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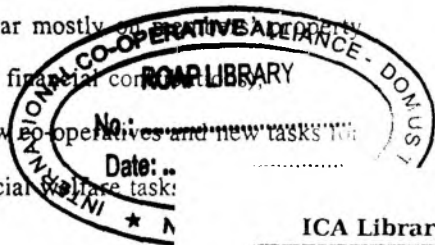
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FOREWORD

This ICA Co-operative Research Seminar in Cracow is the third one during the 90 ties that much has focused on co-operative development in post communist countries. It is natural, since the on-going transformation from a planned economy into some type of a market economy is continuously facing co-operatives with more deep-going challenges then ever in the modern history. In fact the challenges are about no less that to create new co-operative identity for the future.

It then goes without saying that seminars like this cannot be expected to be more than introductory contributions and approaches to the development of proper theories. We have the ambition to start to identify the main critical issues and to discuss experiences from co-operative development in countries with longer tradition of market economy in relation to the now experienced problems in the post communist countries. And we might say that these seminars have taken us some steps forward in accordance with these ambitions. The Cracow Seminar mainly focused on four themes within the overall perspective of "Co-operative Development Strategies":

- * the federative organization (especially governance, distribution of functions and financing);
- * membership aspects (in this seminar mostly on financial cooperation, rights, member mobilization and members' financial contribution);
- * local and regional development (new co-operatives and new tasks for co-operatives, community development, social welfare task);



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* co-operative principles (proper principles for the future).

On these themes we as usual had papers, introductions and discussions (see the list below). We also had possibilities to discuss with some special invited persons for the overall perspective: the Polish Minister of Finance (and Deputy Prime Minister), mr Grzegorz Kolodko, and the President of the ICA, mr Lars Marcus. Some of the papers are presented in this proceeding report, some are published in other publications and some are only available in other languages than English. We are not going to report on the discussions here; as a general impression, however, one may say that it became a very active seminar, much more then time permitted. This was especially true about the federative principle and its practices, quite natural since this principle with practices are hotly debated in the re-organization strategies within many of the post communist countries.

These seminars are, as said, only starting points in a process towards useful co-operative theories for these transformations into a market economy, a new comprehensive issue in modern co-operative history without much experiences and previous answers. These seminars provide some "raw material" for this process in order to become refined through combinations of theory and practice. We are only in the beginning of such a process and it is, among other things, a crucial task in that context to step by step build up contacts between co-operative researchers and research interested co-operators.

As chairman of the ICA Research Committee I will express my and the participants sincere thanks to the hosts and the organisers - The Polish Co-operative Research Institute when it comes to the Cracow seminar - for making it possible for us to meet and to take some steps forward to an international co-operative research community.

Sven Åke Bööck

Chairman of the ICA Research Committee



Sven Åke BÖÖK

CO-OPERATIVE PRINCIPLES BEFORE THE FUTURE

Some observations and reflexions from the on-going reconsiderations.

The ICA and the member organisations round the world are, as we know, for the time being reviewing their basics. The intention is, among other things, to be ready for decisions at the congress in Manchester in September next year. The final phase of the work is co-ordinated by Ian MacPherson, former president of the Canadian co-operative union and professor in history at Victoria university in Canada, together with a small committee. He will deliver a recommending report about a revised set of ICA Co-operative Principles and an ICA Co-operative Charter, the latter serving as an explanation of the basics and their relevance for the future.

This paper is intended to encourage contributions to his work. A preliminary draft of his proposal about revised principles is found in app. 1.

1. A period of reconsideration.

Looking back at the history we can observe that the ICA has paid much attention to the basics since the start. In fact it has belonged to the main tasks of the ICA and the ICA Principles have been a main instrument for that. Those principles have served this purpose in many ways. They have been

looked upon as.

- 1) Instruments to promote and defend the co-operative identity.
- 2) Basic characteristics of the co-operative system.
- 3) Basic long term guidelines for co-operative organising.
- 4) Rules for co-operative practices.
- 5) Symbols of Co-operation.

The main importance of them have always been connected to 3). Most probably, however, 1) and 2) are becoming increasingly relevant in the future as guidelines for legislation and for co-operative relations to states, governments and public authorities. Concise, significant and world wide accepted ICA Principles might help to promote a co-operative identity in such contexts.

1.1. The crisis of identity.

The on-going review may be said to have been initiated by the report of Alex Laidlaw in 1980. He then observed, among other things, a tendency to increasing problems with the co-operative basic identity; yes, he even characterised the situation for parts of the world co-operative sector as one of crisis of identity. Co-operative organisations have tended to use other principles than the co-operative ones and/or to loose their co-operative orientation in the eyes of both their members and the society at large. In other words, as he concluded in connection to the principles: "There is a tendency to raise practices to the level of principles instead of identifying the principles themselves".

His report was followed up by various contributions during the 1980's, and the more formal starting point for the review was decided in connection to the report by Lars Marcus at the congress in Stockholm 1988. I then got the task to carry forward and co-ordinate the further reconsideration and delivered a report to the congress in Tokyo 1992. So, now the co-operative world waits for the report by Ian MacPherson.

There have been objections and critical opinions saying that this period of reconsideration has been too lengthy. "This is a waste of time. There are more important things to do". I do not agree at all with such objections and opinions. On the contrary, I will say, it is crucial for co-operative organisations, above all in the global perspectives, to spend time to develop a framework for the understanding of their basics. That is especially true since the problems of identity together with unusually basic challenges, more than Alex Laidlaw ever could have anticipated, have characterised the passed decade of development. In such periods it is more urgent, than ever to carefully reconsider the basics of the co-operative system, to currently explore their relevance in the contemporary society, to explain the alternative possibilities for co-operative organising and to raise the consciousness about them.

1.2. Consent for healthy dialectics.

What about the results of this process of reconsideration?

So far, as I have observed it from my various points of views, it has carried out a fairly good and renewed consent about the main basics of the co-

operative system among co-operative organisations round the world. One may say that there are at least "congress accepted views" on the value premises and the fundamental principles "behind" the various co-operative practices (1):

- 1) The original values, ideas and purposes. (These might be called "**goal principles**").
- 2) The fundamental aspects on how to build and develop co-operative organisations. (These might be called "**strategy principles**").
- 3) The basic rules that should characterise the structure of co-operative organisations in order to carry out 1) and 2). (These might be called "**structure principles**").

There are certainly nuances among the views, even differing and conflicting perspectives to some extent. And of course, when considered in relation to the practices, these basics cannot be more than **long term guidelines** for the development in the various parts of the world. But hopefully the process of reconsideration has carried forward an improved and renewed platform for healthy dialectics, as the basics of the identity are transformed into practice in the years to come.

2. Basics of the co-operative system.

Just to remind about the contents of the above mentioned basics, as they have been fairly good agreed on by the Tokyo Congress.

2.1. The goal Principles.

Turning firstly to the goal principles, we can observe that it was again confirmed that the co-operative system rests on some values, ideas and ideals, which in the beginning and the middle of the last century inspired the co-operative pioneers. That is especially true about the values of equality, equity and selfhelp. The latter is often expressed as solidaric or mutual selfhelp in order to underline the co-operative view on this value as distinguished from other views.

The co-operative system aims to satisfy the economic, social and cultural needs of common people and intends to do that in such a way that it contributes to move the community at large closer to these values. In many parts of the world this implies a work for human emancipation within the dominating systems, carried out with the ambition to demonstrate the values in the current practice. We can also in this context observe that the co-operative basics include ideas about honest, responsible and mutual relations between humans (the idea of "homo co-operativs") in opposite to the calculating, selfish and competing relations, included in the usual concept of economic man (the idea of "homo economicus").

Sometimes those values, ideas, and so on, are considered as "eternally

imbedded" in the co-operative system. As pure concepts that may be true. Considering them in the reality, however, they cannot be more than "raw material" for long term orientation in and for the co-operative process of development. They must continually be recreated and refined of every generation by being expressed in terms of the contemporary society.

2.2. The strategy principles.

Turning to the second category of the basics, we find the interpretations and derivations of the former mentioned values, and so on, into strategy principles for viable co-operatives, based on experiences in reality. The introduction of such principles might be said to be the greatness of the organisational pioneers from the last century, when they managed to transform the utopian ideals and experiments into solid principles for the practices. The relevance and the validity of most of them have also been confirmed by the history since then.

Expressed as guidelines these principles state that viable co-operatives should use a long term orientation for their organising, implying that co-operatives:

- * establish themselves as voluntary and open associations of persons;
- * develop their activities for the needs and wishes of the members, consistent with a responsibility for the community;
- * apply methods for democratic management, control and participation;
- * emphasise the necessity that members are the users, the owners and the decision makers of the co-operatives (the unity aspect);

- * use methods for a fair distribution among members (or in accordance with their decisions) of the benefits from the activities;

- * search for ways to develop and maintain autonomous and selfreliant relations to other organisations, states and governments;

- * provide conditions for education, training and formation of members and for the community at large in co-operative matters;

- * serve for stability and continuity by building up (indivisible) long term capital (reserve) funds;

- * maintain a base in the local community;

- * expand and carry out the activities in co-operation with other cooperatives;

By applying these principles, within a spirit and framework of the goal principles, co-operative organisations are expected to enter a **process of development** that will promote the aims and purposes. And of course, what was said above about the goal principles are equally valid also for these: the essential aspects of the strategy principles must all the time be recreated and reproduced in terms of the contemporary society in order to maintain the co-operative character.

2.3. The structure principles.

Finally the structure principles (or perhaps the rule principles). There are many such principles used since the beginning, and still in use. It would be easy to present a long list of them, but I will not use space for such a list in this paper. Instead compare for instance the list of the rules from the

famous Rochdale society or in the statutes and programmes of action of many co-operatives to-day.

However, we can see from theory and practice that it is possible to derive rules for each of these strategy principles (2). Some of these rules have been considered, confirmed by practice, as having a more eternal and universal in character, for instance the rule of "one person, one vote" for the implementation of democratic management, while others have been more temporary and specific, connected to the situation and the conditions for development of the type of co-operative.

Universal or temporary, they certainly must be consistent with the co-operative strategy principles. If these rules too much are derived from other strategy principles, for instance from principles of capital or state organisations, co-operative practices will face troubles of identity sooner or later. And consequently, troubles also with their economic efficiency in the longer run.

2.4. A variety of perspectives in practice.

The congress based consent for these basics should be understood as an agreement on **general guidelines**, in harmony with the various existing co-operative perspectives of development round the world. It is not realistic to expect more. Because looking at the world co-operative movement in later decades, reflected in the membership of the ICA, we can observe that the picture is much changed. ICA has without doubt become more heterogenous. Gone are the times when the ICA was dominated by european consumer co-

operatives and their perspectives on co-operative development. Instead there is mixture of perspectives, among other things connected to the types and branches of co-operatives, to the age of co-operatives, to the conditions for co-operative development and to ideological backgrounds contexts.

