large territorial groupings and on a world scale.

The needs expressed include:

- technical aid in all its forms;
- training in the role of co-operation and mutuality; and the forms of organization which arise therefrom;
- exchange of information at world level between all the members of the co-operative and mutualist family;
- financial co-operation aimed at contributing to the development of the developing countries.

It was placed on record that, within the framework of the International Co-operative Alliance and of the World Council of Credit Unions, this solidarity is already to be seen in

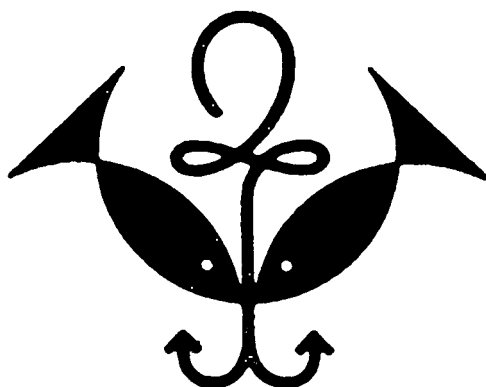
concrete action directed by existing regional confederations and international co-operative banks such as INGEBA in association with the World Bank, ILO, UNESCO, FAO and COPAC.

The Conference resolves to strengthen this international solidarity and to give even further tokens of it by positive actions; to this end, to provide itself with a formal structure, for which it wishes a place to be found within the ICA. Such a structure will enable it, while respecting the original character of national or international organizations, to create unity despite the diversity of its con-

stituent parts, with a view to effective action.

This will, expressed in the written reports, must find its implementation in organization, facilities and resources.

In this spirit, the Conference takes into account all the suggestions advanced, whether by the representatives of credit institutions or by the delegates of continental or world organizations. The answers will be given to them in accordance with a prepared programme which will meet the wishes of those attending the 3rd International Conference on Co-operative Thrift and Credit.



HOMMAGES
AUX PÊCHEURS
COOPÉRATEURS
de la communauté
internationale

de **PÊCHEURS UNIS DU QUÉBEC,**

ses filiales et ses coopératives affiliées

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SAUVEGARDE**
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D'ASSURANCE SUR LA VIE
UNE INSTITUTION DU MOUVEMENT DES CAISSES POPULAIRES DESJARDINS



La Sauvegarde, doyenne des compagnies d'assurance-vie canadiennes-françaises, fut fondée en 1901. Le 7 août 1962, d'entreprise familiale qu'elle était, elle devient un nouveau chaînon dans l'économie coopérative québécoise, et la pérennité de son appartenance à la collectivité canadienne-française se trouve assurée du même coup.

Au cours de 1972, les assurances et rentes en vigueur ont dépassé le cap du milliard de dollars et son actif les cent millions, démontrant ainsi ses progrès constants depuis sa fondation. La philosophie coopérative qui la caractérise lui a de plus permis une nouvelle poussée de son action économique et sociale.

	1972	1967	1962
Assurances en vigueur	\$1 037 000 000	\$476 038 000	\$281 564 000
Nouvelles affaires	195 347 000	91 986 000	43 520 000
Actif	104 539 000	76 012 555	55 982 769

La Sauvegarde offre aux individus, aux familles et aux groupes une gamme complète de plans d'assurances bien adaptés aux besoins actuels. Les besoins des assurés de La Sauvegarde, des membres des Caisses populaires et de la population en général demeurent la première préoccupation de l'entreprise.

La Sauvegarde, consciente de la valeur de ses ressources humaines et techniques sur lesquelles elle peut s'appuyer, envisage un avenir prometteur bâti sur des défis positifs.

LA MAISON DES ARTS, LA SAUVEGARDE

Une œuvre socio-culturelle qui fait sa marque

Depuis sa fondation en 1965, cette œuvre philanthropique a permis à plus de trois cents artistes de faire valoir leur talent tout en



contribuant de façon concrète à la restauration du Vieux Montréal et à l'épanouissement de la vie culturelle au Canada français.

SECTION III

Principles, Problems and Strategy of Co-operative Thrift and Credit: Extracts from Working Papers

Co-operation and Democracy

by P. E. CHARRON

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The concepts of co-operation, democracy, motivation, participation and efficiency relate to a frame of mind and human behaviour, as well as to social, economic and political activities which are inter-linked. It is not possible to achieve democracy without citizens' enlightened participation. Co-operation, which is a human activity, calls for motivation, the latter being necessary for co-operative activities which naturally aim at efficiency.

The co-operative is a society of persons owning an enterprise which they use with a view to satisfying common economic needs; these persons are at the same time the owners, the users and the beneficiaries, and the co-operative is administered by representatives whom they elect in accordance with the democratic principle of one man, one vote.

Democracy and co-operation find their inspiration in a particular philosophy of life resulting from our conception of the human being and his responsibilities towards the common welfare of society. A liberal political democracy is founded on the principle that the individual is society's supreme value; citizens are to pursue their individual interests, and then general well-being, seen as the total sum of each person's well-being, will result from their individual activities.

This rationalist and individualistic

philosophy has enlarged out of all proportion the functions of intelligence, disregarding mankind's psychological and spiritual dimensions; it has unduly reduced the essential function of will, that is to say moral and social education apparent in citizens' good behaviour; and replaced it with the sole satisfaction of individual interest as the motivation of citizens' actions and as a principle of social life. For this reason, it has not achieved the good results which its authors and followers expected.

Co-operation's and Democracy's Philosophy of Solidarity

No doubt, co-operators act within enterprises according to their judgment's criteria, but in doing so, they are driven by a will which is motivated by a desire to achieve common good; this results from the implementation of collective objectives which unite co-operators, renders more significant their personal efforts and makes them conscious of the necessity and value of their personal solidarity and responsibility towards the group's common good. Co-operation's philosophy of solidarity is based on people's common good and therein they find their own good. Co-operatives, which co-ordinate members' personal efforts and facilitate self-help, find inspiration

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in such a social philosophy and find their place in a democratic society meant for the development of people and of the society within which such persons are integrated.

But what is a democratic society for development? What is the contribution made by thrift and credit co-operatives to this democratic society for development of people and the community?

Going back to the new economic start which began after the last World War, the development concept had the purpose of measuring the improvement of the economic situation; the criterion used to judge the more or less advanced state of a society was the state of development or the state of its economy. Economic and social research had enabled us to discover that economic development could not be achieved without profound changes in the political and social structures. As a first concept, social development was identified with a better allocation of goods and services. The criterion of development, emphasizing the allocation rather than the quantity of goods and services, was related to that of the standard of life. To this concept of improving the standard of life through a better allocation of goods and services, was added the idea of the quality of life. The concept of social development was linked to the concept of economic development. The criteria of economic development and of social development of persons and the community henceforth refer to systems of values and to a philosophy of human and social life. Everyone in our industrialized societies can note the consequences of the considerable increase in the standard of life, on the way of life of citizens, on social relations, on human values. The democratic society for development covers all activities in the life of citizens and the society. It is the development of the citizen in his political, economic, social and cultural life. It is also the development of the society which groups citizens together. Economic development, social development, cultural development, political development, are all inter-related. Citizens must be encouraged to participate actively in all these developments.

Thrift and credit co-operatives adhere to these requirements for the development of

citizens and of the society in which they are integrated. In this connection, co-operatives, in the pursuit of their objectives, make a contribution through their activities for the development or promotion of people and of the society in which they live. Co-operators, brought together in such institutions, must find in them the motivations needed for their activities.

Motivation and efficiency in thrift and credit co-operatives

Those who administer thrift and credit co-operatives are well aware that their life and efficiency are conditioned by the motivations of those who belong to them, take part in their operations, support them and benefit from them. If they are to be well-motivated in their active participation in its operations and in the faithful discharge of their functions, the members, leaders and personnel must be truly conscious of their thrift and credit co-operative's economic, social and human objectives. The members bestow upon themselves the power to satisfy their financial requirements through an enterprise which they own jointly; and they assume the responsibility of managing it in accordance with their requirements. Savings are started and ended by them. Its economic activity is one of the forms of human life. It is logical that co-operators should find within themselves the resources enabling them to assume efficiently the responsibility of organizing their economic activity.

There is no doubt that co-operative activities are of an economic nature; savings deposited for common use have an economic function; they create a source of credit for the production or consumption of goods or services. However, these co-operative activities, aiming at self-help through mutual credit, are made possible because of their moral and social dimensions. Thrift is the fruit borne by savings and this is an aspect of human foresight; it is based on the intelligence and will of persons responsible for their own future. In addition, the pooling of savings to create a source of credit results from the will of citizens who know, appreciate and wish to help each other; their self-help actions

originate from moral and social values by which they are motivated. Therefore, in its source and effects, mutual credit acquires moral and social dimensions which add value to members' economic considerations.

The motivations which lead us to action play a very important role in our behaviour. Not only do they influence the nature and direction of our activities, but they also encourage us to act in order to effectively attain the objectives we pursue. Motivation in co-operators, who are agents conscious of their own development, is especially necessary as their co-operative activities are more demanding. They must first agree on common objectives and on efficient ways of achieving them. They must also pursue these objectives in a sustained manner and must be fully aware that their active participation in the operation and administration of their co-operative is absolutely vital. It is also necessary that they should accept and carry out, when the need arises, the actions required to attain such objectives. Co-operative education enlightens them on these objectives and on the reasons for common action; by knowing the value of the objectives pursued, they acquire the necessary conviction which encourages them to behave and act, under all circumstances, as true co-operators. Such conviction, which finds its expression in co-operative activities, transforms them by creating within them a new frame of mind. Co-operators, who place their trust in their own personal efforts and in mutual self-help, find within themselves the first motivations leading to co-operative action.

Greater motivation of members

Thrift and credit co-operatives develop in their members a sense of belonging, of taking part in the operation, administration and control of their institution, a sense of personal effort, solidarity, self-help, savings and thrift, all of which are gradually acquired by repeated acts. The member-depositors are invited to include in their budget their precise objectives for thrift which represent a powerful motivation for saving. The member-borrowers are encouraged to make efforts to administer

efficiently their budgets in order to repay their loans regularly. Members who are encouraged to develop these activities acquire better self-control.

This economic and social training of members of thrift and credit co-operatives is vital in the context of our industrialized and urbanized society where technical environment and communication networks shape citizens and condition their behaviour.

The leaders of the thrift and credit co-operative movement must arouse in their members an interest in developing greater participation in the life and direction of their thrift and credit institutions. It would seem that this need is felt to a greater extent by a population which has become more demanding, no doubt because it is better educated and more apt to demand rational explanations from those to whom it has given a mandate.

The consumer society promises the democratization of enjoyment of material welfare. But man does not live by bread alone. Our modern society must concern itself not only with satisfying material needs, but also those of cultural, moral and spiritual life. This is a fact of current observation: as soon as living conditions are improved to the point of guaranteeing to men everything which is essential for their material life, their needs become more sophisticated, their motivation in the face of needs becomes less material, they become demanding as regards the quality of goods they require and their needs change and become greater. Today, citizens appear to take greater interest than before in institutions capable of improving their living conditions; they like to see for themselves what these institutions can give them, to compare services provided, and their attitude towards their enterprises becomes more demanding.

The pressing invitation, supported by positive gestures which were as efficient as they were eloquent, extended by the founder of the popular savings banks to his fellow citizens, to undertake the establishment of economic democracy as a necessary condition for their economic, social and political freedom, has not lost any of its value; quite the contrary, this invitation appears today as pressing as ever. The citizens of today's world

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want *democracy, which is basically a frame of mind*, an attitude which assumes the respect of others, truthful communication among human beings, a collective pursuit of objectives which establishes a profound solidarity among people. Human freedom and dignity are guaranteed in a trustworthy pledge given by co-operators whose activities are carried out in the framework of the community, who pursue their own interests through the implementation of common objectives.

It is this awareness of a personal and collective pledge which must be developed in the members of our thrift and credit co-

operatives. It is an ideal towards which one should work without thinking that one will never attain it. Everyday co-operative activities, if they are conscious, enlightened and well-motivated, help to get closer to this ideal, and to promote a true democracy which requires the citizens' enlightened and motivated participation. For, before being producers and consumers of goods and services, we are all men, rational, free and voluntary human beings, with moral and social values, with a feeling of solidarity towards one another and, joined in the communion of one and the same reasonable nature, wishing each other well and ready to help each other.

(1) New Incentives and Modern Problems

(2) Saving—True and False

by Prof R. COSTE

Director of Studies, Centre of Research Economy on Thrift & Credit (France)

(1) NEW INCENTIVES AND MODERN PROBLEMS

. . . Not only is the task of co-operative credit in the sense of mutual aid still unfinished, but it is obvious that a new task is beginning with new perspectives and involving problems only recently revealed.

Man and his Family

New modes of living, the rise of a younger generation more numerous than before, with a new mentality, are factors tending to modify the organization of the family, the basic cell of human activity. The head of the family feels the weight of responsibility all the more since he thinks himself more isolated. The list of his needs lengthens, while he seeks support, advice, information from organizations which are not always those most competent to give this.

1. *The need of security.* In a world at peace for 30 years but hungering for security, the head of the family wants to be reassured. His greatest fear is naturally loss of income and what he has earned. With justified anxiety he organizes his own and his family's future. The risk of unemployment, the prospect of

retirement, the fear of accidental disablement are all understandable anxieties. He should be able to share his fears and hopes: the mutual savings association, the family bank, should, in the person of its committee or its staff, come to his aid and take care of the anxieties which can almost always be expressed in money terms, and provide solutions which are not necessarily financial.

But security also consists in the possession of a dwelling which ensures the expansion of the family. Not only those who wish to acquire property need to be serviced. The formation of co-operative renting societies must be seriously developed, the rents constituting the remuneration of those who contribute their savings. . . . The security so greatly desired is also to be found in the quality of dwellings. The amount of malpractice in building construction today is astonishing. The co-operative credit society will have more and more to act as adviser, expert and advocate. This is part of its mission to defend its members. What may be said of the quality of dwellings also applies to household equipment.

2. *The need of defence.* The defence of the

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value of people's patrimony and savings is also a new function for mutual credit in a world of price inflation. Consumers are organizing themselves on the example of the trade unions which are also beginning to take an interest in problems of thrift. But it is the mission of the thrift and credit co-operatives to carry on this general defence of savings and savers. It is good to promote saving but this can advance only on condition that people's savings are guaranteed against monetary erosion. Moreover, a patrimony should be diversified and not consist solely of liquid savings. Mutual credit will find itself in future certainly sought after to help in the constitution of a correctly-structured patrimony and perhaps to supply other credits intended to build it up.

3. *Temporary wants.* These, for example, result from important family events (birth, marriage, severe illness, costs of education, mourning, etc) not generally covered by the credit system, except by personal loans. But the latter are tied in with monthly income, and the need can be much greater. What is required is a credit reserve for serious purposes.

4. *Education and training for the young.* This really means intellectual and moral investment. No institution at the present time undertakes the financing of this type of investment. The family takes charge of it, if it has the means, and scholarships do not meet the need.

5. *Needs of the handicapped.* Help from social security and charitable institutions is not unlimited. The handicapped must be considered creditors of society, but it is within the family that they must win their victory. Co-operative and mutual institutions will be obliged more and more to help families in their struggle with this problem.

6. *Needs of old age.* Solidarity is acknowledged most often for the benefit of the younger generations. In mutual credit it is observed that the thrift of the elderly enables the young to borrow. That is normal, but the mutualist framework must recognize reciprocity, and that in future co-operators' savings must be directed towards help for the aged. . . .

7. *Need for leisure.* In modern society

leisure is no longer a luxury but a necessity. Rest, holidays, sport, tourism, impose on the less well-to-do intolerable burdens which co-operation must find ways of lifting by developing, for example, systems of "holiday savings".

8. *Health.* Social security and mutual benefit societies notwithstanding, the cost of health is a heavy charge on some budgets. Mutuality finance in this field will be confronted by the exigencies of large investment: medical centres housing several specialists cannot be established at present in thinly populated places because of the risks of excessive cost. As the public sector, any more than the private sector, is not fulfilling this function, it will be for the co-operative sector to undertake investments to ensure the provision of medical services and treatment on a more humane scale.

9. *A family banking institution.* Already some countries or regions possess, with the mutual credit associations, Desjardins and Raiffeisen, a developed structure of organizations which are close to the family and easy of access. But the territory is still far from being completely covered. The need for banks specializing in family financial problems will oblige the co-operative sector to extend in this direction, in accordance with the desires of the people.

Man in Society

Social activity, excessive urban development, the evolution of wants, tastes and mentalities have given rise to a number of new needs, the satisfaction of which may be of interest to the Co-operative Movement.

1. *The need for collective equipment.* This includes, besides means of communication, various facilities intended to render the conditions of modern life less unendurable: for example, sports and cultural equipment. Access to these facilities, which are too small in number, is still very difficult. They obviously do not pay their way. The mutualist movement is already acting effectively in this field and mutual credit is playing a by no means negligible part in their finance. Nevertheless it is certain that future years will witness a development of these needs, the satisfaction

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of which will demand still more important contributions.

2. *Regional development.* Development is the result of industrialization, and co-operation can take initiatives which will be all the more brilliant if they are supported by mutual and co-operative credit. Industrial concentration achieved with the help and, of course, the consent of everyone, by facilitating the development of regions impoverished by under-equipment and vast economic changes can also be undertaken by co-operation following its general principles.

3. *The need for quality.* Quality of products, quality of life, become imperative in a wasteful society which is also a society of "new deprivations". Of course, productive and distributive co-operatives have the permanent mission of watching over the maintenance and improvement of quality. But in the field of mutualist finance in permanent contact with users who represent demand, there is need for deep reflection in order to place the institution in a situation to promote quality. The educational influence of mutual credit can certainly serve to guide demand. Financial power should also be developed to demand protection of quality on the part of producers. The first sphere for the application of this power is that of housing where malpractice is on the increase.

4. *A more human environment.* The problem of pollution and landscape protection rightly causes the population anxiety. This anxiety is felt even more among wage-earners and pensioners who have not the financial means to move from barbarous or unhealthy localities or to provide themselves with whatever defences or anti-pollutives are or will be produced. Here again an effort of reflection and imagination is necessary in the Co-operative world to devise procedures enabling co-operators to oppose and defend themselves against these hostile tendencies which are as widespread as society itself.

5. *Enlarged mental life.* Man was not created solely for material satisfactions, eating and sleeping. He was also made for thinking. Of course, material satisfactions, a certain degree of comfort, do not hinder the exercise of virtue, but they are not enough to enable

the individual to perform his thinking functions. In addition, he must have the time and the means, including financial means. The thrift and credit co-operative, in attempting to raise the standard of living of its members, can contribute to the enlargement of the means required for inner reflection.

Man and International Solidarity

In a world which is expanding, thanks to means of communication and the speed of information, which has experience of co-operation on the economic plane, which sees its markets integrating with one another and its frontiers opening wider and wider, awareness of the inequalities between peoples grows stronger at the same time as international solidarity progressively extends. Notwithstanding the localization of conflicts, which inspire horror as deeply felt among the peoples at peace as among their victims or immediate witnesses, this solidarity can become from day to day a reason for optimism. Co-operation, which knows no frontiers, could rejoice if so much work did not remain to be done to relieve poverty in so many parts of the globe.

Financial mutual aid has here a considerable role to play, not only in countries already developing but also in those which have not yet become aware of their situation. We assert that the great motivation of the next decades for the savings and credit co-operative will be the reduction of inequalities between peoples. It can contribute better than the State, for it can take a position outside the various nationalisms. The launching of genuine international co-operation in the financial sphere must therefore be one of its chief objectives. If it does this, financial mutual aid is destined to become a real compensatory force in relation to the forces of inertia which tend to multiply the risks of bloody conflict. The world organization of the Co-operative Movement will be able, we are persuaded, to promote and support effective action, while maintaining respect for human liberty.

(2) SAVING—TRUE AND FALSE

At the beginning of this century individual thrift greatly exceeded the needs of financing

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This plentiful saving was the result of a mentality different from ours: the absence of expensive wants and concern for the future. The formation of savings was above all favoured by the industrial expansion of the nineteenth century (railways, electricity, oil) and the extraordinary stability of currencies and the permanence of structures. If the small wage-earners, workmen, clerks and intermediate managers were not in a position to join in building up these savings without prodigious economizing, agriculturists, on the other hand, who were not in the habit of spending, and above all the leaders of industry and commerce, high-ranking civil servants, the middle classes living without luxury, succeeded in accumulating large fortunes.

After the Second World War it became customary to deplore "the lack of saving" and "the failure of the saver", perhaps because only what was invested in liquid values was still considered to be "genuine saving". It is true, however, that the profound transformation of modes of living and the climate of inflation were bound to alter radically our conception of saving.

For several years in France, it has become commonplace to remark upon the volume of savings made by individuals. This is in fact a new phenomenon. If the gross national product in 1972 was 360 (on a basis of 100 in 1959), consumption did not exceed the 350 index figure while domestic saving (not including one-man businesses) stood at 477. As for the rate of saving of the former, in 1971 it had never been so high at 12.90 since the end of the War and remained at 12.37 in 1972. Thus such a revival of saving would be a remarkable feature of what everyone described as a "consumers' society". It remains to enquire whether this saving in the last 15 years had been sufficient. It would seem not. Moreover, this revival of saving has been accompanied by a malformation of the investment structure so that we find ourselves despite the apparent results of too crude an analysis, confronted by false saving in an economy of abundance and declining savings to finance growth.

In France total savings represented in 1959 one quarter of gross internal production.

In 1970 they reached one third. In 1972 they fell back to 31.6 per cent. But it is not domestic saving which has most progressed. In fact it reached 10.1 per cent of gross internal production in 1959 and it is 12.7 per cent today, after reaching 13 per cent in 1970. On the other hand, saving by private companies which was 6.3 per cent of gross internal production in 1959, reached 9 per cent in 1969 to fall back to 8.5 per cent in 1972. Similarly, to define the place of domestic saving, it may be estimated to represent 41 per cent of total savings. But in 1962 the level was 47.8 per cent. During the 50's decade its share was always above this level and even reached 55 per cent in 1956.

Rates of annual growth of savings are very variable. Over 13 years the growth of savings has been seven times faster than the growth of the gross national product, and that of domestic savings five times. Instability in the behaviour of savings also explains the embarrassment of economists and the justified anxieties of collectors of deposits which cause them to exercise caution. This capricious behaviour of the saver is, of course, only the result of the capricious behaviour of the consumer.

It is very difficult to establish a definite relation between income and savings. At the most it is possible to discover a correlation between fiscal pressure and saving: in fact, every time the weight of taxation on income increases, there is, except in 1965, a reduction in the rate of domestic saving (not including individual entrepreneurs) and inversely, every time the pressure diminishes, the rate of saving increases.

Structural analysis of the disposable income of households, however, has its advantages. It shows that savings are made more and more from the earnings of labour. Wages and social service payments amounted in 1972 to 58.2 per cent of the gross national product compared with 49.9 per cent in 1959. The former rose from 36.8 to 40.5 per cent and the latter, which have always increased regularly, from 13.1 to 17.7 per cent. Income from production (households and individual entrepreneurs) has declined, as a percentage of the gross national product, from 28.3 to 23.1 per cent. It would be premature to draw any

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conclusion from these facts but they nevertheless suggest that savings thus made are more savings of consumers than savings of investors, savings of lenders of money capital rather than savings of owners of instruments of production.

This tendency is not surprising when we observe the remarkable development of saving among wage-earners, who no longer hesitate to turn to the banks, and in giving up the use of liquid cash avoid the path of investment. The temptations of consumption and the new wants which society increasingly creates explain this behaviour, which in the end turns saving into false thrift.

In the 1960 decade the structural distortions of consumption which began in 1955 were further accentuated. The receivers of incomes who since 1959 have multiplied their consumption $3\frac{1}{2}$ times while prices increased by 60 per cent, have rather more than doubled their expenditure on food and clothing, while increasing fourfold their expenditure on housing and household equipment, at the same time, for almost half the number of households, submitting to a rise in rents. As for expenditure on transport (notably private motor-cars), this increased 4.25 times. This is why food represents only 27.5 per cent of total household consumption whereas in 1959

it still represented 37.3 per cent. But expenditure on housing now amounts to 21.5 per cent against 17.5 per cent in 1959 and expenditure on transport to 10.7 per cent against 8.4 per cent.

This profound change in consumption structures explains the need to retain for a long time cash holdings or liquid savings. It demonstrates to what a degree reserves of purchasing power (the modern form of individual hoarding) built up for items of expenditure larger and less frequent than current spending on food and clothing, can no longer be regarded as genuine saving intended for investment. Under these conditions the duration of credit or "period of transformation" must be less than the "period of consumption" i.e. the lifetime of the durable consumption goods.

Finally, we must have an additional reason to moderate our enthusiasm about the growth of savings: an ever diminishing part remains free for employment in the finance of new production potential; the other part, called contractual, is already engaged. Analysis of the act of saving enables us to define exactly its nature and to distinguish obligatory (forced and contractual) saving from free and spontaneous saving.

(1) Co-operatives as Inducers of Saving (2) The Struggle Against Inflation

by PIERRE LACOUR

Président, Crédit Coopératif, France

(1) CO-OPERATIVES AS INDUCERS OF SAVING

Savings by private persons play a growing role in the economy; the greater part of these savings come from wage and salary earners, one quarter thereof is directed towards housing and, as to the remainder, it is a "false" saving which easily flows into the banks as it tends towards the preservation of considerable liquidity. Half household savings go into the capital market, less and less into the financial market, and more and more into the monetary market. Organizations which are collectors of

savings play a role now tending to become preponderant.

What is the result of all this for us as managers of thrift and credit co-operatives? It is, that we must adapt ourselves to these new conditions and, in particular, we must face up to competition by the banks which, earlier, was not so strong. We must therefore provide savers with incentives so that they become, and remain, our members.

And, first and foremost, we must do as well as the competing banks, and be as efficient as they are; we need not be ashamed to study

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what they have worked out so as to attract and keep their clients, thanks to the vast technical means they have available. Taking their inspiration from business practices, they make great efforts not to remain passive and to go ahead of their eventual depositors and borrowers. They practise "banking marketing" which covers the totality of activities directed towards the facilitating and setting up of commercial exchanges.

