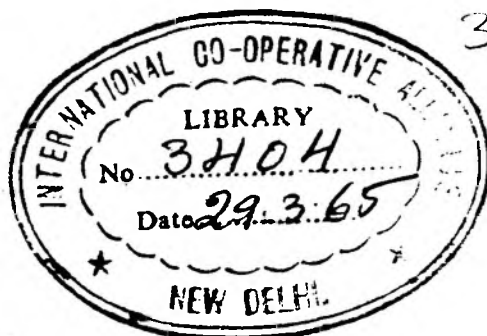


# International Co-operative Alliance

11 Upper Grosvenor Street, London, W.1.



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ICA

**Report of the  
Twenty-Second Congress  
at  
Bournemouth**

**14th to 17th October, 1963**

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# International Co-operative Alliance

## Founded 1895

**President:**  
M. Bonow

**Vice-Presidents:**  
R. Southern, A. P. Klimov

**Members of Executive:**  
Ch.-H. Barbier, M. Bonow, M. Brot, G. Cerreti, J. J. A. Charbo, A. A. Drejer, L. Hietanen,  
A. P. Klimov, A. Korp, W. Quincey, C. Schumacher, W. Serwy, R. Southern, J. Voorhis

**Director:**  
W. P. Watkins

**General Secretary:**  
Miss G. F. Polley

### Members of the Central Committee:

Argentina .....	E. U. C. Martinez.
Austria .....	A. Korp, H. Kulhanek, L. Strobl, A. Vukovich.
Belgium .....	C. Chaput, J. Lambert, P. Lambert, J. Papart, W. Serwy.
Bulgaria .....	P. Takov.
Burma .....	Tun Win.
Canada .....	L. Bérubé, A. F. Laidlaw, R. S. Staples.
✓Ceylon .....	D. E. Hettiarachchi.
Czechoslovakia .....	L. Kopriva, M. Marik, J. Nepomucky, J. Podlipny, J. Sen, L. Smrcka.
Denmark .....	P. N. Andersen, A. A. Drejer, M. Esholm, E. Groes, K. Nielsen.
Finland .....	L. Hietanen, V. Loppi, M. Mustonen, E. Särkkä, J. Jalava, P. Kuoppola, J. Laakso, U. Takki.
France .....	M. Brot, F. Burette, M. Catelas, M. Degond, G. Gausse, G. Heitz, A. Chariol, P. Reymond.
German Federal Republic...	H. Fischer, W. Flügge, E. Hasselmann, H. Meins, E. Potthoff, C. Schumacher, C. Wiederkehr.
Great Britain .....	F. Abbotts, H. Afford, H. D. Brooks, W. Quincey, R. Southern, R. Taylor, T. Weir, P. M. Williams.
Greece .....	J. Afendakis.
Holland .....	J. J. A. Charbo, J. G. Nijhof.
Iceland .....	E. Einarsson.
✓India .....	Brahm Perakash.
Israel .....	J. Efer, N. Verlinsky.
Italy .....	G. Banchieri, G. Cerreti, G. Tolino, L. Vigone, L. Malfettani, A. Mayr, V. Menghi, A. Rossini.
✓Japan .....	Y. Hasumi, S. Katayanagi, S. Nakabayashi.
Nigeria .....	D. E. Ebe, E. T. Latunde.
Norway .....	R. Haugen, R. Semmingsen, P. Søliland.
✓Pakistan .....	R. Ahmed.
Roumania .....	C. Mateesco.
Singapore .....	N. A. Kularajah.
Sweden .....	C. A. Anderson, S. Apelqvist, M. Bonow, G. Etzler, H. Hjalmarsson, A. Johansson, N. Thedin, S. Kypengren.
Switzerland .....	Ch.-H. Barbier, E. Debrunner, W. Gnaedinger, H. Küng, H. Rudin-Dettwyler, A. Vuilleumier.
Tanganyika .....	W. R. Kapinga.
U.S.A. ....	S. Ashelman, H. A. Cowden, J. W. Koski, M. D. Lincoln, F. F. Rondeau, A. J. Smaby, D. Townsend, J. Voorhis.
U.S.S.R. ....	N. P. Abramenko, M. M. Denisov, A. A. Hodjaev, A. P. Klimov, N. P. Sai, N. P. Sidorov, D. S. Timofeev, P. Tzagareishvili.
Yugoslavia .....	D. Bajalica.

# The Congress Committee

## President:

Dr. Mauritz Bonow

## Vice-Presidents:

Mr. R. Southern, Mr. A. P. Klimov

## Members:

✓ Central Committee: Mr. Brahm Perakash, Mr. F. F. Rondeau,  
Mr. C. Schumacher.

Delegates: Mr. M. Capek, Dr. L. Crisanti, Dr. H. Dietiker.

---

## Past Congresses

London .....	1895	Ghent .....	1924
Paris .....	1896	Stockholm .....	1927
Delft .....	1897	Vienna .....	1930
Paris .....	1900	London .....	1934
Manchester .....	1902	Paris .....	1937
Budapest .....	1904	Zurich .....	1946
Cremona .....	1907	Prague .....	1948
Hamburg .....	1910	Copenhagen .....	1951
Glasgow .....	1913	Paris .....	1954
Basle .....	1921	Stockholm .....	1957
Lausanne .....	1960		

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**22nd Congress of the  
International Co-operative Alliance  
Bournemouth, October 1963**

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**Fraternal Delegates and Guests**

**The Borough of Bournemouth**

Alderman Harry Mears, Mayor of Bournemouth

<b>International Labour Office</b> .....	Mr. H. K. Nook
<b>United Nations Food and Agriculture Organisation</b> .....	Mr. G. St. Siegens
<b>United Nations Educational, Scientific and Cultural Organisation</b>	Miss P. Harris
<b>International Federation of Agricultural Producers</b> .....	Mr. R. Hewlett, Mr. V. Janjić
<b>International Co-operative Women's Guild</b> .....	Mrs. F. Krämer
<b>World Veterans' Federation</b> .....	Mr. J. E. Knott
<b>International Chamber of Commerce</b> .....	Mr. R. H. Edmondstone

**Personal Guests:**

Mr. Väinö Tanner and Lord Rusholme, Former Presidents of I.C.A.

✓ Mr. M. R. Bhide, Ministry of Community Development and Co-operation, New Delhi /

Hon. F. Meakes, Minister for Co-operation, Saskatchewan



## Delegates of Member Organisations

### Algeria

Société Coopérative Musulmane Algérienne d'Habitation et  
d'Accession a la Petite Propriété, Oran..... Padovani, P.

### Argentina

Federación Argentina de Cooperativas de Consumo, Buenos  
Aires ..... Martinez, E. U. C.

### Austria

"Konsumverband," Zentralverband der österreichischen  
Konsumgenossenschaften, Vienna ..... Baumgartner, Mrs. E.  
Bindreiter, W.  
Hiess, F.  
Korp, A.  
Labak, E.  
Sagmeister, O.  
Vukovich, A.

Bank für Arbeit und Wirtschaft Aktiengesellschaft, Vienna... Haar, J.

### Belgium

Société Générale Coopérative, Brussels ..... Detrixhe-Ancion, Mrs. C.  
Devillers, V.  
Lambert, P.  
Leclerq, M.  
Lemaire, H.  
Lemaire, R.  
Serwy, W.  
Vandersmissen, J.

Fédération Nationale des Coopératives Chrétiennes, Brussels Devogel, A.  
Ducobu, F.  
Eerdekens, J.  
Van de Walle, A.

Office des Pharmacies Coopératives de Belgique, Brussels ... Derbaix, M.

### Bulgaria

Central Co-operative Union, Sofia ..... Jordanov, G.

### Canada

Co-operative Union of Canada, Ottawa ..... Chapman, H. E.  
Jameson, Mrs. L.  
Lloyd, L. L.  
Matheson, G. L.  
Meakes, F.  
Staples, R. S.

Conseil Canadien de la Coopération, Quebec ..... Légère, M. J.

### Ceylon

✓ Co-operative Federation of Ceylon, Colombo ..... Hettiarachchi, D. E.

### Cyprus

Co-operative Central Bank, Nicosia..... Clerides, R. N.

Cyprus Turkish Co-operative Central Bank, Nicosia ..... Eshref, M.

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<b>United Nations Food and Agriculture Organisation</b> .....	Mr. G. St. Siegens
<b>United Nations Educational, Scientific and Cultural Organisation</b>	Miss P. Harris
<b>International Federation of Agricultural Producers</b> .....	Mr. R. Hewlett, Mr. V. Janjić
<b>International Co-operative Women's Guild</b> .....	Mrs. F. Krämer
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Cyprus Turkish Co-operative Central Bank, Nicosia ..... Eshref, M.

German Federal Republic—*continued*

	Schumacher, C. Seidl, E. Stelzenmüller, G. Werk, F. Wiederkehr, C. Wiehem, H.
“ Alte Volksfürsorge ” Gewerkschaftlich-Genossenschaftliche Lebensversicherungsaktiengesellschaft, Hamburg .....	Weisshaar, H.
Deutsche Sachsversicherung “ Eigenhilfe,” Hamburg .....	Rittner, W.
Gesamtverband gemeinnütziger Wohnungsunternehmen, Cologne .....	Brueggemann, J.