There are still quite comprehensive perspectives about great co-operative contributions to the community at large, for instance about "schools of democracy" about "instruments for human emancipation and resource mobilisation", about "counter valuing and correcting powers" in (capital) market systems, etc. At the same time, there are quite restricted perspectives, within which the social and community oriented aspects on the goal principles have been turned down or have become sleeping in the background. There has been an increased concentration to economic perspectives, within which co-operative organisations have defined themselves as enterprises and companies, rather than as movements of people. Some co-operative organisations have even for quite long periods defined themselves within defensive perspectives of economic survival in the rapidly changing surroundings.

It goes without saying that these various perspectives imply a variety of priorities of the basics and hierarchies of values. Though, as said, in spite of this it has been possible to obtain congress based acceptance on main aspects of the basics. But there are potential conflicts in the background.

2.5. Conflicting perspectives.

I have especially observed such conflicts in relation to the values/principles of social and community responsibility. Some organisations,

co-operators and co-operative researchers want to keep a very low profile in relation to these values. Some even want to exclude them totally from the basics, referring to a restricted interpretation of the self-help character. Many co-operators cannot agree on that, and I belong to those as I have explained in my report (pages 187-192). I understand the problems, but social and community responsibility is built in into the co-operative system and constitutes much of the motives to why co-operatives have been formed, and still are formed, in many parts of the world. This is also imbedded in the very concept of Co-operation as a "movement of people". For the long term future this is crucial.

Another conflicting perspectives are those originating from the basics of equality and equity. Some interpretations of equity, and the recommendations of methods considered as necessary to obtain that value, have lead to the conclusion that equality can any longer be included in the co-operative basics (3).

I cannot enter the whole of that in this paper. However it is concluded from some research works, as well as in some practices, usually with reference to the more heterogenous membership, and to the need to raise capital, that members should be "rewarded" in accordance with their contributions. (A "contribution" perspective on equity, so to speak). So, for instance, large members should have better conditions for the services of the co-operative (since the costs to serve them are less) and should also have a good direct rate of return on their capital investments. And furthermore, in some conclusions and practices, they should even have more voting power.

All this, basically, in order to make them stay in the co-operative and to obtain economic efficiency (3).

This is mostly discussed with respect to producer co-operatives, above all to large agriculture co-operatives (especially in USA). And certainly, this is already to quite an extent practised at secondary levels of many types of co-operative organising. But to start to use such interpretations of the basics also at the primary levels? Certainly, that would be a break with fundamental aspects of co-operative basics. (Compare my comments in the report to Tokyo, chapter V).

In the latest draft (appendix 1) Ian MacPherson has included a new principle about "community responsibility". I have also seen from the development of his drafts that he obviously have had some problems to handle the value of equality. So, at the congress in Manchester we can probably expect some conflicts about these aspects on the principles perhaps also on those aspects of the charter (I have not seen the latter yet).

3. Perspectives for "essential" principles.

Now MacPherson is faced with the task to suggest the "essential" aspects of the basics, especially expressed as "essential" ICA Principles, explained in the Co-operative Charter.

What should then be meant by "essential"? As I see it that must be derived from a combined judgement about the basics, the experiences of those basics in reality and the relevance of them for the future. In other words from

a perspective about what is essential to reproduce, recreate and refine for future co-operative development.

3.1. Congress based perspectives.

This is certainly a delicate task, taking in regard the above mentioned variety of perspectives. On the other hand Ian MacPherson is not without help from the on-going process of reconsideration; there have been some congress based consents also about this:

- 1) The "Laidlaw priorities" from 1980: Co-operatives for
 - * feeding a hungry world (food production and distribution)
 - * for productive labour,
 - * for the conservationist society (environmental protection),
 - * for building community networks.

These are still living in the minds of co-operators, I have noticed.

- 2) The recommendation about basic values by Lars Marcus to the Stockholm Congress 1988: (1) democracy, (2) participation, (3) honesty and (4) caring.

Obviously he by these perspective on the basic managed to strike a chord that appealed to consent among world co-operative organisations. The congress unanimously accepted them for the further work; I could also clearly experience this consent in my preparatory work.

- 3) My recommendation of a global perspective to the Tokyo Congress

1992 that elaborated on the two former mentioned and was quite much discussed with co-operative organisations round the world in seminars, bearings, etc. I recommended (here briefly) that co-operatives should consider themselves as organisations that are ready:

- * to carry out their activities for the needs of people,
- * to encourage a participatory democracy,
- * to develop human resources,
- * to take social and ecological responsibility,
- * to co-operate with other co-operative organisations and co-operatively oriented organisations, nationally and internationally.

That was unanimously accepted by the congress, with some nuances. It was called "basic global values". That is not a fully adequate concept, but it coincides with my intention to encourage a process to mobilize a global co-operative identity.

3.2. Members working together.

These congress accepted perspectives are of some help to select "essential" aspects on co-operative basics for the future. Still, however, they may be too wide in character; they have more the character of a framework. There is a need of a more precise perspective as a basis.

With the ambition to identify such a perspective we have to approach the following types of questions: "What makes a co-operative organisation a strong organisation in the long term development? What constitutes the special basic power of co-operatives? What is the basis for the long term co-operative

efficiency?"

There are some various answers to these types of questions during our history and also to-day. Some are carried forward from mostly ideological perspectives, some from mostly economic perspectives. But to make a lengthy story short. There is a main thread behind most of the answers made by conscious co-operators, by co-operative experiences and by co-operative researches: **The special power of co-operatives about a strong and living basis of mutual and solidaric self-help.** Co-operatives are about members working together for common aims. Within and through co-operatives the members pool their individual resources together in order to multiply them and to obtain what they cannot obtain individually. That is the long term basic for co-operative strength!

Such answers have since the beginning of the co-operative history been expressed in many ways, by many concepts and even by many well-known slogans and catch words. They all, however, aim at stressing the character of "members working together", the strategy principle of "unity" and the goal principle of "mutual self-help". And the experiences from reality are univocal: Those co-operative organisations that have managed to build up, to maintain and to develop this basis, those co-operatives have also belonged to the successful co-operatives. It is when and if that basis is neglected, or has become weaker for various reasons, that co-operative organisations start to face troubles, economically, democratically and ideologically.

With efficiently applied principles for the perspective of mutual self-help, the co-operative development will also create good conditions to promote

most of those other perspectives mentioned above. Consequently, the perspective of "mutual selfhelp" should be used as a main perspective and a denominator in order to explain the basics, to emphasise the essential aspects on them and to select the essential principles for the future.

3.3. Theory contexts.

Saying this in a research context we of course ask for the proper theories about how to build up such as basis of mutual self-help, how to maintain it, how to expand it, etc. In other words about how to reproduce the essential aspects of a co-operative development to the perspective of mutual self-help. We can also say, to connect to the issue of the paper, that we need to explain the necessity of, and the connections between, the principles within a theoretical whole from the perspective of mutual self-help.

Actually there are already substantial contributions of this kind, thanks to many co-operative researchers (4). Especially from those who use a "process oriented" approach with the ambition to explain how to reproduce a living organisational culture of "members working together". It would be too pretentious to try to make justice to their contributions in a paper like this, especially about the interrelations, the logic and the mechanisms within the co-operative system. A fair treatment should need to enter the whole of their respective models. However, just some notes from their confusions about prerequisites for a process of working together in order to supplement the expression of basics above, here carried out in a very simple and practical way:

* The voluntary character for the member motivation, involvement and innovative participation.

* The possibilities for members to know each other, or at least about each other, as a group working together.

* The members as subjects and resources. Meaningful opportunities to participate in all the capacities included in co-operative participation.

* Benefits to the members, those the members have decided about, as a current demonstration of the advantages of the co-operative alternative.

* Visions and perspectives for the future orientation, made up by the members. Proper accounting to estimate the progress.

* Equal relations between members in the democratic management and control, as in the access to the services of the society. Fair distribution of benefits among members.

* No interference from outside (central co-operatives, other organisations, states, governments, financial institutions, etc) into the internal and own affairs of the co-operative.

* Open and honest relationship between the members and their society (compare the concept in mode: "transparency").

* Opportunities for members to improve their education, competence and co-operative formation.

* A leadership that understands the basic character of co-operatives.

These simply expressed conclusions from research, of course based on co-operative experiences in practice, imply quite much when it comes to explain the principles and to implement rules (operational and more long term)

for the long term development of the practices in order to reproduce a strong basis of mutual self-help.

3.4. Realistic?

I can hear the objections (certainly I have already heard them, also within myself); but look at the reality! The deep social/economic changes and the large co-operative organisations that have adopted their structures to these changes! Aren't you too far from reality when approaching the principles from this point of view?

This brings us to a crucial question: What (co-operative) reality are we talking about? What reality are we reviewing the principles for? Are we reviewing the principles to quit the partly degenerated co-operative structures from the late 70'ies and the 80'ies (compare the statement of Laidlaw above). Or are we reviewing them for co-operative organisations, older or younger, that seriously are considering ways to maintain and develop themselves according to the basic co-operative identity? Or for those co-operatives that are not yet born?

I see, indeed I do, in the first place those latter categories of co-operatives in my conception of co-operative reality. And in fact, these belong to the majority of the population of co-operatives, existing and potential, when looking at the world around. The first category also need principles, but for the time being mostly principles about a step- to step process of revitalisation. I have observed, however, that some of these have approached revitalisation strategies in the perspective "back to the basics". That is interesting and

encouraging.

4. Implications for essential principles.

Actually I should want to keep all those principles, mentioned as strategy principles above, as "essential" ICA Principles for the future. Of course formulated in other ways. But perhaps that would be too a long list in these contexts.

However, if I have to select, I would suggest principles formulated from the following essential aspects of the basics:

- 1) Association of persons.
- 2) Member promotion.
- 3) Democracy.
- 4) Fair distribution of benefits.
- 5) Education.
- 6) Autonomy (especially with reference to capital formation).
- 7) Community responsibility.
- 8) Co-operation between co-operatives.

Some aspects should be emphasised especially, when formulating these principles in the perspective of mutual self-help: The "unity" aspects should as much as possible permeate the various principles. The principles of "association of persons" and "democracy" should especially pay attention to the importance of women participation, as a critical challenge for the future. In fact women have been, and are, the most active in forming the basis of

mutual self-help, but they are usually not much represented in the democratic structures, neither in the professional management. This is a waste of resources, if I dare say so.

In the principle of democracy it is also crucial for the future to pay attention to the relations between member democracy and employee democracy. This is a much debated issue, and there is quite much of resistance to such a supplement. Nevertheless, there are many interesting potentials in combining these two aspects on democracy. These should be explored in co-operative organising encouraged by an explicit statement in essential principles.

When all comes around this suggestion has a similar structure of principles as the one MacPherson has suggested in his draft (appendix 1).