Anxious to understand the needs of their members, most of the large Mutual Credit Organizations already practised banking marketing, but did not give such a high-sounding name to their daily activities. Without using systematic formulae, they knew how to judge their efforts by referring to the six master words which all begin with P.

Products—this is perhaps one of the fields in which banking invention has developed most in recent years. Thrift co-operatives must not be behindhand here whenever the legislation in their country permits them to go forward. To the former savings-bank and cheque-book accounts there can be added, for example: progressive interest bonds, saving-for-housing accounts combining deposits and deferred credits, stock exchange securities (SICAV) or indexed shares (SICOMI) with repurchase value or as income, so as to mitigate the effects of inflation. For each security, the co-operative will do its utmost to find a repurchase system at a fair rate, which will ensure a liquidity and convenience of investment which other banks cannot always guarantee.

As one of the most important incentives to the present-day saver is the ease with which an eventual withdrawal can be made, it is necessary that the co-operative provide, when so requested, widely honoured credit cards utilizing automatic distributors; it will be led to pass agreements with the large banks so as to permit withdrawals in cash at a large number of pay-windows.

Admittedly, there are some co-operatives which hesitate to go so far along the road to diversified services. But this is a reticence which takes no account of modern circumstances, and which is just as unrealistic as the old-time refusal to use a cheque-book

account.

Prices—costs of credit operations, the cost price and charges on deposits and for accessory services are now sufficiently exactly analyzed to become an element of incentive to co-operative managerial staff in their daily activities.

Promotion—discarding their previous semi-clandestine attitude, co-operatives no longer hesitate to have recourse to advertising in all its forms, as well as to public relations techniques, with a view to making themselves better known and to inducing the decision to have recourse to their services.

Sale Points—here it is a matter of the co-operative taking more care as to the outside and inside appearance of the places where it receives its member-clients. In this respect there has been some delay, but now we can hail some very fine results. The comfort, convenience and even the beauty of our premises is an incentive which is not always admitted but which none the less has its influence on behaviour.

Personnel—the competence and affability of the reception staff, the quality of the advice they give and their personal acquaintance with the person seeking advice form, in practice, one of the most important incentives to the depositor. One of the weaknesses of the large banks is precisely the interchangeability of their counter clerks, as this contributes to the general impression of an impersonal administration. As opposed to this, the frequently friendly contact between the staff and members of the co-operative is one of the latter's main trump cards.

Programming—the study of market possibilities, calculation of the profitability of efforts to be made, planning of the co-operative's development and control of the results, are just so many elements of an overall programming as help to provide a strong incentive to the co-operative's agents.

There is thus nothing in banking methods which cannot be used and improved by thrift co-operatives. On the other hand, we can utilize incentives which are our own.

The principal specific incentives are the following:

- (1) In the co-operative, the member-saver

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is at home, in cordial company; he is informed about what is going on; he controls, gives his opinion, and can criticize or approve; the saver, staff, managers and administrators all form a group of men who know each other, very often outside their banking relations; gradually, the solidarity which forms the basis of a co-operative grows up between them.

- (2) Co-operatives make the training of members, employees and leaders one of their constant cares; the promotion of clients who have become administrators, the education of one and all are motives for action on which the reports to this Conference concerning education have more to say.
- (3) The purposes of the co-operative are, for savers and staff alike, an important incentive; internal social purposes certainly, but also external purposes, for example: the support which can be given to local undertakings, or loans to regional institutions of collective interest. The role of this action factor is tending to grow as the young, above all, want to know "what the bank is doing with their money". The approval of loans made to other kinds of co-operatives and the assistance afforded to paying but non-speculative institutions such as clinics and holiday camps make one and all feel proud for having contributed to some undertaking which is socially useful.
- (4) Close bonds with social organizations for the construction of housing facilitate the generation of another sort of incentive. A quarter of savings go into housing, and a large part of the credit co-operative's activities are devoted to loans for housing. They thus acquire a very specialized, and above all disinterested competence whereas, elsewhere, the candidate has the feeling that he is being pushed to buy something built by a promoter.
- (5) Finally, in a prosperous co-operative, economic success does not suffice: the group which is made up of members,

staff, managers and elected leaders is a community which can and must be activated. Working meetings, informational meetings, visits by central leaders, and leisure or annual festival meetings are all means of creating and developing that human enthusiasm which the co-operatives are able to contribute to the improvement of the quality of life today.

Perhaps a co-operative is the really modern way of practising thrift; the industrial or post-industrial world is only fit to live in if technical humanity is compensated by solidarity. Solidarity and mutuality, this is certainly our future, and also our strength.

* * *

The development of technique has led credit co-operatives to group themselves together in co-operatives of co-operatives, regional or national. What incentives stimulate these bodies?

The role of the joint organizations is the creation, together with the primary co-operatives, of an ensemble which is financially sound but whose efficiency is not achieved at the expense of co-operative democracy. This is the general motivation which must be present in the execution of the various tasks incumbent on the central or regional institution. Its first task consists in preserving the image which characterizes the institution, stimulating the group, applying information, promotion and participation methods.

Its second task is the organization and control of financial relations with the co-operatives at the base, the suggestion of new saving instruments, and the starting up of investment circuits.

The third is liaison with other types of association and co-operative institutions, more especially with insurance and retirement fund establishments, where the ever-increasing mass of contractual savings are concentrated.

The fourth is to maintain contacts with the national and international financial and monetary markets, and with other international institutions, especially similar institutions in other countries.

In all these tasks the primary incentive

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is quite obviously the building up of a profitable, financially sound undertaking. But profit-seeking is not the only incentive. The leaders in this work are also co-operators entrusted with the defence of the under-privileged who have recourse to them.

(2) THE STRUGGLE AGAINST INFLATION

Since the themes for this Conference were selected, there has arisen a world problem which has taken on disastrous proportions: the problem of inflation. Thus the struggle against inflation becomes the most urgent incentive driving thrift and credit co-operatives.

We could, like our colleagues the private bankers, doubtless rejoice at the monetary troubles which permit profitable international speculation in currencies. But, while adepts at the game can easily arrange things so as to increase their assets, thanks to inflationary troubles, people with modest incomes and the small savers who are our members are penalized by inflation. We may well increase our depositors' rates of interest, but when the annual monetary erosion reaches a rate exceeding that paid to them, we are contributing to the plundering of our members.

It is therefore imperative that we fight inflation.

We do not claim that we alone can stop the crisis in its course. But the absence of any new international monetary discipline must not be an alibi for us. We must do our utmost to make use of the procedures available to us, even though we may not have many illusions as to their basic effectiveness.

We try to promote subscriptions to indexed securities in capital and in dividends on the value of income from industrial real estate property. We also encourage the saving-for-housing movement, as this constitutes a sort of deferred credit for the purchase of a home. We are studying a check-for-holidays system, which is also a sort of deferred credit to provide a lump sum for holidays. In all these operations, the basic idea is to link savings, which have the disadvantage of being payable in money, to an advantage in kind which is automatically revalorizable by its very nature.

Admittedly, all these procedures are only palliatives; but they at least have the merit of momentarily sheltering our associated co-operators. But they will not suffice if the inflation, measured by the annual rise in prices, which was at 3 to 5 per cent in recent years and is 8 to 10 per cent this year, continues its upward thrust. It is clear that inflation which, in earlier times was due to an economic situation, has now become structural; it is bound up with the very structure of industrial civilization as it is not limited to free enterprise countries but spreads out to collectivist nations when they develop their industrialization. In our western countries it is complicated by internal causes, such as the bad organization of savings and credits, and the free enterprise nature of our economy; and it is above all aggravated by the absence of a world monetary code and by waves of speculation which draw profit from certain upsets in the balances of payments, thus subjecting national policies to the uncontrolled forces of private capital movements.

More general, certainly international, but also national measures become imperative, initially insofar as we can help to provoke them or claim them from our respective governments. In this respect we must mention the European symposium organized by our friends of the *Crédit Mutuel Alsacien* in the *Bischenberg Information Center*, on the theme "The saver confronted with inflation". Speakers of high standing reported on the theoretical and practical problems raised; national cases were examined, the example of Brazil was particularly considered, the case of Euro-dollars prudently touched upon and, as was to be expected, the role of the international bankers was stigmatized by certain financial columnists. But out of all this there arose one definite fact: whereas the inflationist phenomenon is widely studied, it is not understood in an overall manner: as Mr Delors very aptly put it: "We don't have the intellectual mastery of inflation."

Faced with this admission of an obvious shortcoming, do we have to remain passive and wait for Governments to decide to call another Bretton Woods Conference?

In a difficult international case, that of

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the sharing of the oceans, the United Nations with the help of FAO called a series of preliminary conferences of technicians which enabled the subsequent politicians' meeting to be prepared so that solutions could be found and recommended to Governments.

This example could be an inspiration to us.

Could not one of the conclusions of the present Conference be a motion, wish, or resolution for the calling of a preliminary conference, grouping savings and currency experts and administrative theoreticians, with a view to studying the technical bases of solutions which would then be submitted to the politicians?

Educational and Training Programmes for Members and Staff of Thrift and Credit Co-operatives

by Dr S. K. SAXENA

Director, International Co-operative Alliance

A. THE OBJECTIVE

This paper outlines, in a general and brief manner, certain aspects of co-operative education and training in thrift and credit societies in developing countries, in most of which educators in the field of co-operative thrift and credit face a formidable task. Their task is to show the people how to use money in such a way as to increase output and create surpluses which they can trade or reinvest so as to bring themselves into a modern market economy.

The developing world is very large, predominantly agricultural and diverse. In many cases, the exercise must start from "scratch". Because they are inexperienced and uneducated (often illiterate), the members of co-operative societies must be introduced to the very concepts of "money", of "savings" and of "credit" in their modern sense. They must learn through demonstration that it is possible to multiply output by setting aside a portion of this year's crop proceeds to be reinvested in production of a bigger crop next year. They must be convinced that if they pool their individual purchasing, producing and marketing capacities, they can cut through their bonds of indebtedness to money-lenders, land-owners and merchants. They must be sufficiently motivated, through repeated evidence of results, to overcome barriers of apathy, suspicion and conservatism created over centuries by disease, malnutrition, ignorance and repression. Through patient coun-

selling and personal guidance by their own leaders they must be coaxed out of their resistance to officials and new ideas. Finally they must be made aware through continuous education, as well as through built-in safeguards, that "credits" are not gifts but debts that have to be repaid.

Increasingly in the developing world this objective is being pursued through what is variously known as "integrated", "supervised" or "directed" co-operative credit. The essentials of this approach are generally well-known. It means a close linking of credit operations with all phases of productive and commercial activities—production, supply, processing, storage, marketing and provision for the personal needs of members. It means planning and co-ordination—whether through multi-purpose co-operatives or collaboration through appropriate structures leading, perhaps, to the creation of a strong central organization. It means active promotion of systematic savings by co-operators. *Above all it means continuous personal guidance, education and training of, and communication with, individual co-operative members.*

B. MEMBER EDUCATION

Some of the methods of member education which are relevant to our present discussion apply generally to efforts to communicate with local populations. These include one-day "courses", usually prepared by mobile educa-

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tional teams and held in the open in the centre of villages. These are designed to increase general receptivity to fundamental co-operative concepts. A closely related approach is the Annual General Meeting of local societies: this can have considerable educational value provided it is carefully structured around topics of vital concern to members and presented in a lively fashion that is easily understood by the average villager.

There are other methods whose content can be related more specifically to thrift and credit. Group discussions or "study circles" can be centred on written materials prepared by the education secretary of the society or a co-operative union, and can be combined with radio broadcasts and/or correspondence courses. Posters, films, slides, charts, leaflets and newsletters are useful in this connection. A more structured variation of this approach is the literacy class which focuses on primers and reading books dealing with thrift and credit. (A current ICA/CLUSA project is examining the supply, distribution and effective use of educational aids.)

A more personalized educational approach is that involved in "directed" or "supervised" credit. This requires direct and frequent contacts between individual members and co-operative officials. The members may be farmers, or handicraft workers or processors, and the officials may be lending officers, extension workers or home economists from the thrift and credit society, a multi-purpose society or the branch office of a co-operative bank. The purpose is to help the individual family unit plan its output, borrowing and consumption in such a way as to maximize its income and to make the best use of that income.

The co-operative official helps the head of the household with his input and production programme for the year, and in many cases discusses with both husband and wife the family budget and ways of increasing efficiency in running the household. This kind of expert counselling and practical demonstration continues, often on a group basis (as for example in the "Comilla" approach), throughout all subsequent phases of production including purchasing, processing and marketing. More-

over in the course of his transactions with his thrift and credit society, the member picks up a practical training in simple processes like deposits, withdrawals, interest accumulation and elementary bookkeeping. Not only are these intimate personal contacts educational but they are clearly functional in terms of increasing the productivity and repayment capacity of members.

C. STAFF TRAINING

Obviously a large number of trainers (lending officers, extension workers, home economists, and experts in production, purchasing and marketing) are required for the programmes of direct member education described above. But these trainers have to be trained, as do the officials who carry on the office work of thrift and credit societies and co-operative banks—cashiers, clerks, bookkeepers, credit specialists, auditors, bank supervisors and inspectors, etc.

To some extent this need is met by the introduction into the *curricula of schools, colleges and universities* of courses on farm management, credit and banking, law and co-operative theory and practice. Such courses, however, even where they do exist, are normally too generalized to be of much practical help in the actual operation of thrift and credit societies.

Much more useful are the *on-the-job counselling and the short training courses* offered by officials from secondary co-operative organizations during field visits to local thrift and credit societies. Similar help may be given by mobile teams sent out from regional educational centres, as in East Africa. A more impersonal way of making this help available on the local level is through specialized correspondence courses administered from an educational centre; this method has the advantage of economy combined with coverage of a very wide audience.

Increasingly in the developing countries the staff of thrift and credit societies are being given the opportunity of attending residential *courses in specialized training centres*. These courses are offered by district, national or regional societies or co-operative institutes, by co-operative colleges, by co-operative banks

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primarily for their own staff, by governments, by ACOSCA in Africa, and by the ICA Regional Offices in New Delhi and Moshi.

Courses vary in duration from one week to a full college year and they are tailored to meet the needs of various levels of staff. They make use of the full range of teaching methods including lectures, case studies, role playing and audio-visual aids; and in many cases they are supplemented by seminars, workshops and study tours.

D. SOME MAJOR PROBLEMS

Thus there appears to be a fair measure of agreement as to the major directions for a constructive educational and training programme for the developing countries in the field of co-operative thrift and credit. And yet there is no doubt that to date this programme is far from satisfactory. Indeed the inadequacy of educational and training facilities is perhaps the primary constraint which is holding back an effective savings and investment drive—and hence the development process itself—in the Third World. Some of the problems are as follows:

1. Co-ordination

One aspect of the problem of co-ordination is the failure to provide for effective *manpower planning*. Without such planning it is difficult to gauge the number of training places required; to devise curricula and methods that will ensure a matching of supply and demand in each particular category of skill; and to build into the co-operative credit movement a career structure which will attract and retain the required skills. Haphazard employment policies in turn lead to heavy staff turnover, to a reluctance to release employees for training, and to nepotism or favouritism in personnel policies.

Thus a logical first step in setting up training programmes is to identify the specific kinds of skill, and hence of training, that will be needed in the future. Foresight and careful structuring can provide a rational basis for designing recruitment procedures. Such procedures should include a system for enabling co-operative employees to proceed step by step up a promotional ladder in accordance with their performance—performance not

only on the job but also in a series of official courses proceeding from the introductory level to the intermediate, refresher and advanced levels.

The other serious aspect of lack of co-ordination relates to the all too frequent occurrence of wasteful competition and duplication of efforts by various organizations concerned with providing training facilities for managers, staff and committee members of thrift and credit co-operatives.

In East Africa the co-operative movements of Kenya, Tanzania, Uganda and Zambia, in collaboration with their governments, have developed over recent years a network of Production Credit and Rural Savings Schemes which operate largely through multi-purpose agricultural co-operative societies at the village level. The training facilities (extension services, residential courses, seminars, etc) for these programmes have been provided jointly by the governments, the co-operative colleges of the Region and the ICA Regional Office in Moshi. During the same period, CUNA International and subsequently the World Council of Credit Unions have also been active in this area, particularly in mounting a series of conferences on the mobilization of local savings. In 1968 these efforts resulted in the setting up of ACOSCA and the beginning of an active campaign to promote credit unions and associated training centres. It is hoped that the need for greater collaboration, which is generally recognized, will lead to constructive results. There need be no difficulty in achieving collaboration between non-profit organizations seeking similar objectives once the dangers of duplication of efforts are recognized and formal machinery for joint consultation is established. Further confirmation of this proposition is provided by two other recent developments within the ICA structure. One is that the ICA Banking Committee is actively considering an exchange programme for officials of co-operative banks which would enable young people to become familiar with international banking business and would facilitate a systematic exchange of information on organization, data processing, personnel policies, etc. Another is the recent setting-up of

AGITCOOP, the Advisory Group on International Training of Co-operators. The objectives of this Group are as follows:

The Group shall seek, under the auspices of the ICA and under the guidance of its Authorities, to:

- (a) advise the Authorities of the ICA on matters concerning education and training for co-operators in and from developing countries;
- (b) help member organizations to increase the effectiveness of their training programmes, especially by enabling them to avoid unnecessary duplication of efforts and expenditure in activities such as:
 - (i) working out study materials, textbooks and other teaching aids,
 - (ii) identifying the most important areas for co-operative training,
 - (iii) recruiting students for training,
 - (iv) the recruitment and training of teaching staff,
 - (v) directing student applicants to suitable courses,
 - (vi) follow-up work after training courses;
- (c) encourage mutual consultation among member organizations and their training institutions, with a view to achieving international collaboration in their respective training plans, programmes and activities;
- (d) assist member organizations in facilitating their international co-operation in the educational field in any other respects (e.g. in organizing study visits abroad, exchanges of experience and documentation, etc).

2. Inadequate Resources

A major difficulty for which there is no such easy solution is the acute shortage of resources required to underwrite an adequate training programme for thrift and credit co-operatives in the developing countries.

All aspects of the training programme are affected. It is partly a *manpower* problem in that there are far too few trainers—teachers, extension workers, field officers, on-the-job supervisors, etc—available at all

levels. But even teachers and field staff can be found at a price, and clearly the problem is one of *money*—money to pay salaries, to build classrooms, to provide training materials, to commission basic research on which courses and training materials must be based, and to finance seminars, conferences and meetings of co-ordinating bodies.

This is the major problem and it is a problem with which most thrift and credit co-operatives in the developing countries cannot cope and for which international help is required, financial help from governments and co-operators in developed countries and from international bodies. There is considerable scope for international assistance in helping the developing countries to solve the problems connected with education and training

3. Lack of emphasis on thrift

Unfortunately, in some developing countries, the aspect of thrift is not emphasized to the extent that it should be. Several countries on achieving independence have looked upon the co-operative society as an instrument of development within the planning programmes of the country. Taking into account the great imbalance in the distribution of wealth between rural and urban sectors, there have been vigorous efforts, through the agency of co-operative societies, to extend credit to farm members at the primary level. In the process, it seems that “thrift and credit” societies have become largely “credit” societies, thereby denying to the members the great educational value of thrift, and to the movement the formation of capital which is vital to the process of development.

4. Need for practical orientation

Too often the courses offered by training institutions are theoretical and far removed from the practical problems in the field. This is partly a reflection of the general educational systems within many developing countries. There is, in other words, a great need of appropriate techniques for bringing the field into the classroom. This change will require, in many cases, re-orientation of teachers, research into appropriate educational aids and production of literature which will match the altered pedagogic approaches.

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5. Technical advisory services

Within the complex problems involved in social and economic development, co-operative bankers, at least in some developing countries, have given thought to the developmental role of co-operative banking institutions. If the co-operative sector is to be enlarged, which in turn would benefit co-

operative credit institutions, it is important that the latter should devote resources to the investigation of, and provision of advice on, the creation of agro-industries. Some credit institutions have given attention to this matter and in some cases special cells have been created for this aspect of the work. However, much more needs to be done.

Women's Participation in Thrift and Credit Co-operative Societies

by Mrs MARY THOLLEY

Treasurer for Mabothrane Women's Thrift & Credit Society, Sierra Leone

1. Thrift in the Family

Women have had to be thrifty always—perhaps more so than men because of the immediate pressure on them as the day-to-day keepers of the family money for food and clothing. There are certain calls on the household which are regular and, to some extent static, such as rent, rates, mortgages, insurances and taxes, but other demands, both expected and unexpected, have to be met by adjustments to the general domestic economy. In other words, new or replaced furniture, holidays, tools or materials for the house or garden, weddings, births, funerals, emergency journeys, schooling, are all part of life, but the ability to finance them often depends on how much the weekly or monthly housekeeping can be trimmed. Therefore, women are automatically drawn to thrift and credit societies in countries already industrialized, but even more so in the developing countries, where although the changing economy is opening up new opportunities for consumers, many of the social services are often lacking.

2. Improved Status of Women

With their increasing entry into paid employment, part-time, full-time, on their own account or for employers, women are handling money on a larger scale. The general cycle of life, which means for women the bearing and rearing of children, inevitably keeps most of them near to home, so they require local facilities for saving and credit. Therefore it is often at the instigation of women that credit

societies have flourished in housing estates, blocks of flats, housing co-operatives, villages, institutions, large factories and schools. The very presence of women is sufficient to motivate the organizations. The gradual improvement in the status of women and the tendency towards partnership in marriage, arising from the newer economic conditions between man and wife, are engendering more trust between groups of families and giving women wider opportunities to co-operate.

3. Honesty and Perseverance

Trust is a vital ingredient in credit organization and must arise from the honesty and perseverance of the members. These are qualities which so often make women fitter for administration. This assertion is not intended to be offensive to men—it is a phenomenon which probably can be explained by sociologists or psychiatrists, but for the purposes of this paper, seems to stem from the practices women assimilate as they administer and apply priorities of the household purse. Generally speaking, all their actions are constantly under the surveillance of the family and to some extent the neighbours.

4. Why "Women Only" Societies?

In several areas women's societies are very successful but it is not advocated that this should necessarily remain so. It should be an object lesson, however, to all who wish to further the thrift and credit movement that women will be persuaded to participate only

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on equal terms and guarantees of honesty or they will form their societies alone.

5. Administration and Office Holding

The administration of thrift and credit societies provides opportunities for part-time service and this is particularly suitable for women. On a recent visit to several African countries, a member of ICA's staff found numerous instances of women filling the office of president, secretary or treasurer. In Kenya, the Chairman of the National Savings and Credit Association is a woman. Again, such office holders can be found in other countries. In the story of the Credit Union Movement in Saskatchewan, Canada, "By their Bootstraps", several instances are given of women who have pioneered or maintained societies by their important work over many years.

6. Women's Use of Surplus Funds

For women, thrift and credit often does not stop at the collection and distribution of money; they frequently use the surplus funds in marketing and production. One can find in the markets of Lagos women of undoubted business acumen who, reluctant to abandon traditional customs, have nevertheless discovered that the defects of the age-old "Ajo" system can be dropped without losing the benefits of daily loans negotiated at the market stall, by adopting thrift and credit practices. By this they have converted the "Ajo" man's price into a lesser service charge to themselves and retained what was his profit as their gain. Furthermore one hears of capital accumulation which advances their possibilities for bulk buying and warehousing.

An interesting experiment is taking place in Lesotho. Women's handicraft groups are combining savings invested at a central point where their products are marketed and they raise loans not on an individual basis, but for the financing of local group activities and projects. The scheme is the subject of some debate in the district, but has aspects which are worthy of consideration.

7. Education

Thrift and credit societies are very popular in the developing countries among school teachers and this is often responsible for by-products. The scholars learn by example and

almost subconsciously are set on the road to self-help in saving.

The illiterate need not be excluded either. A very moving story can be told of the teacher who freely admitted she knew nothing about thrift and credit societies. A group of illiterate women, however, had been told about them but knew they were unable to manage accounts. They appealed to the teacher; she undertook to learn and finally kept the books for them.

8. Training

For women, of course, the basic training, i.e. principles, practices and ultimate aims, will be the same as for men. Where convenient for the women, the same courses and facilities at training institutions should be provided.

The timing of training, however, is important and in many areas it will have to be arranged according to the availability of the women. For example, teachers may find it best to meet after school on the premises; women in a village might meet in the afternoon while the children are at school, workers may wish to combine eating and learning during the appropriate breaks.

Women will want to be taught how to ally the advantages of thrift and credit with their own talents and capabilities. It is likely that a group of dressmakers wishing to set up their own industrial co-operative could raise their own capital first by establishing a thrift and credit society.

The inevitable question arises: who is going to do the training? Special efforts should be made to recruit women as teachers. This form of co-operation is one of the easiest to teach so that, with a few simple teaching aids, an intelligent woman in a village would find little difficulty in passing on her knowledge to her neighbours, as has been proved in many instances reported to ICA.

9. Social and Humanitarian Aspects

Last, but not least, due regard must be given to the social and humanitarian atmosphere which women promote in a society, a spirit which can be missing when men alone operate on a purely business level. The immediate concern of the women for each other's welfare manifests itself at crucial times in the life of

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the families in the societies. There is value in this association which leaders of communities and nations would do well to foster. The thrift

and credit movement has a special contribution to make which transcends the purely financial aspects of its organization.

Strategy for Savings Promotion

by **GLENN FOX**

Co-operative League of the USA

With dignity and perseverance, a co-operative should keep presenting to the membership and the public the opportunity for saving funds with co-operatives. Some of these efforts broadly speaking may be referred to as education. Members need a good place to save where the money will be used in their own best interests, and certainly not against them as for instance in a monopoly situation. The needs for members to save are many—education, old age, emergencies, health, prospective purchases, legacies, trusts, disasters and so on.

Important to both the saver and the co-operative are proper answers to rates, maturity or marketability, discounts, interest or dividend dates and how frequent, rules on joint issue, specific collateral if any behind the issue, denomination, certificate date, voting rights if any under any situations, indentures, assessability, transferability, negotiability, taxability, call privileges, registration and others. A good securities programme involves a thorough understanding of the specifications by the investor to be sure that people's interests are placed first and there are no disappointments by either the issuer or investor.