Great Britain

The Co-operative Union, Manchester .....	Abbotts, F. Brooks, H. D. Hilditch, C. C. Southern, R. Weir, T. Williams, P. M.
Co-operative Wholesale Society, Ltd., Manchester .....	Afford, H. Cooke, L. Quincey, W. Wood, N.
Scottish Co-operative Wholesale Society, Ltd., Glasgow .....	Bisset, W. Douglas, J. Ferguson, W. W. Taylor, R.
Co-operative Insurance Society, Manchester .....	Dinnage, R. Noble, K. A. Wild, A.
Retail Societies.....	Alexander, Mrs. M. Anderson, Mrs. M. Applegate, F. Atkins, G. A. Atkins, Mrs. M. J. Atkinson, H. Baker, Mrs. J. Blaseby, C. A. Bradley, Mrs. G. Bradshaw, Miss N. Brennan, E. E. Brooks, E. J. Bush, Mrs. M. Buttery, S. T. Campbell, Mrs. M. Charlton, J. W. Clarke, F. J. Clarke, S. G. Clayden, H. J. Coats, A. G. Codd, E. Crabb, T.

Great Britain—*continued*

Dallender, D. A.  
Dare, Mrs. J.  
Davey, A. W. E.  
Davies, D. E.  
Davis, D.  
Davis, T.  
Davison, C. J.  
Day, Mrs. F. B.  
Decker, R.  
Double, Mrs. B. E.  
Downing, Miss A.  
Duncan, W. A.  
Dunwoodie, D.  
Dutton, W. E.  
Eden, H. K.  
Elderfield, P.  
Elias, Mrs. M. R.  
Evans, I. L.  
Fancy, W.  
Farleigh, Mrs. E.  
Fleming, T.  
Forman, Mrs. B.  
Forrest, J. H.  
Fox, H.  
Foy, Mrs. J.  
Francis, Mrs. F. E.  
Garrett, R. B.  
Graney, B.  
Gray, W. B.  
Green, Mrs. L. E. W.  
Gwinnett, T.  
Haynes, H. F.  
Haywood, W. F.  
Hazell, W.  
Jackson, A.  
Jacques, F.  
Job, C. C.  
Johnston, Mrs. M.  
Jones, H.  
Kay, J. B.  
Kelly, Mrs. M.  
Kettle, R. W.  
King, H.  
Large, W. H.  
Lewis, R. J.  
Litster, Mrs. F.  
Long, H.  
Longstaff, F. J.  
Lonsdale, Mrs. M.  
Lowe, E.  
Lyll, W.  
Lynn, A. E.  
MacFarlane, G. R.  
McCarthy, G. W.  
Mackin, D.  
Mahon, J.  
Marron, T. F.  
Meakin, S.  
Moore, C.  
Munro, Mrs. R. E.  
Murphy, J.  
Oakes, A. W.  
O'Connor, Mrs. A. E.

**German Federal Republic—continued**

	Schumacher, C. Seidl, E. Stelzenmüller, G. Werk, F. Wiederkehr, C. Wiehem, H.
“ Alte Volksfürsorge ” Gewerkschaftlich-Genossenschaftliche Lebensversicherungsaktiengesellschaft, Hamburg .....	Weisshaar, H.
Deutsche Sachsversicherung “ Eigenhilfe,” Hamburg .....	Rittner, W.
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The Co-operative Union, Manchester .....	Abbotts, F. Brooks, H. D. Hilditch, C. C. Southern, R. Weir, T. Williams, P. M.
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Scottish Co-operative Wholesale Society, Ltd., Glasgow .....	Bisset, W. Douglas, J. Ferguson, W. W. Taylor, R.
Co-operative Insurance Society, Manchester .....	Dinnage, R. Noble, K. A. Wild, A.
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Great Britain—*continued*

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Downing, Miss A.  
Duncan, W. A.  
Dunwoodie, D.  
Dutton, W. E.  
Eden, H. K.  
Elderfield, P.  
Elias, Mrs. M. R.  
Evans, I. L.  
Fancy, W.  
Farleigh, Mrs. E.  
Fleming, T.  
Forman, Mrs. B.  
Forrest, J. H.  
Fox, H.  
Foy, Mrs. J.  
Francis, Mrs. F. E.  
Garrett, R. B.  
Graney, B.  
Gray, W. B.  
Green, Mrs. L. E. W.  
Gwinnett, T.  
Haynes, H. F.  
Haywood, W. F.  
Hazell, W.  
Jackson, A.  
Jacques, F.  
Job, C. C.  
Johnston, Mrs. M.  
Jones, H.  
Kay, J. B.  
Kelly, Mrs. M.  
Kettle, R. W.  
King, H.  
Large, W. H.  
Lewis, R. J.  
Litster, Mrs. F.  
Long, H.  
Longstaff, F. J.  
Lonsdale, Mrs. M.  
Lowe, E.  
Lyll, W.  
Lynn, A. E.  
MacFarlane, G. R.  
McCarthy, G. W.  
Mackin, D.  
Mahon, J.  
Marron, T. F.  
Meakin, S.  
Moore, C.  
Munro, Mrs. R. E.  
Murphy, J.  
Oakes, A. W.  
O'Connor, Mrs. A. E.

Great Britain—*continued*

Oram, A. E.  
Owens, R. J.  
Paine, G. A.  
Palmer, C.  
Palmer, F. J.  
Parker, J. E.  
Parkins, A. D.  
Parkinson, T.  
Pentney, J. H.  
Perry, Mrs. M. E. A.  
Pilling, R. G.  
Poole, P.  
Powell, E.  
Roberts, J.  
Robinson, Mrs. J.  
Rollins, E. T.  
Schicker, J.  
Scholefield, A.  
Shaw, D.  
Shepherd, C. W.  
Shepherd, G. H.  
Sheppard, R. J.  
Sissons, W. J.  
Skidmore, Mrs. D.  
Spears, E. G.  
Stockdale, W.  
Stringer, S.  
Tallentire, Mrs. F. E.  
Taylor, G. A.  
Timms, Mrs. M.  
Trollope, W. F. C.  
Trotter, J. A.  
Trotter, —.  
Wakefield, W. A. S.  
Wanless, T.  
Welton, Mrs. D.  
Wood, J. H.  
Woods, Mrs. A.

Greece

Pan-Hellenic Confederation of Unions of Agricultural  
Co-operatives (S.E.S.), Athens ..... Afendakis, J.

Holland

Coöperatieve Vereniging u.a. Centrale der Nederlandse  
Verbruikcoöperaties Co-op Nederland, Rotterdam ..... Charbo, J. J. A.  
Groenewegen, G. G.  
Netten, J. F. van  
Nijhof, G. J.  
Quast, H.  
Swiebel, P. W.  
Toussaint, I. P.

Iceland

Samband Isl. Samvinnufélaga, Reykjavik ..... Einarsson, E.



### India

National Co-operative Union of India, New Delhi .....	Perkash, B.
National Agricultural Co-operative Marketing Federation, New Delhi .....	Deshmukh, P. S.
All Bombay Consumers' Co-operative Societies Federation, Bombay .....	Kaka, M. N.

### Iran

Army Consumers' Co-operative Society, Teheran .....	Sassani, J.
---	-------------

### Israel

General Co-operative Association of Jewish Labour in Eretz- Israel, "Hevrat Ovdim," Tel-Aviv .....	Efter, J. Guelgat, I. Moshcovitz, Mrs. M. Repetur, B. Verlinsky, N.
"Merkaz" Audit Union of the Co-operative Societies for Loans and Savings, Tel-Aviv .....	Vinizky, B.

### Italy

Lega Nazionale delle Cooperative e Mutue, Rome .....	Banchieri, G. Briganti, W. Catelli, E. Cerreti, G. Cerrina, Miss. N. Cesari, M. Crisanti, Mrs. L. Ferri, G. C. Gaeta, O. Gualdi, A. Ligabue, A. Marchi, C. Mazzanti, R. Olmini, C. Pagnanelli, A. Paolicchi, S. Pasquali, L. Spallone, G. Spezia, M. Tolino, G. Vigone, L. Visani, L.
Confederazione Cooperativa Italiana, Rome .....	Compiani, G. Malfettani, L. Mayr, A. Schmid, R. Vecchia, D. D.
Associazione Generale delle Cooperative Italiane, Rome .....	Chiaraviglio, C. d'Amore, P. Ippolito, G. Rossini, A. Zoli, —.

### Japan

Zenkoku Nogyokyodokumiai Chuokai, Tokyo .....	Hasumi, Y.
Nippon Seikatsu Kyodokumiai kengokai, Tokyo .....	Nakabayashi, S.
Zenkoku Gyogyo Kyodokumiai Rengokai, Tokyo .....	Katayanagi, S.