5. Concluding remarks.

I will conclude this paper by connecting to what many co-operators and researchers have stressed and experienced: "Co-operation and co-operative organising is about a very long term project".

By this I have no intention to enter the discussion in the post communist countries about the shock approach ("the shock therapy") versus the gradual change approach to the transition of the state planned economy into a pluralist market economy. But when it comes to the "thorny way through transition to a fullfledged market economy" (Kolodko 1993) I just want to say, for the reasons discussed above, that one has to be patient when building up co-

operatives expecting results from co-operative development. Because co-operative development is certainly not about a 100 meter race. In such a race co-operatives will belong to the losers. Co-operative development is about a marathon race. And, surely, when co-operatives once have started running, in a co-operative way, they are very hard to beat!

6. References.

In this draft version of the paper I generally refer to the list of references in my report to the Tokyo congress: *Co-operative Values in a Changing World*. ICA Geneva 1992. To these I will add some, directly referred to in this paper:

* **L. Garoyan and P. Mohn:** *Equity versus Equality within Co-operatives*. Working Papers 3, 1984, Centre for co-operative Studies, University College Cork, Ireland.

* **G.W.Kolodko:** *Recession and Growth during Transition to a Market Economy*. Article in M.Ellman, E.Gaidar and G.Kolodko: *Economic Transition in Eastern Europe*. De Vries Foundation, Basil Blackwell 1993.

* **H.Münkner:** *Co-operative Principles and Co-operative Law*. Marburg/Lahn 1974, Reprinted Bonn 1985, Germany.

* **J.Nilsson:** *Den kooperativa likabehandlingsprincipen i omvandling*. (Transl.: The co-operative principle of equal treatment in change). Article in *Kooperativ Årsbok "Kooperativa vägval"* Föreningen Kooperativa Studier

1993. Stockholm/Sweden.

* P.O.Rökholt: *Kooperativa lösningar - Lösningar för framtiden*. (Transl.: Co-operative solutions - solutions for the future?). Lecture (unpublished paper) at the Swedish Co-operative Council 1986.

7. Notes.

1) I have borrowed this classification of the basics into various types of principles from Rökholt 1986. In my report to the Tokyo Congress I used a slightly different classification, built on the concept of "basic values".

2) A good example is found in Münkner 1974/1985 where the basics are classified in general ideas, principles and rules for the practices. For each of the ideas he derives the main corresponding principles and from those main corresponding rules for the particeps.

3) See for instance Jerker Nilsson 1993 and Garoyan/Mohn 1984. I have noticed that some researchers in this context, as Nilsson, are using the assumption that the members are thinking and behaving as an "economic man" in their relations to their co-operative society. They are so to speak maximising their economic output/input ratio in their relations to the society. If they are not satisfied with that relation, in other words if they see better alternatives, they will leave the society (= use the "exit" option). The predictions are dependent on those assumptions.

4) In this paper I just refer to my report chapter IV, notes 5) and 6). There are many researchers in the co-operative field of research with this

"process oriented" perspective on co-operative development who should be mentioned, here just some: P.O. Røkholt, Y. Stryjan, T.Bager, O.Jobring, K.Ilmonen, J.Nilson, V.Pestoff, T.Köppä from Nordic countries and among others K.Vernagen, J.Craig, C.Cronforth, H.Desroches, B.Briscoe from other countries.

APPENDIX I

THE CO-OPERATIVE IDENTITY¹

(Second Draft)

DEFINITION

A co-operative is an autonomous association of persons united voluntarily to meet their common economic and social needs through a jointly-owned and democratically-controlled enterprise.

Co-operatives are joined together locally, regionally, nationally, and internationally in federations, alliances and other joint undertakings so that they can meet member needs most effectively.

VALUES

Co-operatives are based on the values of self-help, mutual responsibility, equality and equity. They practice honesty and transparency in all their activities.

PRINCIPLES

Co-operatives seek to built a better world, pursue their objectives, and

¹ Draft of Ian MacPherson, 28/6 1994.

practice their values by applying the following principles as general guidelines in their activities.

Membership. Membership in a co-operative is voluntary. Within their capacity to admit members, co-operatives are open, without social, political, religious, cultural, or gender discrimination, to all who can contribute to, and benefit from, their activities.

Democracy. Co-operatives are democratic and participatory organisations actively controlled by their members. In primary co-operatives, members enjoy equal voting right, on a "one member, one vote" basis; in co-operatives at other levels, control is exercised in a suitable democratic manner. Men and women elected or appointed by the membership to administer co-operatives, appropriately involve members, managers and other employees in making decisions; they are accountable to the members for their decision and actions.

Equitable Financing. Members contribute equitably to the capital of their co-operative and share in the results of its operation. Usually, at least a portion of co-operative's capital is indivisible, intended to further the long-term purposes for which the co-operative exists. After rewarding capital and labour fairly, members allocate surpluses for any or all of the following purposes; (a) developing the business of the co-operative; (b) providing and improving common services; (c) benefiting members in proportion to their involvement in the co-operative; (d) encouraging the further development of co-operative movement.

Co-operation among Co-operatives. All co-operative organisations, in

order to best serve the interests of their members and their communities, actively cooperate in every practical way with other co-operatives at local, national, and international levels.

Autonomy. Co-operatives are autonomus, mutual-help, organisations controlled by their members within existing legal frameworks. If they enter into agreements with governments and other organisations, they do so freely and terms on that will ensure their autonomy.

Service. Co-operatives are committed to providing the best possible quality services and products in a prudent, sound and efficient manner.

Education. Co-operatives encourage and benefit from the development of people through educational programmes. They provide for the education of members, elected leaders, and employees so they can play informed and active roles effectively. Co-operatives inform the general public - particularly young people - about the benefits of the co-operative movement.

Community. Co-operatives are concerned about the communities in which they exist. While focussing on member needs, they strive for the sustainable development of those communities through policies acceptable to the membership.

Kiyofumi KAWAGUCHI

POSSIBILITIES OF CO-OPERATIVES AS THIRD SECTOR ORGANIZATION

Introduction

Co-operatives, which have nearly 600 million members all over the world, celebrate their 150th anniversary this year. Despite the enormous size, long history, and not-for profit principles of co-operatives, there is no consensus among researchers about whether they should be included in the third sector. While most American nonprofit sector theories do not include co-operatives in the third sector, European "économie sociale" theory does.

This point is crucial for the development of both co-operatives and the third sector. For co-operatives, the issue is whether they should develop as business enterprises or as "co-operative" associations. On the one hand, the International Co-operative Alliance (ICA) recently affirmed the "basic values" of co-operatives (Böök, 1992); on the other hand, not a few managers of co-operatives consider them part of the business sector (Thordarson, 1992). For the third sector, the problem is whether co-operatives constitute their largest component.

This paper discusses the theoretical possibility that co-operatives might develop as a third sector organization, looking at this possibility through the experiences of Japanese consumer co-operatives. It is my belief that co-

operatives must be seen as a third sector organization.

1. Definition of the third sector.

Before discussing co-operatives, we should clarify what we mean the third sector, because the third sector is understood in many different ways. The term "third" itself simply means something that is not public and not is part of the for-profit business sectors.

Usually, the existence of the third sector is attributed to "market failure" or "government failure". However, it should be attributed to both. As an ideal type, the modern economy is considered a market economy, in which business corporations seeking for profit maximization help to meet socio-economic needs. Therefore, we should start from the market failure, then discuss the government failure. Since Government is not able to cover all market failures, it has become of the job of the third sector to meet socio-economic needs which both the market (for-profit business) and the government cannot.

Some researchers on the third sector simply discuss the kinds of goods that the market fails to provide. However, neither market failures, nor government failures, affect the provision of public and quasi-public goods alone. This being the case, there is no reason to limit third sector organizations to the provision of public and quasi-public goods. For example, external diseconomies such as environmental problems are a part of most important market failures. Even in the case of private goods, producing and

providing them in ecological ways should be a significant role of the third sector. In addition, the quality of labor in the work place is an issue which some third sector organizations pursue, because for-profit businesses have failed to deal effectively with this issue. The third sector, in short, should not be defined solely in terms of the provision of public and quasi public goods.

The John's Hopkins comparative nonprofit sector project proposes the following definition of the nonprofit sector: "a collection of organizations that are formal, private, non-profit distributing, and self-governing" (Salamon and Anheier, 1992, p.11). On the other hand, the broadly accepted definition of "Economie Sociale" is: "made up of economic activities carried out by firms which are mainly cooperatives, by mutuals, and by nonprofit organizations which subscribe to the following principles: Purpose of serving members or the collective rather than profit; Independent administration; Democratic decision-making process; Priority given to persons and labour rather than capital in the redistribution of revenues" (Defourny, 1992, p.36).

Although these definitions read differently, they do not differ significantly in meaning. In order to meet socio-economic needs without engaging in profit maximizing behaviour and without exerting state power, we should stress the formation of voluntary organizations with democratic structure.

2. Co-operatives: principles and reality.

Co-operatives, as is well known, are based on the principles that originally formulated by Rochdale Pioneers 150 years ago, later revised by the International Co-operative Alliance. They are expressed in the co-operative laws legislated in many countries. The accepted principles, revised in 1966, are as follows: 1) voluntary and open membership, 2) democratic structure (one member one vote system), 3) a strictly limited rate of interest, 4) equitable economic structure, 5) co-operative education and 6) co-operation among co-operatives. The International Co-operative Alliance is now undertaking another revision of these principles, looking toward the next congress in Manchester in 1995. The proposal that ICA research group plans to present will *eliminate* the principle of a limited rate of interest and *add a new principle of responsibilities for communities*.

Eliminating the principle of a limited rate of interest is thought to be especially important for co-operatives. Some co-operative researchers claim that this is a fundamental change in co-operative thought. Yet, a number of co-operatives have already issued preference shares with no voting rights in order to place themselves in a favorable position for raising funds. These co-operatives are not questioning the co-operative principles of not-for-profit enterprises: Issuing preference shares does not indicate a change in the decision making process, I would argue, only a change in the method of raising funds.

However, the problem is that the behavior of co-operatives is not

always based on "principle". Since the latter half of the 1960's, the behavior of the co-operatives has been getting nearer that of for-profit business enterprises. The famous Laidlaw Report to the ICA congress in 1980, "Co-operatives in the Year 2000", warned that co-operative systems faced an "ideological crisis" traceable to their earlier credibility and managerial crisis (Laidlaw, 1980, pp.8-9). Specifically, this new crisis has highlighted the lack of democratic participation by co-operative members.