Some savings programmes require a high degree of liquidity while others do not want the return of the principal or even marketability except long-term. Just as a co-operative may sell several grades of oil, fertilizer, or food, there should also be available several different kinds of securities or investments. Savers in a co-operative should expect and receive full disclosure—past problems, future plans, and programmes under way. The security specifications should be carefully researched so that they do not have to be changed too often—even interest rates.

Index Bonds

The purpose of index bonds is to protect the

saver's investment against inflation by relating the yield of the bond to some commonly accepted measure of inflation such as a cost-of-living index. Thus, these index-linked investments can offset cost of living increases by improving the yield as the index increases, as well as by provision of a capital gain at maturity—for example, a 4 per cent yield at issue date might increase to 8 per cent and a principal issued at par might be redeemed at 150 ten years hence. At the time of issuance of an index bond, a table is prepared which shows the investor the various redemption values (and sometimes yields) corresponding to various index values thirty days before the interest payment dates.

While it would be technically possible to issue bonds that enable yields to fall below the yield at issuance, depending on the movement of the index, this is not done in practice because of the possibility of adverse investor response. Likewise, the bonds could be linked to a price index or even a composite of several indices. Credit unions can make index-linked loans. All co-operators should surely have some savings, and their co-operatives should make investments readily available and as serviceable as possible. Even poor people will save more when their incomes are rising.

Investor Confidence

An investment or savings programme inevitably emphasizes the need for other services—insurance for protection of savings, legal advice, help in estate planning, appraisals, titles, writing of wills, tax advice and possibly some form of third party deposit or investment insurance or guarantee. Such guarantees may be created by an insurance co-operative or a government created corporation. These services as well as others help people just as one co-operative helps another. Co-operative

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insurance companies and credit unions very frequently sell other co-operative securities, sometimes for a commission or a fee.

Coupled with all the savings mobilization programmes in the long run are various technical services for borrowers to give confidence to both the investor and debtor. It is important to have economics of scale, best use of resources, debt consolidation, balanced programme of employment of capital and labour and even proprietorship or household health. This may involve medication, clean water refrigeration or cooling, vegetable gardens, proper amounts of mechanization, irrigation, drainage, tile, soil fertility, insect control, etc, etc. All these lead to the co-operative's main product from a good investment programme and that is member understanding. One who is considering an investment or saving will listen more carefully, be more studious, read the prospectus or plan more thoroughly and attend the meetings and participate more regularly.

Issuing investments to minors jointly with one or more adults or alone is probably a good thing. The attendant legal problems can be handled if the will is there to do so. The problems are more tedious than real and are more than offset by the participation, pride, experience, education, habit establishment and assistance in creating, say an educational fund on the part of the budding co-operator.

Revolving Funds

As basic as proteins are to the health of a person, the revolving fund is one of the best methods of financing a co-operative. The Canadians call it the "revolving door" plan. Americans have often used the analogy of the water wheel.

The wider the fluctuations in volume of net savings (surplus) of the co-operative, the poorer the revolving fund works. The same would be true of a power dam or water wheel. Total reliance on it takes either an unusual amount of member understanding or uniformity of prices and volume. This form of ownership has two sources (1) retains from the proceeds of marketing and (2) reinvested patronage refunds. The retain revolving fund

involves a "check off" from the check for the farmer's milk, grain, fruit or nuts, etc, delivered to be packed or processed, to use just a few examples. The retain principle on occasion is applied to supplies but is not too generally used. This involves a small "over-charge", say $\frac{1}{2}$ cent a gallon on fuel or a dollar a ton on feed or fertilizer.

Since volume is often less erratic than net savings (surplus) the retain revolving fund has worked most smoothly; however, the "savings" form also has wide use. The form of the certificate or book credit representing revolving fund ownership has little importance excepting that it should not bear due dates or interest or dividend yield. Since a revolving fund is intended to be a turnover account, many feel it should be equated with working capital leaving more permanent forms such as capital stock to offset most of the fixed assets.

Member determination and member understanding are prime requisites for a well run revolving fund programme. To lighten the "investment in proportion to patronage" load on the young person or new member in a period of accelerating patronage, supplemental methods of raising capital should be employed. The sale of securities up to an amount equal to 25 per cent of the total assets is one of the best methods. Funds from these sales provide for facility expansion, seed money for new services, cash for estate settlements, redemption of equities by retirees and for any other purpose without having to increase the capital retain or percentage of non-cash refunds.

Dividends

Just as an investment programme by a commodity co-operative performs a valuable service, so does the work of the credit and thrift co-operative. Close co-ordination of the two makes possible a more expeditious expansion of both. Sales of co-operative commodities or share deposits increase at dividend payment time and funds from the proceeds of marketing of products often are shifted to deposit or investment at settlement time.

Sales Programme

Member confidence is probably the most

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important ingredient for co-operative success. The educational materials or advertising to prospective investor-savers should provide full disclosure, be factual, and anticipate a prospect's questions with an altogether dignified approach. It should build pride and loyalty, develop understanding and, of course, participation. A securities programme is one of the best aids.

The formal plan, written programme or prospectus, should be carefully prepared. Whether or not a registration is made with a governmental unit, every effort should be made to use co-operative terminology, non-technical, and to disclose all factual material possible. Disclosure of even items formerly considered confidential becomes a builder of confidence on the part of the prospect and the entire membership. Very seldom is the use of such material in the hands of a competitor found to be hurtful.

Just as the financial co-operative is open to receive additional funds at any time, it is best for the purchasing, consumer, or marketing co-operative to have a continuous programme for attracting new investments. Co-operative leaders are seldom short on new ideas. The old slogan "any good idea can be financed" should be taken seriously by financial specialists in our co-operatives.

Liquidity

Since co-operative securities do not lend themselves very well to being bought and sold on the stock exchanges of the world, co-operatives should build into their programmes

a practical plan of liquidity or marketability. The plan must contain safeguards and limitations which seem prudent.

Some credit unions and co-operatives attempt to keep liquid sufficiently to redeem in advance of maturity at par (only foregoing interim dividends) on request of the holder. Others feel it more prudent to establish ground rules as to a run on the liquidation of securities ahead of time.

One system which has stood the test of 26 years of successful operation is to place into an internal reserve each month $\frac{1}{2}$ of 1 per cent of the outstanding total security issue cancelling out any unused reserve at the close of each fiscal year. No questions are asked as to reasons for premature withdrawal. They vary greatly from buying the adjoining farm, to health, adversities, death, for purchases, for operating capital, to pay on a loan, or any other of numerous needs. Lack of confidence, or even an increase in interest rates generally, are seldom given as reasons for withdrawal. Assume the limited reserve is overdrawn (which it seldom if ever is) then the requests are placed on the waiting list in the order received. The investor is informed of the approximate month the reserve will be replenished to permit redemption. Then the investor may be able to borrow a substantial portion of the amount of the certificate using it and the forecast letter as collateral—and possibly at about the same rate as the yield. This is where the financial co-operative helps again the investor and the co-operative.

Maintaining Liquidity

by EARLE L. ALLEN

President, National Association of Canadian Credit Unions

Despite the fact that the Canadian movement has accumulated some \$8 billion in savings to date, its own resources are not sufficient to serve all the credit needs of its 7 million members, and priorities must be established with respect to the wisest use of these resources.

Not the least of these priorities is the protection of members' savings and assurances that these savings are available on demand.

The matter of maintaining efficient liquidity controls therefore is paramount if the system is to function adequately.

What is liquidity? Briefly defined, it is a property of assets, a measure of the ability to promptly convert assets to cash, without loss, in order to meet commitments. The next logical question is, of course, "How much liquidity is required to meet normal business

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demands and retain the confidence of members who, through established practice, have come to regard credit union shares and deposits as withdrawable on demand?"

Canadian credit unions are incorporated under provincial (as opposed to federal) legislation and, consequently, there are varying liquidity requirements and approved liquidity reserve investments from province to province. Generally, however, all legislation provides that credit union liquidity reserves can be invested in interest-bearing vehicles. This condition contrasts with the requirements of the Canadian chartered banks which, being governed by the Bank Act, which is a national statute, not only have a primary reserve requirement of 12 per cent on demand deposits and 4 per cent on notice deposits, but are required to keep these reserves in cash or interest-free Bank of Canada deposits.

How much is liquidity, to a large extent, governed by the type of credit union operation involved? In a credit union providing only a savings and loan service, liquidity reserve requirements are naturally much lower than in a full service credit union providing negotiable order or chequing services. Savings accounts (shares) generally turn over only about once in two years, or an average slightly in excess of 4 per cent per month. But, even here, we must consider certain characteristics of our share accounts.

- (1) Can a credit union legally require a notice of withdrawal from the member wishing to utilize his savings?
- (2) Is there a seasonal variation in the inflow of savings?
- (3) Is a considerable volume of the savings of a credit union held by a few individuals who could withdraw these funds to take advantage of higher competitive rates?

For credit unions offering deposit services, both chequing and notice, the need for higher liquidity reserves is self-evident. Chequing deposits have a turnover rate of 15 to 40 times per year, thus necessitating an accurate assessment of probable cash in-flows in order to have funds available to meet this turnover. And, even though notice deposits are normally held until the term expires, cash

is required at the expiry date unless the deposit is renewed. In times of stress, term deposits will be withdrawn even if the depositor suffers an interest penalty, thus further aggravating the liquidity requirements. Management must therefore satisfy two requirements—the need to have unproductive or low-yielding investments available to meet member demand and the need to maximize the profitability of the organization.

In the past, some credit unions have attempted to reconcile these divergent needs by borrowing from other financial institutions or from members on a short-term basis and investing in long-term assets—either loans or securities. Such a policy will generally succeed when interest rates are stable or falling, but is fraught with disaster in a market such as we have experienced during the past 12 months.

Obviously, there is a need for outside borrowed capital, both for the leverage to be achieved by its use and for the need to balance fluctuating cash inflows and outflows. However, we are convinced that in the interests of our members, we must generally emphasize a conservative and practical policy which restricts further loan and investment growth to the permanent increases realized in our member share and deposit accounts and which attempts to match the relative term of both assets and liabilities. For example, this policy would have significant implications for variable rate residential mortgage loans.

Finally, the Canadian credit union system is attempting to define its liquidity requirements and relate them to a practical, rather than a statutory base. Since 1973, we have been studying this area, developing the reporting forms and statistical analyses required to identify and control potential liquidity problems and adverse trends; determining liquidity levels; and ascertaining the types of investment vehicles to be used, given existing reserves and the cost-price ratios of various fund sources. This is a formidable task, but one which must be accomplished if our system is to achieve the dramatic yet orderly growth which we anticipate, and enable the movement to participate in other co-operative ventures in a sound efficient manner.

Section III

Promotion Strategy in Malaysia

by N. A. KULARAJAH

President, Co-operative Union of Malaysia

. . . In the promotion of savings the Co-operative Central Bank has employed a number of measures including campaign style programmes. But before doing all that, the organization geared itself into the position of a business organization with a co-operative base. It also began creating an image of itself as a businesslike venture aimed at providing the services the members wanted in a better and more efficacious manner than provided by others. The planning of this was done with great care and meticulousness after careful analysis and study of the response and reaction to our earlier schemes and services. There was also analysis and research on the general situation existing in the Movement and in Malaysia.

From the study made, certain factors became obvious. The first factor was that we were dealing with very enlightened and conscious people; the second, was that co-operators were not willing to take their organizations for granted. They would respond or patronize if they were assured of the ability and soundness of the organization. In other words the organization had to be an open book. It had to go to them, not wait or take them for granted. The third factor was the great communication gap that existed between members and the organization. There was no two-way flow of information. No relationship existed in any form whatsoever. Many members could not identify themselves with the organization or feel any real sense of belonging to the co-operative. Finally, the majority of the members hated the term "member education". They felt it was belittling. To these people it seemed a little ridiculous to be given education on the co-operative and on various other things.

In planning its line of attack, the Co-operative Central Bank had to consider these factors. The first action it took was to ensure that all employees were trained and motivated to respond to the schemes it was going to launch, its plans and strategy. Train-

ing of employees is a much more important priority than education of members.

The next stage was to publicize, advertise and make the Co-operative Central Bank as well known as possible to its members as well as to others. Circular letters on every scheme, advertising materials in the form of leaflets and brochures and personal communication with those who seemed difficult were instituted. A monthly newsletter was also started.

A full scale relations programme was begun, to build and establish an image of the Co-operative Central Bank as a strong, viable and a purely service organization. The Co-operative image was being simultaneously enhanced. Large scale advertising was done in competition with the private sector. This had the dual effect of showing a co-operative business organization competing with others on the same basis and employing similar methods of promotion. The concept of a purely social organization was therefore being erased. The minds of members were being satisfied that it was a dynamic and living organization in which they could see their own interests growing.

Our public relations programme as a matter of fact, incorporated the education programme for our members. We did not want to use the term "member education" since it jarred the sensitivity of our more mature members. Therefore, we overcame it by calling it a "public relations" or "member communications" programme with education a major aspect.

It was in fact education, but with the emphasis that we were willing to offer what they wanted as long as they were willing to respond to this offer in the co-operative spirit. We have not deviated away from the Co-operative Principles of self-help through mutual help. We have tried to show to them it was not a one way effort, that the organization was willing to work hard and that it was well organized and functioning to serve them.

In these circumstances, it was only fair that they should also live up to their obligations and responsibilities. In present day circumstances we have to take this method of action because membership is large and distributed over a very wide area. Personal contact with the organization is often lacking and therefore to take members' loyalty for granted would be stupidity.

Once we had achieved a certain measure of success, we zeroed into our savings schemes to make them attractive and convenient, backed by very efficient and effective service. We offered competitive interest rates on savings, provided insurance protection cover, easy and universal withdrawal facilities, arranged for savings to be made monthly by deducting a fixed amount of savings every month direct from the source of their income. A full scale savings campaign was launched on various themes.

Education on interest payments and on the importance of savings to meet future needs was done extensively. We are also planning new savings schemes which have been announced: they include savings certificates and savings without passbooks. By announcing these well before their time, we have impressed the members that their organization is all the time thinking of new ways to improve and better the schemes and services.

We made it clear that credit should only be used for very valid and useful reasons and not otherwise. We decided that we would need evidence of productive purpose before we would give any credit. We also tied our

savings scheme with the credit that we offer. All applications for personal loans from individual members were subject to a condition—that along with their monthly repayment instalments, they must make an additional payment of 1 per cent of the amount of the loan as savings in the Bank. This 1 per cent savings every month was not withdrawable until after one year of settlement of the loan. The condition has been extremely useful to members because while settling their loan, they are also making savings which earn interest.

Other credit schemes introduced for individual members were means of fighting inflation and alleviating the problems of members. They were also a development of inter-co-operative relationships. We introduced a scheme whereby we were willing to give credit up to a limit every month depending on income for purchases made at the Malaysian Co-operative Supermarkets Society where prices are at reasonable levels. These purchases were to be confined to essential food and necessities and not for frivolities or luxuries.

Another credit scheme introduced is the hire purchase financing done in conjunction with the Malaysian Co-operative Agencies Society Ltd. We are giving loans to individual members to purchase household and other domestic requirements including electrical goods from the Malaysian Co-operative Agencies Society Ltd. Again in all these schemes there are conditions which each member has to satisfy before a loan can be approved.

Inter-Co-operation

by A. LEWINSKY

Director, Bank Hapoalim, Israel

Credit co-operatives have sprung up wherever individuals have combined to do something jointly about their financial problems. Gaining strength, they have founded unions and central institutions. They have developed friendly relations with co-operatives in other fields. Today they proudly belong to the International Co-operative Alliance.

In Israel, adverse material conditions and social vision have led to such concerted action. The Israeli Trade Union Movement, faced with the task of creating employment opportunities for its members in a country to be built from scratch—a task, in our case, even more urgent than that of the orthodox trade union mission to fight for better wages

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and improved working conditions—identified itself from the very outset with the co-operative idea. In an unprecedented decision, every union member automatically became a co-operator. Histadruth—the Federation of Trade Unions—itself became a super co-operative under the name of Hevrath Ovdim—the Co-operative Society of Workers in Israel.

As a result, a multitude of co-operatives—in the fields of agricultural and industrial production, transport and services, marketing and buying, consumption and housing, insurance and credit—developed united under one roof. Based upon limited groups of members within each undertaking, their common effort for the benefit of the working population thus constitutes their joint contribution to the nation and to the State.

The dreamers who, as far back as 1920, envisaged this moral concept of a “new society” growing and building in democratic co-operation, showed a surprising practical sense of realities. They realised that the “have-nots” of 1920 needed a bank as their financial instrument to channel savings and credits for members and their co-operatives alike, ultimately providing the financial um-

brella that would not be withdrawn in days of hardship and adversity.

Yet the goals set for this bank were even more ambitious:

- To become the guardian and trustee for all savings, pension funds and provident funds, continuously developing new savings schemes and potentials.
- Prudently to invest the accumulated funds in development projects: in agriculture, in industry, in services, in economic and human infrastructure, whenever possible according priority to co-operative needs.
- To ensure a reasonable price for money—for deposits and for credits alike.
- To open the country’s money market to Histadruth’s co-operative economy.

Bank Hapoalim—the Workers’ Bank of Israel—now the second largest bank in the land, with its four-and-a-half-billion-dollar assets, an institution of international standing and still growing rapidly—proudly justifies today what seemed a Utopian dream barely fifty years ago.

Strategic Planning in the Co-operative Central Bank

by WERNER BLEILE

Director, Genossenschaftliche Zentralbank AG, Basel, Switzerland

“Business strategy”, or strategic planning, is a relatively new term, used both in theory and in practice. Its purpose is to define the main objectives of an undertaking, and explain possible methods by which these may be achieved. The basic strategy of the Co-operative Central Bank is determined by its objectives. The Bank is the central financial institution of the Swiss co-operative and trade union organisations, and therefore its objectives are social. Two-thirds of its business is carried out under normal business conditions with all sectors of the economy; this allows us to devote the remaining one-third of our activities

to serving co-operatives and trade unions, with the aim of procuring better financial conditions for those organisations, making capital available for social housing, and providing liquidity to cushion seasonal fluctuations in the financial needs of the co-operative groups.

This basic policy also allows us to look at some other aspects, e.g. savings. We do this by expanding our branches to make savings facilities more easily available, and channelling the savings potential of neighbouring individuals and organisations. This development allows us to offer specialised services, such as

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a premium savings system for co-operative and trade union members.

Strategic planning and the highest possible efficiency become more and more necessary for our Bank, in view of the worsening economic situation and the sometimes negative intervention of Government in the financial field. The Swiss Co-operative Group is at present engaged in vast expansion, and large capital requirements are needed for the building of new regional warehouses and to capitalise against inflation. At the same time,

one-sided interventions by the National Bank and the Government, in the money and capital investment markets do not help to meet these requirements. Above all, credit and cash restrictions will not overcome the problem of inflation. Investment in higher productivity must be increased, and the work norm of every individual, as regards both quality and quantity, must be improved. Only then will it be possible to fulfil our duty to the economically deprived peoples of the developing countries, not only in words but by productive action.

Structure, Co-ordination and Power

by THEO BRAUN

President, Confédération Nationale du Crédit Mutuel, France

Horizontal Structure

Thrift and credit co-operatives, created and activated by the persons or families which they group together, constitute the basic unit of our institutions and are the first centres of responsibility.

The activities of these thrift and credit co-operatives, very simple at the outset when they received deposits and decided on the loans to be granted, were later diversified and orientated towards a more general "banking" activity as a result of the joint effect of several phenomena. Therefore, banks and thrift and credit co-operatives converged, as far as services offered to individuals were concerned, and local savings banks must now provide for their customers and members personal services of a high standard at lowest cost. In order to cover their costs and maintain the social character of the institution the operations of local savings banks must be profitable, their administrative services productive. They must also be of an optimum size and these requirements, necessary for continuous progress, give another dimension to thrift and credit co-operatives. The optimum size is the one which will cover a sufficiently large geographical area and which will ensure the provision of services to a sufficiently high number of customers in order to redeem investments, but at the same time one which will be small enough to remain

human and founded on relations between people.

However, to justify ourselves economically, and maintain ourselves at the level of competition in order not to disappear from the harsh scene of economic competition, is not an end in itself. Our economic justification is made necessary by our preliminary wish to organise solidarity which, at the social level, justifies our "raison d'être" and our will to hold our own. For us, to organise solidarity is to enable our members to achieve a higher level of well-being through self-aid, a means which is consciously used with an educational aim: to encourage mutual aid and solidarity means to train responsible men. And to promote responsibility is to promote democracy since, in the economic field, democracy is a participation requirement—participation in capital and true participation in responsibilities.

In what has become a classic analysis, Professor Desroche has outlined schematically the local savings bank, representing it by a quadrilateral the four angles of which are occupied respectively by the members, administrators, management and employees. The members are at the basis of thrift and credit co-operatives which they have joined freely and from which they can withdraw if they wish. To mark this membership they have

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paid a share, becoming in this way and along with other members, owners of the co-operative; at the same time they are users of the co-operative. Gathered in the General Assembly, these members elect the administrators in accordance with the principle "one man, one vote". The administrators who are elected in this way, if they do not directly control the enterprise, do at least control its management. They nominate, among their members or from outside, managers or directors who, in their turn, recruit employees. In practice, however, the running of these savings banks depends on the relations which exist among these four components, and there exists a real danger of the power of decision shifting from administrators to technicians, bearing in mind the increasing complexity of techniques used.

Nevertheless we remain optimistic because we have faith in the men who have joined our movement: they know that to choose the co-operative or mutual movement requires human qualities. First of all, rejecting any desire for gain, they accept a voluntary form of organization. It is these voluntary administrators who also bring about intellectual renewal and a creative outlook within our organizations. Then, they must be capable of enduring the pressure which any type of collective responsibility entails and of accepting a collective discipline, that is, of going beyond their own interests. Moreover, we place a great deal of hope in the possibilities and willingness constantly to train and inform both members and administrators in order to prevent them from "resigning" in the face of the growing complexity of problems which they—the non-professionals of the bank—have to solve.

Vertical Structure

The basic units are autonomous. This original feature has constituted the principal strength of the Mutual and Co-operative Credit Movement and it is essential to maintain it at a time when the evolution of techniques seems to impose increasingly larger units.

In order to execute the tasks which they were not in a position to carry out themselves individually, the basic units have set up

common services—or secondary organizations—to which they have delegated powers of decision. Interdependent, the units are in touch with each other through these secondary organizations to which they are all affiliated.

One should not seek only a balance between administrators and technicians within a local savings bank. Another problem presents itself, that of striking a dynamic balance between the basic units and the secondary organizations, a balance which should uphold the advantages of non-centralization and respond to the imperatives of efficiency.

The secondary organizations which are also centres of responsibility, have a financial, administrative and policy-making role. At the financial level, they are responsible for supervising the solvency of local savings banks—in accordance with the norms which they have set themselves or which have been set for them by Public Authorities within the framework of banking regulations—and for guaranteeing against the risk of liquidity. It is also their role to increase, through refinancing, the potentialities of local savings banks.

The secondary organizations also operate on the money market for investing the funds entrusted to them by the savings banks. Finally, the secondary organizations help the savings banks to put at the disposal of their members the complete range of formulae which a fully-fledged bank offers to its clients.

At the administrative level, their role is to undertake to defend the savings banks' interests, to ensure communication within the group and to carry out all studies likely to contribute to the improvement of the context within which the activities of the group are carried out. But their role does not stop there, it also includes defining a general policy in consultation with the savings banks, and making sure that this policy is applied even if it results in internal regulations governing the activities and life of the movement.

Is there a risk of the powers of decision shifting towards the secondary organizations?

We would reply "no" because we are discussing a federalist structure where the secondary organizations emanate from the basic cells and where federal power is naturally limited by individual powers. We will again

reply "no" in the sense that the objectives of secondary organizations complement those of the basic units and the latter are decisive. The secondary organizations must enable the local savings banks to fulfil under the best conditions the aims which have been set for them.

Finally let us note that in order to facilitate regular and useful relations among the savings banks themselves and also between them and the federal organizations, we think it appropriate to create an additional subdivision which is at the same time a nerve centre and a distribution centre to link the local savings banks with the federal organizations. At that level, meetings are held of committees elected by the local savings banks and of delegates nominated by the federal organizations.

Lastly, a federal structure implies a confederal organization, described as a tertiary body, which is the last centre of responsibility. Its role is to ensure credibility by offering guarantees to the public at large and to Public Authorities regarding the safety of deposits; to represent the regional organizations on a collective basis; to ensure the group's cohesion by achieving unity in the definition of objectives and subsequent action; and finally, to maintain the discipline of the community.

Is there a risk of too much similarity between the statutory powers of tertiary organizations and those of Public Authorities?

Our local savings banks are bound to apply the legislation in force, whichever organization may be responsible for ensuring that it is applied. But at the level of internal regulations, this similarity is tempered by the fact that our tertiary organizations are centres of concerted action and co-ordination. Indeed, the more complex an organization is, the less it can be satisfied with merely applying regulations. It must count on the co-operation of all its members and strive to obtain their conscious participation in common efforts.

Links between Centres of Responsibility

In order to understand the links gradually established among these various centres of responsibility, we must consider the problems of "government" of the institution as a whole,

in which the local savings banks, the secondary and tertiary organizations are combined. These problems of "government" cannot be stripped of their power dimension.

Within the co-operative movement, we must not consider power only from the angle of the holder of power, but from the angle of the relations which are established, and the power phenomenon is also an integrator phenomenon and its main virtue is that of admitting confrontations, transfers and exchanges. Moreover, power does not exist in itself, it is only conceived in the perspective of an aim and in this sense I, for my part, consider that powers emanating from different sources can co-exist for increasing efficiency and that it is possible to understand and foresee how, in practice, these different powers come to terms and strike a balance with each other. In order fully to understand the data and dynamism of delegated power, it is necessary to direct attention to the organization, taken as a whole, which constitutes the framework. Then, power no longer appears as just a relationship between individuals, but as a process which is inseparable from the process of organization.

The problems posed relate to the definition of hierarchical relations between central organizations and the basic units and to communication among administrative authorities.