<b>Malaya</b>	
✓ Co-operative Union of Malaya, Kuala Lumpur .....	Hourmain, A.
<b>Mauritius</b>	
Mauritius Co-operative Union, Port Louis.....	Rose, R.
<b>Nigeria</b>	
Co-operative Union of Western Nigeria, Ibadan .....	Latunde, E. T.
<b>Norway</b>	
Norges Kooperative Landsforening, Oslo .....	Broch, Mrs. M. Gulbrandsen, N. Haugen, R. Hovind, C. O. Nilssen, S. Ovesen, Miss L. Søiland, P. Svensson, S.
<b>Pakistan</b>	
✓ West Pakistan Co-operative Union, Lahore .....	Ahmed, R.
Karachi Co-operative Housing Societies' Union .....	Shirazee, J. H.
Karachi Co-operative Institute .....	Naqvi, M. H.
East Pakistan Co-operative Union, Dacca .....	Ahsan, A. K. M.
<b>Roumania</b>	
Uniunea Centrala a Cooperativelor de Consumo "Centrocoop," Bucharest .....	Mateesco, C. T.
<b>Sweden</b>	
Kooperativa Förbundet, Stockholm.....	Ahlberg, Mrs. S. Anderson, C. A. Apelqvist, S. Back, K. Bonow, M. Carlsson, A. Dahlander, G. Eriksson, Miss I. Eronn, L. Etzler, G. Grahm, K. Hjalmarsson, H. Johansson, A. Kéler, G. Lindberg, K. Lindskog, C. Lundberg, B. Mathsson, B. Moback, O. Nordh, K. E. Odhe, T. Sohlenius, H. Ström, Mrs. T. Thedin, N. Tronêt, B. Widhe, Mrs. E.

*Sweden—continued*

Sveriges Lantbruksförbund, Stockholm .....	Svärdström, K. F.
Hyresgästernas Sparkasse- och Byggnadsföreningars Riksförbund (H.S.B.), Stockholm .....	Kypengren, S.
Svenska Riksbyggen, Stockholm .....	Blomqvist, G.
Kooperativa Kvinnogillesförbund, Stockholm .....	Krook, Mrs. S.

**Switzerland**

Verband schweiz. Konsumvereine, Basle .....	Barbier, Ch.-H. Berger, R. Boson, M. Dietiker, H. Giger, P. Gigon, J. Hitz, P. Naef, E. Ressiga-Vacchini, G. Ruf, W. Schluep, H. Thuli, H. Travelletti, Miss A. Vuilleumier, A. Ziegler, Mrs. G.
Genossenschaftliche Zentralbank, Basle .....	Bleile, W.
Coop Lebensversicherungs-Genossenschaft, Basle .....	Debrunner, E.

**Tanganyika**

Co-operative Union, Dar-es-Salaam .....	Kapinga, W. R.
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**U.S.A.**

Co-operative League of the U.S.A., Chicago .....	Cowden, H. Culbreth, H. W. Doss, B. Dunlap, G. H. Faris, H. M. Fox, G. Grady, P. D. Heckathorn, H. D. Koski, J. W. Kyle, J. W. Lewis, J. M. Long, R. Metzler, H. R. Montgomery, R. Nelson, O. Owen, F. S. Probasco, K. Rennie, R. A. Rondeau, F. F. Sandbach, W. Scarff, M. M. Scull, D. H. Smaby, A. J. Snyder, G. Stanfield, D. Stitzlein, C. Stratton, J. G.
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U.S.A.—*continued*

Thornbury, P. L.  
Thornthwaite, F.  
Townsend, D.  
Valko, L.  
Varian, R. H.  
Voorhis, J.  
Wachsmuth, C. B.  
Weller, W.  
West, J. H.  
Wise, C. E.  
Woodcock, L. E.

U.S.S.R.

Central Union of Consumers' Co-operative Societies of the  
U.S.S.R. and R.S.F.S.R. "Centrosoyus," Moscow .....

Charchoglyan, A. A.  
Denisov, M. M.  
Ilyashev, R.  
Klimov, A. P.  
Krumin, I. A.  
Nevskiy, E. N.  
Presnova, Miss A. D.  
Shiryaev, N. K.  
Utkin, M. G.  
Voloshin, F. F.  
Zagulina, Mrs. V. S.

Yugoslavia

Glavni Zadruzni Savez, Belgrade ..... Janjić, V.

**Proceedings**  
**of the Twenty-Second Congress**  
**of the**  
**International Co-operative Alliance**

FIRST SESSION

Monday, 14th October, 1963

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**The Opening of Congress**

Four hundred and fifty delegates from 34 countries and a great number of observers and visitors attended the opening of the 22nd Congress of the International Co-operative Alliance in the Pavilion, Bournemouth, England, on Monday, 14th October, 1963. The Pavilion's platform was decorated in the rainbow colours, and the national flags of all the delegates were hoisted at the entrance to the Pavilion. Dr. M. Bonow, President of the Alliance, was in the chair, flanked by the Alliance's Vice-Presidents, Mr. A. P. Klimov and Mr. R. Southern, and the officers, Mr. W. P. Watkins, Director, Miss G. F. Polley, General Secretary, and the Director Designate, Mr. W. G. Alexander. The proceedings opened with

**A Civic Welcome by the Mayor of Bournemouth**

**Alderman Harry Mears:** One of the rewards enjoyed by the Mayor of Bournemouth is the pleasure of receiving distinguished visitors who are attending meetings and conferences here. This duty, with the growing popularity of Bournemouth over the years, has become more and more important in the life of the Mayor.

My words of greeting this morning are especially warm and sincere to those who come from abroad, and I hope tomorrow evening to have the opportunity of meeting most of you personally at the Civic Reception.

Meanwhile, on behalf of the Corporation of Bournemouth and its citizens, I extend to you all a very sincere welcome to our Borough.

## Welcome on behalf of the British Co-operative Movement

**The President :** In asking Mr. Leonard Cooke, President of the English Co-operative Wholesale Society, to address Congress I offer through him to the Co-operative Wholesale Society our sincere congratulations on the Centenary of our largest co-operative undertaking and our best wishes, at the beginning of a new century, for the success of its enterprises and the evolution of a new spirit of unity, to which Mr. Cooke is so devoted.

**Mr. Leonard Cooke :** The whole of the British Co-operative Movement is delighted to welcome the Congress of the International Co-operative Alliance to these islands again after an absence of 29 years.

Since the last I.C.A. Congress in Britain a new generation has grown up, and it has grown in entirely different circumstances resulting in new thinking. One must, therefore, look at things today in a very different way from what one did in 1934. The efficiency of the British Co-operative Movement is being severely challenged, or rather its methods are being challenged, in this latter half of the twentieth century, and this has led to a great deal of self-examination and self-criticism.

I was interested to hear Dr. Bonow say a few days ago that this self-deprecation was perhaps being overdone and that, in emphasising the things that required revision, we had tended to overlook much of which we can be justifiably proud. I do not intend to recite a lot of facts and figures, but perhaps I could just mention that our Retail Societies in Britain have over thirteen million members and an annual trade of well over £1,000 million.

May I, Mr. President, thank the Alliance for holding its Congress in Britain in the C.W.S. Centenary Year: it has given emphasis to a very important anniversary and has encouraged us tremendously.

I also take this opportunity of saying "Thank you" to all those organisations which have assisted the C.W.S. so enthusiastically and generously to make its Centenary Exhibition at Manchester a truly international one. This help has been wonderful, and together we have created the finest exhibition ever presented to the public by any co-operative organisation in the world.

Outside the work of the United Nations I suppose it is not given to many to have the opportunity of addressing such a great international gathering as the Congress of the I.C.A.—an Alliance representing National Co-operative Organisations of 53 countries which together comprise 533,800 societies, with more than 174 million members. Although there are still some parts of the world not covered by the Alliance, the growth of its activities, particularly in Asia and Africa, is truly remarkable. At the same time through its Auxiliary Committees—Insurance, Housing, Banking, Agriculture, Wholesale, Retail, Workers' Production, and the International Petroleum Association—the Alliance is undertaking intensive studies of specialist activities and providing means whereby international co-operative business can be initiated and developed.

We, in Britain, like to feel we have played, and will continue to play, our part in this work, and that by our continued efforts we shall achieve an increasing acceptance of the co-operative way of life. We can all draw fresh inspiration from our participation in this Congress, to which I extend a warm and sincere welcome.

### **Inaugural Address of the President of the I.C.A., Dr. M. Bonow**

Three years have elapsed since our International Congress met at Lausanne. From a historical viewpoint this represents a very short period, but these years have been filled with the most dramatic world political changes. While we may already be able to assess some of the immediate consequences of the recent political readjustments, we cannot discern their possible long-term effects. Nevertheless, there can be no difference of opinion about their paramount significance.

Let us briefly recall some fundamental economic and political factors which have influenced the present world situation and will, in the main, determine its future development.

Firstly, the cold war which, starting immediately after the Second World War, has kept mankind in an iron grip, creating an intolerable atmosphere of fear and mutual distrust, and resulting economically in an enormous waste of productive resources. A fairly recent estimate of the world's total spending on arms amounted to the astronomical figure of 120 billion dollars a year, which was said to be greater than the total of the national incomes of all the underdeveloped countries. Since this estimate was made unproductive expenditure on arms has increased still more, and the arms race is continuing.