Since Laidlaw's report, the economic situation of co-operatives has been getting worse. Some co-operatives, like Germany's have been restructured as joint stock companies. Others have not relied heavily on members for the sale of commodities and for fund raising. Adding to the ideological crisis, then, a new managerial crisis has emerged. Larger co-operatives, as well as national federations, have gone bankrupt. The important point is that this managerial crisis did not arise *in spite of* ideological crisis but *because of* it. Bökk pointed this out in his report to the ICA Congress in Tokyo in 1992, noting that "the dichotomy between economic and ideological consideration is imaginary", quoting the study of international co-operative experiences by Saxena/Craig 1990 (Book, 1992, p.161).

The ICA Congress in Tokyo adopted a resolution on the basic values of co-operatives based on Book's report, that are economic activities for meeting needs, participatory, human resource development social responsibility, and national and international cooperation. Needless to say, this does not suggest a shift toward business sector behavior.

3. Development of Japanese consumer co-operatives; their lessons.

Unlike European co-operatives, Japanese consumer co-operatives have shown great development both in business and members' activities in over the past two decades. The sales turnover for the fiscal year of 1993 was 3,283 billion yen (approximately US\$ 31 billion), which was the second largest among retailers in Japan, and the number of the members reached 17,4 million. Since 1970, when Japanese co-operatives achieved a 143 billion yen turnover and had 2,9 million members, they have expanded membership six times over.

The rapid growth of the co-operatives has paralleled the rapid growth of the Japanese Economy as a whole; it has also spurred by the fact that the Japan's rapid modernizing economy has not produce an efficient distribution system. At the same time, the unique strategy of the Japanese consumer co-operatives has made this successful development possible. The uniqueness of the Japanese consumer co-operatives, in my opinion, consists in three points (Kawaguchi, 1992).

The first is **ecological retailing**. Japanese consumer co-operatives succeeded in providing safe food by developing original brands and making direct transactions with producers, especially farmers' groups. The identity of the consumer co-operatives is not just linked to the provision of cheap goods or the distribution of surplus among members in proportion to their transactions, however; it is linked also to securing the safety of food stuffs. Consumers, especially mothers raising school-aged children, seriously seek

food stuffs with no additives or chemicals. Because of the co-operative democratic structure, they have been able to participate in decisionmaking and to affect policies. In the '60s and '70s, environmental pollution was one of the severest social problems in Japan. Consumer co-operatives confronted this market failure. Although they no longer monopolize the provision of safe food - as supermarket, for example, have begun to exert quality control- Japanese consumer co-operatives still lead all retailers in their protection of the environment.

The second unique point about Japanese consumer co-operatives is the **active participation of their members** in business as well as social activities. Japanese consumer co-operatives have developed communal purchasing (buying clubs) as another main marketing system, that is computer assisted for preordering and delivery to each unit group. In this system, members form a group and then distribute commodities to each member. In addition, the groups often become basic organizations of volunteer activities in their communities such as the recycling of bottles, cans and packages, helping with housekeeping for elderly people, as well as participating in the largest group in Japan engaged in volunteer action.

The third unique point about Japanese consumer co-operatives is their **management system**. One of the most important reasons for the market-oriented behavior of many European co-operatives is that their managers are recruited from the business world which has a different culture from the co-operative culture. By contrast, the managers of Japanese co-operatives come partly from university co-operatives and partly from within consumer co-

operatives. The employment system of the co-operatives is characterized by lifetime employment, a seniority system, and enterprise unions, which are so called the Japanese management system. The system is helpful for collaboration between management and labor. Many employees of the co-operatives understand the co-operative culture, becoming co-operators at the same time.

The basic idea of Japanese consumer co-operatives is the "Trinity" of 1) investment in a share, 2) patronage for the business and 3) participation in co-operative activities. Because of severe legal regulations regarding non-member use of co-operative facilities, Japanese consumer co-operatives have been obliged to remain member-oriented businesses. This differentiates them from all other retailers, and they should affirm their unique identity.

4. Implication of the experiences of Japanese consumer co-operatives.

The experiences of Japanese consumer co-operatives may be thought to be based on co-operative principles, and embodied in co-operative values. As noted already, co-operatives should be included in the third sector from the viewpoint of their principles and their values alike. They should be also identified for practical reasons.

The most important lessons we can draw from the experience of Japanese consumer co-operatives is that behavior founded on the co-operative principles has promoted both business growth and members' activities.

Development as part of the third sector organization is the only way for

co-operatives to go. Indeed this will help third sector itself to become more significant within the socio-economic system as a whole.

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Anita J.LORD

**WOMEN & WELFARE COOPERATIVES:
A CASE STUDY OF THE "FUKUSHI CLUB" IN JAPAN**

(abridgements made by the editors)

1.Introduction.

It is a major contradiction of the modern era that "economic progress" has increased rather than decreased the "labour content of care" (Baldock & Ungerson, 1991). At a time when national economies are slowing down, when international capital is facing increased uncertainty, and when the environmental limitations of a system which promised eternal growth are being realised (Mellor, 1992), not only is the demand for welfare provision growing in a quantitative sense (because of demographic changes and increasing dependency ratios for example) but it is also increasing in a qualitative sense; as the acceptable standards of yesterday become the de-humanising practices of today. (...)

Indeed, it wasn't until the early 1970's that the conservative LDP party which governed Japan throughout the post-war period at last recognised that two decades of record growth in the economy should be rewarded with more than minimal attention to social welfare. Whilst 1973 was pronounced "the first year of welfare" however, the oil crisis of that year provided both a convenient excuse to delay the introduction of further welfare measures and

a subsequent rationalisation for denying Japanese people a fully developed welfare state; the welfare provision of the west being portrayed as inherently disadvantageous to the competitiveness of industrial capital (Gould, 1993).

By the time the new "seven year plan" came out in 1979 the official argument was that Japanese people, unlike western populations, did not need an extensive network of state welfare provision. Allegedly characterised by a strong "welfare society" in which the family, employers, voluntary effort and private organisations were providing a plurality of welfare services, Japanese society (it was argued) already had all the major ingredients of a socially successful society; including low infant mortality, rising levels of age expectancy, and an effective education system (Gould, 1993). (...)

At the same time as the dependency ratio has been increasing, however, the caring capability of the family has been diminishing.(...) **The ability of corporate welfare provision to deal with the problem of an ageing is also in doubt.**

Indeed, the fact that small sections of the middle class seem to be re-evaluating the primacy given to economic growth and expansion and are beginning to organise around the issue of welfare has to be seen as highly significant. Previously satisfied with private (as opposed to public) employment and with corporate (as opposed to state) welfare benefits, **the salaried middle class is beginning to feel the impact of low welfare provision where it was always likely to hurt them most: old age.**

Brought up on a diet of low public expenditure and low taxation, however, the Japanese middle class is not necessarily going to commit

itself to the increased tax burden that extended public provision would entail. (...)

Such a view is shared, it seems, by local government planners. Delegated the responsibility for welfare provision in the 7-year plan of 1979, yet finding it hard to develop the required level of service within a situation of legal limitations on staffing levels and expenditure (Kanagawa Prefecture Social Welfare Council Member; Sept. 1993) local governments have had to come up with a number of different strategies; including the "entrustment" of welfare services to various private and non-profit making organisations, the use of "registered helpers" (paid volunteers) to supplement the home help system, and (more recently) the recognition of and formal support for "mutual assistance" schemes and "welfare clubs".

The emergence of participative and citizen-led welfare initiatives might also be seen as a reflection of another issue, however, and that is the aspiration amongst the Japanese (and the western) post-war generation for services/products which will reflect their individual aspirations/needs rather than the mechanistic formulae of governments. (Yokota, 1993). (...)

2. The Seikatsu Club Consumers Co-operative (SCCC).

Officially founded in 1968, the origins of the SCCC are popularly attributed to the actions of a single woman three years earlier. Motivated by the difficulties she was experiencing in finding basic foodstuffs at a price that she could afford and the quality that she desired, an (un-named) woman in

Tokyo's Setagaya district is reported to have organised the bulk purchase of 300 bottles of milk for 200 other women; saving each of them a considerable amount of money and establishing the principle that a single act of collective buying can give consumers a greater degree of influence (over the cost and quality of goods produced) than hundreds or even thousands of individual purchases.

From this single act of collective organisation, a large and successful consumer co-operative was born. By the summer of 1993, for example, the SCCC had a membership of 220,000 households spread across 12 of Japan's 47 prefectures, enjoyed annual retail sales of yen 71,000 million and had collected approximately yen 13,000 million in shared capital.

Unlike many consumer co-ops, however, the SCCC does not operate on the basis of a "store system". There are no retail outlets, only delivery centres for sorting and distributing ordered goods, and there are relatively few full-time staff, the bulk of the work being performed voluntarily by co-op members. Indeed the basic organisational work of the club is performed by each of the 26,500 groups which are known as the "han". Each han is made up of between 8-13 households, the female heads of which meet several times a month to generate an advance collective order, to sort and distribute the previous month order and to discuss any problems/issues that they are experiencing and which they want their elected leader to raise at one of the 220 branch meetings which are held annually to collect members views, to decide local policy and to report to the (annual) general assembly.

Indeed, in terms of both the practice and the philosophy of the Seikatsu

Club, the importance of the han cannot be underestimated. Originally intended as a means of creating a co-operative structure which could exist without the "hardware" normally associated with the traditional store system (eg land and buildings) and which would be able to keep its overheads (and therefore the cost of its goods) as low as possible, the practical (and economic) role of the han has been increasingly overtaken by whole host of social, cultural and political functions, as the women involved have seen their self-confidence, their political awareness and their collective organisational skills grow.

The emphasis upon self-initiated activity which is informed by and responds to the problems which concern women (both individually and collectively) is also reflected in the variety of special committees which have been developed by the Seikatsu Club over the last decade. These include a **consumption committee** (charged with inspecting and developing better products), a **mutual help committee** (which promotes mutual aid and awareness around the issue of health care), a **welfare committees** (which seeks to advance the concept of "normalisation" and to promote awareness of the need for mutual help amongst women) a **social movement committee** (which promotes the use of natural soap, environmental protection, peace and **recycling**) and a **cultural life committee** (which seeks to promote "conscientious citizenry" and a new lifestyle model) (SCCC, n.d)

During the 1980's, there has also been an expansion of what the SCCC refers to as a number of "self-governing spheres". Based upon the desire to keep operations as small and as local as possible, these self governing spheres can also be seen as responses to the growing contradictions in women's lives

in industrial Japan. For example, the first response is:

I) The development of the "Community Club Co-operative"

Founded in February 1991, after almost 10 years of experimentation, the community club co-operative based on a number (15-6) of self-managed "depots" each of which is managed by workers collective and by individual co-op members. Each depot serves around 1000 members drawn from a 700 m radius around the depot, and replaces the idea of collective buying through the "han" with a collective buying system for individual members.