To solve these problems, we believe first in the human wealth which exists within our organization and which must be mobilized in order that the movement should progress. The solution of these problems must then be placed in an "institutional" framework which extends beyond that of "components". We must resolutely condemn a "contractual structure" based on agreements between primary and secondary organizations. Such a contractual structure would indeed be a denial of the "institutional structure". The components which go to make a "whole" do not exist by themselves; they are subject to inter-dependence, to inter-action. The "institutional" structure enables us to link together elements composing the same whole. Within this "institutional" framework, it will be possible to hold the dialogues necessary to

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settle conflicts of all types among organizations and men. A global conception, a collective discipline, a harmony among those who are elected and those who administer will result from this framework.

* * *

Our local savings banks have very precise objectives. To define them they practise participation, and to achieve them they use their own means, or appeal to secondary organizations in so far as a concentration of means at these levels enables the various savings banks to increase their efficiency.

Emanating from the basic units, the secondary organizations have themselves created a third level which is indispensable for the group's cohesion and for the unity of the movement's public image.

Is not the ever-increasing concentration of technical means necessitated by higher efficiency the source of constraints which could well bring about a concentration of power?

We can avoid this danger if we remember that means must not be separated from ends which, as far as we are concerned, consist in organizing solidarity. The transition to this new model which does not dissociate means and ends is above all dependent on the development of men themselves, and we have faith in mankind.

The true participation which we want to achieve at all levels is possible if each individual is sufficiently trained and informed. Training is therefore indispensable, for if we are not careful we run the risk of depriving our enterprises of their human element and of causing ruptures at those very places where we should achieve stability. Finally, information is fundamental because it forms the basis of all decision. Participation can only be real in so far as each individual becomes more demanding, more free and more capable of bearing the pressure resulting from collective responsibility.

Co-operative Development in the Third World

by H. BENZING

Friedrich Ebert Stiftung, Federal Republic of Germany

The key position of the savings and thrift sector has been mentioned. The dual problem for our development work consists firstly in the fact that there are often no credit co-operatives, and secondly that, in many cases, the technologies with which we work are not adjusted to modern requirements. This means that the developing countries are often very dependent on other countries for even the organisational prerequisites. The hopeful initiatives of some oil-rich countries in setting up funds for financing development will not be forgotten. However, all of us realise that in order to build up organisational infrastructures within our co-operative sector, much more is needed than just money. In order that the poor sectors of population should accumulate savings, certain attractions have to be offered, and a credit and thrift organisation needs a certain economic and tax attraction. "Protectionism", is a real prerequisite for life and for survival . . .

Well organised co-operatives in both industrialised and developing countries will progressively take over many tasks which the state, if it is conscious of development, ought to bear. Where a non-state initiative enables an economic and social development to take place it should be promoted, because in this way there is a real link with human society. The realities prevailing in many developing countries are very far removed from initiative on an individual level. This does not mean that there is a lack of willpower or a lack of readiness to solve one's own development problems, but without material and without personal stimuli from outside, in many cases no changes can be achieved. And the political and population pressures urge us to speed up our actions because we really have to catch up fast. In this connection we also must ask questions, and decide which are the best economic forms with which to operate. As long as international co-operation does not function better, we must

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not expect too much of the national co-operative sector.

We have, of course, multi-national possibilities of solution. But traditionally the multi-national solutions are hardly represented, or they are not feasible because the co-operatives, under the legal system prevailing in their country, are ruled out of the speculative sector and out of speculative business. Measures must be taken to make co-operatives more efficient and also, of course, co-operatives must adapt to the social and political situation as otherwise they are isolated and cannot renew themselves to fulfil their functions. But I think co-operatives take very courageous initiatives to reform themselves; this is expected of them, and also that they should act for the common good within the context of development. This is a legitimate requirement, but rather difficult to bring about, and it often goes beyond the framework of traditional co-operatives . . .

A co-operative solution appeals to many people, because they want to be protected from an extreme individualism. Democratic

structures have become the content, and not only the slogan, of our programmes. But as soon as we talk about mergers, and as soon as economically efficient solutions begin to be translated into fact, there is a horizontal and vertical conflict with the democratic principles of our co-operative movement. That is why the consequences of mergers—and in a reverse sense also of decentralisation—must be taken seriously with regard to our work in the third world.

As an active Foundation we are fully engaged with developing aid, and the Friedrich Ebert Foundation particularly tries to form and to train co-operative experts from the third world. We are not the only ones to do this. There are other political foundations in the Federal Republic of Germany, and many other organisations in our country or abroad, which have this aim in mind. In many cases when carrying out this task we are faced with great expectations which engage our whole sense of responsibility and exact large material aid, and we always try to reduce things to the correct level and to adapt circumstances to co-operative solutions, and also to measure the demand which really exists.

Amalgamation of Co-operatives in Japan — the 5-year Plan

by TAKESHI HAYASHI

Director, Norin-Chukin Bank (Central Co-operative Bank for Agriculture and Forestry)

In 1970, co-operators launched a new 5-year plan for the promotion of amalgamation, this time on their own initiative. The Central Union of Agricultural Co-operatives (CUAC) drew up a policy for the new stage as follows:

1. A co-operative should have a minimum membership of 2,000 farmers, and should cover a village or town. A maximum size of 6,000 members and 100 employees is advisable.
2. In special areas where co-operatives are required to have a wider scope, e.g. a planned Farming Complex, the size of the co-operative should be deter-

mined in accordance with the overall plan.

Amalgamation Procedure

Purposes, optimum size and other principles are generally defined in the policies of CUAC, taking into account the circumstances and the general interests of the co-operatives. Prefectural unions undertake the action promotion. The *Prefectural Union* organizes a group of specialized personnel, and then:

1. Sets up an *Advisory Committee* consisting of representatives from the prefectural government, federations and

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primary co-operatives: The Committee studies the various conditions in the prefecture and decides on the local policy;

2. Prepares the amalgamation plan under the guidance of the Committee. The plan gives the complete outline of the amalgamations to be recommended in the prefecture, usually involving all primary co-operatives;
3. Submits the plan to all co-operative leaders for examination and discussion. When the co-operatives involved in a recommended amalgamation have formed a study group, the Union specialist goes through the details with them and helps them draw up their own blue print. They discuss the feasibility of amalgamation, and suggest any necessary alterations;
4. Establishes the *Preparatory Committee* consisting of directors and managers of co-operatives, representatives of the municipality and the prefecture union;
5. Helps co-operatives to publicize the plan for discussion among members. The plan is examined by various groups and societies in the area, such as community meetings, women and youth clubs.

Finally, before implementation, the plan must be approved by the general meetings. The Law and the articles of co-operatives require that amalgamation should be approved by a two-thirds majority.

Problems and Counter-measures

During the process of promotion we were faced with all sorts of difficulties. Some co-operative members, especially in the case of small but strong and well operated co-operatives, wanted to keep their co-operative small. Some directors wished to retain their seats rather than risk the opportunity of new elections. Some employees were afraid of losing their jobs or being transferred to distant offices. There were also emotional factors involved.

In the paper presented by CUAC on the occasion of the ICA Regional Seminar held

in Tokyo in 1972, the merits of amalgamation are generally recognised as follows:

1. Increase of available funds, due to increase of credit-worthiness.
2. Increase of maximum limits of loans and reduction of interest rates.
3. Strengthening of farm guidance system.
4. Expansion of marketing and supply business.
5. Expansion of various facilities.

However, there are the following disadvantages:

1. Difficulty of maintaining close communication between increased numbers in wider geographical areas.
2. Necessity for an improved management control system and increase of productivity, in response to expansion in the size of management.

The questionnaire sent out by the National Mutual Insurance Federation of Agricultural Co-operatives in 1973 brought in more than 7,000 answers from members of amalgamated co-operatives. Of these,

41% approved the results of amalgamation;

28% thought it had made no difference;

15% were undecided;

and 10% disapproved.

Of those who approved, 47% pointed out the general increased confidence in the co-operative, and 39% the improved services and facilities.

The disapproving group's complaints were centred on the lack of familiarity, reduced personal contact, and similar factors.

Amalgamated co-operatives have taken various measures to deal with the two main disadvantages, as follows:

1. *Poor membership relations*
 - (a) Block (or small community) meetings have been organised, attended by co-operative leaders and employees. Information on co-operative activities is presented and discussed, and the block's views are passed back to the management.

- (b) Employees visit members' homes at least once a month to collect savings instalments, and make full use of this opportunity to build up better understanding and to keep members informed about co-operative activities.
- (c) Commodity groups meet frequently as problems occur. These are always attended by directors and employees in charge of farm guidance and marketing.
- (d) Wire communication systems are operated by agricultural co-operatives in rural areas. These consist of direct lines from the co-operative office to a handset or loud-speaker in each member's home. Daily news is announced by co-operatives over the wire at various times of day.

2. *Increased Managerial Responsibility*

While amalgamation brings about an increased volume of business and makes possible economies of scale, it also requires a higher level of management. To start with, the management must find an answer to the increased expenses due to amalgamation. Higher salary systems, lower interest rates, reduced commission, all must be organised as efficiently as before.

Usually co-operatives form a larger board of directors, and increase the number of full-time directors. It is essential to select the right man to fill the position of manager. In cases where a person with sufficient abilities cannot be found among the employees, the Prefectural Union appoints its own personnel to serve as manager for a year or so. Increased participation in the Union training programme has taken place.

International Collaboration depends upon National Solidarity

by Dr WALTER HESSELBACH

President, Bank für Gemeinwirtschaft AG

The constantly increasing international division of labour in the production of goods and services has still no equivalent in a capital market functioning supranationally. This will certainly have the result that the possibilities of an international division of labour cannot be fully utilized, so that the rise in world prosperity will remain below its potential.

The co-operative thrift and credit sector is still hardly affected by this deficiency. Its international collaboration consists in any case mainly of mutual exchange of experience and information, and not so much of capital assistance. The primarily middle-class areas in the industrial countries, and the primarily agricultural areas in the developing countries, as well as the construction of housing facilities for large sections of society, which are the spheres with which co-operative banks are mostly concerned, must themselves finance their investments and structural adjustments to a large extent. Large capital assistance

hardly concerns them. They are in any case mostly thrown back upon their own resources—irrespective of whether they are concerned with the development of agricultural or middle-class structures in industrial countries or the industrialization of whole developing countries.

The industrialization of whole countries and whole areas is in any case primarily not a question of capital. It is primarily a socio-psychological learning process, a problem of becoming intellectually conscious, of intellectual "rationalization". This has been shown repeatedly. Once the will and the intellectual conviction in favour of industrialization are present, adequate means to finance the contemplated industrialization are found. This happened during the industrialization of Europe and America, of Japan, of the Soviet Union, and it is now happening in China. These are the four great examples of industrialization so far in the world. All four were

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achieved after social and political changes, out of internal resources, and without capital aid.

The industrialization of each of these areas now differs widely from the others, having been carried through under entirely different political, social and intellectual circumstances. This demonstrates that there is a very broad spectrum of possible solutions to the problems of industrialization in any country, and justifies the hope that the co-operative method is also a possible means of developing areas in industrial countries, or even whole development countries. The range of industrialization, hitherto mainly successful, of whole countries as well as of individual areas in industrial countries, shows that economic development can be carried through in a humane and dignified manner. Fortunately it is not always true that successful industrialization and development can only be carried out by totalitarian-communist or totalitarian-capitalist dictatorships. Experience shows that it can also be done democratically.

It could also be undertaken in a co-operative/democratic way, which involves intellectual re-orientation. A primarily intellectual rationalization conforms to the tradition of the co-operative banks. The great sociologist Max Weber said that the change in awareness as a condition for evolution, the "disenchantment", the rationalization of man's consciousness, means in practice education: a trigger factor which lies completely within the tradition of the Co-operative Movement. Have there not always been great teachers at its beginnings—Robert Owen, Schulze-Delitzsch, often almost preachers?

Almost as important in such development as the change of consciousness, and resulting from it, is the systematic development of the monetary side of the industrialization process: the introduction of autonomous saving, made possible and initiated by a co-operative banking system. The German Co-operative Movement really started with Schulze-Delitzsch's book: "Vorschussvereine als Volksbanken, mit praktischer Anweisung zu deren Gründung" ("Credit Associations as People's Banks, with practical instructions for their formation").

The great British political economist,

John Maynard Keynes, once compared an industrially developed country during deflation with a pump which has dried up but needs only a pint of water to get it going again. Several years ago I used this example in reverse. It will easily illustrate the problem under discussion. Development areas are most certainly "water-carrying formations" which may only need a pump to raise the water. Often the only lack is of suitable banks to draw out the savings latent in every society and activate these for the fertilization of the land. In my opinion here lies the most important task of the co-operative banks, whose foundation only needs the right type of co-operators. Such institutions operate to start with on a regional and national level only. Regional and national activities will always take first place with these banks, which means that they are in the main only slightly affected by the difficulties of the world monetary system.

The function of such a banking system consists in drawing in latent savings and using them for investment purposes. Savings are really always there, although often in a non-monetary form. Non-monetary savings are "wrongly" invested because this form of "saving" does not result in anything productive. Its sole effect is that, through non-monetary saving, the cost of, for example, land or precious metals increases unnecessarily.

If areas are to be developed economically, savings must be channelled into productive investments. To carry out this transformation of savings the banks must reach beyond the level of individual branches or industrial firms and expand with advancing development. Ultimately the whole country must be covered with a wide network of thrift and credit co-operative banks. Special attention must be paid to attracting deposits, especially in farming areas where experience shows untapped saving potential to be the greatest. If stable capital development is to take place, such a thrift and credit organization must have strong roots in wide social strata, for which co-operatives are especially suited. Savings then increase steadily with growing industrialization so that the process becomes "self-developing".

If new capital results from the saving

process started in this way it can then be used to provide credit for the less developed branches of the economy. Here, especially, the positive effects should not be underestimated, entailing the furthering of local trade and small enterprises. In most economic studies too much emphasis is put on large industrial projects. The importance of small and medium sized enterprise is easily overlooked. Co-operative banks in particular could contribute enormously to modernization and profit growth in these areas. A wide network of co-operative banks of this type could above all promote credit in the non-public sector. Finally, co-operative banks can offer new possibilities for foreign investors to take better advantage of domestic credit. This process is, in my opinion, the lever with which underdeveloped areas can be stimulated to a higher rate of growth and therefore of development.

If a national co-operative banking system is built up, and like a "pump" converts money into capital and encourages growth, there is then the possibility of greater international co-operation in the financial field. The possibility of new and diverse capital investment within the country would help to obviate the exodus of capital from which many countries suffer. The reason for this exodus is not necessarily due to a country's unstable political situation, but is also very often the result of the non-existence of a developed capital market. If the establishment of a

domestic capital market is successful, this will then not only permit the issue of foreign securities in the domestic market, but also make it possible with their support to offer a country's own issues on foreign capital markets.

Such a system makes it possible to open up development aid funds for co-operative investment projects. This should receive worldwide welcome, since hitherto large funds have been mainly orientated towards giant projects which very often do not entirely meet the development requirements of many countries. After all, investment projects should encourage the creation of a farming and artisan community, which in so many countries is responsible for development progress.

In my opinion, the most important precondition for international collaboration in the financial field would be more co-operative solidarity financially on a national basis, i.e. the expansion and collaboration of co-operative credit institutions and affiliated enterprises, such credit organisations covering the whole country or whole economic areas. The fact that the monetary system carries at present new and heavy burdens, and that nobody knows how the situation is going to develop in the next few years, makes it essential to develop the co-operative banking systems within the various countries, as only with their support can effective international collaboration be made possible.

Inter-Lending

by M. ROBERTSON

President, International Credit Union Services Corporation

At its first Planning Committee meeting held in October 1971, the World Council of Credit Unions made the decision that its first priority would be development of an international finance programme that would allow credit unions and associated organizations in the developed countries to provide capital assistance to credit unions in the less developed countries for the purpose of financing members' agricultural and production activities.

In furtherance of this decision the

World Council began working with its US confederation, the Credit Union National Association (CUNA) and the International Credit Union Services Corporation (ICUS) to design and implement an International Inter-lending Programme (IIP) to make investments and loans to credit union organizations.

International Credit Union Interlending Programme (IIP)

The basic objective of the IIP is to provide a

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mechanism through which credit unions and co-operative organizations in the developed countries can make investments and loans to credit union organizations in the developing countries. Loans made under the IIP will be utilized primarily to finance individual credit union members' production-oriented activities in agriculture. Specific provisions have been included in the IIP lending policies that loan funds are not to be used for consumer spending since the use of external funds for this purpose would contribute to inflation in the borrowing country. As it has been designed, the IIP envisages the participation of various organizations, each having a particular IIP function to perform.

I—The International Credit Union Services Corporation (ICUS)

ICUS is the executing agency which will be responsible for the mobilization of funds from US credit unions for lending under IIP. ICUS will also have the responsibility of administering the IIP.

Presently, ICUS has a number of ongoing financial services which it provides to credit unions, primarily in the US. The experience in managing these services gives a unique advantage in administering the IIP. Among the services that ICUS now offers are:

- (a) a programme to invest credit unions surplus in government securities has passed one billion dollars;
- (b) money orders and travellers checks;
- (c) transfer and negotiation of commercial paper; and,
- (d) a United States Interlending Programme.

II—The US Central Credit Union (USCCU)

This is the central finance organization, in which the funds for international interlending will be invested. It will make the loans, receive repayments, and carry out the financial transactions concerned with the international interlending programme. The US Central Credit Union is managed by the ICUS.

III—The Overseas Private Investment Corporation (OPIC)

OPIC provides investment guarantees on loans made by US organizations for develop-

ment overseas. OPIC is the US government's principal catalyst for stimulating US private investments in developing nations. OPIC is authorized to issue up to \$750 million in loan guarantees. In addition there is special US legislation for loans made by US credit unions to credit unions overseas providing for 100 per cent guarantee of up to \$1.25 million. The sum is specifically for a pilot project so as to enable us to more accurately measure the risk factor involved in the IIP. This guarantee given on loans comes within the bilateral agreements between the US Government and the governments of the borrowing countries. These agreements usually provide protection against loss due to political risks such as currency inconvertibility, expropriation, war, revolution and insurrection. They also provide that whatever legal remedies are available to local corporations for repayment of loans will also be available to the United States lending agency.

IV—Confederacion Latinamericana de Cooperativas de Ahorro y Crédito (COLAC)

COLAC presently integrates national credit union federations from 14 Latin American countries having a network of 2,500 credit unions with over 150 million in assets and over 1,300,000 credit union members. Over the past decade the accumulated loans made and recovered by these credit unions have been over \$600 million. Twelve of the 14 national federations have central finance departments.

V—The World Council of Credit Unions (WOCCU)

WOCCU is the world-wide organization of credit unions and is presently made up of 7 regional member confederations. Through these regional confederations, credit union development strategies are agreed upon by credit unions; standardized credit union operating procedures are encouraged, and a continuous exchange of credit union experience takes place. As a result of these efforts national credit union systems are emerging within many developing countries with high levels of loan management proficiency. This should ensure that external funds made available to these federations would be utilized properly and for productive purposes.

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WOCCU will assist ICUS to monitor IIP loans by making field visits for the purpose of examination, evaluation and research, and to make appropriate recommendations to ICUS. Technical expertise needed by regional confederations or national federations to meet the qualifying criteria set by ICUS for participation in the IIP will be provided by WOCCU, currently with the assistance of the CUNA/AID Programme.

Principal guidelines and criteria to be followed in building and expanding the IIP are as follows:

- (a) WOCCU will use available expertise in the field of international finance and co-operation. Such expertise may be found within international organizations, particularly the specialized agencies of the United Nations, the World Bank, development banks and UN Commissions in Africa, Asia and Latin America.
- (b) The programme will be limited to those credit union organizations which have proven capabilities in loan portfolio management. In many countries, central credit union financing facilities have already gained experience in credit union interlending at the national level and have already engaged in borrowing from domestic and international sources.
- (c) The programme must be effective, productive and competitive from the point of view of both the borrower and the lender. Therefore, this interlending programme cannot form part of a subsidy programme to subsistence farmers. It must be consistent with normal commercial transactions operating in the free and open money market.
- (d) All levels of administration should be avoided except insofar as they are necessary to contribute to the effectiveness and the economy of the programme. Wherever agencies already involved in an international interlending programme exist, have the expertise, methods and procedures for such lending, they should be consulted and their services should be utilized.
- (e) The amount of the loan, the terms and conditions should be such as would provide for a sufficiently large operation to gain for the borrowing country the advantages of economy of scale and the lowest prevailing interest rate.

One more characteristic of IIP worthy of mention is the flexibility that was incorporated in its design to provide financing at the various levels of the credit union movement depending on the degree of institutional development. The US Central Credit Union is in a position to make IIP loans to regional and national organizations demonstrating proven loan portfolio capabilities. If the institutional framework in the region or in a particular country is not sufficiently developed, USCCU is in a position to make loans directly to individual credit unions. To get the benefits of economy of scale, however, ICUS will make every effort to channel loans through the national federations' or regional confederations' central financing facility.

An International Co-operative Financing Institution

by **B. TRONET**

Finance Director, KF (Sweden) and Vice-President of INGEBA

The concept of some kind of co-operative international financing institution has been actively discussed for at least a decade, and in recent years the idea has been gaining momentum. Analysis has revealed that there are three

major independent institutional arrangements to be considered:

- (1) an international co-operative banking institution;
- (2) an international co-operative fund;

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- (3) an international co-operative consultancy service.

A major function of such international arrangements would be to tap available co-operative funds throughout the world and to make them readily accessible to co-operative enterprise in developing countries. This demands international machinery for financing and technical assistance that might be developed to meet the needs of co-operatives in the changing world situation. However, the effectiveness of such machinery will depend largely upon the regional, national and local infrastructure on which it must necessarily be based. The first task is to reinforce in the developing countries this substructure of co-operative credit, banking, technical and advisory facilities at all levels.

The foundation of the substructure obviously consists of co-operative enterprise—the farming, credit, supply, processing, marketing, artisanal, industrial, consumer, housing and multi-purpose societies—for which external support is ultimately intended. It is the basic viability of these enterprises which will in the end determine the usefulness of loans, financial aid and technical assistance from international sources.

At the same time, however, efficiency in the utilization of external funds and aid requires that they should not flow *directly* to primary co-operative societies, or their immediate (secondary) service organizations (district unions, etc), but should rather be channelled to them via apex servicing organizations at the national or subnational level. There must be intermediate links between local societies on the one hand and international sources of finance on the other; all of which should add up to a coherent network of financial support and technical assistance.

National co-operative servicing facilities are called for—institutions capable of providing focal points of co-ordination not only for pre-investment work, but also for project implementation in terms of obtaining local or international financing, providing managerial assistance and technical advice for all phases of co-operative projects and constantly adjusting original plans in the light of experience and the evolving situation. In short,

these facilities should provide continuing technical consultancy services to co-operative enterprises throughout the country.

There are several possible ways of providing such centralized services to the co-operative national movement of a developing country: through (a) apex co-operative organizations, that is, unions or federations; (b) national co-operative banks and their area branches; (c) co-operative insurance organizations; (d) various types of government development institutions; and (e) semi-public co-operative servicing organizations.

There have been considerable pressures in recent years, particularly in Latin America and South East Asia, for the setting up of co-operative financing institutions on a regional basis. These include proposals put forward for an Asian Co-operative Bank and detailed blueprints for regional co-operative financing institutions in Latin America.

The motives behind the various regional proposals appear to be quite similar. First, it is noted that there is shortage of indigenous investment capital for financing at the national and local levels which seriously inhibits the implementation by local societies of projects clearly essential to their continued growth. At the same time there are many who feel that significant co-operative financial resources exist within the region if only they could be mobilized through appropriate organizational structures. Regional approaches to co-operative financing will be most effective if they are co-ordinated internationally to avoid duplication and compartmentalization and to encourage pooling of resources.

The International Co-operative Bank

Since 1966 INGEBA has operated as a commercial bank making primarily short-term loans. Compared with other commercial banks involved in international operations, INGEBA is still a relatively small institution in spite of a growing membership and successive increases in share capital. However, its stated objectives are quite comprehensive, namely: to contribute to a pooling of resources of the world co-operative movement through the collaboration of all competent national and supra-national institutions which pursue the same

goals; to build a bridge between the different co-operative organizations on an international level; and to become a central instrument of co-operative development in the international field. Moreover both its membership and its sector coverage have been expanding rapidly in recent years, particularly in respect of credit, insurance and agricultural co-operatives, and INGEBA has been making special efforts to foster increased collaboration between co-operative banks in all parts of the world. If INGEBA continues to evolve in this direction it might reach the point where it will reflect a true cross-section of the international co-operative movement.

As this point is approached the case becomes stronger for expanding INGEBA's operations to cover short- and medium-term credit needs not only in advanced industrial countries but also in the developing areas of the world, as well as into the field of technical assistance. Eventually, also, the channelling of long-term loans (obtained from specialized institutions) to borrowers in developing countries could be envisaged.

In the first place an extension into long- and medium-term lending would imply a significant increase in the financial resources at the disposal of INGEBA. Only with a considerably strengthened financial basis and correspondingly increased business activities could INGEBA hope to become an accepted partner of those banking institutions from which it would seek refinancing facilities for development lending in its various forms.

Finally, INGEBA's technical assistance efforts could be reinforced by working in close harness with other ICA bodies and associated organizations, the World Council of Credit Unions, the International Liaison Committee for Thrift and Credit as well as with the specialized staff of various international agencies and national (bilateral) aid organizations concerned with relevant problems of co-operative development.

An International Bank for Co-operative Development

Through the processes just described it might be feasible for INGEBA gradually to become a true international bank for co-operative

development which, in addition to its present functions, would provide technical assistance and short-, long- and medium-term capital for the promotion of co-operatives of all kinds in both developing and developed countries.

Such a development can, at the present stage, be considered only as hypothetical, and entirely subject to the decisions on future policy taken by the competent bodies of INGEBA. However, it is preferable to discuss the hypothetical role an expanded INGEBA could play in this field rather than to consider the establishment of an entirely new and separate international co-operative banking system.

If INGEBA were to function as an international co-operative development bank, many of its present facilities would need to be strengthened and others added. The most effective way of accomplishing this would probably be the creation in INGEBA of a special Development Division.

The appropriate size and organizational structure for this department would of course depend on the amount of capital at its disposal and the rate at which the demand for this kind of service might be expected to grow. The hope would be that once it had assumed its new functions INGEBA would gradually become a centre for co-operative financing all over the world. Considering the specific problems of co-operative development financing it would seem necessary that the new Development Division should comprise, in addition to the actual *Loan Department*, two other units: a *Consultancy Department* and a *Guarantee Department*.