In the early autumn of last year international political tension culminated in a crisis of unprecedented seriousness. The showdown over Cuba has, however, demonstrated one thing quite clearly: that the terror balance, based upon nuclear arms and missiles sufficient in number to exterminate the entire world population, did, in fact, avert the outbreak of a total war. The experiences gained during those hectic autumn weeks probably contributed powerfully to the agreement reached in Moscow this year for a ban on most types of nuclear tests, which has been regarded as a first step towards a lessening of international political tension. Another achievement is the so-called hot line between Washington and Moscow, aimed at preventing a nuclear war through accident. Even if our experience of the persistence of the cold war throughout the whole post-war period may give reason for great caution in judging the chances of further improvements in international political relations, the statesmen of the world now seem to entertain some optimism about a continued gradual lessening of the tension between east and west.

A second political factor with far-reaching consequences, even into the distant future, is the decolonisation process in the post-war period, which has proceeded with great rapidity. Since the late 1940's a number of important independent states have come into being in Asia, representing a total population figure of 770 million. Africa, too, has had a vast and rapid liberation process, the total number of independent states created during the post-war period being 29 with 165 million inhabitants.

The impact of what has been called "the wind of change" will fundamentally influence world politics and world economics for many years to come. Political liberation from colonialism is, however, only the first, though a significant, step on the long and steep road to economic and social liberation. The situation facing the people in most of the new independent states is indeed very difficult, and the serious administrative, economic and social problems in these countries represent a challenge not only for the liberated people themselves, but for the whole world, and are a part of the complex of problems which confront the underdeveloped regions.

A third group of problems which have decisive influence on the present international situation may briefly be described as the combination of over-

population and under-nourishment. Through the persistent efforts of FAO world attention has been focussed as perhaps never before on these critical problems. At the recent World Food Congress in Washington, held under the Freedom from Hunger Campaign, the interrelation between the so-called population explosion and the grave under-nourishment problems facing the greater part of mankind was elucidated in all its aspects.

To illustrate the extreme seriousness of the present situation it may be mentioned that, on the basis of present trends in population increase, it has been estimated that to satisfy the needs of all human beings according to the present standard in the developed countries, world production of foodstuffs would have to be doubled by 1980. Carrying this estimate forward for only another twenty years, present world production would have to be trebled by the beginning of the next century. The year 2000 may seem a long way off to us, but our children and grandchildren will have to face political and economic problems which it will be impossible to solve unless effective counter measures are applied now. Even to try to forecast future political and economic convulsions which may result from lack of action now against population explosion and world hunger is quite impossible.

If I may confine myself to a few words about the food problem, I would first say that very much could be done today along conventional lines, and that, apart from such scientific progress as getting raw materials for the production of foodstuffs from the oceans and the air, several important proposals have been made to ease the situation.

A short-term programme would include pooling the vast quantities of surplus food held by a number of developed countries and channelling them, on a gift basis, through the United Nations to the lesser developed countries. Such a suggestion was actually made by the eminent economist, Professor Gunnar Myrdal, in his address to the World Food Congress, from which I quote—

“The first point is the following: if we assume, as I do, that international aid should be based on a foundation of international solidarity, there is no reason why aid in the form of food should be a burden only on the countries which happen to have food surpluses. It would be more reasonable for the costs to be carried by all rich countries according to some principle of equitable distribution related to their income per head, and it would then not be necessary for the surplus countries to restrict their food production by artificial interferences, as long as there is a dire need for food in many under-developed countries. Such a principle cannot be applied, however, unless the still utopian situation exists where aid is more generally multilateralised under the United Nations and its Inter-Governmental Organisations.

My second point is that it is urgently necessary rapidly to achieve at least so much of this multilateralisation of aid that we can, in a rational way, protect and promote the production of food for export of those under-developed countries which are, or could be, surplus countries. When their natural customers are other under-developed countries, short of foreign exchange, their production potential may remain unutilised. . . . They are not in the position where they can give away their export of food. The rational solution would be that the multilateral agency for food surplus disposal actually paid them for their exports, even if they were given away as food aid to other under-developed countries.”

I think Professor Myrdal's points extremely important. For the I.C.A. as a world organisation it should be a natural task to collaborate with similar non-



governmental bodies, in the first place the International Federation of Agricultural Producers, in the creation of a world opinion which would enlist powerful support from national governments for the large-scale implementation of such a multi-lateral programme for aid in the form of food. Even if efficient and swift action along the lines indicated could be taken in the near future, we have to realise that the main contribution towards an increased production of foodstuffs must come from the lesser developed countries themselves. For well-known reasons agricultural productivity is much lower in many under-developed countries than in the rest of the world, but to increase both productivity and production volume the efforts of the people of the countries themselves will not be sufficient. Massive support from the developed parts of the world in the form of technical know-how and in other ways is indispensable. In this field the necessary governmental planning of economic development must be supplemented by various forms of co-operation all the way down to grass-root level.

Co-operation, we all know, is the best means of fostering and giving expression to the spirit of self-help; it is an instrument for collaboration between common men and women and the best method for promoting mutual help. Therefore, Co-operation in all its forms must be an integral part of all successful economic development programmes in lesser developed countries aimed at a rational production and distribution of foodstuffs. This very fact gives to our efforts to promote Co-operation in the lesser developed countries a significance, now and for the future, which can hardly be overestimated. It is, therefore, very appropriate that at three previous consecutive Congresses of the I.C.A. the promotion of Co-operation in lesser developed countries has been the most important question on the agenda.

So closely interrelated are the political and economic elements in the world today that it is difficult to deal separately with even the most important of them. It might, however, be well to consider, as a fourth main factor influencing the world situation, the general problem of the lesser developed countries and not only the particular aspects connected with the world food problem.

The Far East has at present about 52 per cent of world population but only 12 per cent of world income. As a contrast, North America with a little less than 7 per cent of world population has at its disposal nearly 40 per cent of world income. Another fact, partly related to the world food problem, is that in India, owing to modern medical methods, etc., life expectancy at birth has now risen to 38 years; in North West Europe it is 70 years. The enormous gulf between the standards of living in the developed and the under-developed regions of the world, illustrated by these hard facts, is not diminishing but increasing. Some economists are even of the opinion that the widening of the gap has accelerated in recent years. There are several reasons for this appalling "development"; and, again, the population explosion and the low productivity in the dominating agricultural sector and in the slowly developing industrial sector should be mentioned.

A further fact which has contributed greatly to the deterioration in the economics of the lesser developed countries is the worsening trend in their terms of trade. Since the early 1950s, prices of raw materials and primary foodstuffs have fallen by about 15 per cent, while prices of finished products on the world market have increased by about 25 per cent. Nearly 90 per cent of the exports from lesser developed countries consist of raw materials and primary foodstuffs, whereas they have to import most of their requirements of finished industrial products from developed countries. This deterioration in their terms of trade has

led to the result that the raw material producing countries have seen their share of world trade decline very considerably in recent years, in fact the loss they have suffered since 1950 exceeds the value of all bilateral and multilateral technical assistance they have received from developed countries. The developed countries, and this is the shocking truth, have profited considerably by the losses suffered by the lesser developed countries.

There are, however, some economic and technical facts which contribute to this unfortunate development which simply have to be accepted, for instance, more economies in the developed countries in the use of raw materials and the expanded production of synthetic substitutes. But, in other respects, the developed countries, through their own action, in certain cases lack of action, bear a great responsibility. As an example of lack of action, very little has come out of the sensible plans for worldwide price stabilisation agreements for raw materials, a method which was envisaged at the ITO Conference in Havana in the late 1940s, but, as far as the pricing of export products from developed countries is concerned, there has been no lack of interest in joint action. International cartels and monopolies already firmly established have been extended and made more effective, thus increasing the price level of goods which lesser developed countries, among others, have to import. In addition, restrictive trade policies and excise duties levied on various tropical products have tended to aggravate the situation still further for the lesser developed countries.

The Alliance has an important task, outlined and decided upon by previous Congresses, to present before the various organs of the United Nations the urgent need for an economic policy in favour of the lesser developed countries in all the respects mentioned, while the Co-operative Movements in the developed countries have the task to press energetically for a reform of national commercial policy for the benefit of the lesser developed countries. Such national and international policy must be advocated, also, within the framework of the European economy in connection with the future shaping of the regional markets EEC, EFTA and COMECON, their interrelations and, ultimately, their integration into a freer world market.

These problems will be discussed at this Congress and their possible future consequences for the World Co-operative Movement will be thoroughly examined.

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In recent years, through the United Nations and its various organs, much useful information has been made available about the world economic situation, especially the overwhelmingly great problems facing the lesser developed countries. A number of important and constructive suggestions based upon thorough investigations have been made which should be integrated into a worldwide co-ordinated programme of measures against hunger, disease and illiteracy in the under-developed regions. Let me recall, only, a number of recommendations dealing with the necessity for developed countries to reduce their trade restrictions and liberalise their commercial policy towards the under-developed countries; others, which have dealt with massive financial and technical assistance programmes to promote an increased agricultural production and a gradual industrialisation of the lesser developed countries; also that the imperative necessity of multilateralising aid to the lesser developed countries through the United Nations and its various organs to a much greater extent than is now the case has been stressed repeatedly.

There has been a wealth of good advice and sensible suggestions but, unfortunately, far too little action. A very great and grave responsibility rests upon the

people of the developed countries. It would be utter foolishness to think that we can go on increasing our standard of living and leave the people in the lesser developed regions to their fate. To do so, as Professor Myrdal said in his address to the World Food Congress, the world would certainly "be headed for an economic and political cataclysm, even though nobody could foresee the exact nature of what would then happen."