A response to the ever increasing numbers of women who are being drawn into paid work in the formal economy (and who therefore have less time available for monthly participation in the "han"), the tendency to restrict membership to around 1000 households has nonetheless been a deliberate strategy. Seeking to retain the SCCC commitment to participation, mutual help and community development, each depot is seen as a community resource with **four days voluntary labour required of each member each year** and with self-initiated projects again a central feature (including the development of community restaurants in 5 of the depots, the retailing of daily meals at four depots, the delivery service run by 2 depots, the second-hand shop run at one depot, the third world goods shop based at another and community meeting rooms at 14 depots).

II) The development of workers collectives.

The second response to the contradictions facing women in late 20th

century Japan is the development of the workers collectives. Seen as a way of reclaiming "a degree of independence" in a society which "values men's labour over women's" as a way of "creating our own working spaces and styles" which will advance "the kind of society we desire", the membership of workers collectives has risen from around 200 members in 1982, to over 2000 members working in 76 workers collectives in 1993 (SCCC, 1993).

A reflection of both the increasing need for women to find paid employment and of the desire amongst some women to retain their commitment to the SCCC, the advantages which are offered to women through membership of the workers collective are differently described by different people. Officially rationalised in terms of the desire amongst the women for self-management and a participative "no-boss" working environment, amongst women themselves two other reasons were offered and seem to be particularly significant:

a) **the need for (daily) flexibility; (...)**

b) **the need for paid employment at different points in the life-cycle (life-cycle flexibility). (...)**

Indeed, the creation of workers collectives is seen as inseparable from the development of community and community participation. Perceived as an intermediate form of working which lies between the "regular worker situation...[and the] so-called 'shadow work'" of women in the home, the intention is to increase the "social value" attributed to the latter whilst enabling women to develop their own working styles and a better living environment (Yokota, Sept 1993).

III) The development of welfare activities and of "the Fukushi Club" in Kanagawa prefecture.

The third developmental response to the contradictions women are coming to face in Japan is the development of community-based welfare provision. Having established a steady foundation in terms of both membership and share capital, the SCCC in Kanagawa prefecture has recently established a number of **day and residential care facilities**, a **welfare fund** (to support welfare initiatives) a **welfare council** (to manage and administer a loans system) and an "in-kind mutual benefit system" (whereby monies invested by members are paid back upon illness in the form of both financial benefits and access to physical care provision).

In 1989, it also funded the development of a separate co-op, the **Fukushi (welfare) Club**. Marking something of a shift in the working of the SCCC, the Fukushi club not only seeks to provide safe and high quality goods for its members, but also to provide housekeeping and welfare services to members in need. Indeed, the founding principle of Fukushi club is the commitment to creating and developing a system of "participatory welfare" in which:

- a) older members can receive help from younger members (organised as workers collectives and enshrining the principle of amateur, as opposed to professional, help);
- b) younger members can themselves receive help when needed (thus breaking down the rather artificial divide between service recipients and service providers, dependent and independent people which is common in other

welfare systems), and;

c) those in need of help are able to rely on people living in the same community to provide such help (thus encouraging community-orientated services and responsiveness to local needs as well as the provision of support in peoples own homes rather than in an institutional or residential setting).

A response to the contradictory demands for women's labour power in the formal economy and women's labour power in the maintenance of household members, the idea that the Fukushi Club primarily involves services for the elderly is in fact an over-simplification of reality. Care of elderly relatives still rests heavily on women (in their capacity as wife, daughter/daughter-in-law, and sister) and given the emphasis of Japanese government on creating a "welfare-type society", this situation is both unlikely to change in the fore-seeable future and likely to cause increasing problems for women as they are drawn into the formal economy. But whilst this may have been the issue which first exercised the minds of han members (and therefore led to a series of welfare initiatives within the SCCC) it certainly seems the case that, having raised one welfare issue, others have flooded in.

In this sense, the members of the SCCC and the Fukushi Club seem to have explicitly recognised that, if care of elderly relatives falls disproportionately upon women, so too does the care of ill or disabled family members and the care and maintenance of "healthy" members. As such, just about anybody can apply to become a member of the Fukushi club and, as yet, there seems to be an "assessment" of need only to the extent of ensuring that the service delivered is the service required (ie rather than establishing

whether a "legitimate" request for services has been made).

Worker collective members can therefore find themselves delivering goods and/or services to a variety of different people: young women with pre-school age children, people with physical disabilities, women with hyper-active children, older people etc. **The Fukushi club therefore seems to represent an attempt on the part of the women involved to develop a set of welfare services which will respond flexibly to the life-cycle needs of all women, offering supplementary welfare services/support as and when they are needed.**

3. The Fukushi Club in Kanagawa prefecture.

Established in 1989 using money loaned by the Seikatsu Club in Kanagawa prefecture, the latest figures available (for 1993) indicate that the Fukushi Club has around 4700 members spread across 4 wards/city districts in Kanagawa prefecture. Of these approximately 500 are members of workers collectives and approximately 4200 are service recipients and together they represent approximately yen 831 million in annual income and yen 90 million in invested capital.

Each year in May there is a General Assembly at which 100 "ordinary members" from the 4 districts meet to debate and decide policy and to elect members to the Board of Directors. **The Board of Directors is made up of 13 people each serving a two year period of office. For every 5 directors who work on a voluntary basis (only receiving expenses), 1 directors is employed**

fulltime. Chosen by the other directors, there are currently 2 fulltime directors (the Chairperson and Senior Executive Director) of the Fukushi club. The remaining 11 are referred to as "amateur managers". The board is serviced by 12 workers (the "secretariat") employed directly by the Fukushi Club.

The current activities of the Fukushi Club include:

a) a collective buying and delivery system (based on the "deepot" system established by the Seikatsu Club)

b) a meals delivery service (presently involving a weekly delivery of pre-cooked food, but due for expansion to a once a day delivery of pre-cooked meals in late 1993)

c) a home-care service (including nursing care, housework etc),

d) the provision of day care in a small day care centre in the Kouhoku ward.

These services are provided by local women organised into a number of ward-based workers collectives. **There are currently two types of worker collective.** The first is the "SEWAYAKI" which means "people who want to help in the community and provide services". The Sewayaki is responsible for the collective buying and delivery service (a) and the meals delivery service (b). The second is the "KAJISABISU" (meaning unknown) which is responsible for the home care (c) and day care (d) service.

Each workers collective is an individual business enterprise which works under contract for the Fukushi Club. Each member in a workers collective is required to invest yen 20.000 upon joining. This money is used

for the purchase of small items (such as cooking utensils in the cooking section) and can be paid back should the individual leave the organisation - providing that the business is successful and there is money available.

At the moment, however, all major expenditure such as the purchase of buildings etc seems to be handled by the Fukushi Club itself, which then rents out premises, major items etc to the individual workers collectives. The money for this is raised by an **entrance fee of yen 1000** and **annual membership fee of yen 3000** for each member (service users and service providers alike). (...)

4. Issues raised/problems to be resolved by the Fukushi Club.

a) Participation and Empowerment

The aims of the Fukushi Club are both various and inter-related. The principle aim is described as **the creation and development of a "participatory welfare system"** in which local people can become involved in/be supported by a system which is characterised by needs-led services, rather than service-led needs. The second is described as **the creation of a "bottom-up welfare system"** in which the "community" (in the form of both care providers and care recipients) is able to shape and control welfare policy and practice on both a strategic and a day-to-day level. And the third aim is described as **re-building the community and reintroducing the principles of mutual aid and informal exchange** in an era characterised by social isolation and fragmentation.

The participation of service users is seen to be vital for a number of different reasons. The first, and most obvious, is that of ensuring that the services which are received are both qualitatively different to and better than those available elsewhere. In this sense, the Fukushi Club not only sees itself as developing a "third sector of welfare" which will supplement the services provided by the public and the private sectors, but also seeks to develop the standards and practices against which all other services are judged.

With regard to the public sector, for example, the Fukushi Club seeks to challenge the dominance of public sector professionals and government planners in determining both the content and the parameters of service provision. Aware of the range of un-met needs in the community and critical of the narrow focus which sees government planners focusing on the quantity rather than the quality of care, the Fukushi Club seeks to facilitate and enshrine the power of the "amateur" both in identifying and defining local needs and in determining how these needs should be met.

The emphasis which is placed upon user participation and empowerment is not only a response to the problems of exclusion and subordination in the public sector, however. For as one of the founding members of the Seikatsu and the Fukushi Club argued, the most successful co-operatives are likely to be those who provide goods/services with values attached to them that cannot be duplicated by the private sector.

In other words, it is not just (or even primarily) a question of competing with the private sector on the basis of cost of a service or even its apparent quality - for on both these counts the greater resources of the private sector

are likely to be a distinct advantage - but of persuading people of the value of personal participation, active involvement and decision making influence. Only on this way can welfare co-ops overcome the problem of passive consumption, on the one hand, and the pressures to de-value the work involved in caring on the other. For unless and until the values of care is measured in something other than yen, pounds or any other currency, than all the consumer will see/be offered is a service that is cheaper/more expensive than that which can be gained elsewhere.

Whilst the participation and empowerment of service users is an easy principle to invoke, however, it is not so easy to put into practice. At a formal level, a number of different mechanisms had been put in place including an annual general assembly, the use of point meetings to discuss any issues relating to collective buying and delivery etc, and the introduction of "Day Home Meetings" to enable people from 10 or more "points" to meet, to talk about the kinds of services they might want/need, to respond to developments within the Fukushi Club and to become more conscious of their collective subordination etc (...)

The participation and empowerment of people who use services therefore seems to be dependent upon the empowerment of the care-provider (Stanton, 1990) for only in this way will the latter be able to respond to and meet the individual and varying needs of the former in a way which is determined by the active involvement and negotiation of both on a day-to-day basis. (...)

To the extent that care-recipients' need services that are individualised

and responsive and care-providers need to share the responsibility for caring with others, we therefore have to find a new way of collectively organising care which meets both these criteria. The Fukushi Club, with its emphasis upon the collective empowerment of the care-recipient and collective organisation of care providers and care provision seems to be a move in the right direction.

Paying for care-provision was seen to be important on a number of different grounds:

I) Firstly, the work involved in providing support to others (both physical and emotional) is clearly of social value - in terms of satisfying human needs - but in an economic system which measures the value of human activity in terms of how much it can be exchanged for in the marketplace, its predominantly unpaid status has rendered it invisible and (economically) worthless.

As such, one of the principle aims of the Fukushi club was described to me in terms of **challenging the currently accepted dichotomy between paid work in the formal economy (which is deemed to be "useful") and unpaid labour in the home and the community (which is not) by creating an "intermediate form of work" which releases women from the "shadow work" which they perform in the private sphere, which treats the provision of care as something to be chosen, valued and worthy of social (i.e. financial) reward - and which allows the women involved to create their own work and working environment in which they are in control of what they do and when they do it.**

II) Secondly, whilst the need for care and support is potentially unlimited, there is need to limit the demands which are placed on any one carer. To provide care-giving services for free was seen to run the risk of duplicating the problems that individual women can experience in the private sphere whereby, in the absence of payment, women are assumed to be motivated by love and altruism and, in the absence of socially-approved limits to love and altruism, the work they are expected to perform becomes potentially limitless. To demand some form of payment was therefore seen to encourage both the attribution of value and local negotiation (between the care-provider and the care-recipient) over the content and parameters of care.