INGEBA Relations with Financial and Technical "Substructures"

The basic principle is that INGEBA would lend to apex co-operative organizations at the national level (co-operative banks where they exist, or unions or federations). These organizations in turn would re-lend to specific co-operative projects, or groups of projects involving sums too small to justify separate negotiations with INGEBA. By the same token it would in most cases be the national co-operative bank or other apex organization which would have identified the prospective

Section III An International Co-operative Financing Institution

project in the first place, assisted the relevant societies in preparing the loan applications, and collaborated with INGEBA in preparing the required feasibility survey and—if applicable—in obtaining government support for the project.

Eventually INGEBA would thus develop into an international clearing house of co-operative financial institutions throughout the world. Ideally, a central co-operative financial institution should be designated in each country as the national link with the INGEBA. In the developing countries this institution would usually have to work closely with national co-operative servicing centres set up to channel advice and technical assistance to the co-operative movement in that country.

National co-operative banks or related financial institutions could, in turn, serve as clearing houses for the national co-operative movements. They would become shareholders of INGEBA, deposit—within certain limits—a part of their reserves and other surplus funds with INGEBA and act as INGEBA agents in their working relations with national co-operative servicing centres. In certain cases, it might eventually be possible for INGEBA to authorize an affiliated national co-operative bank to process, approve and supervise INGEBA loans below a prescribed credit ceiling.

As stated earlier, if INGEBA is to function as a development bank for co-operatives it would seem necessary to create two new departments—*Consultancy Department* and *Guarantee Department*—working close to the *Loan Department*.

The *Consultancy Department* of INGEBA Development Division would examine proposals for loans and credits from different parts of the world and provide technical advice on feasibility of the actual projects under consideration. This service would be available in connection with loan requests made both directly to INGEBA and to local INGEBA agents or correspondents which did not themselves have the necessary consultancy know-how. Where appropriate the Consultancy Department would consult with the

International Co-operative Alliance on certain aspects of proposals and projects.

In addition the Consultancy Department would help in preparing specific loan applications, and in obtaining government approval for co-operative projects. Finally it might on occasion provide technical advice and assistance for the implementation of projects, for example in the recruitment of technical experts, advice on specific problems in purchasing, marketing, book-keeping, management training, etc.

The function of the *Guarantee Department* would be to encourage the international co-operative movement and related or “friendly” institutions to provide guarantees to co-operative enterprises in developing countries not able themselves to offer acceptable securities for loans in spite of the proven feasibility of their projects.

INGEBA could act as a focal point for collecting from the interested organizations guarantee offers in the form of legally binding registered letters indicating a specified ceiling of guarantees which they would be prepared to underwrite. A small percentage of the guaranteed amount might actually be paid in and held in a special account by INGEBA on behalf of the guarantors.

The guarantee fund constituted in this way could be used to cover loans to co-operative enterprises from INGEBA, or from other international lending institutions, from national development banks or corporations, from public sources, from private banks or from the capital market.

There is reason to believe that by setting up international co-operative financing, technical advisory and guarantee institutions of the kind outlined above, the promotion of co-operatives in developing countries could be given an unprecedented impetus. The technical expertise and potential investment funds available throughout the international co-operative movement have scarcely been tapped as yet, and the devising of institutional machinery for mobilizing these resources and directing them to where they are most needed would almost certainly have startling results.

At the same time, however, it must be

acknowledged that by far the major sources of capital, of skills and of technical know-how for the developing world are outside the co-operative movement. The bulk of capital

aid and of technical assistance is dispensed by UN organizations including the World Bank group, by regional development banks and by governments.

Pre-requisites for International Collaboration

by D. GRETHE

Managing Director, INGEBA

Several pre-requisites have to be fulfilled before enterprises can engage in international activity:

1. The Governments of States taking part in international trade must authorize and even foster the free traffic of goods, services, money and capital.
2. As well as the will for international economic collaboration there must also be mutual trust. Political stability is as much part of this as economic soundness. Moreover, in the interest of all concerned, transfers and monetary risks are to be kept low. It is a matter of course that certainty of justice must also be guaranteed to all partners in every country.
3. Enterprises engaged in international activities must have experts available with the knowledge necessary for the carrying out of business beyond the country's boundaries for the good of all parties involved.

I take it for granted that, in the industrial countries, a free market economy—closely connected with social factors—is better able to cover the economic needs of the population than planning machinery would be, no matter how well developed. This opinion is borne out by the development of world trade in the last 25 years. State intervention is bound to involve a curtailment of such a market mechanism. In spite of this fact, the Governments of several industrial States have lately considered it their duty to interfere with this free market mechanism; by which I mean that there have been disturbances (marked worldwide price increases, excessive rates of interest and currency problems, among

others) merely because some of those engaged in world trade have not obeyed the most elementary rules of economic co-existence and, moreover, have acted without taking into account the interests of the populations of other countries.

The economic capacity of the economy in individual countries has often been over-taxed by excessive individual demands. Over-ambitious development plans on the part of Governments, excessive striving for profits on the part of firms and the ensuing demands from the trade unions have also helped to disturb the economic balance. Now the Governments of the various countries have taken measures to tackle the problems ensuing in their countries, but it is doubtful whether these national and partial measures will be as successful as would be desirable in our world with its division of labour, in which one country is economically dependent on the others. The present development is all the more regrettable as we had by now hoped that such national restrictions were a thing of the past.

The time has come for us to formulate common norms and value judgments for the economic co-existence of nations. Developing a common basic understanding of the economic behaviour of all engaged in world trade is the only thing which can contribute to maintaining the international traffic of goods, services, money and capital, so as to enable the population of the whole world to enjoy an optimum supply of goods and services.

Such common basic understanding will not only consist of an agreement on new exchange-rate relations, the future significance of gold as a leading currency and of special

Section III Pre-requisites for International Collaboration

drawing rights. It is also necessary to force Governments to obey these new rules and to get them to ensure that internal economic conditions are created as a pre-requisite.

In this new order of things the populations of some countries will have to forego advantages which they have gained in the course of time. Other countries will have new opportunities for improving the economic and social conditions of their citizens. It is to be hoped that the Governments of these countries will take advantage of such a great opportunity. Success will mostly depend on whether it is possible to reinforce the population's will to self-help and to effectively foster Co-operatives.

For us all to be prepared to collaborate with a view to this new order of things is the only way to lastingly consolidating international economic co-operation, in peace and for the good of all. I believe that we Co-operative members are especially called upon to collaborate with our Co-operative Movement—but also with the political parties of our countries and with other organizations—in order to achieve this aim. We Co-operative members must, more than anyone else, attach considerable importance to the development of the 3rd or 4th world. We are all prepared to take part, within our possibilities, in the economic and social development of these countries.

We are unreservedly in favour of the right to self-determination of all nations. But the Governments and citizens of the young countries should bring about their political and economic development by means of democratic decisions and settle their international differences round the conference table, because they, more than anyone else, have the great opportunity to set new trends for a worldwide and general peace policy. It is not necessary for them to imitate the bloody wars of religion or for power which have been fought in the industrial countries. They do not even need to bring about atomic explosions. A steady peace policy on the part of the young

States whose way of thinking is often not restricted by traditions would prevent much human suffering, set new standards for the feasible co-existence of nations and create the basis for further economic and social development.

Such a development would be bound to have positive effects on international trade also. A peaceful and continuous economic and social development fosters international co-existence; this is bound to reduce the risks of rate of exchange and transfers and to increase the certainty of justice for nationals and foreigners in all countries. Especially we Co-operative members, representing, as we do, a large part of the population of our respective countries, are called upon to collaborate in this development.

In the course of my daily work in the International Co-operative Bank in Basle I have gathered the impression that not all opportunities for international co-operation are being taken. This is probably the result of the fact that many Co-operatives do not have personnel able to handle international business quickly, unhesitatingly and in an orderly manner. Moreover, the decision process takes far too long in many Co-operatives. In my opinion, the only remedy for this state of affairs consists in giving more young co-operators in Co-operatives the opportunity to train for conducting international business.

But for this purpose those Co-operatives which are already engaged on the international level must make appropriate training places available. That will be the only way to obtain collaborators coming from Co-operative circles who have the knowledge required for effective international business. But, as well as giving them technical knowledge and the opportunity to gather experience, the personal contacts which develop during the training are also necessary and desirable for subsequent collaboration. Therefore all Co-operatives which already do international work should make appropriate training places available to their friends from other Co-operatives.

Regional Co-operative Development Banks

by M. V. MADANE

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New Delhi (India)*

The ICA Council for South-East Asia has been discussing for a number of years a proposal to establish an Asian Co-operative Development Bank (ACDB) to assist the regional movements in trade and development. The proposal was first discussed at the meeting of the Council held at Seoul in the Republic of Korea in May 1970 on the basis of a paper prepared by the Regional Office Secretariat in New Delhi.

The paper drew attention to the ever-widening gap between the resources required for co-operative development in the Region and the external aid available for such development. While on the one hand, the demand for resources for development projects in the Region was on the increase, on the other hand the flow of technical and financial aid from the advanced co-operative movements was on the decline. The paper, therefore, urged that it was necessary for the co-operative movements in the Region to evolve an alternative channel for securing finance for trade and development.

The Council made the following recommendation:

"The suggestion to set up an Asian Co-operative Development Bank detailed in the agenda note on this item was examined and discussed at great length. All the members present were of the view that such a bank was a great need in the region for the development and trade activities of the movements, and that the proposal was a timely one.

"The consensus in the meeting was that the ratio of assistance from advanced countries as well as multilateral sources to developing countries is decreasing from year to year. The co-operatives in the region are finding it difficult to obtain foreign assistance for their projects. It was therefore felt that if such an agency were established, the movements in the Region would be able to participate in its equity capital as such

participation will be an investment for the long-term development of the movements themselves."

The Regional Office, thereafter, made further studies concerning the ACDB proposal. The Regional Office also requested the Central Co-operative Bank for Agriculture and Forestry of Japan, to make a detailed examination of some of the technical problems involved. The report given by the Japanese expert was presented to the ICA Advisory Council at its meeting held in Melbourne. The following were some of the main points of the decision taken by the Advisory Council:

- (a) The Council was unanimous that the Bank should be a co-operative bank owned and financed entirely by co-operatives.
- (b) The bank should normally function through local co-operatives in the countries of the region. The bank should not compete with the local co-operative banks. It should concentrate on international monetary transactions and matters relating to technical assistance, trade and development finance.
- (c) The Council was of the view that an independent co-operative bank was necessary due to the low priority given by the governments in the Region for securing external aid to projects sponsored by co-operatives. The proposed bank, therefore, could provide greater support to co-operative projects than is available at present from various international financing agencies.
- (d) On the question of establishing an International Guarantee Fund, the Council felt that guarantees are dependent on the priorities of the governments for obtaining external assistance and the priorities of central banks would also depend on government policies. It is, however, possible that in

Section III Regional Co-operative Development Banks

some countries, where the problem of foreign exchange is not very acute, a Guarantee Fund could be raised to support borrowings from external sources.

- (e) To make optimum use of the resources that may be raised by the Bank, a system of linking the loaning business of the bank to supply, marketing, extension, training and other activities of the co-operatives will have to be evolved.

The Council asked the Regional Office to continue to make further studies and suggested that the Regional Office should seek assistance from the Banking Committee of the ICA and the International Co-operative Bank in Basle.

Between the meetings of the ICA Advisory Council held in Australia and the one held in Chiangmai (Thailand) in November 1972, the proposal was further discussed by a representative of the ICA Regional Office with officials of the International Co-operative Bank and the ICA Banking Committee. The reactions of the above officials have been very encouraging.

Co-operatives in Latin America are also discussing a proposal for the establishment of an Inter-American co-operative finance system for that Region. This development indicates the general trend in regional co-operation all over the world. So far, three expert groups have studied the proposal for an Inter-American co-operative finance system, and the latest study has given a very favourable recommendation on the subject. It gives the following four features which it considers of fundamental significance:

- (1) Remarkable improvement both with regard to availability of funds and new institutions, thereby proving the feasibility and desirability of the system.
- (2) Sufficient experience, technical and administrative capacity actually existing at executive and management level in the conduct of co-operative finance concerns.
- (3) Operation of mechanisms which not only permit self-capitalization of the

system, but also the generalization and channelling of other resources, that have made it possible to grant loans amounting to four times the capital, on short-, medium- and long-term.

- (4) Existence of sufficient co-operative income producing projects of co-operative investment requiring specialized financing.

Another important justification for the creation of an agency of this nature, as given in the Study is that "the presence of a regional finance organization acting in conjunction with the national institutions can make it possible to take steps which would otherwise be impracticable as, for instance, the transfer of short-term disposable funds, the preparation of similar investment projects for the different areas, thus capitalizing greater experience, or else establishing additional projects intended to assure mutual consolidation, and other steps, all of which would permit more efficient use of resources available."

The four features mentioned in the Latin American Study are equally relevant to the present situation in South-East Asia. In our Region also, there has been remarkable improvement both with regard to availability of funds and building up of institutions. There is sufficient experience both in the technical and administrative fields at the executive and management levels. There exists a system which permits self-capitalization and granting of loans several times the owned funds of the co-operatives. And we have in the Region sufficient co-operative projects which need specialized financing.

In the Region there are a number of co-operative banking, marketing and wholesale institutions which should be in a position to support an Asian Co-operative Banking structure. Quite a number of these agencies are financially strong and have developed, over a number of years, substantial reserves part of which can be utilized for investment in this Institution.

The proposal for the creation of such a Bank was discussed at the Regional Seminar on Co-operative Credit with Special Reference to Japan held at Tokyo. The Seminar made

the following recommendation on the subject: "The Seminar discussed the possibility of establishing an Asian Co-operative Development Bank (ACDB) for providing finance for co-operative development projects and for international co-operative trade. The Seminar felt that the proposal was in principle a good one and needed to be given a more concrete shape. The Seminar suggested that the feasibility of establishing the ACDB should be carefully studied with regard to availability of equity capital from co-operative organizations in the Region, securing loan funds from the financing institutions, and developing arrangements whereby technical scrutiny of the co-operative projects could be made. The Seminar was of the view that it would be necessary to secure approval of the proposal by the governments of those countries from which co-operative organizations wanted to become members of the ACDB. The Seminar suggested that the bank should begin with a small capital base and with activities directed to financing export-import trade as well as for development projects and gradually increase its financial and operational strength. The co-operative

movements from countries outside the Region should be invited to participate in the equity capital. The Seminar also suggested that the proposed bank should develop close co-ordination with the International Co-operative Bank (INGEBA) for securing adequate working capital."

The Second Asian Conference on Agricultural Credit and Co-operatives (ACACC) held in Tokyo also passed a favourable resolution on the ACDB proposal.

All the developments reviewed so far lead to the conclusion that the time is now opportune for the creation of an Asian Co-operative Development Bank (ACDB) for the South-East Asian Region. As credit is the basis of all development activity, it is essential that greater attention be given to the creation of this agency which can assure us of the needed funds for development.

The Bank, if established, can create a basis for launching several other projects for economic development. Also, as in the case of Asian Development Bank, this Bank can invite developed co-operative movements to participate in its equity capital and contribute to its special funds created for granting concessional finance.

ACOSCA'S Problems and Challenges

by **B. MUKONG**

President, African Co-operative Savings & Credit Association (ACOSCA)

I. HISTORY AND SERVICES

The African Co-operative Savings and Credit Association (ACOSCA) was organized by seven national credit union associations with the purpose of providing those services on an Africa-wide basis which could not be individually provided by national credit union associations. It is governed by a Board of Directors, elected from delegates of the sixteen national associations in Sub-Sahara Africa presently affiliated to ACOSCA. The Board consists of five people: a chairman elected at large and representatives from each of the four regions within Africa where ACOSCA has national association affiliates.

The Board of Directors meets twice yearly. Daily management is vested in a general manager who heads staff and reports to the Board of Directors. ACOSCA is registered in Kenya under the Friendly Societies Act.

Its first objective is to propagate the philosophy, purpose and organization of credit unions throughout Africa in conjunction with its national association affiliates. ACOSCA's principal efforts in this area are devoted to those countries which as of yet do not have credit unions in existence. To further completion of this objective, ACOSCA trains interested people from countries which do not have credit unions in its training centres and

Section III ACOSCA's Problems and Challenges

sponsors periodic credit union conferences, at which individuals and government officials who may be interested in the promotion and organization of credit unions are invited to participate.

Its second major area of concern is to support its affiliated national associations so that they in turn can provide those services to their primary societies which will lead to more effective credit unions in each country. ACOSCA services to its national association affiliates are concentrated in three areas:

1. *Project assistance to national associations*

The majority of national associations affiliated to ACOSCA have been organized within the past 10 years. Their internal support depends upon dues and other charges paid by their primary credit union affiliates. However, since in most cases these primary societies are also just beginning, they do not have sufficient income, which primarily depends upon interest earned from loans outstanding, to fully support their national associations which are receiving widespread requests for local courses, field extension services and printed material from existing credit unions and those groups desiring to form credit unions. To meet these needs, ACOSCA maintains relationships with over 20 co-operative and development agencies in Europe and North America which are interested in credit union development as a means for providing inexpensive credit to low income groups through savings mobilized at the community level.

In this way, ACOSCA is able to perform a service to its affiliates as a whole which, individually, they would not have the resources to carry out. It is also convenient for development agencies since they are dealing only with one organization for Africa, rather than 16 national associations, during the project inquiries stage.

2. *ACOSCA's second major area of service is sponsoring regional educational activities*

Since techniques of accounting, lending policies and administration are relatively new in many countries, ACOSCA in co-operation with Canadian and US agencies has established five regional training centres consisting

of a two-man team in each. Each centre serves four or five countries. In these training centres, national association field extension officers, government co-operative officers, credit union administrators and other interested individuals can receive basic training through classroom work and field trips in credit union management courses. By operating initially on a regional basis serving several countries, ACOSCA, during its initial period has been able to ensure trained personnel for 15 or 16 countries.

3. *ACOSCA's third major service area is in the field of fidelity bonding and life insurance services*

Members' confidence in their credit unions is dependent upon their conviction that their funds are protected against the risks of embezzlement and theft. In most African countries, fidelity bonding is not at present available to credit union personnel and Board members. To provide this protection as well as life insurance on members' savings and loans outstanding, ACOSCA has entered into an agency agreement with a large credit union insurance organization with worldwide operations. ACOSCA will offer these insurance services in each country, where requested, to primary societies through its national association affiliates.

II. PROBLEMS AND CHALLENGES

In adopting a credit union development strategy which calls for building strong national service associations which must be financially self-supporting if they are, in the long run, to fulfil their service potential, ACOSCA postpones its own chances of short-term financial self-sufficiency. The reason for this is the limited capacity of the existing primary credit unions, with the income available to them, to support both their national association and ACOSCA.

ACOSCA dues income, which it receives from its national associations, amounts to less than 10 per cent of its annual budget. The balance comes from various co-operative and development agencies. ACOSCA believes that over a 10-year period it will be able to greatly reduce or completely eliminate this

dependence upon external assistance for the following reasons:

1. As the African credit union movement grows, ACOSCA dues income will increase correspondingly. Its dues schedule is based upon the total savings of the primary societies affiliated to each national association. In 1972, savings in these primary societies increased from US\$12.5 million to US\$15.5 million or approximately 25 per cent. ACOSCA believes that this growth potential will provide it with an increasingly large dues base during the next decade.
2. ACOSCA hopes to create new sources of revenue. Its insurance division is a beginning in this direction.
3. ACOSCA also desires to initiate inter-lending services to its affiliates as the World Council of Credit Unions lending programmes come into existence. ACOSCA looks to these programmes to contribute towards the diversification of its African income sources in the years ahead.

Conscious of the important role rural credit unions can play in serving small farmers, ACOSCA, in co-operation with several of its national affiliates and a North American development agency, intends to initiate in 1974 several pilot projects in Directed Agricultural Production Credit (DAPC). The purpose of the DAPC programme is to increase the small farmers' income and production through utilization of modern techniques and supplies now available. Rural credit unions in many parts of Africa have

already demonstrated their capacity to mobilize savings and to provide us with the experience to carry us several steps forward in this direction. Specifically, this pilot project will give ACOSCA and its national associations experience in the use of external lending capital by the primary societies and the co-ordination of non-credit union service inputs such as agricultural technical assistance, farm supplies and marketing assistance. This structural development has already begun in several of ACOSCA's national affiliates where they have developed interlending departments which are receiving deposits and making loans to member credit unions.

The purpose and function of ACOSCA is to respond to the felt and expressed needs of its national associations in order that each with full autonomy may carry out its own national credit union development programme. ACOSCA cannot have policies that could interfere with the autonomy, or national sovereignty of its member associations. ACOSCA responds to each national request in accordance with the policy of each association. Hence, ACOSCA may use different methods in different countries or give different priorities in different countries if this is in accordance with that country's wishes.

The limited experience of the past five years has proved that, both in the extension of the credit union movement and in the implementation of sound techniques and services, a continental organization working in close partnership with national associations and co-operative development agencies can play a vital role in making the ideals of the credit union movement a more effective reality for the peoples of Africa.

ASIA: Constitution and Development of ACCU

by **ANDREW SO KWOK WING**

President, Asian Confederation of Credit Unions

Most Credit Unions in Asia, except in the case of the Philippines where the first credit union was formed in 1938, are not more than 14 years old. They were started in most cases by religious leaders, to meet the pressing need of

a changing Asian Society for progress and development. The statistics overleaf give a picture of the Asian Credit Union Movement.

In spite of the fact that many people think that the lack of capital hindered devel-

Section III Constitution and Development of ACCU

<i>Member Countries</i>	<i>No. of CUs</i>	<i>CU Members</i>	<i>Remarks</i>
Taiwan	278	28,962	As of 31st December 1973
Hong Kong	50	7,842	As of 31st December 1973
Indonesia	72	5,131	As of 31st December 1973
Japan	30	4,104	As of 31st December 1973
Korea	792	206,439	As of 31st December 1973
Malaysia	8	450	As of 31st December 1972
Philippines	2,183	126,029	As of 1970
Thailand	60	5,048	As of 31st December 1973
Vietnam	36	16,549	As of 31st December 1972
Laos	7	1,451	As of February 1974
Khmer Republic	5	560	As of 31st December 1973

opment efforts, it is worth a mention that credit unions in Asia started with no seed capital from outside. Members were taught to save regularly into a common fund and participate in a credit union as a means of solving their problems together. They experienced that by uniting their efforts with other members in their credit unions, they obtained greater individual benefits than if they had tried to do it alone.

Funding agencies and Foundations helped the pioneers of credit unions to set up small voluntary credit union centres. After a few credit unions were formed, the credit unions gathered together and formed their own leagues or federations to further the growth of the credit union movement. Many credit unions in our region started with not much support from Government. They operated for quite some time without any legislation to regulate or protect them. It was only in 1968 that a Credit Unions Ordinance was passed by the Hong Kong Legislative Council for the Credit Unions in Hong Kong, and in August 1972 Korea Credit Unions obtained their Credit Union Law, whereas the credit unions in other Asian countries are still "pending legislation", or operating under Co-operative or Societies Laws.

What Asia needs is regional economic co-operation and racial integration. Credit Unions which are organizations of people at grassroot levels have a role to play. But when it came to confederating, it was not easy. Asia is composed of many countries with striking diversity in cultural, linguistic, political, religious, and historical backgrounds.

It was not until April 1971 when the Asian Credit Union leaders gathered again for the 4th Asian Regional Credit Union Training Conference in Seoul, Korea, that the Asian Confederation of Credit Unions was formally organized by the Credit Union Organizations of Asia: Korea, Taiwan, Japan, Thailand, Philippines, Hong Kong, Vietnam, Malaysia, Indonesia. The Confederation's headquarters are in the Korea Credit Union League office, with a general manager and an office secretary whose salaries are paid by a subsidy to the Confederation from the World Council of Credit Unions. The ACCU Board of Directors, elected by members of ACCU, is the generator of all ACCU activity programmes. So far, five Board Meetings have been held in Hong Kong and Taipei, financed by Asia Foundation.

In the first year of its operation, ACCU worked out a five-year development plan, and submitted it to funding agencies for financial aid for its implementation. The following meetings were carried out under this plan; other training conferences and meetings are still ongoing:

1. First Asian Regional Leagues' Managers Training Conference—held in September 1972 in Jakarta, Indonesia, financed by Konrad Adenauer Foundation.
2. Third Asian Regional Credit Union Leaders Training Conference and First General Meeting of the Asian Confederation of Credit Unions together with the Meeting of the Ecumenical Planning Committee—held in the Uni-

versity of Hong Kong, in September 1973. This Meeting had over 100 participants from credit unions, Government Departments and people of all faiths, Christian, Moslem, Buddhist, etc.

3. National Credit Union League Fieldmen Training Programme—serving League Fieldmen of Philippines, Taiwan, Hong Kong, Japan, and Korea was held in November 1973 in Hong Kong, Korea and Taiwan respectively.

The Board of Directors has also authorized various projects, as follows:

1. *Research Project.* At the March 1973 Board Meeting held in Taipei, research experts from Asia were invited by ACCU to study the feasibility of ACCU's carrying out a research project to study credit unions' role in the development of socio-economic life in Asia. As a result a research committee was set up with Professor Luke Jincheng Im (Korea), Professor Shizuro Mori (Japan), and Professor Su Sheng Yin (Taiwan) as members. A detailed plan and budget of the research has been planned and efforts are being made to secure funds for its implementation.

2. *Film Project.* After a report from the League in Taiwan which is responsible for the Film Project, it was decided that with the grant of US\$8,000 from Asia Foundation and US\$6,000 from Worldwide Foundation for credit unions, work should begin in May for the production of part of the Film and meanwhile, we should make special effort to secure the remaining US\$8,800 for the Project as budgeted.

3. *Cambodian Development.* It was also

decided that ACCU should help as much as possible in the development of credit unions in Cambodia. It was encouraging to know that World Wide Foundation for Credit Unions has already decided to support the credit union movement for two years in Cambodia and will provide the expenses of setting up and promotion of the credit union organization.