The only course for our World Co-operative Movement is, on every suitable occasion, to demand before the United Nations and its organs the co-ordination and implementation of all the constructive proposals into a comprehensive programme for concerted action. But the seriousness of the situation and its anticipated development make the time factor of paramount importance, and emphasise the urgency of the statements which the I.C.A. and other non-governmental international organisations with similar aims should make before the organs of the United Nations.

A great portion of the time of this Congress will be devoted to essential problems concerning the promotion of Co-operation in lesser developed countries. What we ourselves, as co-operators, can do to promote a rapid, massive and stable expansion of the co-operative form of enterprise must be our first concern.

World opinion is becoming increasingly aware of the fundamental rôle which Co-operation is destined to play in furthering economic and social development, not least in the newly independent states.

India's Prime Minister, Pandit Nehru, has said his outlook is "to convulse India with Co-operation" and he has described Co-operation as a mode of life suiting the conditions in India.

Another outstanding statesman, the President of Tanganyika, Mr. Julius Nyerere, has said that "Co-operation is a natural mode of life for the Africans," and has stressed the paramount importance of the further development of Co-operation among both producers and consumers as well as the need of technical assistance in these fields.

When Governments and co-operative institutions alike turn to our Alliance and its member organisations for collaboration in promoting co-operative development we must accept the challenge. May I sum up the present situation by quoting Abraham Lincoln: "The occasion is piled high with difficulty, and we must rise with the occasion."

May the deliberations of this Congress be carried on in a constructive and truly co-operative spirit.

### **Reception of Fraternal Delegates and Guests**

**The General Secretary:** Fraternal delegates are present from three of the Specialised Agencies of the United Nations—Mr. G. St. Siegens, Food and Agricultural Organisation; Mr. H. K. Nook, International Labour Office; Miss Pippa Harris, Unesco.

From Non-Governmental International Organisations we have present—Mrs. F. Krämer, International Co-operative Women's Guild; Mr. Robert Hewlett and Mr. Vladimir Janjic, International Federation of Agricultural Producers; Mr. A. Braunthal, International Confederation of Free Trade Unions; Mr. R. H. Edmondstone, International Chamber of Commerce; Mr. J. Knott, World Veterans' Federation.

Congress will also welcome again the presence of two former Presidents of the Alliance—Mr. Väinö Tanner and Lord Rusholme.

Other visitors are Mr. M. R. Bhide, Ministry of Community Development and Co-operation, New Delhi, and The Hon. Frank Meakes, Minister for Co-operation in the Government of Saskatchewan.

### **Greetings from the Food and Agriculture Organisation**

**Mr. G. St. Siegens:** On behalf of the Director-General of the Food and Agriculture Organisation of the United Nations I bring greetings and best wishes for a successful Congress. These felicitations also express the sentiments of our personnel in the field and at headquarters, who value the International Co-operative Alliance as a very important complementary force in the fulfilment of our common objectives.

Since the last I.C.A. Congress there have been significant developments in the field of co-operatives but, as these will be discussed in detail during the next few days, I shall confine my remarks to several points of special interest to our two Organisations.

The extent of financial and moral support throughout the world for the Freedom from Hunger Campaign is a tribute to all who are working in this cause, including a considerable number of co-operators and their organisations. This is not surprising considering the history of the Co-operative Movement and its concern for the wellbeing and dignity of mankind.

The extensive field study on the financial needs of agriculture, with particular reference to the rôle of co-operatives, is a striking example of co-operative assistance to developing countries initiated by the International Co-operative Alliance and largely financed by the Swedish co-operatives, a project in which Dr. Bonow has taken a very great interest as well as a leading participation. The study, conducted by an FAO team of international experts on credit and co-operation, is now in its final stage of redaction and promises to be of significance to the development of co-operative credit, in particular, and the fight against hunger in general.

Also, in line with the continuing concern of this "parliament of co-operatives," FAO is giving increasing attention to programmes of training personnel for service to the Movement. In the past these programmes have, of necessity, been largely directed to the training of key personnel for the promotion of co-operatives, but a broadening of our approach to training is to be seen in our Training Centre for Co-operative Managers which will be opened in Tanganyika within a few weeks. The Centre will have about 30 participants from 12 African countries and is expected to provide a valuable addition to the body of experience required for a widespread programme of management training.

The long-standing interest of the I.C.A. in reaching members of co-operatives through effective media is reflected in a growing awareness in many countries of the importance of an enlightened membership. As a consequence, FAO is considering the problem of producing suitable material in the vernacular for members of co-operatives in countries where illiteracy, multiple languages and dialects, as well as other inhibiting factors, pose a serious challenge to the creation of member-centred co-operatives.

The current interest of FAO in the training of rural youth for the agricultural development promises to have some implications for the Co-operative Movement in the coming year, and the challenge to prepare young people for participation in co-operative enterprises is one which I feel sure the I.C.A. will welcome. As with other aspects of co-operative development, we look forward to your collaboration and support in this important area of activity.

In response to the basic need for reliable data on agricultural co-operatives, our Division in FAO is embarking on the collection and classification of statistics on agricultural co-operatives in collaboration with the Statistics Division. Provision is also being made for the compilation of a *Glossary of Co-operative Terms*. We feel that these efforts will be helpful to co-operatives in their trading activities, particularly on the international level, and as a further aid to research and scholarship. Another FAO project with which the I.C.A. is closely associated is the *Handbook on Co-operatives in selected countries* for the benefit of fellowship holders from developing countries. In the field of co-operatives for fishermen, the I.C.A. has supported financially a very successful FAO publication, which has become a best seller all over the world, and recently FAO in its turn provided two lecturers for the I.C.A. Seminar on Fishery Co-operatives held in Karachi.

It would be time-consuming to enumerate the many forms of collaboration to our mutual benefit during the last three years—the provision of lecturers and reciprocal representation at meetings and seminars, consultations on policy making and action programmes, arranging suitable instruction for fellowship holders in various countries and institutions, all these are ongoing features of our productive relationship. With an eye to the future, we are looking forward to receiving suggestions from this Congress for implementing the work of FAO in co-operative development and related fields of action.

There is a rising expectation of people everywhere for better conditions of living through opportunities for work, rewards based upon personal effort and accomplishment, and happy human relationships. These expectations provide a challenge and an opportunity which require from co-operators a continuing dedication to their Movement which, despite the many obstacles to be encountered, holds much promise for mankind.

I cannot conclude these brief remarks without paying a tribute of highest appreciation to our good friend Mr. Watkins for the excellent collaboration which FAO has constantly received from him. His advice, based on broad experience and deep human understanding, has been of great value to our work, for it was realistic and constructive. In this respect Mr. Watkins has been most effectively seconded by Miss Polley, and I should like to express here our appreciation to her also. We welcome the appointment of Mr. Alexander and look forward to establishing with him similar excellent working relations.

The deliberations of this Congress during the next few days will be observed with keen interest because of the nature of this body and its potential impact on the development of co-operatives everywhere.

#### **Greetings from the International Labour Office.**

**Mr. H. K. Nook :** On behalf of the Director-General of the International Labour Office I bring to this 22nd Congress of the I.C.A. his cordial greetings and his best wishes for the success of your deliberations. To me, personally, it is an honour and a privilege to be present.

For 44 years the ILO has worked to improve labour conditions and to raise living standards everywhere, because we are convinced that a universal and lasting peace can and must be based on social justice. Indeed, poverty anywhere constitutes a danger to prosperity everywhere.

In our efforts to advance the development of working people, it was natural for us to follow very closely the development of the Co-operative Movement and to further its growth through international action. Since 1920 the ILO has been concerned with the conditions governing the development of various types of co-operatives, with the main questions common to all forms of co-operative activities and, equally, with matters relating to the place and rôle of Co-operation in countries at all stages of economic and social development. In the thirties, long before the Expanded Programme of Technical Assistance came into being, the ILO was not only acting as an international centre for co-operative research, documentation and information, but also embarking upon the provision of technical assistance to developing countries interested in organising co-operative movements. This explains why at a very early stage the I.C.A. and the ILO established close contacts, and why the I.C.A. was one of the first non-governmental international organisations to attain consultative status with the International Labour Organisation. In fact, the first Director of the ILO was a member of the Central Committee of the I.C.A. These close working relations and mutual contacts have been very valuable to us, and I take this opportunity of thanking the I.C.A. for the support and encouragement it has always given the ILO in its endeavours to promote Co-operation throughout the world.

In referring to these endeavours I should like to mention briefly some of ILO's most recent activities both in the research and operational fields. In 1961-62 it undertook the preparation of a Study on Developments and Trends in the World Co-operative Movement, the aim being not only to survey the co-operative movements of today but to appraise objectively major developments and trends. In December 1962 it convened at Geneva a meeting of experts on Co-operation to review the results of this study and ILO activities in the field of co-operation, as well as to advise us on the lines of future action. That meeting benefited very much from the participation of experienced I.C.A. representatives.