III) Thirdly, paying for care was also seen to offer the service-user a degree of control over the quantity and quality of care they received. Freed from total dependency upon their immediate family, and from the guilt and anxiety that can be the product of perceiving themselves as a "burden", the care-recipient was not only able to negotiate with the care-provider over the quantity and quality of care they received like any other consumer, but was also able to realise their desire for "intimacy - but at a distance; for a relationship with their immediate family based upon mutual (emotional and social) support unhindered by an imbalance in terms of (physical) support (Rosenmayr and Kockeis 1965, quoted in Wearness, 1984).

All of this, of course, raises the issue of, firstly, whether the care-recipient is able to pay for their care and, secondly, how much the care-provider should be paid. In relation to the first issue, the ability to pay was largely assumed by the Fukushi Club. The services which they offered cost

quite a bit less than their private sector equivalent, the existing welfare system was seen to give at least some financial assistance to those who were in need of services, and for those who still could not afford to pay for their care, the activities of the Fukushi Club were likely to bring pressure to bear, it was argued, on both the quantity and the quality of public-sector provision.

In general, however, it cannot be assumed that those who are denied access to wage-labour because of old age, illness or infirmity will be able to have un-restricted access to the financial resources needed to buy the care they require. Unless they have been lucky enough to enjoy a period of wage labour at some time in their lives, and have also had good fortune to occupy a position where the size of their pay packet allowed them to save as well as to spend, the majority will be dependent either upon the state or on their immediate family to pay for their caring and will therefore be dependent upon the decision making and the priorities of others. As such, it has to be argued that unless some mechanism is introduced to ensure that everyone has equal access to the resources needed to buy care-giving services, the hierarchies of work will be reflected in a hierarchy of welfare. Those who can afford to buy their care will do so, those who cannot will go without.

To be fair to the Fukushi Club, this is not an issue that they alone can resolve. But in the absence of being able to resolve it, they nonetheless have to deal with it and the mechanism they seem to have chosen is to keep the cost of their services as low as possible. This brings us to the second issue highlighted above - how much someone should be paid to care.

The earnings of worker collective members (both in the Seikatsu Club

and the Fukushi Club) are acknowledged to represent between 50-70% of those available for equivalent work in the private or public sector. The official reasons given for this vary but include "convenience" (in the sense of providing women with employment which is local and more easily accommodated with their domestic responsibilities), the compensatory effect of "non-financial rewards" (such as working in a non-hierarchical workplace) and, in the case of the Fukushi Club, the importance of adopting a "future-orientation" (in the sense of creating a system of welfare which is and will be available for the care-provider when she herself is in need of such services). (...)

The current success of the Fukushi Club would seem to be rely upon the prior existence of a "reserve army" of financially supported female labour. Single women or women needing to support themselves and others in the absence of an employed partner could not be a part of this system without accepting an impossibly low standard of living (...)

Despite these problems, however, it is my contention that the Fukushi Club cannot be written off as a system which simply relies upon or exploits the disadvantages that women experience. Rather, it is best seen as both a reflection of and a response to the problems and contradictions that women are currently facing in Japan. Faced with a government which has systematically failed to adress the need for welfare (and to relieve women of their welfare responsibilities) and responding to a capitalist economy which has recently "discovered" women in its drive for profits (but which chooses to ignore the burden of reproductive work which they carry), the women of the

Fukushi Club can be seen to be responding, perhaps implicitly, to the contradiction that so many of their contemporaries face in so many other countries; the contradiction between the social organisation of "production" and "reproduction" which has existed since the industrial revolution (Showstack Sassoon, 1987) but which is now becoming manifest in the day-to-day lives of the majority of women.

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Bengt LORENDAHL

NEW COOPERATION AND REGION DEVELOPMENT

During the last 15 years a large number of new cooperative enterprises have been established in Sweden. Only in the county of Jamtland - from where the case material in this study have been collected - about 130 new cooperatives have been started during the latest years. They are found within many different areas of activity. They include both producers and consumers cooperatives. The largest group is the child-care cooperatives. But there are also cooperatives for housing, for health care, care for elder people etc. A number of community cooperatives has also been created in the region.

On the national level the official statistics concerning new cooperation are very insufficient. However also for the country as a whole the child care cooperatives are the most common type. There exists today about 1 000 such units in Sweden. The great part of these are started and conducted by the parents. They are what we call "users' cooperatives". The rest are started and run by employees. Besides these there are cooperatives within dental care, psychiatry and the cultural and educational sector.

And besides the cooperatives acting in the so-called public sectors areas, there are also commercially working cooperatives acting in what we traditionally regard as the private sector.

In the study which I am referring to - carried through during 1993 - the research problem was the following: What local and regional effects do the

new cooperatives have?

The research interest was, more precisely, concentrated on the impact of the companies on (1) local employment, (2) local infrastructure and service and (3) the geographical pattern of buying, i.e. how the purchases of goods and services were distributed among local, regional and national suppliers.

Six cooperatives were selected for intensive study. Two of them were commercially working enterprises: a tourist business cooperative and a passenger boat cooperative. Two other performed activities traditionally belonging to the public sector: one parent-ruled child-care cooperative and one employee-ruled centre for health service. The remaining two associations were a housing cooperative and community cooperative. All the six enterprises exist within sparsely populated districts in the county of Jamtland.

These associations have stated varying goals, such as: securing existing jobs, creating new jobs and new companies, maintaining existing infrastructure or creating new community service, offering good and cheap housing and so on. A common theme for the people who have founded and work in cooperatives is to make possible continued residing in the village, and also to stimulate moving in.

Local employment.

The employment are, firstly, direct employment. When possible, also indirect effects are considered. Only permanent jobs are counted. Temporary jobs are excluded, and so is also voluntary, non-paid work by members of the cooperatives. Part-time employment is converted into full-time jobs.

Of the six cooperatives studied, five have created local employment. The sixth one was the housing cooperative, where the members performed all the necessary tasks themselves, as voluntary non-paid work.

The greatest employment effect was generated by the tourist business cooperative, with 10 fulltime-jobs. This is a substantial contribution in a village with only 150 inhabitants! The community cooperative created 4,5 jobs, the child care cooperative 3,5 and the boat cooperative and the cooperative health care centre 2 jobs each. The last effect may be an underestimation. When the employees took over the health care centre, the County Council had decided that one doctor and one nurse were to be laid off. But there were also rumours that the whole centre was to be closed. If that is true, the employees take over rescued 13 jobs.

Preserving infrastructure and service

Concerning local infrastructure and service the attention has been focused on the significance of the cooperatives in preserving and developing the school, the shop and the communications of the village.

Here, especially the tourist business cooperative and the community cooperative have been of very great importance. The influence has been exercised in two ways: (1) through creating jobs and income making possible staying in or moving into the village. This is especially apparent in the case of the tourist business cooperative. (2) through influencing municipal politicians and officers. This is especially apparent in the case of the community cooperative.

The tourist business cooperative is situated in a little mountain village called Huså, in the western part of Jamtland. This enterprise started its activities in 1983. In the end of the seventies there were only 4 children in the local school and a closing-down was at hand. The local shop was shut down. After the cooperative started and created new jobs and income the little village of Huså increased its population from 100 to 150 persons in 10 years. It's hard to find any other cause of that expansion than the establishment of the tourism enterprise. Today, the local school consists of 20 children. This expansion has also secured the market for the local bus-line to the centre of the municipality.

Geographical pattern of buying

The share of the total purchases of goods and services which is directed to local suppliers is rather small: between 0 and 17 percent. Instead, the effects are appearing at the regional level; between 38 and 100 percent of the purchases are from suppliers within the country of Jamtland.

It is only the child care cooperative that reports a more considerable share of local buying. It is also said in the statutes of that association that the local shop shall be favoured.

The fact that the cooperatives make so little of their purchasing locally is due to the lack of local supply with goods and services. This, in turn, reflects the fact that the study is done in small villages in sparsely populated areas.

General conclusion

To sum up, the main conclusion from this study is that the new cooperatives effectively contribute to region development. They generate employment in districts where permanent jobs are scarce. By creating jobs and income they maintain or increase the population level - which secures local infrastructure and service. The cooperatives also constitute a part of the market for regional producers of goods and services.

Their importance for economic local and regional development is also a motive for government and local authorities to support, in different ways, the enterprises within what we call **new cooperation**.

Tadeusz PRZECISZEWSKI

**THE SMES (SOCIAL MARKET ECONOMY SYSTEM)
CONCEPT AS THE DETERMINANT OF THE COOPERATIVE
SECTOR ROLE WITHIN THE NATIONAL ECONOMY
TRANSFORMATION PROCESS.**

Our liberal politicians tried in 1989-93 to liquidate - or to limit in a very large scale - all economic forms, surpassing purely private ownership, as well as domination of a brutal economic egoism. They were doing so, serving themselves of the idea of a market economy introduction, aiming supposedly at an economic order, existing in Western Europe.

Instead of that, there exists in the West a real ownership pluralism, although there take place, changes too - in the numerical proportions of different ownership forms in practice; the same happens, as well, in - conditioning them - theories and social doctrines.

This also refers to the Catholic and general Christian social thought, about connections of which with the cooperative movement development - I wrote in my former paper: "*The place of the cooperative idea within the Catholic social thought*". I pointed already there on the renewed concern - with the cooperative movement - within the systems concept of SME (Social market economy), being a modern implementation form of the above mentioned thought in practice. This last concept, and the resulting conclusions from it for the cooperative movement role - are the main topic of actual

paper.

One of social and research centers, developing the SMES concept in Poland is the center which started its activity within the ChDSP - Christian Democratic Labour Party - passing in 1992 to the ground of the social-scientific movement, represented by the Polish Free University Society (TWWP).

As a very important aspect of the topic has to be treated a close connection with ethical-social principles - of the SMES concept itself, as well as of the cooperative movement. In fact, only basing on these principles, it will be possible to avoid an outbreak of social unrest, and even more: to gain confidence, support and active cooperation - of the society majority, being at same time its economically weaker part; all this - during the realization of the difficult system transformation goal.

The cooperative systems projects and visions, as the "Cooperative Republic" are connected, first of all, with the cooperatist idea (or cooperatism), that was developed, in most radical way, in works of the French theoretician and cooperative leader, Ch.Gide. He was just Father of the above mentioned vision of the "Cooperative Republic". In popular terms this idea is defined as a pancooperatist one, i.e. aiming at getting, by the cooperative sector, a leading role in the future postcapitalistic society. This theoretician stresses points, differentiating cooperatism from the socialist ideology, as well as, to some extent, common for these both ideas.