4. *Training Conference in Legislation.* In twelve countries in Asia the credit union movement is growing; however only three countries have credit union laws. This indicates that efforts should be made to promote legislation. The participants for the suggested Training Conference on Legislation will consist of a team from each ACCU member country comprising a Government Official, a lawyer and a credit union leader. The Conference is scheduled for 1975 in Seoul, Korea.

5. *The League Service Technical Assistance Programme.* A team consisting of two or three technicians will visit and spend two weeks in each League to help develop services such as auditing, Central Credit Union, stabilization service, etc.

6. *League Staff Exchange Programme* involving the transfer of League staff from one country to another for short periods.

The case which I have just presented you shows the deep conviction of the Leaders of the Credit Union movement in Asia that Socio-Economic Development in which credit unions have an important role to play, will never be the result of one religion, of one organization, not even of Government but will be the result only of the co-operation of all men of good will, from every religion and from every organization.

Organization and Function of COLAC

by B. ORTIZ
President

The Latin American Confederation of Credit Unions (COLAC) was founded in August 1970, after two years of study, by delegates representing 14 Latin American credit union federations.

Organization and Structure

COLAC was organized as the result of a decision on the part of the Latin American credit union movement to have its own confederation. During the period of its formation

Section III Organisation and Function of COLAC

COLAC received a great deal of help and backing from CUNA International, partly as a result of that institution's desire to contribute to the formation of regional credit union integrational organizations. For this reason, in 1971 the administration of CUNA's Latin American Regional Office (LARO) was placed under the joint control of a representative of CUNA and the manager of COLAC. Later on, the total administration of this office, as well as the furniture and equipment purchased by LARO during the 8 years of its contract with AID were transferred to COLAC.

During this same period a latinization process was initiated which focused primarily on the adaptation of the co-operative philosophy and doctrine to the realities of Latin America, giving it a slightly different orientation from that of the credit unions of North America.

At the present time COLAC operates as an international co-operative development institution and as a regional financing organization. In accordance with its bylaws COLAC has broad powers to contract loans, discount loan documents, issue bonds, give guarantees, make loans, and in general, carry out all those financial activities which its affiliated federations require for their growth and development.

COLAC is directed by a general assembly of delegates representing its affiliated federations. They meet once a year to elect a board of directors from among their number whose responsibility it is to administer the Confederation. The Board's specific duties include naming the manager, establishing overall policies, appointing the members to the credit committee and to whichever other committees it may be necessary to form, and in general overseeing the proper execution of the Confederation's operations.

As regards COLAC's sources of income, one of these consists of the annual dues paid by its member federations. These members also supply share capital to strengthen the Confederation's financial structure so that it can develop those services needed by its members. In order to increase the funds which it has available to loan to its affiliates, COLAC has carried out promotions among organiza-

tions which have similar goals, such as CUNA Mutual Insurance Society of the United States, which has loaned COLAC a half million dollars.

In order to carry out its technical assistance activity COLAC is at present receiving considerable budgetary support from USAID, and during the next few years, until such time as the income generated by its finance services permit it to reach its economic break-even point, it will continue to require support in this area.

As regards its technical assistance activities, the Confederation directs these towards improving the technical capacity of its member federations' programmes in the following areas: finance, production credit, organization development, membership and saving promotion, data collection and use, and insurance. COLAC carries out all its technical assistance activities in close co-ordination with its financing service in order to ensure the proper use and recuperation of the loans which it makes to its affiliates.

The fundamental objective of the financing and technical assistance offered by COLAC is to help the federations and their affiliated co-operatives to organize and expand their production credit programmes so that these can have a greater impact on improving the net income of the small farmers who are credit union members.

COLAC as a Regional Finance Institution

In its three years of existence COLAC has carried out an intensive effort to comply with one of the primary objectives of its founders: that of being a regional finance organization for the Latin American credit union movement.

During this period it has analyzed the external credit needs of its affiliated federations, defined the policies and procedures for its own finance operations, recruited the necessary technical personnel and initiated efforts to obtain loan funds from various international institutions as well as from within the Latin American credit union movement.

With the relatively small amount of funds that it has been able to mobilize to date

COLAC, in the last two years, has made loans totalling \$585,200 to six of its affiliated federations. All of these loans were destined either for use in agricultural production credit programmes or for the development of agricultural supply departments within member federations.

In its credit policies COLAC has established a preference for projects which are orientated to agricultural and artisan production and small industry projects in the rural areas. It has adopted this policy because it understands that external resources should be utilized in productive endeavours, and not to stimulate consumption which would only further aggravate the problem of inflation which is so much with us today.

In relation to its attempts to obtain loan funds for its finance service, COLAC has been in contact with several international organizations such as USAID, the Inter-American Foundation, the United Nations Development Programme, the IDB, the Canadian International Development Agency (CIDA), the United States Central for Credit Unions and CUNA Mutual. To date the contacts with CUNA Mutual have resulted in a loan of \$500,000.

It appears that the efforts made as regards the Inter-American Foundation, the UN Development Programme and the co-operative to co-operative lending programme which is being co-sponsored by the US

Central and COLAC have a very good chance of having positive results in 1974. We hope that our successes in these negotiations will serve as a stimulus to other international organizations to have confidence in our ability to manage funds and in our ability to help the underprivileged of our region of the world.

In contrast, however, it seems that our attempts to obtain loan funds through such multinational and bilateral agencies as IDB and CIDA will require more time. At present their operating policies do not take into account dealings with private-sector regional financing organizations.

Our experience to date indicates that COLAC still has an enormous job to do in order to convince many of the international financing institutions that they can safely make loans to the Confederation for use in its lending programmes.

The novelty of COLAC as an intermediary regional credit institution and the lack of knowledge concerning the way in which our system functions are keeping our efforts to locate supplemental funds from materializing more rapidly. Nevertheless we are convinced that we will achieve an effective collaboration with the various international development organizations and private financial entities because COLAC is a logical and competent conduit for the type of development financing which it is promoting.

Au QUÉBEC l'avenir s'écrit "COOPERATION"



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LE CONSEIL DE LA COOPÉRATION DU QUÉBEC

2030 boul. Père Lelièvre, Québec 8, Canada

SECTION IV

Some National and Regional Achievements

CANADA: Co-operation and Government

by EARLE L. ALLEN

President, National Association of Canadian Credit Unions

The co-operative movement in Canada is in the fortunate position of being a democratic movement dealing with a democratic government in a free society. It forms a large and responsible segment of the Canadian economy on behalf of members at all levels and in all provinces of Canada.

Nationally, the movement is represented by four major co-operative organizations: the Co-operative Union of Canada, le Conseil Canadien de la Co-opération, the National Association of Canadian Credit Unions, and la Fédération de Québec des Caisses Populaires Desjardins. Each is an association of co-operatives with responsibilities to its member organizations. All co-operate with one another in pursuit of co-operative objectives common to all and in the promotion and the defence of co-operative member interests in times of duress or political necessity.

The Co-operative Union of Canada represents English speaking co-operatives in the wholesale marketing, insurance, credit and finance, fisheries, manufacturing, consumers, education, and community areas. The CUC and the CCC are two Canadian members of the International Co-operative Alliance, the world federation of co-operatives.

The National Association of Canadian Credit Unions is a member of the CUC. NACCU is also the Canadian confederation member of the World Council of Credit Unions, Inc., the non-profit, dues-supported organization serving the International Co-operative Thrift and Credit Movement.

Canada accounts for 4,184 credit unions and caisses in its ten provinces, the Yukon and the Northwest Territories. Their membership totals 7 million persons, approximately 30 per cent of the Canadian population. Members' savings in their credit unions and caisses total \$8 billion. Loans outstanding total \$5.4 billion, and assets amount to \$8.5 billion.

The National Association of Canadian Credit Unions represents Canadians in all provinces through its ten provincial member organizations (leagues, credit societies, federations, centrals), one from each province. Its primary functions include federal government representation and national co-ordination of member organization activities.

Following restructuring of the entire credit union movement in 1970, NACCU became the official confederation of credit unions for Canada beginning 1st January 1971, as Canadian member of the World Council of Credit Unions.

The National Association is responsible for constant contact with federal government ministries and Parliament regarding legislation affecting credit unions in particular and co-operatives in general. It also co-ordinates the distribution of funds collected for credit union development work in overseas countries through the World Council of Credit Unions and the Canadian International Development Agency of the Canadian government. NACCU liaison work involves contact and co-operation with other national organizations such as the Co-operative Union of

Section IV CANADA: Co-operation and Government

Canada, the Canadian Labour Congress, and other national confederations of the World Council. The National Association is responsible for the co-ordination of credit union news distribution, public relations, national advertising, education and training. It also functions as a central financial facility for member organizations for the investment of funds through the Canadian Co-operative Credit Society, Limited, which was organized to serve provincial credit societies and other co-operatives operating on an inter-provincial basis.

Internationally, NACCU recognizes its responsibility to the development of credit unions on a world-wide basis by strongly supporting the World Council of Credit Unions, Inc. In order to maximize the financial contributions of credit union members of Canada, the organization has established rapport and reputation with the Canadian International Development Agency and has succeeded in arranging several overseas aid programmes with that Agency. Under contract with the Agency, NACCU has become responsible for the operation of four credit union training centres in various nations of Africa at present, and is also working to assist the United Nations' Committee for the Promotion of Aid to Co-operatives (COPAC) through a proposed five-year project in Korea.

Nationally, the major objectives of the National Association of Canadian Credit Unions are the development of a national financial facility for co-operatives, credit unions and their members, and a positive influence on the formulation of government legislation at the federal level. The challenge and strength of the movement derives from the various regional needs of its member organizations. These include the needs of wheat farmers in Canada's prairie region, of urban workers in the industrialized middle section of Canada, and members and individual businessmen, e.g. in the logging industry of the

west coast and the fishing industry of the east coast.

The emphasis placed upon federal legislation by the National Association of Canadian Credit Unions and its counterparts in Canada, has arisen in recent times from the difficult position in which co-operatives in Canada were placed by government in its sweeping proposals on tax reform. In 1962 the appointment of a Royal Commission on Taxation set the stage for detailed discussions by co-operatives and credit unions, culminating in representation by the Movement for major revisions. Tax revisions proposed however in 1971, were considered unpalatable and unfair by the Co-operative Movement and the Movement determined to inform the government the facts of its case.

The result of the concerted efforts of all co-operative organizations in Canada was an eventual taxation law which did not penalize co-operatives and their members. In addition, the Speech from the Throne of the Canadian Parliament at the beginning of 1973 promised assistance to co-operatives and credit unions. The Co-operative Movement has consequently moved from an unwitting position of extreme peril less than two years ago to a position of planning positive action on behalf of co-operative members so that such an emergency will not recur and also so that co-operative organizations may take their rightful place on behalf of their Canadian members as economic advisors to government.

Co-operatives in Canada have been regarded by the federal government' as primarily provincial institutions under provincial jurisdiction. Only in post-war years was the idea of federal co-operative legislation revised, with the passage in 1970 of the Canada Co-operative Credit Associations Act. This was a major achievement for the co-operative movement in that the Act provides a proper statutory framework for most federal type co-operatives and it may also be seen as a parliamentary mark of respect for the status of co-operatives in Canada.

CANADA: Structure of Desjardins People's Savings Banks Movement

by P. E. CHARRON

Joint President & General Secretary,

La Fédération de Québec des Caisses Populaires Desjardins

The People's Savings Banks have contributed to the social and economic betterment of our population. . . . The People's Savings Bank is accessible to all those residing in its area of operations. All its citizens are invited to become members. It must be a factor of social cohesion among all social classes. It enables citizens who are economically better off to help, through the pooling of savings, the less fortunate by making credit available to them. It gives preference to small loans so as to help, in the distribution of credit, as many members as possible.

Only members can deposit their savings in the bank and only members can borrow from it.

At their general assembly, the members choose from among themselves, and according to the democratic principle of "one man, one vote", those to whom they entrust the power of extending loans to members and ensuring their repayment; those to whom they entrust the power of ensuring that administrators and credit commissioners fulfil their duties faithfully.

The general assembly of members is held every year within three months of the end of their savings bank's financial year. The administrators, credit commissioners and supervising counsellors give the members an account of their mandate. The members present study the annual summary of their people's savings bank's operations and the financial report. The accuracy and veracity of these documents are certified by professional inspectors appointed under the authority of the provincial Federation.

The Desjardins People's Savings Banks are grouped together at regional level; they have set up in the territory of Quebec ten regional unions which operate, among other services, a financial department for financial consolidation and compensation of payment orders with other Canadian financial bodies.

The regional unions supervise the operations of their affiliated banks and assist their administrators, credit commissioners, supervising counsellors, upon request, in the fulfilment of their duties.

The existing ten regional unions are grouped on a provincial basis with two institutions dealing with life assurance, two with property insurance, and a trust company which takes care of the administration of individuals' and societies' property: together they form the Quebec Federation of the Desjardins People's Savings Banks (*Fédération de Québec des Caisses Populaires Desjardins*).

The above-mentioned institutions complement the activities of the People's Savings Banks, providing the banks and their members with services which complement those of the savings banks. The Federation, which manages and co-ordinates the activities of the movement, while respecting the autonomy of the People's Savings Banks and the regional unions, carries out the annual inspection of their dealings, draws up and certifies their balance sheets, exercises control over the considerable investments and loans made by the savings banks and the regional unions, and runs an institute for the professional and technical training of the leaders and personnel of the movement's banks and institutions.

The Desjardins People's Savings Banks movement operates in accordance with the principle of functional decentralisation in order to reach members at the grass-roots. Members' savings are invested in various services from which they themselves wish to benefit through this network of institutions belonging to them. Functional decentralization of operations is necessary to ensure members' active participation, proper orientation and effective control.

The People's Savings Bank concerns itself not only with the economic development

Section IV CANADA: Structure of Desjardin's People's Savings Bank Movement

of its members, but also with the economic and social development of the community of which they form part. The economic development of the members and that of the community are inter-related. The People's Savings Banks contribute to the financing of economic and social institutions operating in their locality. Municipalities, school commissions, factories, hospitals and co-operatives in Quebec are largely financed by the People's Savings Banks, the regional unions and the Desjardins institutions, which also participate in the financing

of the Government of Quebec, the Government of Canada, and regional or provincial co-operatives. At 31st December 1973 they held as security negotiable bonds amounting to \$1,100 million.

The 1,272 People's Savings Banks operating at 31st December 1973 comprised more than 3 million members holding \$314 million in capital shares and \$3½ million in savings deposits. The banks were owed by members \$825 million in personal loans and \$1,400 million in mortgage loans.

CANADA: Television in Quebec

by Y. DANEAU

Director General, Fédération de Québec des Caisses Populaires Desjardins

At the instigation of our universities and with the collaboration of the co-operative movement and the help of the Government, a course on co-operation was instituted over several French-speaking television stations, with a series of 26 half-hour broadcasts supported by a great deal of documentation which was sent out to adult students from January to May 1974. Two thousand six hundred adult students enrolled for this course, and 1,600 others followed the course as free listeners without taking the exams, and about 400,000 to 500,000 people were able to follow the televised course of the Quebec co-operative institutions; more particularly the savings and credit banks actively supported this, either by temporarily releasing teachers in order to involve themselves in this experiment or by helping in writing the courses or by getting enrolments or by organizing regional seminars.

At the present time we are evaluating this experience and we hope to be able to evaluate the whole thing over the next few months, but we can already state that the rather protest-orientated nature of these broadcasts led the listeners to question their reaction to union movements and the reactions of co-operators to the centralization of savings banks over the last 20 years. These television broadcasts will have awakened and sensitized our politicians to the importance of the role played by the co-operative movement in our country. I think this is a positive achievement. In this course there are elements which, without being negative, require some improvement, but apart from the practical advantages which the co-operative movement can draw from this, this course is a teaching experiment added to the traditional role played by co-operatives in education.

CYPRUS: School Savings Banks

by R. N. CLERIDES

General Manager, Co-operative Central Bank Ltd (Nicosia)

It is not enough to teach people to save and to enlighten them on the benefits of thrift unless you also practise what you teach. In our Cyprus movement, in regard to the educational value of thrift, having talked to the

union of teachers in elementary and secondary schools on this, and having persuaded the Minister to circularize our proposals advising the teachers to assist in a collective programme like this, we have started a school savings bank

Section IV CYPRUS: School Savings Bank

scheme. These school savings banks function on an unofficial basis. Every schoolchild, in both elementary and secondary schools, is given a pass-book at the beginning of the school year in which voluntarily he deposits whatever amount of money he has. In order to stimulate the parents to give money to the children, we tell them that this money will be used for expenses in covering education of a higher standard—for secondary education and to provide for university fees.

The whole exercise has proved to be a complete success. The schoolteachers now collect money every week and deposit the proceeds with the local co-operative society, which in turn utilizes these funds to issue loans to those parents who are in need. The interest is used for school excursions and for projects, for football grounds and things like that. The

teachers who do this job receive no remuneration but receive a collective contribution from the co-operative movement which is utilized for the benefit of the children of the schoolmasters. Currently we collect £2 million a year, which is about 1 per cent of the total of the deposits in the island, or alternatively 78 per cent of the whole of the deposits within our movement. For an island of 3,500 square miles, inhabited by 600,000 people, with a per capita income of £400 and a rural population comprising 35 per cent, I think that is successful. Our experience has been that no parent, however poor, will let his child down, even if the amount to be deposited is the very minimum. In this way we have been able to initiate the children and their parents, bringing them into direct contact with our co-operative movement.

FRANCE: On-the-Job Training, France-Togoland

by J. MOREAU

Caisse Centrale de Crédit Coopératif

I am a representative of the local *Crédit Agricole*. You know that these are co-operative societies in France, and I managed to get our board of directors interested in the action undertaken, and this led to the following. In the first stage we had a twinning between our regional bank and the bank in Togo. This was done during one of our annual assemblies. A few Togolese gentlemen came along to attend the meeting and to be awarded five training scholarships to trainees. We paid for their journey and their stay in France for training. They were placed at local level, in local savings banks, so that they could learn the everyday tasks, learning to take an application for credit from a farmer and to go through the day-to-day operations. We felt that taking people from outside and putting them into a headquarters office would be useless to them because when they go back home they would not be working at this level, and would not make anything of the training given. I pay particular attention to the trainees being made to work at a lower level, whether it is doing

simple accounting jobs or organizing low-level administrative circuits of the sort that they can use in their own country when they get back. We took five trainees and we trained them to co-operative level. I am speaking of very small co-operatives, in accounting and individual credit operations, and they went back home after this. A few months later our chief accountant went out and spent a month in Togo and organized simple accounting procedures for their bank with the people who had spent three months in France. Then we left it to them for a few months and I went back myself for a week just to have a look at how things were going and to see what had been set up. Then we had a further trainee come back for a further stay in France. This was the initial action. I had the pleasure of a further stay about three months ago for one week and I realised that the organization had enlarged perhaps rather too quickly.

Certain of the indications I gave were not always complied with as I would have wished, but this relationship has been going

Section IV FRANCE: On-the-Job Training, France-Togoland

on for eight years. I shall be going back with two members of my staff, two other directors, shortly. One will be looking at the financial arrangements and the other at commercial procedures. I shall be taking things in hand again, perhaps to put things back on the rails where certain things have gone wrong.

To complete this action which we are carrying on between two local branches of the *Crédit Agricole* in France and in Togo, we recently had a meeting of nine regional branches which represent the area of Brittany and the Loire, and we decided to join forces in our activity with regard to developing coun-

tries. We agreed to open our branches to trainees who need to come along for training, and of course to look after their subsistence during their stay and to train them on simple concrete jobs. We also decided that it would be a good thing to take one or two of our managers and to send them for short-term missions in those countries, naturally integrating them professionally when they come back. We have also decided to have an annual budget to finance all these operations. Our association now has to approve this and to support and endorse the co-operative development group which we are going to be building in Togo.

INDIA: The Aurangabad Village Experiment

by E. HORII

Chief, Relations Service,

International Confederation of Free Trade Unions (ICFTU)

In the year 1972-73 our Asian trade union college conducted two experimental projects which came to be known collectively as the Aurangabad experiment in the state of Maharashtra in India. This was done in collaboration with the ILO, and the United Nations Fund for population activities. The idea was to bring 50 families together in communal living for the period of three weeks. So altogether the two courses were designed to accommodate about 100 families of agricultural workers and very marginal farmers. Among these 100 families 20 were Harijans, six were Muslims, and the others were from different castes and communities. When the families from these 100 were taken afterwards to another project the age of all the participants was under 30, which means that they were withdrawn from the misery and unhappiness to which they had been accustomed since their birth, and from morning to late evening the training tried to mould them in this new behaviour and to develop new attitudes.

The following were the salient features of this training scheme and activities. Firstly, this training programme is an investment in the development of human resources at the

grassroots level of the rural poor in Asia. This is an integrated approach for training rural poor families, husband, wife and children, so as to make them employable and bring about a behaviour change in them and help them attain the capability to participate in the economic and social development of an agrarian economy like that of India. This is a kind of organization effort on behalf of the rural poor in which the important component is to motivate them to accept as normal a small family and to extend this motivation among others through life and education. Through this training the participant couples were convinced of the need to accept family planning. This training helps to raise the status of women, and thereby women are recognized as equal partners in the economic ventures, as managers of the household and as persons demanding a small family to care for.

The next objective is that the training strongly envisages getting a self-help co-operative project of the rural poor established, and structuring it like a trade union to bargain collectively for those working as agricultural labourers or on folk labour contracts. The training is designed for the whole family,

Section IV INDIA: The Aurangabad Village Experiment

husband and wife, along with the children within the age group of 1 to 6. The husbands and wives are in the age group of 20 to 30 and thus this is for young people. The participant families are selected from different religions and also from different castes, upper and lower. They are taught all sorts of subjects—brick-making, house construction, gardening, etc. We also provide topics like home management and family budgeting, food and nutrition, trade unions, naturally, and co-operatives. We also set down

a number of goals to be attained. They are very numerous but I will mention just a few. One was making them literate through functional literacy, helping them retain their literacy and making them conscious of the family budget. Another was the development of collective working through distribution of work and responsibility. Then there was the development and knowledge of co-operative finances and administration. These are the subjects and goals that we wanted to attain through this programme.

INDIA: Land Development Banks

by **B. S. Vishwanathan**, *Chairman,*
National Co-operative Land Developments Banks Federation Ltd.

From time immemorial agriculture has dominated the Indian economy. Despite remarkable achievements in Indian agriculture there is still a shortage of food grains and other agricultural products. The basic reasons for this are the rapid growth of population and the dependence on monsoon and traditional practices still carried out on a large scale. Modern agriculture is capital-intensive and good results depend on assured rainfall, irrigation facilities, etc. In India institutional credit for agriculture is largely provided by the co-operatives.

Though the co-operative movement in India is over seventy years old, for a long time it was confined to short-term credit only. In the early 'twenties the farmers were heavily weighed down with debt on account of economic depression, and the need was urgently felt to provide long-term loans for redemption of their debts to private money-lenders at lower rates of interest, to enable the farmers to recover financially and to carry on agricultural operations.

Land Mortgage Banks, starting their operations with this main objective, later developed into long-term credit agencies catering for production-orientated agricultural credit. This improvement in the quality of lending policy was followed by a rapid quantitative growth in lending, justifying the place and importance of long-term credit for the development of agriculture in India.

Today 19 state Land Development

Banks, with nearly 1,400 primary units or branches, cater for long-term credits. They have advanced nearly 1,400 crores (£749.8 million) in the country for long-term agricultural operations, including areas where the Land Development Banks are not independently established. The Central Co-operative Banks also finance long-term agricultural operations.

The Land Development Banks, especially in the third and fourth five-year plan period, have given yeoman service to our country's farmers. The working group dealing with the fifth plan has stated in its report that "The Land Development Banks have registered commendable progress both from the point of view of expansion of the lending operation and also of the orientation of the lending policies and procedures for servicing agricultural development programmes."

In recent years the Land Development Banks have taken large loans from the World Bank through the Agriculture Re-finance Corporation of India. In the fifth plan period the Land Development Banks have to provide 1,100 crores (£588 million) to the Indian farmers. This sum is almost equal to their previous 40 years' business. For this reason the Land Development Banks have to strengthen and improve their existing structure, with the help of central and state Governments, and also with the help of the Reserve Bank of India.

Section IV

INDONESIA: Farm Workers Liberated in Java

by E. HORII

Chief, Relations Service,

International Confederation of Free Trade Unions (ICFTU)

Even in a country like Indonesia it is certainly possible for the people to save and to provide the capital if they are sufficiently determined and motivated. I have a happy experience of a successful experiment that we conducted in Western Java not very far from the city of Bandung, where a small dairy and vegetable farm was employing about 130 labourers and clerks. All these 130 people belonged to the same trading organization, which is in turn affiliated to our international organization.

Soon after the overthrow of the Soekarno regime these people started modest co-operative ventures, and the immediate motivation for this was the following. Out of the 130 almost 100 were permanently in the clutches of village money-lenders from whom they had borrowed heavily on the occasions of marriage and death. Once they borrowed anything like 500 rupees they were almost permanently indebted to the money-lenders because of the exorbitant interest rates charged. So the immediate motivation was to find ways and means of freeing themselves from the clutches of money-lenders. We and our sister organization, the International Federation of Plantation and Allied Workers, were called to provide technical advice for this venture. After a lot of talks they were determined to go ahead with it and agreed to

set aside every week 3 per cent of their weekly earnings. Their weekly earnings in these days range between 50 and 150 rupees (15-45 US cents) per week. Many of you may wonder how it is possible to save on that small amount, but they did save, and when I visited the place in 1970 I was shown books dating from 1969 in which there was a minute record of the weekly savings of each of the 130 members, recording the receipt of 2.1 rupees, 1.8 rupees, 2.1 rupees, etc, etc, week after week, for three years. By the end of three years these people have been able to accumulate close to 50,000 rupees in capital. In the meantime they were able to negotiate with their employer to make a matching contribution of 50,000 rupees. With this total amount of 100,000 rupees they started a modest credit scheme which brought about, among other things, 500 rupees interest-free loan repayable in six months to all the members. There were failures in the meantime but by and large in about two years' time they were able to repay all the loans they had incurred from money-lenders.

These successes, of course, consolidated their confidence and they have become bolder and have tried to diversify their activities. They have ventured into consumer co-operative schemes and it is today a fully-fledged multi-purpose "co-operative".