In the field of technical assistance the ILO will conduct, under its 1963-64 operational programme, five inter-regional or regional seminars on co-operation, as well as a Latin American Technical Meeting on Co-operation. The increased importance of technical assistance by sending experts to the various regions of the world can best be judged by the fact that in 1963-64 approximately 45 ILO experts will be assigned to about 35 countries, some on independent missions, others to work in teams. The co-operative fields to be covered by them are manifold: surveying conditions of and possibilities for co-operative development, short, medium and long-term planning, practical advice on the implementation of programmes, technical, commercial and financial organisation of various types of urban and rural co-operatives and their secondary organisations, co-operative banking, education and training, the organisation of co-operatives among women, and so on. Other co-operative specialists are attached to related projects such as rural development schemes and the establishment of small-scale industry. The success of such schemes of a broader nature may be expected to create conditions not only favourable to but even necessitating co-operative action.

It goes without saying that the ILO will again grant fellowships for advanced training in all major fields and branches of co-operation subject to

the limit of its resources. As often as possible such fellowships are linked up with the work of experts, in order to have a fully integrated approach and to achieve a greater impact.

With a view to stimulating co-operative action and to shaping appropriate ILO policies, the subject of co-operation has figured on the agenda of its various meetings. Considering the important rôle which the Co-operative Movement is playing, and indeed is capable of playing to an even greater extent in our world of today, the Governing Body, following a proposal by the Director-General, will examine next month the inclusion on the agenda of the 1965 Conference of The Rôle of Co-operatives in the Economic and Social Development of Developing Countries, with a view to a recommendation of a practical character to guide member countries in their co-operative efforts.

You will not doubt the ILO's great interest in the fact that this Congress will again devote much thought to ways and means of promoting co-operation in the newly developing countries and to the formulation of a concrete policy of technical assistance. In this respect the I.C.A. can count on ILO's wholehearted collaboration, and it is my hope that the two organisations will come still closer together in the future. I shall follow your deliberations with the greatest interest, and it will be a pleasure to take back to Geneva further inspiration for the continuation of our work.

Finally, I should like to take this opportunity of expressing on behalf of the ILO, its Director-General and the members of the Co-operative Division, our appreciation of the collaboration which the retiring General Secretary, Miss Polley, and the Director of the Alliance, Mr. Watkins, have so unfailingly extended to us for so many years. We welcome the appointment of Mr. Alexander as the new Director, and he may be assured of the sympathetic interest and support of the ILO wherever practicable.

#### **Greetings from the United Nations Educational, Scientific and Cultural Organisation**

**Miss P. Harris :** I am very happy to be at this Congress of the International Co-operative Alliance and to have the honour of conveying the best wishes of the Director-General of Unesco.

As many delegates are aware, the I.C.A. and its national affiliates play an active part, and I am glad to say an increasing part, in the programme of Unesco which is designed to make available the benefits of education, science and culture to an expanding world and, at the same time, a programme which uses every possible means to help the people of each country to a deeper understanding of other men's ways as well as of their own potential contribution to world wellbeing.

We have also in Unesco very much appreciated the contributions made in this work by Mr. Watkins and Miss Polley during many years and, like my colleagues in the other United Nations Agencies we look forward to the same collaboration with Mr. Alexander when he takes over as Director of the I.C.A.

We have benefited from our close partnership with the Alliance at many points of the Unesco programme, and especially in the fields of adult education and workers' exchange. For instance, the I.C.A. takes part in our International Committee for the Advancement of Adult Education, there have been numerous Unesco-supported conferences and training seminars for co-operators, and a considerable number of men and women co-operators have participated in our study tour schemes in Africa, Europe, Asia and Latin America. The I.C.A. has

contributed to a number of other conferences and working parties concerned with problems of adult education, but there still remain a number of points on which I think our collaboration can be improved.

A factor to note in this connection which makes for increasing collaboration is the way in which the development of our two programmes is tending to converge towards the same goal—an all-out effort to bridge the gap between the industrialised countries and what we call, optimistically, the developing areas. In the non-industrialised regions people have a life expectancy of perhaps 25 years instead of the 65 and upwards in those countries to which most of us belong; the developing countries, so-called, produce 6 bushels of wheat per acre with a very high manpower intake, as against the 40 bushels per acre of the mechanised countries; they have one doctor to 100,000 persons, instead of one to 5,000 or 6,000 persons; while, to come back to Unesco's immediate field, they have an illiteracy rate which may be anything up to 90 per cent.

I think we are now starting to realise that the richer countries are getting richer and the poorer countries poorer. In terms of Unesco's special field, this means, for instance, that in Latin America there is actually a higher proportion today of people who cannot read and write than there was ten years ago, in spite of all the effort that governmental, inter-governmental and non-governmental agencies have been putting into the campaign to train teachers, build schools and organise literacy courses for adults. These non-industrialised regions used to be known as "undeveloped," later they came to be called "under-developed," now the current term is "developing" but it would be a great mistake, to my mind, to accept that term at its face value. We must seriously ask ourselves whether they are developing. Developing is a nice word which builds up a cosy picture of progress and advancement, something which is going forward of its own accord and which we do not have to bother about, but it is a fact that most of the countries represented here are far too complacent about the social and economic development of the world as a whole. What the Swedish co-operators are doing in India and the Swiss in Dahomey are splendid examples of practical co-operation, in both senses of the term, in which everyone can take part.

Looking at recent trends in I.C.A. policy and plans for future action, and in listening to the President's Address, I gather that these two examples indicate the intention to gear its programme to the overriding need for bridging the gulf between the industrialised and the non-industrialised regions of the world. Co-operators are in the happy position of being able to offer a unique technique which can be utilised in a thousand different forms, not merely to hand out benefits in a give-away capacity but to help people to help themselves.

The Executive Board of Unesco is now considering the Director-General's draft programme for 1965-66, and the debate is dominated by the question of how to make sure that the developing areas really do develop, and one of its great assets here is the potential and the determination of non-governmental organisations like the I.C.A.

As Unesco extends its effort in the non-industrialised regions; as we try, for example, to give greater stimulus to adult literacy, as work goes forward for the wider application of technology, for educational planning, school building, the preparation of reading material for new literates, and the encouragement for the participation of women in the economic and social development of their own countries, we know we can count on a still closer working partnership with the International Co-operative Alliance and its affiliates, since your own programme is branching out along the same lines



### **Appointment of Congress Committee.**

**The General Secretary :** In accordance with the rules a Congress Committee is elected for each Congress consisting of the President, the two Vice-Presidents, three members of the Central Committee and three delegates appointed by Congress at its first session. The Central Committee recommend as members of the Congress Committee, in addition to Dr. Bonow, Mr. Southern and Mr. Klimov, Mr. Brahm Perakash, India, Mr. C. Schumacher, German Federal Republic, Mr. F. F. Rondeau, U.S.A.; and as the three members chosen from Congress delegates. Mr. M. Capek, Czechoslovakia, Dr. L. Crisanti, Italy, and Dr. H. Dietiker, Switzerland.

**The President :** May I take it that you agree to the appointments to the Congress Committee recommended by the Central Committee?

Congress agreed.

### **Appointment of Tellers.**

**The General Secretary :** The Tellers recommended by the Central Committee are—Mr. P. E. Cuckoo, Chief Teller; Mr. C. Pedersen, Denmark, Mr. H. E. Chapman, Canada, Mr. R. Kerinec, France, Mr. A. Mayr, Italy, Mr. R. Ahmed, Pakistan, Mr. C. C. Job, Great Britain, Mr. H. Thuli, Switzerland, and Miss A. D. Presnova, U.S.S.R.

**The President :** This also is a unanimous recommendation from the Central Committee. Do you agree to accept the proposal?

Congress agreed.

# Report of the Central Committee on the Work of the International Co-operative Alliance 1960—1963

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## Introduction

The discussions and decisions of the Congress of Lausanne in 1960, dominated as they were by the idea of "a changing world" in rapid evolution, foreshadowed important changes in the work of the International Co-operative Alliance. The pages which follow reveal how far the changes then expected have been realised in the past three years. The Lausanne Congress made no significant alterations in the policy of the Alliance or the definition of its aims; rather did it endorse lines of development which had already been pursued or which were proposed for the immediate future, while providing increased financial means for the expansion envisaged. On the other hand, it called attention in an impressive manner to the urgent need for adjustments, some of them far-reaching, in the structure of the Co-operative Movement at all levels in response to the rapid transformation of its economic and social environment.

One of the important tasks of the Central Committee was, therefore, to stimulate the implementation by the Alliance, its affiliates and its Auxiliary Committees of the Lausanne resolution on Co-operation in a Changing World. While the action of the Central Committee is summarised in the body of this report, the problems, solutions and methods reported by the National Affiliated Organisations in reply to the inquiries instituted by the Central Committee are given in an Appendix which, to some degree, measures the reaction of the Movement to its altered competitive situation.

One element in this situation has received special attention. This is the changed position of the whole body of consumers vis-à-vis new products, new methods of selling and presentation, contemporary techniques of advertising and sales promotion, and other features of the revolution in distributive trade. The line of action indicated by the resolution on The Health of Consumers passed by the Stockholm Congress of 1957 has been steadily pursued. The result is that a fresh field of activity has been entered by the Alliance which has been obliged to equip itself with a new Working Party and a special publication on consumer affairs, besides increasing its research staff.