The major difference between them consists in the nationalization program of the productive ownership, promoted by socialists. At the same

time a common platform is connected with a tendency: a) to liquidate the entrepreneur profit - on behalf of its return to the cooperative members; b) as well as - to make economically independent and free of exploitation - poorer social circles. Ch. Gide stressed, that these last goals must yet be implemented through the free competition mechanism and lack of constraint. Further differences - in comparison with socialism - consist in addressing the cooperatist idea mainly not to producers, but to consumers, and in taking into account moral aspects of economy, bound with solidarity principle.

Because of more modest development results of the cooperative movement in practice - than it was predicted by Ch.Gide - new, more moderate streams had to be formulated - within the cooperatist idea.

The first of them was connected with the **cooperatist management** formula, created also by a French theoretician, **B.Lavergne**, regarded as a representative of the cooperatist socialism. This formula is bound with an aim to cooperatise public owned enterprises (State and being run by local government).

The Father of one of the next, more moderate formula, of a **cooperative segment or sector**, was a French author too, **G.Fauquet**. It may be considered as Western version of a multisectoral concept of the national economy (that was also discussed, but only at the very beginning, of the Polish experiences after the 2-nd World War).

These - more realistic economic order visions within the Western cooperative movement - were accompanied by a parallel evolution of the social democracy. Particularity it was the Austrian party of this kind that

acknowledged the cooperative sector as one of the constitutive elements of its general systems formula: SE - Social economy.

Because of many links of this concept with principles of the Catholics and general Christian social thought, a historic evolution of this last thought is considered first.

It has to be reminded, that this thought started, in ancient and Middle Ages era - from the, official or unofficial, Christian communism and socialism. There were taking place, in next centuries, some passive phases of its development, as well as very active one, dating since the 1-st Papal Social Message in 1891. The actual phase of the Catholic social thought development, formulated in the Social Message of 1991, may be defined as being bound with a new formula of the so called Third Way solution; it can be called as representing an auxiliary Welfare State model - auxiliary in the sense of the subsidiarity principle, limiting the role of the State to really necessary cases of its intervention.

Such a moderate - but still connected with a distinct voice for the "Poor people" option - actual platform of the Catholic social thought, was applied much earlier in the systems concept of SMES; this last was born in 1947-49 years within the West-German Christian democratic circles. As a very interesting feature of further evolution of this concept in Western Germany may be seen the fact of its acceptance also by the opposing social-democratic SPD Party (after gaining by it a successive electoral victory).

The, elaborated gradually in FRG, SMES concept may be defined as a narrow, adapted to the West-German conditions, way of this concept

understanding. To create an adequate basis for the SMES concept application in Polish conditions, it is necessary to pass to its broader way of understanding, taking into account also other experiences and principles. These last circumstances prove particularly, that the area of the State economic intervention must be more extended in poorer countries (and in the so called postsocialist ones) - then in highly developed Western countries.

If the system transformation in Poland ought to fit the general assumptions of the SMES concept variant - for a less developed and postsocialist country - the existing prevailing liberal way of realizing economic reform must be radically changed. It cannot be limited to the privatization process only, but must be supplemented by two other processes - preceding it and parallel to it. These last processes ought to be connected, first, with a more universal commercialization reform of the existing State sector. Its aim is to raise the public owned enterprises managerial efficiency - to the level, reached by private and by the mixed property - ones of them.

The second supplementary process ought to rely on the so called deetatization reform.

This last reforms, is especially interesting, as it is connected with a promotion of several decentralized economic forms, having a broad societal character. One of the proposed ways of these last economic forms ought to be a transfer of some part of the existing state property to them (on a commercial, as well as on a non-commercial base, connected with creation of some new kinds of their stimulation).

Among well known kinds of the, above mentioned, societal economic

forms and subjects, has to be taken into account the local government sector and just the cooperative one.

This last, mostly interesting us here, **cooperative sector** ought to develop its existing organizational forms, as well as to create some new, innovative arts of economic subjects.

The taking into account perspectives, created by the deetatisation process, allows us not only to reach Western standards of the social and societal economic bodies, but also to surpass them. And in such a way - as well to overcome narrow limits of an **economic egoism and materialism**, i.e. **consumerism**, being condemned by all Social Messages of John Paul the 2-nd. This refers particularly to his last Message "*Splendor Veritatis*" of 1993, appealing, at the example of the biblical "Rich Young Man" - for a truly human dignity, surpassing the common behaviour of the (in Latin) "do ut des" models (i.e. "something for something").

One can differentiate, within the cooperative movement, two ways of proceeding:

1. To develop - more closely connected with a normal market mechanism, mainly **auxiliary cooperatives**: in the area of agricultural, industrial, building and housing production, as well as banking.
2. To follow also more advanced solutions, connected as well with the above mentioned last Papal Message - through the promotion of cooperatives, helping weaker economic circles of the **workers and consumers character**.

In actual Polish conditions this last idea ought to refer to two main directions of such cooperative activity:

a) To help to develop the already spontaneously started forms of the **Workers' companies** (spółki pracownicze), being very close to the former "Workers' productive cooperatives".

b) To apply the cooperative forms to two areas, that find themselves at the edge of destruction:

A. The whole range of the former **SEEA - Social and Existential Enterprise Activity**, that helped poorer circles of society in availing themselves of the vacation rest, children summer and winter camps, enterprises cafeterias, buffets, and so on.

B. As well as to all kinds of housing economy, of a former enterprise, communal and even private multifamily character; our housing economy can be ruined, if we apply only some obligatory forms of the rent increase, without taking into account real possibilities of their poor inhabitants.

A real premise for a cooperative solution within the **SEEA area** is connected with the proposal of a new institution creation: namely of the **CES** - **Collective Employee Stockholdership**, that ought to get some part of the privatized state enterprises shares and bonds (for instance 10 or 15%).

In case of the rental housing economy a parallel role could be played by the **NHF - National Housing Fund**, receiving some part of money, get from the rental dwellings selling to economically stronger private persons.

These new institutions could be sponsors of the new cooperative forms development - within the former enterprise social activity and multifamilial rental housing.

In such a way the cooperative movement in Poland could contribute to

the implementation of, the above mentioned, two its more moderate general visions - of a normal cooperative sector, as well as of a partial cooperativization of some, less effective, State sector.

COOPERATIVE HUMAN RESOURCE DEVELOPMENT
AND STRUCTURAL ADJUSTEMENT

1. Introduction and Definitions.

1.1 Cooperatives

- this paper refers to all cooperative organizations according to the definition given in ILO Rec.127;
- importance of economic viability, efficient management and democratic control in cooperatives.

1.2 Human Resource Development (HRD)

- What are human resources in cooperatives?

Human resources are the total of human potential of which cooperatives disposes. It is determined through individual ability and willingness (motivation).

- Definition and description of the development of human resources with particular reference to cooperatives:

- cooperative HRD goes beyond the traditional approach *education and training* since it also includes personnel development and access to information;

- it goes beyond *training institutions* since it takes place at the

workplace through "learning by doing";- it goes beyond cooperative members and personal since it includes policy makers, trainers and the public and external support structure;

- it has to apply participatory and inter-active methodologies since only those mobilize the full potential of human resources.

HRD should be considered as a system of various elements which complement each other, interact and have to be combined in the right doses.

- is cooperative HRD a luxury or rather an investment in times of rapid economic change?

- appropriate HRD is one major factor to achieve economically viable, efficiently managed and democratically controlled cooperatives.

1.3 Structural Adjustment Programmes (SAPs) and its Links to Cooperative Development

(1) SAPs: causes, objectives, instruments and social dimensions of SAPs in developing countries.

(2) SAPs and cooperatives:

(a) effects of SAPs on cooperative development;

(b) potential of cooperatives to contribute to

- the economic and social objectives of SAPs

- the promotion of democracy, and

- the allevation of negative side effects of SAPs.

(3) Questions raised in this presentation, with particular reference to cooperative HRD:

(a) In how far has cooperative HRD been affected by the implementation of SAPs?

(b) In how far does cooperative HRD play a role in displaying the potential of cooperatives to contribute to:

- the economic and social objectives of SAPs,
- the promotion of democracy, and
- the alleviation of negative side effects of SAPs?

2. The Impact of Structural Adjustment Measures on Cooperative HRD.

2.1 Effects of Restrictive Fiscal Policy Measures (- Budget Cuts)

(a) cooperative HRD has in the past often been financed by the government and carried out by para-statal institutions

- funds available to cooperative HRD institutions are reduced or at last *cannot be expanded* to adjust for example the salaries of the staff to the inflation rate and to cover increasing costs, e.g. for food at the campus;
- many governments tend to hand cooperative HRD over to the cooperative movement, provided that their apex organizations find a solution to secure adequate finance;

if para-statal cooperative colleges cannot be "privatized", i.e. be handed over to the cooperative movement, they might be closed down. The same might happen to private HRD institutions which depend (at least to a certain extent) on public financial (or manpower) support.

(b) problems of gender equality.

2.2 Effects of Deregulation

- (a) which consequences have deregulation measures regarding the curriculum?
- (b) *higher competition through a deregulated environment*; it becomes imperative for cooperatives to perform economically as good as possible in order to survive in the marketplace; therefore, the curriculum has to be adapted to the new requirements;
- (c) *cancellation of cooperative support services which includes the discontinuation of subsidies* for cooperative HRD which means that cooperatives have to pay for such services in the future or they have to organize them themselves.

2.3 Implications of Exchange Rate Management

- (a) a devaluation of the national currency
 - makes it cheaper for external (international) supporting agencies to finance certain services; or
 - more services can be financed with a given amount of money (both are rather theoretical arguments);
 - essential imported goods related to cooperative HRD becomes more expensive (e.g. overhead projectors; audio-visual aids; PCs);
- (b) the import and export potential of cooperatives may be displayed which has an impact on the curriculum.

2.4 Liberalization of Foreign Trade

- (a) it becomes more important than ever before to familiarize cooperators who have a potential to export and/or who are involved in import business with the implications (threats and opportunities) of the new (economic and legal) conditions related to international trade. This is a precondition for exporters to display their potential and for importers to fully make use of the new liberalized environment.
- (b) (non-government) training institutions and cooperative organizations are in a better position to directly import necessary education and training equipment according to their needs [this argument is closely linked to 2.3(b)].

3. The Importance of Cooperative HRD in the Process of Structural Adjustment.

3.1 The Significance of Cooperative HRD in Respect to the Economic and Social Objectives of SAPs

- investment in and improvement of cooperative HRD helps to make *entrants to the labour market* "employable", which is particularly important if the economy starts to create new jobs and self-employment; it will therefore play a crucial role in the transition of economies;

- cooperative HRD is vital in *reintegrating unemployed people*, especially through literacy courses, technical training, training regarding the possibilities of cooperative self-employment, and courses aimed at motivation and self-

confidence; this is in particular true since many of them are incapable of being trained because they left school lacking basic knowledge which makes it extremely difficult to acquire new skills;

- the development of skills and knowledge of cooperatively organized producers helps increase efficiency of production and therefore ensures a *full "utilization" of existing resources* (e.g. land, capital, human resources - of both men and women).