MALAYSIA: Report on the Co-operative Central Bank: 1972-73

The Co-operative Central Bank for urban credit co-operative societies made significant progress in 1972. Both individual members and member societies increased rapidly by 4,750 and 15 respectively, bringing total membership to 9,745 at the end of 1972, nearly twice that in 1971. The share capital increased by \$0.6 million to \$4.2 million at the end of 1972, with co-operative member societies

accounting for \$3.3 million. The Co-operative Central Bank continued to encourage savings among its members; savings and fixed deposits increased by \$3.6 million to \$11.1 million at the end of 1972. Their total resources rose by \$5.2 million during the year to \$17.0 million. The rate of interest remained unchanged at 4 per cent for savings deposits throughout the year; it was raised to 4½ per cent with effect

Section IV MALAYSIA: Report on the Co-operative Central Bank: 1972-73

from 1st January 1973. The interest rates for fixed deposits also remained unchanged: they range between $6\frac{1}{2}$ per cent per annum for 3-month deposits and 7 per cent per annum for 24-month deposits.

Total loans disbursed amounted to \$5.8 million in 1972, compared with \$3.5 million in 1971, while loans outstanding rose by \$3.8 million to \$12.3 million at the end of the year. Of this amount, more than a quarter was granted under a personal loan scheme and \$0.7 million under a hire purchase scheme. The Co-operative Central Bank grants loans to co-operative societies on favourable terms to enable them to participate in commerce and industry on a joint venture basis with other co-operative societies. The Co-operative Central Bank continued to charge an annual reducing balance, $8\frac{1}{2}$ per cent per annum on loans to co-operative societies and for mortgage loans, 9 per cent per annum for hire purchase loans and 9.6 per cent per annum for personal loans. . . .

The Co-operative Central Bank, which mobilizes funds for channelling into viable co-operative undertakings, continued to expand its activities in 1973. Total membership rose by 6,581 or 67 per cent, to 16,443 at the end of the year, of which 16,319 were individual members and 124 co-operative societies as against 9,745 individuals and 117 societies in 1972. Total resources of the bank rose by \$8 million, or about 50 per cent, to \$25 million at the end of 1973, with the rise in members' deposits accounting for nearly 80 per cent of the total increase. The increase in deposits could be traced to generally higher incomes as well as the higher interest rates offered by the bank during the year and the introduction of a wider range of maturities for

fixed deposits. Rates offered on fixed deposits were raised on several occasions during the year, and ranged from 5 per cent per annum for one-month deposits to 9 per cent per annum for 36-month deposits as at the end of 1973. The rate of interest on savings deposits, which was raised by one-half per cent to 4.5 per cent per annum on 1st January 1973, was increased further to 5.5 per cent per annum with effect from 18th December 1973.

The Co-operative Central Bank disbursed loans totalling \$10 million in 1973, an increase of more than 80 per cent over the previous year. Nearly 60 per cent of these advances were to individual members under its personal loan scheme and 22 per cent to affiliated societies to finance their hire purchase operations. Total loans outstanding increased by \$1.1 million to \$13.4 million as at the end of 1973, compared with an increase of \$3.8 million in the previous year. Lending rates were increased to a uniform 9.6 per cent per annum on all categories of loans in 1973 in view of the higher cost of funds, compared with 8.5 per cent per annum on loans to co-operative societies and on mortgage loans, 9 per cent per annum on hire purchase loans and 9.6 per cent per annum on personal loans in 1972.

To effectively mobilize funds for the expansion of co-operative projects, the Co-operative Central Bank planned to launch a nationwide membership drive and to open more branches in major towns in 1974. Proposals to establish a co-operative consortium for pooling co-operative funds for joint investment in agricultural, commercial and industrial projects are presently being considered in an effort to diversify the activities of the bank.

SIERRA LEONE: Women in Thrift and Credit Co-operatives

by MARY THOLLEY

Treasurer, Mabothrane Women's Thrift and Credit Society Sierra Leone

In Sierra Leone, Women's Thrift and Credit Co-operative Societies have come to be regarded as the most fertile ground for the

progressive growth of the Co-operative Movement. This is borne out by the fact that out of some seven hundred Thrift and Credit Co-

Section IV SIERRA LEONE: Women in Thrift and Credit Co-operatives

operative Societies in the country, it is only this type of society that has not suffered from serious setbacks.

We find in our Societies generally that women make a greater success than men of what they set themselves to do. Not only this, but they regard failure as not befitting their womanhood. They consider disgrace alien to their upbringing, and this is why most of them hesitate to go to the money-lenders to raise loans, fearing that, as money matters are always a risky business, they may not be in a position to pay back these loans when the time comes for repayment. Usually, if they are forced to obtain such loans, they go all out to see that they are wisely and productively used so that when the time comes for repayment they can do so easily without waiting to bear the humiliating consequences of the non-payment of one's debts.

These excellent traits of character of our women in Sierra Leone have relevance to Thrift and Credit Co-operative Societies' work in the country. The first essential for development of a Thrift and Credit Co-operative Society is "Thrift". Whereas men are traditionally more extravagant in their spending, women on the other hand exercise more economy as they carry the burden of making ends meet in their homes. In Women's Thrift and Credit Societies in this country, the percentage of members' savings is always very high. The deposits here are always low—the majority being only 20 cents per month—but these are paid regularly by the majority of the members.

The second essential for Thrift and Credit Co-operative Work is "Credit". Women members in these societies make the best use of the money which the society lends out to them. Because of their diligence, hard work and trustworthiness, delinquent loans in their societies are almost negligible. For this reason, the interest of members in their society's affairs is always kept alive as evidenced by the regular meetings they hold in their villages every month, at which very lively discussions always take place.

The third essential is the dissemination of co-operative education and information among the members of Thrift and Credit

Co-operative Societies. Our women are very receptive to Co-operative training. They learn quickly and usually make practical use of their training in a remarkable manner.

Another essential of Thrift and Credit development is the building of a member's character. Thrift and Credit Co-operative Societies are more likely to succeed in areas and places where a sound foundation of character training has been laid. In Sierra Leone one needs only to go among the women to prove this. The charismatic culture in them, which is of great significance in character training, places them at a better advantage in their Thrift and Credit Co-operative Societies. Sobriety, diligence, hard work, trustworthiness, service without remuneration are all handed down to the Co-operative.

Women members of Societies generally have high regard for discipline at meetings and this is why their meetings are always well run. At these meetings, every member promptly pays her monthly savings—ranging from 20 cents to Le.1.00 per month. Loans are issued for such purposes as paying children's school fees, buying household utensils, petty trading in fish, palm oil, rice, etc, vegetable gardening, garra work and buying corrugated iron sheets and cement to improve their dwelling-houses. The industry of the women members is responsible for the prompt repayment of their loans when the time is due for their recovery. Many homes in the country today have been able to raise their standard of living because of active participation of women in Thrift and Credit Co-operative Societies.

It is important to note that Co-operative work has helped greatly in bringing the women of this country together. Through this movement, they have come to know and understand one another better. This has increased their love and concern for one another. Many women have come to realise that the training which they get through their active participation in the affairs of their societies has given them added advantages in the sphere of national activities. Where previously women were shy in facing and addressing large audiences, they do so now with confidence and dignity. Thrift and Credit

Co-operative Societies are becoming more important every day in national life, but could be much more so, if sufficient numbers of our

educated women were available in the societies to form a sound base for further accelerated Co-operative development.

UNITED KINGDOM: The First Ten Years of Credit Unions in Britain

by FRANK VILLIERS

Managing Director, Credit Union League of Great Britain

Credit Unions were born of adversity. In the 1960s when West Indian immigrants were coming into Britain in large numbers, they had very little money with which to establish themselves and their families. Obviously they had to secure credit of some kind, but they found that they were often charged higher rates of interest, and asked to pay larger deposits for houses or flats, than the host community. These problems were discussed at the monthly meetings of the West Indian Standing Conference, and as West Indians were familiar with the idea of credit unions (they were introduced into the Caribbeans around the 1940s), credit unions seemed to provide the answer.

We started by getting a group of Jamaicans together, and spent many nights in each other's front-rooms discussing the question. It was important to make sure that everybody had sufficient knowledge of the actual operation and administration of a credit union to make it work. We got a set of model rules from the Jamaica Co-operative Credit Union League, and found out about registration procedure. Then we ran into difficulties.

Credit unions did not fit in with Friendly Society legislation and the Registrar did not appreciate the safeguard given by the stipulation that a credit union is only open to members of an already existing group. It took us almost two years—from 1962 to 1964—before a very much modified set of rules was agreed on and we were able to register the Hornsey Co-operative Credit Union on 5th April 1964. By 1967 we had established five credit unions, all in the Greater London area, and in October of that year, with the assistance

of CUNA International, we formally organized the Credit Union League of Great Britain.

In May 1969 we were accepted as members of CUNA International, which automatically entitled us to insurance cover providing loan protection and life insurance for all credit union members. By the end of 1969 we had 18 credit unions, as far afield as Bradford, Leeds, Huddersfield, Manchester and Glasgow, and in 1970, with the co-operation of the CUNA Mutual Insurance Society, we held our first one-week residential school. We were also able for the first time to set up a full-time office with paid staff, with the aid of a grant from CUNA Mutual Insurance Society.

From the time we commenced, we were cognisant of the fact that, although the first credit union in Britain was started by and for West Indians, Credit Union principles would not allow us to operate specifically for any one race, colour or creed. Therefore once that first credit union got established, the West Indian members were encouraged to bring in their English friends. The credit union idea was something entirely new to English people, and they could only be admitted one or two at a time in order not to swamp the operating machinery—but since that first one, we have never had a 100 per cent West Indian membership in any credit union. The first completely non-West Indian credit union was started in Glasgow in 1970 by people of Irish descent who knew of the credit unions in Ireland and, with help from the League, eventually organized the Western Credit Union. Membership is now growing faster in the host community

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than among West Indians, so that the ratio of West Indian to non-West Indian membership is approximately 65: 35.

Credit union membership is a two-fold asset. On the one hand the member becomes involved in the life of the community and learns democratic participation in the running of his credit union. On the other, he receives not only the benefits of low-interest borrowing and regular saving, but skilled financial advice and an intensely personal service not available anywhere else. Some time ago, a young man returned home one evening from his work to find a telegram saying that his father in Jamaica had died. Normally to find the money necessary for his fare would have been very difficult for such a man, but he immediately contacted his credit union treasurer, who helped him complete the loan application form. The treasurer then had to get together the necessary majority of the loan committee to adjudicate on the loan, which he eventually managed around 11 o'clock that evening. After two hours of discussion, which had to take into account the committee's responsibility to the credit union as a whole, the man's trustworthiness set against the fact that he might not return, the size of the loan, etc, the loan was granted. It then turned out that his passport had expired, so first thing in the morning, one of the committee drove him to the Commission to get his passport renewed; the treasurer went with him to the bank to cash the cheque; and another member drove him to the airport to get the midday flight to Jamaica.

The Credit Union League of Great Britain now has 48 affiliated credit unions with 39,000 members. In addition to credit union insurance, it has developed many services for the benefit of its affiliates. We now provide regular weekend seminars for officials, run correspondence courses, and produce all the manuals and leaflets necessary for their operation. We have our own special accounting system, which is taught to all credit union managers and treasurers: in many cases the person who volunteers to become the treasurer has never had any opportunity of book-keeping training, but by using our system he quickly becomes very well qualified to do the job.

We have also started a League central accounting service, which credit unions may use if they wish. They themselves continue to be responsible for the usual financial operation of the credit union, for keeping members' accounts, collecting savings, loan repayments and interest from the members, and lodging these sums in their bank accounts. They then send all vouchers and papers referring to transactions during the past week to the League Office, and the League Office deals with all their cashbook, journal and ledger entries, and produces a monthly financial statement in time for each Directors' Meeting, together with comments on their financial operations. Budgeting advice is the most important aspect of this Service, and by using this service, a credit union learns how to operate, and its financial management noticeably improves.

USA: Co-operative Thrift and Credit for Low-Income Groups

by GLENN FOX
Financial Consultant, CLUSA

Credit and thrift co-operatives on occasion may experience excess funds. Increasing dividends, disbursing surplus or extending loans may not seem prudent. The purchase of government bonds is the most frequent practice. While this is laudable in many cases,

surely interco-operative loans or investments should be sought. Credit unions of the US are seeking, and rightly so, a bank to help with liquidity as well as more efficient employment of funds. Sometimes such funds may be used for public purposes as for instance seed money

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for a project of interest to the members, a clinic to attract a physician, or even a processing plant to help convert waste products and increase the assurance of a market.

One of the new good examples of the fact that low-income people can and do save and can run their own credit, supply and marketing co-operative is the record of the Southern Co-operative Development Foundation (SCDF), Lafayette, Louisiana, USA, and it is a good one. It received some financing and guidance from a good co-operatively orientated insurance company owned by credit unions, the League Life Insurance Company, Detroit, Michigan, USA.

The SCDF was organized in 1969 for the express purpose of making loans to more than 130 co-operatives organized among low income people. SCDF has amassed a total of \$622,208 in grants from foundations and government for general administrative purposes.

As of 30th April 1973, the Southern

Co-operative Development Fund had approved 36 loans totalling \$981,000 to co-operatives located in nine different southern states. Short, medium and long-term loans are made to co-operatives for up to twenty years. Interest rates are similar to those charged by commercial institutions, but without the new bank, low income co-operatives would not have any sources of loan financing. Through the bank and related established co-operatives, valuable technical assistance and counsel play a major role in improvement of co-operative operations.

The federal government's Office of Economic Opportunity has provided \$550,000 to guarantee the sale of debentures totalling \$368,715 as equity to capitalize the formation of a Minority Small Business Investment Corporation (MESBIC). This SCDF Investment corporation has a 1 to 3 leverage allowing it to borrow \$1,500,000 from a government agency (the Small Business Administration).

LATIN AMERICA: Technical Assistance for Credit Unions

by M. ROBERTSON
President, ICUS

Seventeen years ago, CUNA International launched a technical assistance programme to assist the organization and development of credit unions concentrating initially in the Caribbean and Latin American areas, but eventually expanded to other countries throughout the world requesting such technical assistance. With the co-operation of many institutions and agencies interested in the economic development of developing countries, this programme has now reached over 70 countries.

The programme in Latin America, in particular, achieved significant success having accumulated in savings among credit union members both urban and rural \$200 million in approximately 4,000 credit unions with a total membership of 1.3 million. Most important, however, the rural credit unions differed significantly from consumer credit

orientated credit unions of the United States. In Latin America, the need of members of credit unions in the rural areas was for production-related activities.

In 1961, AID made the important decision to support technical assistance efforts for the organization and development of co-operatives, savings and loan associations and credit unions to those countries requesting it. With the assistance of CUNA, AID and other agencies, 18 countries in Latin America have developed their own indigenous, autonomous, national credit union networks and national federations. In 1970, federations from 14 countries formed the Latin American Confederation of Credit Unions—COLAC. This Confederation has set as its first priority the making of agricultural credit available to small campesinos of Latin America.

This objective is to be pursued by

Section IV LATIN AMERICA: Technical Assistance for Credit Unions

<i>Country and Organization</i>	<i>Source</i>	<i>Amount</i>	<i>Purpose</i>
(1) Bolivia—FENACRE	AID	35,000	Agriculture
(2) Ecuador—Ecuador Co-operative Bank	AID	2,000,000	Agriculture Artesan Transportation Small industry Housing
	All nations	57,000	Co-op Insurance
	COLAC	55,000	Fertilizer Dist.
(3) Costa Rica— FEDECREDITO	AID/BNCR	1,000,000	Agricultural credit Small farmer
(4) El Salvador— FEDECACES	AID	2,000,000	Agriculture Small industry Housing
	Central Bank	200,000	Agricultural credit
(5) Guatemala— FENACOAC	AID	800,000	Agricultural credit
	GOG	100,000	Agricultural credit
	COLAC	200,000	Fertilization Dist. system
(6) Honduras—FACACH	Central Bank	500,000	Agricultural credit Small industry
	Alliance Progress	35,000	Com. Development
	AID/BNF	1,500,000	Agricultural credit Marketing
	COLAC	180,000	Agricultural credit
(7) Panama—FEDPA	Chase-Manhattan	200,000	Agricultural credit Small industry
(8) Peru—Federacion Nacional de Cooperativas de Ahorro y Crédito del Peru	IBD	1,000,000	Housing and small industry

COLAC through a co-ordinated regional technical assistance and finance programme directed at the member federations to enable them to initiate and expand production programmes in both urban and rural areas. More details on this regional programme are provided in the COLAC paper presented at this conference.

The amount of external financing from international sources made to Latin American federations for production credit programmes has been approximately \$9,862,000. This \$9,862,000 has been distributed as seen below:

Although the loans to these federations were made at subsidized rates, the loan to the credit union member was at 12 per cent or more per annum. Federation loan portfolios have maintained up-to-date their repayment record, and are complying with the terms and

conditions stipulated in the loan agreements and contracts. A good example is Peru where the first international loan of \$1,000,000 was made to a national credit union organization in 1963. Even though three major devaluations within the repayment period have taken place, the repayment schedule is up-to-date. The record of loan administration within these Latin American countries in the credit union movement has led the World Council of Credit Unions to the conclusion that credit unions have the potential to reach a lower level of the farm population than is currently being reached. By providing them with institutional credit and other related services such as improved credit, agricultural methods, farm supplies, and better marketing facilities, they contribute to the solution of this difficult problem.

LATIN AMERICA: Extension of Workers' Banks

by A. LEWINSKY

Director, Bank Hapoalim, Israel

In recent years the trade union movements in twelve countries of Latin America have laid aside political differences, joined with co-operative groups and organizations, ensured the assistance of their Governments as far as possible and, with the aid of Israeli technicians—under the auspices of the Organization of American States—founded banking institutions.

Eight such banks are already operative—in the Argentine, the Dominican Republic, Guatemala, Honduras, Jamaica, Puerto Rico, Venezuela and Trinidad and Tobago—while four additional banks are shortly to be established in Bolivia, Colombia, Ecuador and Paraguay, respectively.

These Workers' Banks—Bancos de los Trabajadores—are commercial banking institutions providing all banking services and operating branch networks throughout their countries.

Their share capital has been raised by their members—trade unions, co-operatives and individual workers—and, though not in all instances, additional seed capital was provided by their respective Governments. They operate under banking supervision like all other banks and are subject to the banking laws of their countries. Although they are still young, their progress has been remarkable. The consolidated assets of the existing banks rose from US\$58 million in December 1970 to US\$160 million in December 1973, and may easily reach US\$200 million by the end of 1974.

Share capital and surplus rose during the same period from US\$14 million to US\$26 million, with deposits increasing from US\$35 million to US\$100 million, while the balance of outstanding loans rose from US\$36 million to US\$100 million. Quite a remarkable achievement.

This achievement is even more remarkable if we take into account the short period of the banks' existence, the unavoidable difficulties of inexperienced new institutions,

the relatively low incomes of the people who made these banks their own.

But this success cannot truly be measured in dollars and cents, although it is gratifying to note that two of the banks are already declaring dividends, while the rest—except for two—are wisely accumulating reserves towards future growth.

With the creation of these banks a new process has started:

- The trade unions involved have added a new, positive dimension to their work, shouldered active responsibility in the fate of their countries and become partners in their development.
- The principle of self-help and mutual aid has thus found practical expression.
- In some countries this concerted effort has produced the first national banking institutions.
- The battle against usury has been joined, and the first practical results are discernible.
- Banking services have been made available to new sectors of the population.
- Savings have become an instrument in the hands of those in need of personal credits, employment and housing.
- Outside funds start to be attracted, invested or channelled by these institutions.
- Internal and international co-operation have become meaningful.

Let me briefly cite a few examples:

Seven years ago it was well-nigh impossible for an employee or worker or small artisan in Honduras to obtain a loan from the commercial banks of the country. The solution to his credit problems could in almost every instance be found only outside the banking system. The interest charged by the money-lenders amounted to up to 2 per cent a day, equalling about 700 per cent per annum. Two

Section IV LATIN AMERICA: Extension of Workers' Banks

years after the bank started its operations, charging 15 per cent for personal loans to its shareholders, the interest rate on small loans dropped sharply; savings began to accumulate. When the Workers' Bank began to branch out from the capital to additional centres, the banking system started to show interest in this new type of clientele, offering credits at similar rates. The same bank in Honduras changed the street scene in Tegucigalpa overnight by financing the first taxi co-operative of the capital, equipping it with modern taxicabs.

The Workers' Bank in Honduras was the first of the new banks successfully to channel housing loans of the Inter-American Development Bank.

Quite a number of the new banks are authorized to act as housing and mortgage

banks. The Workers' Bank of Venezuela—now in its seventh year—has developed a considerable housing mortgage portfolio and is in the process of establishing a daughter-company for the construction and administration of apartments. During 1974, debentures and participation certificates will be issued to the public in order to increase the necessary resources. This most dynamic institution is already handling provident funds accumulating out of a tariff agreement for State employees signed between the Unions and the Government.

All these new banks have tens of thousands of shareholders, with a consequently rapidly-growing number of accounts. No wonder they have started to computerize and try to employ the most up-to-date banking methods.



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Willy Serwy

The death on the 21st August in his 83rd year of Willy Serwy, formerly General Secretary of the Belgian Socialist Federation of Consumers' Co-operatives (*Société Générale Coopérative, FEBECOOP*) and for seventeen years member of the ICA Executive, severs one of the few remaining personal links with the International Co-operative Congress of Basle 1921, and the Co-operative World of before 1914 and the inter-war years. Willy Serwy was the son of Victor Serwy who, at the time of his son's birth was actively engaged in the Socialist Consumers' Co-operative Movement, an associate of Louis Bertrand in the *Maison du Peuple* of Brussels and who, about the turn of the century, became the first secretary of the *Office Coopératif*, as the central co-operative union was then called.

His father being originally a teacher by profession, Willy Serwy received a first-class education culminating in the degree of *Ingénieur Commercial* awarded by the Free University of Brussels. He began to gain business experience and learn something of International Co-operation before the First World War from a period of employment with one of the two big consumers' co-operatives then active in the City of Cologne. Called to the colours on the outbreak of war, he was severely wounded in the very first days of the fighting around Liège.

After the war and four years of military occupation the Belgian Consumers' Co-operatives and their federation had to contend with the economic difficulties of post-war reconstruction. Willy rejoined his father in the secretariat of the *Office Coopératif* where he was to spend the rest of his working life. He accompanied his father, whose right-hand man

he became, to Basle in 1921 to attend his first ICA Congress. For the next Congress, which met at Ghent in 1924, Willy was given the important task of directing the organization of the unique exhibition, illustrating the achievements of Co-operation in 32 countries, which provided a memorable ambiance for the proceedings. He attended every subsequent congress until Bournemouth 1963. In addition he was constantly enlarging his acquaintance with the European Co-operative Movements by frequent participation as student in the annual International Co-operative Schools, fully profiting from his proficiency in all of the then three official languages of the ICA.

From 1940 until 1945 the Serwys had again to guide the Belgian consumers' societies through the maze of controls and restrictions imposed by military occupation and shortages of consumers' goods. Victor did not survive the war. After his death in 1943 Willy bore the burden alone. His knowledge, experience and devotion made him the only possible successor to his father, not only in the secretaryship of the National Federation but also in 1946 when the first elections since 1937 were held following the Congress of Zurich, in a seat on the Executive of the ICA. In the Congress itself, Willy was the mover, on behalf of his national delegation, of the resolution, adopted unanimously, to establish a permanent centre for Co-operative studies, in connection with the Secretariat of the Alliance, to be known as the Henry J. May Foundation.

Education was probably Willy Serwy's greatest concern throughout his



Obituary Willy Serwy

service on the Executive. However, as befits an Ingénieur Commercial, he was the member who kept most constant watch over its finances. This was but one phase of his deep concern for accuracy and correctness in the detail of both statement and procedure. Nothing questionable, no matter how apparently trivial, escaped his enquiry. It was entirely characteristic of him that, at Bournemouth Congress, he moved and secured unanimous agreement for two amendments of rule: one clarifying the membership of the Alliance as between persons and corporate bodies, the other empowering the Executive to review periodically

the status of organisations transitionally accepted as associate members of the Alliance.

Willy Serwy's fidelity to Co-operative principle was absolute and equalled by his loyalty in friendship, which a number of his colleagues and their families were privileged to enjoy for over ten years after his retirement in 1963. Simple in his mode of life, gentle and unassuming in his manner and speech, his keen sense of humour and his deep knowledge of many other subjects besides Co-operation made him the best of company at all times.

W.P.W.

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Affiliated Organisations

Argentina: Federación Argentina de Cooperativas de Consumo, *Avda. Suárez 2034, Buenos Aires*. Tel. 28-5381/3.

Intercoop Editora Cooperativa Limitada, *Humberto 1°, 2318—1° P.-A., Buenos Aires*. Tel. 99-3193.

Asociación Argentina de Cooperativas y Mutualidades de Seguros, *Avenida de Mayo 1370, Piso 1°, Buenos Aires*. Tel. 33-0222/7138.

Federación Argentina de Cooperativas de Crédito Ltda., *Pueyrredon 468, 2° Piso, Buenos Aires (RC 24)*. Tel. 86-6283.

Asociación de Cooperativas Argentinas, *25 de Mayo 35, Buenos Aires*.

Confederación Cooperativa de la República Argentina Ltda. (COOPERA), *Luis María Campos 1558, Buenos Aires*.

Instituto Movilizador de Fondos Cooperativos, *Urquiza 1539, Rosario*.

Australia: Co-operative Federation of Australia, *P.O. Box 347 Canberra City A.C.T. 2601*

Austria: "Konsumverband" Zentralverband der österreichischen Konsumgenossenschaften, *Theobaldgasse 19, A-1061 Vienna VI*. Tel. 57-75-38.

Membership (1972): 582,000; turnover: retail trade: Sch. 8,724 mill. (thereof consumers' societies: Sch. 7,466 mill.; department stores: Sch. 1,203 mill.; other retail trade: Sch. 55 mill.); wholesale society (G.Ö.C.): Sch. 3,394 mill.; own production: consumers' societies: Sch. 1,064 mill.; G.Ö.C. and subsidiaries: Sch. 580 mill.