While the chief concern of many of the older members of the Alliance is to maintain their hold on the ground already won for Co-operation in their national economies, the younger Organisations in the newly-developed countries, which constitute an element in I.C.A. membership of ever increasing magnitude, are many of them still struggling for a firm foothold and searching for the leadership and competence in management and administration indispensable to their efficiency and sturdy growth. The consciousness of their common needs tends to draw them together in regional associations complementary, rather than opposed, to wider association in the I.C.A. In Asia this situation was met by the

establishment of the Regional Office and Education Centre for S.E. Asia which, in the last three years, have already forged essential links, not only amongst the affiliated Organisations in the region, but also between them and the Alliance. The proof is to be seen in the growing effectiveness of the Advisory Council, representative of these Organisations, which is regularly consulted on the work and programmes of the Office and the Centre. In Africa and Latin America regional organisations have now been formally constituted. The relation of these bodies to the I.C.A., both constitutionally and, more important, for the practical purposes of the promotion of Co-operation, presents a problem for the immediate future. Meanwhile, continuing the exploration and research indicated in its Long-Term Programme of Technical Assistance, the Alliance is deepening its understanding of the difficulties in the way of co-operative development in all the developing regions.

Noteworthy during the period since Lausanne Congress is the increasing collaboration between the International Organisations, Governmental and Non-Governmental, concerned with the promotion of Co-operation. More or less regular meetings are now held for the joint review of work done or contemplated and the discussion of common problems. A growing interest in Co-operation is manifest among a number of the International Non-Governmental Organisations in Category A consultative status with the United Nations and their requests to the I.C.A. for advice and information have become more frequent. There can be no doubt that the tide is still flowing strongly in favour of Co-operation in the newly-developing regions. The calls for expert help, suddenly multiplied by the rapid access to independence of African nations, have greatly exceeded the supply of experienced and trained Co-operators competent to give it, and have compelled the International Organisations to consider how the need can best be met.

Finally, it may be claimed that the standing and influence of the Alliance have increased during the last three years. The reception given by the U.N. Economic and Social Council and the International Labour Conference to its statements on Housing, the acceptance by the Director General of FAO of its suggestions for an inquiry into the finance of agricultural and co-operative development, the request of the Economic Commission for Europe for help in the study of distribution and methods of ascertaining consumer needs, the resolution of the Economic Commission for Asia on the potentialities of Co-operation for economic development, all bear witness to the authority of the I.C.A. as the representative of Co-operation throughout the world and point to the varied opportunities and responsibilities now offered to it by a world in evolution.

### Membership

The increasing presence in the I.C.A. of Co-operative Organisations of the developing countries which was emphasised at previous Congresses is apparent from a perusal of the Directory of Affiliated Organisations published regularly in the *Review of International Co-operation* as well as in the records of Congresses.

New member Organisations since the last Congress are:—

#### Europe—

- Nordisk Andelsforbund, Copenhagen, Denmark.
- L'Association Bâticoop, Paris, France.
- Confédération des Coopératives de Construction et d'Habitation, Paris.
- Sveriges Landbruksförbund, Stockholm, Sweden.
- Deutsche Sachversicherung Eigenhilfe, Hamburg, German Federal Republic.
- Farmers' Central Co-operative Society, Malta.
- Associazione Generale delle Cooperative Italiane, Rome.

~~Asia—~~

- National Agricultural Marketing Federation, New Delhi, India.
- All-Bombay Consumers' Co-operative Societies Federation, Bombay, India.
- Karachi Co-operative Housing Societies' Union, Pakistan.
- Karachi Central Co-operative Consumers' Union.
- Karachi Co-operative Institute.
- Karachi Central Co-operative Bank.
- \*Fishermen's Co-operative Purchase and Sales' Society, Karachi.
- Sind Provincial Co-operative Bank, Karachi.
- \*Sarawak Co-operative Central Bank.
- Cyprus Turkish Co-operative Central Bank, Nicosia.
- Vine products Co-operative Marketing Union, Limassol, Cyprus.
- \*Confederation of Agricultural Co-operatives Federation, Korea.
- Co-operative Union of East Pakistan, Dacca.

**Africa—**

- \*Centre National de la Coopération, Ibadjan, Ivory Coast.
- Société Coopérative Musulmane Algérienne d'Habitation et d'Accession à la Petite Propriété, Algeria.
- Co-operative Union of Tanganyika.

**America—**

Dominica Credit Union League, Dominica, West Indies.

The importance of the Agricultural sector of the membership has been further increased by the new affiliations from Sweden, India, Cyprus and Malta, and of the Housing sector by new affiliations from France, Algeria and Pakistan.

The latest information shows that the Alliance includes in its membership National Co-operative Organisations in 53 countries, which together comprise 541,655 Societies and 184.1 million individual members.

The composition of the membership according to types of Societies in 1962—the latest year for which complete figures are available—compared with the 1958 figures reported at Lausanne was—

Consumers' .....	1958	49,032	with	71,550,795	members
	1962	45,568	„	83,539,594	„
Workers' Productive and Artisanal .....	1958	32,273	„	2,846,322	„
	1962	54,303	„	4,112,023	„
Housing .....	1958	13,347	„	3,125,124	„
	1962	18,294	„	3,725,978	„
Agricultural .....	1958	101,774	„	19,942,600	„
	1962	100,724	„	25,040,131	„
Credit .....	1958	269,371	„	40,770,136	„
	1962	310,808	„	55,944,390	„
Fishery .....	1958	7,981	„	1,392,644	„
	1962	8,406	„	1,354,296	„
Miscellaneous .....	1958	5,934	„	7,157,785	„
	1962	3,552	„	10,344,079	„
Insurance .....	1958	61	„	52,581,611	insured persons
	1962	62	„	57,703,340	„

\*Associate Members

The question of **Eligibility for Membership** was discussed at the Lausanne Congress on the Report of the Central Committee—which recalled the measures taken by the Committees and by Congress to meet the situation which had arisen by the re-organisation of former member Co-operative Organisations into state-controlled movements—also on a Resolution proposed by Centrosoyus, Moscow, which on a vote was rejected by 410 votes for, to 810 against, the desire of this Resolution being to admit to full membership, irrespective of the political and social structures of the State to which they belonged, all National Co-operative Organisations whose aims and objects complied with the Rules of the I.C.A.

In the past three years the question of eligibility has been introduced and discussed at several meetings of the Executive and Central Committee, but on each occasion the decision of Congress has been upheld by the majority of the members present.

### **The Committees of the I.C.A.**

Under the amendments to Article 28 of the Rules, adopted by the Congress at Lausanne, which changed the entitlement to additional representatives on the Central Committee from each complete £200 subscription to each complete £400, and reduced the maximum representation of any one country or union of countries from ten to eight members, the Central Committee now comprises 116 members, representing affiliated Organisations in 31 countries.

The Committee has held three meetings: at Stockholm, July 1961, The Hague, April 1962, Stuttgart, April 1963, and will hold its statutory meeting at Bournemouth on 13th October.

The Executive met at Lausanne immediately following its election and subsequently has held meetings at Copenhagen, January, Stockholm, July, Athens, September 1961; Geneva, January, Scheveningen, April, Helsinki, September 1962; also at Tel-Aviv, January 1963, Stuttgart, April, Paris, July. The last meeting of the present Executive will take place at Bournemouth on 12th October.

The Executive Sub-Committee of which Dr. Bonow, Mr. Barbier, Mr. Brot, Mr. Charbo, Mr. Schumacher, Mr. Serwy, and Mr. Southern are members, at its several meetings has been primarily concerned with the preparatory action for giving effect to the scheme for the re-organisation of the Secretariat which was approved by the Central Committee in May 1960, but was in abeyance until after the Congress.

The Technical Assistance Sub-Committee, whose members are Dr. Bonow, Mr. Barbier, Mr. Brot, Mr. Drejer and Mr. Southern, normally meets on the eve of Executive meetings. It has as its principal task to keep in touch with, and direct, the work of the Regional Office and to plan technical assistance projects to be carried out by the Officers.

At the end of 1961, the Sub-Committee was unexpectedly faced with the problem of finding a successor to U Nyi Nyi, who was appointed Regional Officer for South East Asia at the time of the Lausanne Congress, but felt obliged to tender his resignation at the end of his first year of service, largely owing to the burden of Indian taxation. A successor was eventually found in the person of Dr. S. K. Saxena who took over the post of Regional Officer in March 1962. Formerly Dr. Saxena had been Assistant Director of the I.C.A. Education Centre at New Delhi.

The work of the Sub-Committee is reflected in the section of this report—The Promotion of Co-operation.

### The Auxiliary Committees

It may be appropriate to recall that the Auxiliary Committees—whose Reports are presented to Congress as Appendices to this Report—have been created at varying dates since 1921 under Article 4 of the Rules as one of the Methods by which the Alliance shall seek to attain its Objects—Assurance Committee 1921; Banking 1922; Workers' and Artisans' Production 1947; Agriculture 1951; Housing 1952; Wholesale Trade (C.W.C.) 1956; Retail Distribution (C.R.D.) 1958.