- appropriate cooperative HRD helps cooperative members and managers understand and adapt to the new business environment and therefore optimize the benefits of adjustment measures and reduce its negative side-effects;

- in respect to *privatization*, cooperative HRD may help spread information concerning the rights of individuals to associate and concerning the legal status of cooperatives as enterprises, so that cooperatives can play an active role;

- savings and credit cooperatives help resolving financial problems of cooperators such as difficulties in obtaining bank financing due to their weak economic and asset base. They therefore contribute to the *stimulation of self-employment and job-creation* through access to financial means based on 'members' own resources.

Additionally, the introduction of innovations as one of the major determining factors for increases in productivity and income depends a large extent on the availability of credit resources.

3.2 The Importance of Cooperative HRD in View of the Promotion of Democracy

- human resource development in cooperatives contributes to promoting democracy (in general). In this context, the ILO Recommendation 127 [para 3] states that "in particular, cooperatives should be established and developed as a means of ... contributing to the economy an increased measure of democratic control of economic activity". Cooperatives prepare their members to play their part in the fledging democracy since the members are gradually initiated into the organization, management and control of an enterprise.

The participation of for cooperative members typical population groups (i.e. tendentially the poorer part of the population) in business activity is furthermore being increased through cooperatives' advantages in eliminating barriers prohibiting access to factors such as production means, credit or jobs.

- cooperative HRD helps familiarize cooperative members with the background, objectives, instruments and implications of SAPs so as to contribute to a higher participation of cooperators in development.

- better access of *women* to economic activities and income-generation in order to facilitate their integration into democratic processes.

3.3. The Role of Cooperative HRD in Alleviating Negative Side-Effects of SAPs

- it helps long-term unemployed or people who have recently been laid off improve their chances on the labour market through

cooperatives, through education, training and courses aimed at motivation and self-confidence;

- it helps people to consider cooperatively organized organizations for starting their own business and becoming self-employed;
- it helps people utilize the cooperative type of organization for organizing social services in mutual self-help (health care, housing etc.).

4. Perspectives for the Future.

(a) Making Cooperative HRD Respond to the Market (to New Training Needs)

- more emphasis on entrepreneurship (including the strengthening of local and national capacities to improve cooperative entrepreneurship).
- raising effectiveness and efficiency of cooperative HRD through training of trainers, adjustment of the curricula and improvement of training methods (- ILO programmes MATCOM, COOPNET, COOPREFORM)

(b) Institutional Change

- from state-sponsorship and control to autonomous, self-reliant cooperative HRD structures.

This includes:

- to develop an autonomous cooperative HRD system
- HRD policies
- training methods and material
- identification of new training needs

- sustainable financing (based on the cooperative movement's own resources, at least in the long term)
- cooperative apex organizations shall make efforts
- to equip plenary societies and their members with improved commercial techniques needed to operate successfully in the new competitive environment;
- to familiarize cooperative members with the background, objectives, instruments and implications of SAPs so as to contribute to a higher acceptance of the programme among the population.

(c) Redefinition of actors in cooperative HRD

- shift from cooperative members, managers and (other) employees to a wider defined group comprising additionally board members, promoters, policy makers, parliamentarians and the general public, which should actively be involved both as recipients of and as contributors to cooperative HRD.

(d) Securing Sustainable Funding of Cooperative HRD

- importance of the willingness from all parties concerned to financially contribute to the maintenance and improvement of the HRD system which includes organizations at the primary and secondary level as well as the "trainees" themselves.

(e) Importance to Base Cooperative HRD on Prevailing Needs and to Make it Practice-Oriented

- this is in particular important in obviously capital-scarce times (-SAPs) where valuable resources must not be wasted.
- need for efficient monitoring and evaluation systems in view of the impact of HRD on the performance of cooperatives.

- need for research to ensure highest possible performance and dynamic adaptation of the system to changing needs; and to avoid a bureaucratic repetition of outdated and irrelevant contents and methods.

LIST OF PAPERS PRESENTED AT THE SEMINAR

(Plenary and English - speaking groups)

Kai BLOMQVIST: *Cooperatives and consumers rights.*

Sven-Åke BÖÖK: *Cooperative principles before the future.*

Chris CORNFORTH: *The changing structure of the worker cooperative sector in the UK: interpreting recent trends.*

Piotr DĄBROWSKI: *Some fundamental questions on the state and future of the cooperative movement.*

Kristina-Melinda DOBAY: *Agricultural cooperation in Romania.*

Guinka DOULEVSKA: *Land use and members' property rights in agricultural cooperatives in Bulgaria.*

Kiyofumi KAWAGUCHI: *Possibilities of cooperatives as third sector organizations.*

Grzegorz KOŁODKO: *Strategy for Poland.*

Nina KOTEVA: *Cooperative forms for productional services.*

Jost KRAMER: *Establishing a cooperative banking sector in Eastern Europe.*

Anita J. LORD: *Women & welfare cooperatives: a case study of the "Fukushi Club" in Japan.*

Bengt LORENDAHL: *New cooperation and region development.*

Lars MARCUS: *Cooperative development perspectives.*

Victoria NICOLESCU: *Establishing of small cooperatives - a requirement of the transition to the free market economy; legislative and organisational*

aspects related to the Romanian experiences in this field.

Tadeusz PRZECISZEWSKI: *The social market economy system concept as the determinant of cooperative sector role within the national economy transformation process.*

Eugeniusz PUDEŁKIEWICZ: *Strategies of social and economic development of the local communities.*

SAMI UDINI: *Cooperative strategies in developing countries - a study of Indian scenario.*

Robert SCHEDIWY: *Issues od cooperative federalism.*

Bohuslav STRAKA: *Membership: personification and members' property rights, property shares, human resources.*

Yohanan STRYJAN: *Cooperatives on the welfare market.*

Carmen TABUS: *The personalization of the cooperative property and the ownership rights of the handicrafts cooperative members in Romania.*

Gabriele ULLRICH & Roland LINDENTHAL: *Cooperative human resource development and structural adjustment.*

John H. WOLF: *Extrapolating cooperative theory; from innocence to cynism.*

SEMINAR PROGRAM

July 12th, 1994

- 11.00 - 11.20 Opening session. Chairman J.Stolińska-Janic
- E.Pudełkiewicz
 - S.A. Bööck
 - A.Piechowski (technical details)
- 11.20 - 12.40 Plenary Session I. Chairman S.A.Bööck
- Lars Marcus *Cooperative Development Perspectives.*
 - Piotr Dąbrowski *Some fundamental questions on the state and future of the cooperative movement.*
- 12.40 - 12.55 break for tea, coffee
- 12.55 - 14.15 Plenary Session II. Chairman K. Blomqvist
- Per Ove Rokholt
 - Robert Schediwy *Issues of Cooperative Federalism.*
 - comments by Y. Stryjan
- 14.30 - 15.15 lunch
- 15.30 - 16.45 Plenary Session III. Chairman P. Normark
- Gabriele Ullrich *Cooperative human resource development and structural adjustment.*
 - Chris Cornforth *The changing structure of the worker cooperative sector in the UK - interpreting recent trends.*

16.45 - 17.00 break for tea, coffee

17.00 - 18.15 Plenary Session IV. Chairman Y.Stryjan

- Sven Åke Böök *Some aspects on cooperative principles for the future.*

- Eugeniusz Pudelkiewicz *Strategies of social and economic development of the local communities.*

19.00 dinner and social event

July 13th, 1994

9.00 - 11.00 Session I "New Fields for cooperation"

Chairman R.Lindenthal

Rapp. K. Blomqvist

1) Jost Kramer *Establishing a cooperative banking sector in Eastern Europe.*

2) Bengt Lorendahl *New cooperation and region development.*

3) Yohanan Stryjan *Cooperatives on the welfare market.*

4) Anita J. Lord *Women & welfare cooperatives: a case study.*

5) Chris Cornforth *The changing structure of the worker cooperative sector in the UK: interpreting recent trends.*

11.00 - 11.15 break for tea, and coffee

11.15 - 13.00 Seassion. II. "Theoretical perspectives"

Chairman P.O. Rokholt

Rapp. J. Kramer

- 1) John H. Wolf *Extrapolating cooperative theory: from innocence to cynism.*
- 2) Tadeusz Przewozinski *The social market economy system concept as the determinant of the cooperative sector role within the national economy transformation system.*
- 3) Kaj Blomqvist *Cooperatives and consumer rights.*
- 4) Sami Uddin *Cooperative strategies in developing countries - a study of Indian scenario.*

13.00 - 14.00 lunch

14.00 - 16.00 Session III "Ownership and property rights"

Chairman Y. Stryjan

Rapp. Ch. Cornforth

- 1) Carmen Tabus *The personalization of the cooperative property and the ownership rights of the handicrafts cooperative members in Romania.*
- 2) Kristina-Melinda Dobay *"Agricultural cooperation in Romania".*
- 3) Bohuslav Straka *Membership: personification and members' property rights, property shares, human resources.*

4) Guinka Doulevska *Land use and members' property rights in agricultural cooperatives in Bulgaria.*

16.00 - 16.15 break for tea, coffee

16.15 - 18.00 Session IV "Post communist transformation"

Chairman R. Schediwy

Rapp. J.H. Wolf

1) Kiyofumi Kawaguchi *Possibilities of cooperatives as a third sector organizations.*

2) Nina Koteva *Cooperative forms for productional services.*

3) Viorica Niculescu *Establishing of small cooperatives - a requirement of the transition to the free market economy; legislative and ganizational aspects related to the Romanian experience in this field.*

18.30 dinner

20.00 cultural event in an Old Town cellar.

July 14th, 1994

9.00 - 11.00 Plenary Session "Concepts and Strategies of
Economic Development"

Paper by prof. Grzegorz Kołodko, Deputy Prime Minister
and Minister of Finances: *Strategy for Poland*.

Questions, discussion.

11.00 - 11.15 break for tea, coffee

11.15 - 13.00 Panel Session "Cooperative Federative
Organizations"

Chairman Jost Kramer

Participants: Chris Cornforth, Bronisław Drozd, Peter
Normark, Per-Ove Røkholt, Robert Schediwy, Janina
Stolińska-Janic, Yohanan Stryjan.

13.00 - 14.00 Closing Session

Conclusions and closing - Eugeniusz Pudełkiewicz, Sven-
Åke Böök.

14.30 lunch

16.00 tour of Cracow Old Town

20.00 dinner

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² We mention here only those of Polish participants who had papers or took part in the discussion during plenary sessions on 12th and 14th July or during English language session on 13th July.

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