Österreichischer Verband gemeinnütziger Bau-Wohnungs- und Siedlungsvereinigungen, *Bösendorferstrasse 7/11, 1010 Vienna*. Tel. 65-71-63; 65-13-25.

1972: Affiliated organisations: 277 (comprising 164 societies and 133 associations); membership: 167,737; administered units: 357,241 (of which 156,144 correspond to the societies and 201,097 to the associations; closing balance for 1971: Sch. 56,4 mill. (of which Sch. 25,6 mill. correspond to the societies and Sch. 30,8 to the associations).

Österreichischer Raiffeisenverband, *Seilergasse 16 Vienna 1*. Tel. 52-69-34.

Bangladesh: Bangladesh Jatiya Samabaya Union, "Samabaya Sadan" (1st floor) 9/D-Motijheel Commercial Area, *Dacca 2*. Tel. 255846.

Belgium: Fédération belge des Coopératives (FEBECOOP), *26-28 rue Haute, 1000 Brussels*. Tel. 13-28-60; 11-83-50.

Affiliated consumers' societies: 21; membership: 300,000; turnover (1968): Frs. 4,180 mill.; shops: 1,409; Wholesale society turnover (1968): Frs. 1,272 mill.

Société Coopérative d'Assurances "La Prevoyance Sociale", *P.S. Building, 151 rue Royale, 1030 Brussels*. Tel. 18-80-80.

(1973) Premium Income (in £1,000) (net of reinsurance, inc. foreign business): P. S. Societe Cooperative: 24.500; P.S. Industrial Injury: 1.544; P. S. Reinsurance: 1.955. Other figures (in £1,000): New Life business (1973, inc. foreign business): 111.426; Capital in force 31.12.73 (inc. foreign business): 427.954. No. of policies 31.12.73: Life: 857.075; Accident: 314.662; Fire—misc. 513.136; Others: 25.448; total: 1.710.321.

Fédération Nationale des Coopératives Chrétiennes, *135 rue de la Loi, 1040 Brussels*. Tel. 02735-60-90.

(1973) 1000 traditional shops, 100 specialist shops; turnover: Frs. 1,600 mill. Savings Bank: 1 mill. members; deposits: Frs. 37,000 mill. Insurance Society: 500,000 policy holders; premiums: Frs. 1,245 mill.; reserves: Frs. 3,626 mill.

L'Economie Populaire, *30 rue des Champs, 5300 Ciney (Namur)*. Tel. 228-01.

Branches (1970): 466; membership: 98,456; turnover: F.B. 1,319,000,000; savings deposits: F.B. 380 mill. + 340 mill. CEP (Private Savings Bank, Ltd.); capital and reserves: F.B. 208 mill.

Inspection General des Services Agricoles Coopération. *33 rue de Sélys 4370 Wareme*.

OPHACO (Office des Pharmacies Coopératives de Belgique), *602 Chaussée de Mons, Anderlecht-Brussels 7*. Tel. 22-56-90.

Union of 26 co-operative societies owning (in 1972) 473 pharmacies, 63 optical departments, 6 drug stores, 14 wholesale depots. Turnover (1972): Frs. 3,469.3 mill. Surplus distributed to 544,000 members: Frs. 137 mill.

Bulgaria: Central Co-operative Union, *Rue Rakovski 99, Sofia*. Tel. 7-83-11; 8-03-11.

Cameroon: West Cameroon Co-operative Association Ltd., *P.O. Box 135, Kumba, Meme Division, West Cameroon*. Tel. Kumba 251.

Canada: Co-operative Union of Canada, *111 Sparks Street, KIP 585 Ottawa 4, Ont.* Tel. 232-9657.

A federation of English-language co-operative organisations, organised in 1909.

Conseil Canadien de la Coopération, *Case postale 58, Station N, Montréal 129*. Tel. 866-8048.

Ceylon: See "Sri Lanka".

Chile: Cooperativa Sodimac Ltda., *Casilla 3110, Santiago de Chile*. Tel. 734023.

Cooperativa de Empleados Particulares Ltda., *Teatinos 610, Casilla 424, Santiago de Chile*. Tel. 82935.

Instituto de Financiamiento Cooperativo, IFICOOP, Ltda., *Agustinas 853, Oficina 547, Casilla 1118, Santiago de Chile*. Tel. 398253.

Unión Cooperativa de Seguros (Ucoseg) Ltda., *Moneda 1040, of. 704-705, Santiago de Chile*. Tel. 81295; 65100.

Unión de Cooperativas de Consumo y Servicios de Chile Ltda. ("U-Coop"), *Agustinas 1141, 7° Piso, Casilla 14439, Santiago de Chile*. Tel. 715256.

Colombia: Cooperativa Familiar de Medellín Ltda., *Calle 49, No. 52-49, Medellín*. Tel. 45-00-55; 41-71-13; 41-53-78.

Instituto Nacional de Financiamiento y Desarrollo Cooperativo (Financiacoop), *Carrera 13, No. 27-00, Edif. Bochica, piso 2°, Int. 9, Aptdo Aéreo 12242, Bogotá*. Tel. 81-06-00.

Cyprus: Co-operative Central Bank Ltd., *P.O. Box 4537, Nicosia*. Tel. 62921; 62677; 63311.
Cyprus Turkish Co-operative Central Bank Ltd., *P.O. Box 1861, Nicosia*. Tel. 4257.

Vine Products Co-operative Marketing Union Ltd., *P.O. Box 314, Limassol*. Tel. 2331; 2872; 4582.

Czechoslovakia: Ustredni Rada Druzstev, *Tesnov 5, 11006 Prague 1*. Tel. 621-54; 647-51.

Denmark: De samvirkende danske Andels-selskaber (Andelsudvalget) (The Central Co-operative Committee of Denmark), *Vester Farimagsgade 3, DK-1606 Copenhagen V*. Tel. 12-14-19. Telex: 19297.

Det Kooperative Faellesforbund i Danmark, *Kronprinsensgade 13, 1114 Copenhagen K*. Tel. 12-22-62.

Affiliated societies (1963): 634; total sales: D.Kr. 1,582 mill.; employees: 12,500; comprising consumers', workers', artisans, productive and housing societies, etc.

Faellesforeningen for Danmarks Brugsforeninger (FDB), *Róskildevej 65, Albertslund*. Tel. 64-88-11.

Affiliated societies (1969): 1,742; membership: 839,000; turnover: 4,032 mill. D.Kr.; Wholesale turnover: 2,198 mill. D.Kr.; own production: 741 mill. D.Kr.

Fiji: Fiji Co-operative Union, Registry of Co-operative Societies, Co-operative Department Suva, Fiji.

Finland: Suomen Osuuskauppojen Keskus-kunta (S.O.K.), (Finnish Co-operative Wholesale Society), *Vilhonkatu 7, 00101 Helsinki 10*.

Affiliated societies (1973): 229; membership: 592,000; wholesale turnover: Fmk. 3,104.2 mill.; own production of S.O.K.: Fmk. 438.1 mill.

Yleinen Osuuskauppojen Liitto r.y. (Y.O.L.), (General Co-operative Union), *Vilhonkatu 7, 00101 Helsinki 10*.

Affiliated societies (1973): 229; membership: 592,000; turnover of societies: Fmk. 4,664.4 mill.; total production of affiliated societies: Fmk. 59.2 mill.

Kulutusosuuskuntien Keskusliitto (K.K.), r.y., *P.O. Box 740, 00101 Helsinki 10*. Tel. 10491.

Affiliated societies (1973): 70; membership: 580,470; turnover of societies: Fmk. 2,934 mill.

Keskusosuusliike O.T.K. (Central Co-operative Society) O.T.K., *P.O. Box 120, 00101 Helsinki 10*. Tel. 750731.

Affiliated societies (1973): 70; turnover: Fmk. 2,080 mill.; own production: Fmk. 646 mill.

Pellervo Seura, Central Organisation of Farmers' Co-operatives, *Simonkatu 6, P.O. Box 77, 00101 Helsinki 10*. Tel. 602066.

Affiliated organisations (1973): 9 central organisations; 886 societies.

Pohja Yhtymä, *Runeberginkatu 5, 00101 Helsinki 10*.

France: Fédération Nationale des Coopératives de Consommateurs, F.N.C.C., *89 rue la Boétie, 75008 Paris*. Tel. 225-99-98.

Affiliated societies (1970): 315; membership: 3,400,000; shops: 8,300; turnover: NF. 6,100 mill.

Société Générale des Coopératives de Consommation, *61 rue Boissiere, 75016 Paris*. Tel. 553-88-22.

Confédération Générale des Sociétés Coopératives Ouvrières de Production, *88 rue de Courcelles, 75008 Paris*. Tel. 622-07-81/2.

Banque Française de Crédit Coopératif, *88 rue de Courcelles, 75008 Paris*. Tel. 227-48-03.

Confédération Nationale de la Coopération, de la Mutualité et du Crédit Agricoles, 129 Bd. St. Germain, 75006 Paris. Tel. 033-93-31.

Caisse Nationale de Crédit Agricole, 91-93 Boulevard Pasteur, 75015 Paris. Tel. 273-90-00.

Fédération Nationale des Sociétés Coopératives d'Habitation à Loyer Modéré (H.L.M.), 20 rue de Richelieu, 75001 Paris. Tel. 266-4520.

Confédération des Coopératives de Construction et d'Habitation, 23 rue du Dome, 92100 Boulogne.

Confédération des Organismes de Crédit Maritime Mutuel, 18 bis, Avenue Hoche, 75008 Paris. Tel. 267-14-50.

Gambia (The): Gambia Co-operative Union Ltd., P.O. Box 505, Bathurst. Tel. 581.

German Democratic Republic: Verband der Konsumgenossenschaften der DDR, Stresemannstrasse 128, 108 Berlin. Tel. 22-04-81. (1973) Affiliated Societies: 198; Members: 4,196,349; Shops: 32,000 Turnover: 25,8 Milliard Mark.

Federal Republic of Germany: Bund deutscher Konsumgenossenschaften G.m.b.H., Besenbinderhof 43, (2) Hamburg 1. Tel. 284-4001. Affiliated societies (December 1969): 115; membership (end of 1969): 2,235,000; turnover (1969): D.M. 4,827 milliards.

Co op Zentrale A.G., Besenbinderhof 43, (2) Hamburg 1. Tel. 284-4310. Total turnover incl. subsidiaries (1969): D.M. 2,462 milliards.

Gesamtverband gemeinnütziger Wohnungsunternehmen e.V., Bismarckstrasse 7, 5000 Cologne 1. Tel. 52-31-81.

Volksfürsorge Lebensversicherung Aktiengesellschaft, An der Alster, (2) Hamburg 1.

Volksfürsorge deutsche Sachversicherung Aktiengesellschaft, Steinstrasse 27, (2) Hamburg 1.

Deutscher Raiffeisenverband e.V., Adenauerallee 127, 53 Bonn. Tel. (0-22-21) 1061.

Ghana: Ghana Co-operative Council Ltd., P.O. Box 2068, Accra.

Greece: Pan-Hellenic Confederation of Unions of Agricultural Co-operatives, 2 Kefallinias Street, Athens 802.

Guyana: Guyana Co-operative Union Ltd., Ministerial Buildings, High Street and Brickdam, Georgetown.

Haiti: Caisse Populaire Dominique Savio, 57 Rue Rigaud, Pétion-Ville.

Hungary: National Council of Consumers' Co-operative Societies (SZOVOSZ), Szabadság tér 14, Budapest V. Tel. 113-600; 112-800.

National Council of Industrial Co-operatives, OKISZ, Postafiók 172, 1143, Budapest 70. Tel. 188-800; 188-806.

National Co-operative Council, P.O. Box 616, H.1373 Budapest V. Tel. 113-600; 112-800.

National Council of Agricultural Co-operatives, Akadémis ucta 1-3, Budapest V. Tel. 113-600; 112-800.

Iceland: Samband Isl. Samvinnufélaga, P.O. Box 180, Samband House, Reykjavik. Tel. 17080.

India: National Co-operative Union of India, B-125, Sarvodaya Enclave, New Delhi Tel. 110017.

Indonesia: Dewan Koperasi Indonesia, 28 Jalan Djenderal Soedirman, Djakarta. Tel. 581400

Iran: Sepah Consumers' Co-operative Society, Avenue Amir-abad shomali, Iran Novin corner, Teheran. Tel. 636001/2/3.

Credit and Housing Co-operative Society of Iran, 20-22 Shahabad Avenue, Teheran.

Central Organisation for Rural Co-operatives of Iran, 357 Pahlavi Avenue, Teheran. Tel. 64210.

Consumers' and Services Co-operative Society for the Ministry of Labour and Social Affairs Employees, Ministry of Labour and Social Affairs, Teheran.

Irish Republic: Irish Agricultural Organisation Society Ltd., The Plunkett House, 84 Merrion Square, Dublin 2. Tel. 64783/4-6.

National Organising and Advisory Body for Agricultural Co-operatives. Affiliated organisations: 341; membership: 162,249; turnover (1971): £335,014,154.

Co-operative Development Society Ltd., 35 Lower Gardiner Street, Dublin.

Israel: General Co-operative Association of Jewish Labour in Eretz-Israel "Hevrat Ovdim" Ltd., P.O.B. 303, Tel-Aviv. Tel. 46111-35. Affiliated societies and companies (1963): 1,855 in all branches.

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"Haikar" Audit Union of Agricultural Societies of the Farmers' Federations in Israel, *8 Kaplan Street, P.O.B. 209 Tel-Aviv*. Tel. 250881.

"Bahan" Audit Union of Agricultural Co-operative Societies in Israel, *47 Nachmani Street, P.O.B. 622, Tel-Aviv*. Tel. 614933.

Italy: Lega Nazionale delle Cooperative e Mutue, *Via Guattani 9, 00161 Rome*. Tel. 868-141/2-4.

Confederazione Cooperative Italiane, *Borgo Santo Spirito 78, 00193 Rome*. Tel. 653-875; 565-605; 565-614.

Associazione Generale delle Cooperative Italiane *Via Belluno 16, 00161 Rome*. Tel. 859198 857096.

Japan: Nippon Seikatsu Kyodokumiai Rengoka (Japanese Consumers' Co-operative Union), *1-13, 4-chome, Sendagaya, Shibuya-ku, Tokyo*. Tel. Tokyo (404) 3231.

Zenkoku Nogyokyodokumiai Chuokai (Central Union of Agricultural Co-operatives), *8-3, 1-chome, Otemachi, Chiyoda-ku, Tokyo*.

Zenkoku Gyogyo Kyodokumiai Rengokai (National Federation of Fisheries Co-operative Associations), *Co-op Building, 7th floor, 1-12 Uchikanda 1 chome, Chiyoda-ku, Tokyo 101*.

National Federation of Forest Owners' Co-operative Associations, *Co-operative Building, 8th Floor, 1-12 1 chome Uchikanda, Chiyoda-ku, Tokyo 101*.

Norin Chukin Bank (Central Co-operative Bank for Agriculture and Forestry), *8-3 1 chome Otemachi, Chiyoda-ku, Tokyo*.

Jordan: Jordan Co-operative Organisation, *P.O.B. 1343, Amman*. Tel. 23101/3.

Kenya: Kenya National Federation of Co-operatives Ltd., *P.O.B. 49768, Nairobi*. Tel. 21487; 32106/7.

Korea: National Agricultural Co-operative Federation, *75, 1st Street, Chung-Jong-Ro, Sodaemun-ku, Seoul*. Tel. 73-0021; 75-2681.

Malaysia: Co-operative Union of Malaysia Ltd., *Peti Surat 817, Kuala Lumpur*. Tel. 23903.

Co-operative Central Bank Ltd., *29 Leboh Ampang, P.O. Box 685, Kuala Lumpur*. Tel. 26531/4.

Co-operative Bank Malaysia Ltd., *140 Jalan Ipoh, Peti Surat 1024, Kuala Lumpur*. Tel. 299677; 299679.

Sarawak Co-operative Central Bank Ltd., *Kuching, Sarawak*.

Malaysian Co-operative Insurance Society Ltd., *36 Jalan Ampang, P.O. Box 817, Kuala Lumpur*. Tel. 87915/6.

Angkatan Kerjasama Kebangsaan Malaysia Berhad (ANGKASA), *Jalan Templer: Petaling Jaya, Selangor*.

Federation of Housing Cooperatives, *Bangunan CCB, 29 Leboh Ampang, Kuala Lumpur*.

Malta: Farmers' Central Co-operative Society Ltd., *New Building, Middleman Street, Marsa*. Tel. Cent 24896.

Mauritius: Mauritius Co-operative Union, *Co-operation House, Dumat Street, Port Louis*. Tel. 822.

Netherlands: Dutch Federation of Workers' Productive Co-operative Societies, *Nieuwe Gracht 5, Utrecht*. Tel: 331 331 *

Nigeria: Co-operative Union of Western Nigeria, Ltd., *c/o Co-operative Buildings, New Court Road, Ibadan, P.M.B. 5107*. Tel. 24399; 24446.

Lagos Co-operative Union Ltd., Co-operative Office, *147 Yakubu Gowon Street, Lagos*. Tel. 58920/85.

Mid-Western Nigeria Co-operative Federation Ltd., *Private Mail Bag 1021, No. 4 Murtala Mohammed Road, Benin City, Mid-Western State*. Tel. 594.

Norway: Norges Kooperativ Landsforening, *Revierstredet 2, Post Box 451, Sentrum, Oslo 1*. Tel. 20-62-90. Telex: 19 540 H.O.

Affiliated societies (1973): 720; membership: 430,000; turnover of local societies: N.Cr. 3,900 mill.; of NKL N.Cr. 1,500 mill.

Norske Boligbyggelags Landsforbund (NBBL), *Trondheimsveien 84-86, Oslo 5*. Tel. 37-29-70.

Pakistan: West Pakistan Co-operative Union Ltd., *11 Masson Road, P.O.B. 905, Lahore*. Tel. 54203.

Karachi Central Co-operative Bank Ltd., *14 Laxmi Building, Bunder Road, Karachi 2*. Tel. 36185.

Karachi Co-operative Housing Societies' Union, *Shaheed-e-Millat Road, Karachi 5*. Tel. 40244.

Karachi Co-operative Union Ltd., *Co-operative House, Shaheed-e-Millat Road, Karachi 5*. Tel. 230289.

Fishermen's Co-operative Society Ltd. (FISCOS), *Fish Harbour, West Wharf Road, P.O. Box 5328, Karachi*. Tel. 229101; 224457.

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Peru: Cooperativa de Seguros del Perú Ltda., No. 170, *Maximo Abril 552, Lima*. Tel. 46769.

Banco Nacional de las Cooperativas del Perú Ltda., *1 Av. Tacna 411, Apartado 4895, Lima*. Tel. 276569.

Philippines: Central Co-operative Exchange Inc., *P.O.B. 1968, Manila*. Tel. 7-60-09.

Grains Marketing Co-operative of the Philippines "Gramacop" Inc., *107-D Arellano Street, Calocan City*. Tel. 23-91-40.

Filipino Cooperative Wholesale Soc. Inc., *P.O. Box 4439, Manila*.

Poland: Central Agricultural Union of "Peasant Self-Aid" Co-operatives, *Kopernika 30, Warsaw*. Tel. 26-39-69; 26-10-81.

Central Union of Building and Housing Co-operatives, *Ul. Marchlewskiego 13, Warsaw*. Tel. 20-90-29.

"Spolem"—Union of Consumer Co-operatives, *Grazyny 13, Warsaw*. Tel. 45-32-41.

Central Union of Work Co-operatives, *Surawia 47, Warsaw*. Tel. 28-51-86.

Supreme Co-operative Council, *Ul. Jasna 1, Warsaw*. Tel. Warsaw 26-72-21; 27-13-26.

Portugal: UNICOOPE - *Avenida da Boavista, 3292 Porto*.

Puerto Rico: Co-operative League of Puerto Rico, *458 Fernando Calder, Apartado 707, GPO San Juan*. Tel. 764-2727.

Romania: Uniunea Centrala a Cooperativelor de Consum, "Centrocoop", *Strada Brezoianu 31, Sectorul 7, Bucharest*. Tel. 16-00-10; 13-87-31. 1969/70: Associated 1,728 Consumers' Co-operatives in 39 District Unions; membership: 7 mill.; 28,000 retail shops; of which 8,100 public catering units; 7 processing and marketing enterprises; 18 production enterprises; 17 building enterprises; 20,400 servicing units; 18 educational centres.

Central Union of Handicraft Co-operatives, "UCECOM", *46, Calea Plevnei Street, Sector VII, Bucharest*. Tel. 13-16-48.

Uniunea Nationala a Cooperativelor Agricole de Productie, "Uncap", *25 Bd. Gheorghe Gheorghio-Dej, Bucharest*.

Singapore: Singapore Co-operative Union Ltd., *Post Box 366; Office and Library: 3-J/K Clifford House, Singapore 1*.

Sri Lanka: National Co-operative Council of Sri Lanka, *P.O. Box 1669, Co-operative House, 455 Galle Road, Colombo 3*. Tel. 85496.

Sweden: Kooperativa Förbundet, *S-104 65 Stockholm 15*. Tel. International: 46-8-449560; National: 08-44-90-60.

Affiliated retail societies (1972): 210; membership: 1.7 mill.; total turnover of consumer societies: Kr. 9,211 mill.; turnover of K.F.: Kr. 7,387 mill. (thereof Kr. 5,044 correspond to affiliated consumer societies); K.F.'s own production: Kr. 3,489 mill.; total capital (shares, reserves and surplus) of K.F.: Kr. 1,124 mill.; of affiliated consumer societies: Kr. 1,271 mill.

HSB:s Riksförbund ek. för., *Fack, S-100 21 Stockholm 18*. Tel. 54 05 40.

Affiliated building societies (1974): 88; membership: 339,992; No. of completed units: 347,871; production value: Kr. 18,921 mill.

Svenska Riksbyggen, *Hagagatan 2, P.O. Box 19015, S-104 32 Stockholm 19*. Tel. 34-05-20.

Folksam Insurance Group, *Folksam Building, Stockholm 20*. Tel. 22-01-00.

Lantbrukarnas Riksförbund, *S-105 33 Stockholm 3*. Tel. 14-16-00.

Kooperativa Gilleförbundet, *S-104 65 Stockholm 15*. Tel. (08)44-90-60; (08)44-95-60.

Switzerland: Coop Schweiz, *Thiersteinerallee 14, CH 4002 Basle*. Tel. (061)35-50-50.

Affiliated organisations (1972): 186; retail outlets: 1,938; membership: 897,054; Coop total turnover: Fr. 4,135 mill.; Coop retail turnover: Fr. 3,463 mill.; Coop Schweiz wholesale turnover: Fr. 2,086 mill.

Verband sozialer Baubetriebe, c/o SBHV., *Sihlpostfach, Zürich*.

Genossenschaftliche Zentralbank, *Aeschenplatz 3, CH 4002 Basle*. Tel. (061) 23-84-00.

CO-OP Lebensversicherungs-Genossenschaft Basel, *Aeschenvorstadt 67, CH 4002 Basle*.

Tanzania: Co-operative Union of Tanganyika Ltd., *National Co-operative Building, P.O. Box 2567, Dar-es-Salaam*. Tel. 23077; 23344; 23347.

Thailand: Co-operative League of Thailand, *4 Pichai Road, Dusit, Bangkok*. Tel. 811414.

Turkey: Türk Kooperatifçilik Kurumu (Turkish Co-operative Association), *Mithatpasa Caddesi 38, Yenisehir, Ankara*. Tel. 12-43-73.

Uganda: Uganda Co-operative Alliance, *P.O.B. 2215, Kampala*. Tel. 56984/6.

U.S.S.R.: Central Union of Consumers' Co-operative Societies of the U.S.S.R., "Centrososyus", B. Ilyinka B, *Tcherkassky per no. 11517, Moscow.* Tel. 221 7253.
Consumers societies (1970): 14,868; members: 59,637 mill.; shops: 369,700.

United Kingdom: Co-operative Union Ltd., *Holyoake House, Hanover Street, Manchester M60 0AS.* Tel. 061-834 0975.

Affiliated retail societies (1971): 303; membership: 11.3 million; share capital: £142 million; retail sales: £1320, million.

Co-operative Wholesale Society Ltd., *P.O.B. 53, New Century House, Corporation Street, Manchester M60 4ES.* Tel. 061-834 1212.

Co-operative Insurance Society Ltd., *Miller Street, Manchester 4.* Tel. 061-832 8686.
Assets (1964). £369 mill.

Co-operative Bank Ltd., *P.O. Box 101, New Century House, Manchester M60 4ES.* Tel. 061-834 8687.

Plunkett Foundation for Co-operative Studies, *31 St. Giles, Oxford OX1 3LF.* Tel. 0865-53960.

Uruguay: Centro Cooperativista Uruguayo, *Dante 2252 Montevideo.* Tel. 41-25-41; 40-90-66.

U.S.A.: Co-operative League of the U.S.A., *1828 L Street, NW, Washington, D.C. 20036.* Tel. (202) 872-0550.

Yugoslavia: Glavni Zadruzni Savez FNRJ, *Terazije 23/VI, Belgrade.* Tel. 30-947/9.

Zaire: Centrale Générale des Coopératives Angolaises, *B.P. 6039, Kinshasa 1.*

Zambia: Zambia Co-operative Federation Ltd., *P.O. Box 3579, Lusaka.*

INTERNATIONAL ORGANIZATIONS

Organization of the Cooperatives of America, *Baltazar La Torre 1056, San Isidro, Lima, Peru* (POB 4657 Correo Central).


Nordisk Andelsforbund (Scandinavia), *3 Axel-torv 1609 Copenhagen V, Denmark.* Tel. 15-15-33.

International Co-operative Bank Co. Ltd. (INGEBA), *Dufourstrasse 54, P.O.B. 243, CH 4010 Basle, Switzerland.* Tel. 23-58-27.

International Co-operative Petroleum Association, *28 West 44th Street, New York, N.Y. 10036, U.S.A.* Tel. LA 4-4455.

Sociedad Interamericana de Desarrollo y Financiamiento Cooperativo (SIDEFCOOP), *Casilla de Correo 4311, Buenos Aires, Argentina.*

International Co-operative Housing Development Association (ICHDA), *1001-15th Street, N.W., Washington D.C. 2005.* Tel. 202-737-3420.



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