The action recommended by the Lausanne Resolution on Co-operation in a Changing World assigned tasks of importance to the Auxiliary Committees and they have all contributed to the documentation which has been compiled. Since technical assistance became a vital part of the activity of the I.C.A., the contribution which the Auxiliary Committees can make to the carrying out of its Programme for the Promotion of Co-operation has been appreciated by each of them. The question is found upon the agendas of their meetings and their approach to the problem, in some cases action taken, will be mentioned in their Reports.

The problems today of the sectors of the International Co-operative Movement which the Auxiliary Committees represent become more and more important, while in addition to their activities their existence affords valuable opportunities for the exchange of experience between their member Organisations and this aspect will be increasingly valuable as more of the member Organisations in developing countries take part in the work of the Auxiliary Committees.

#### Working Parties.

The group of **Economic and Market Research Officers** has met annually since its inception in October, 1959, to discuss research problems and to exchange experiences. At a meeting in London shortly before the Lausanne Congress, the principal topic was Collaboration in Independent Retailing—the activity of voluntary groups, voluntary chains, and private retailers' "co-operative" buying groups.

When the Research Officers met at Rotterdam in 1961 they dealt with recent work on The Co-operative Image and received a preliminary study on Organisation of Research Departments. At Stockholm, September 1962, they examined The Place of Research Departments in Management Structures, Establishing Local Levels of Retail Trade, the Co-operative Share and The Use made of Estimates of Future Demand in National Economic Plans by the Co-operative Movement.

A feature of the functioning of the group has been the regular reporting of research activity by means of six-monthly returns circulated to all the members. The discussions on those research projects are of particular interest to the participants.

**Consumer Working Party.** As reported in a later section, the further study of the problem of consumer education and protection, following the Stockholm Congress resolution on Co-operation and Health, has been concerned with the general economic interests of consumers and, following a second conference in January 1962 (the first was in September 1959), a Consumer Working Party was formed to follow developments in relation to the problem, and to undertake specific inquiries into some of its aspects.

The Party has held meetings in January and May of this year.

Papers discussed at these meetings are prepared by the Research Officers themselves, or the Research Section of the I.C.A. Secretariat.

The **Working Party of Co-operative Librarians**, formed in 1956, represents the Movement in ten countries; it meets biennially and in the interim its recommendations and decisions are implemented by a Working Committee.

Since the **Lausanne Congress** the Working Party has instituted an **International Co-operative Bibliography** as a preliminary step towards the establishment of an **International Co-operative Reference Centre**; sponsored the compilation of a comprehensive **Manual for Co-operative Libraries**, with an abridged version primarily intended to assist librarians in developing countries; and initiated several other projects to facilitate co-operative library work.

The text of the **Universal Decimal Classification for Co-operation**, approved by the **International Federation for Documentation**, has been made available by the Working Party in English, French and German.

The Working Party has also promoted the exchange of **Accessions Lists** between three **International Organisations** and librarians in twelve countries.

In view of the unanimous wish of the delegates who attended the Conferences of the **Co-operative Press**, convened by the **I.C.A.** at Lausanne, October 1960, and Paris, January 1962, that the Alliance should again constitute a **Press Committee**, the Executive authorised the Secretariat to issue invitations and convene the first meeting in London in September 1962.

In conformity with the wish of the Paris Conference the Committee is not large in numbers but as substitutes are provided for all its members it has proved possible to ensure that it is widely representative of different types of co-operative journalistic activity. Its principal functions will be to serve as an organ of contact and consultation between the **National Co-operative Press Organisations**, as well as between them and the **I.C.A.** It will promote, whenever necessary, exchanges and common technical services, also the co-operative education of young journalists, more especially in international co-operative affairs.

#### **Re-Organisation of the Secretariat.**

The principal features of the scheme for the re-organisation of the Secretariat with a view to expanding the activities of the Alliance are that the work of the Secretariat shall, in future, be the sole responsibility of the Director, and the division of the Secretariat into departments for Administration; Research, Statistics and Documentation; Education, Press, Publicity and Films; and that, in addition to a head for each department, there shall be Secretaries for Housing, Agriculture, Women's Problems, and others.

The first step to give effect to the scheme was the appointment of the new Director. A circular letter was sent to member Organisations in October, 1961, indicating the salary to be offered for the post, the necessary qualifications and experience required, also the tasks of the Director, and inviting nominations as well as personal applications supported by the member Organisation concerned.

As a result of this letter, two candidates were selected for interview by the Executive Sub-Committee but, as both expressed themselves unwilling to accept the salary offered, the question was referred back to the Executive, and consequently to the Central Committee, with a recommendation for raising the salary. This recommendation was approved and a further announcement was made, both in letters to the member Organisations and in the press, which invited personal applications as well as nominations and offered a commencing salary of not less than £3,500. From the new applications and nominations, four candidates were selected for interview and, after assessing and comparing the qualifications,

experiences and merits of the six persons whom they had met, the Sub-Committee unanimously decided to recommend to the Executive the candidature of Mr. W. G. Alexander, Great Britain, with a view to its acceptance by the Executive at their meeting at Tel-Aviv in January, 1963, and subsequent endorsement by the Central Committee at Stuttgart in April, 1963.

The Sub-Committee's recommendation having been accepted by the Executive and endorsed by the Central Committee, Mr. Alexander took up his appointment on 1st May, his duties being as laid down in the proposed amendment to Article 35 of the Rules.

It was further agreed, on the proposal of the Executive endorsed by the Central Committee, that the present Director and General Secretary should retain their offices and responsibilities until the close of the Congress, Mr. Alexander, during this period, acting as Director Designate; that, after the Congress and for a period of a few months, Mr. Watkins and Miss Polley should act in a consultative capacity to the Director.

#### **Finances.**

The Committee have reason to be satisfied with the financial position resulting from the amendments to the Rules adopted by the Lausanne Congress, and with the way in which the great majority of the member Organisations have fulfilled their higher financial obligations which, in some cases, especially those of the Economic Organisations, impose much higher scales of subscriptions than formerly.

There are exceptions in the case of Organisations which, in their early years, are working on such small budgets that to pay £150, the subscription of a National Organisation enjoying individual membership, would be impossible. Such cases are now provided for in Article 33c of the Rules which gives the Executive power to fix subscriptions which they consider appropriate.

In 1961, membership subscriptions totalled £63,025; the 1962 figure was £64,755; for 1963 the estimated total is £65,600.

This revenue in the opinion of the Committee is sufficient to meet the present programme of work, to maintain the Secretariat and the Regional Office, and to show a small balance. A study of the accounts for the past years, however, shows increased expenditure in 1962 compared with 1961, while the accounts for 1963, when available, will show an even larger increase. While there is no call at present for increasing the scales of subscriptions, the financial position in the coming years will need to be watched very closely.

#### **Publications.**

Since the Congress of Lausanne the principal problems involved in I.C.A. publications have been in the main, thought not entirely, financial. In addition to the general, almost universal, problem of rising costs of paper, printing and carriage which have affected publications of all kinds everywhere, I.C.A. publications have had to contend with certain special factors concerning both revenue and readership which have engaged the constant attention of the Executive and led to some drastic changes of policy. These have chiefly centred on the *Review of International Co-operation*, which is an indispensable medium of communication between the Alliance and its members, but they also affected the preparation and circulation of such special publications as the Lausanne Congress Report.

The idea still expressed in I.C.A. Rules that the support given by the members to the publications might be a source of income long ago ceased to have any



foundation in fact. The run-down of stocks of special publications is, as a rule, so slow that quite disproportionate amounts of capital are immobilised, while the subscription income for the periodical publications in no case covers the costs involved, but leaves deficits to be made good from the general budget of the Alliance. The problem with which the Executive has been faced is that of providing an adequate service of news and information to members and the co-operative world generally, while keeping deficits within reasonable bounds.

#### *Review of International Co-operation*

The difficulty of the problem has been enhanced not simply by the factor of rising costs but also by the steady cancellation, over the past 12 years, of block subscriptions to the *Review* of large Societies and Organisations on behalf of their members or officers. Diminishing profits and education funds consequent on intensified competition were the prime cause, but more recently increasingly numerous amalgamations have played a greater rôle. To a certain extent the shrinkage has been offset by new subscriptions from outside Europe and North America, particularly as a result of publicity by the I.C.A. Regional Office and Education Centre in S.E. Asia. At best the circulation remained stationary and the only immediate means of reducing the deficits was through retrenchment, i.e., by limiting the size of the monthly issues to about 24 pages, and concentrating, as opportunity offered, the work of translation and sub-editing in the Secretariat. Simultaneously, the subscription rates and prices of single issues of the three editions were raised.

But it also became evident that the reduced size of the *Review* limited the possibilities of reproducing the steadily increasing volume of interesting information about Co-operation in the world, or of treating in an adequate manner the growing number of questions of international concern to co-operators everywhere. The problem then became one of improving the readability and usefulness of the *Review* without incurring any appreciable increase in cost. The solution adopted by the Executive, on the proposal of the Publications Section, was to issue the *Review* from January, 1963, six times yearly, each issue to be double the size of the former monthly issues, and to raise the annual subscription of each edition to £1. It will not be possible to judge the success of these measures until the year 1963 is far advanced.

#### *Cartel*

The same financial considerations as already indicated led to the abandonment of the French edition of *Cartel* and to the publication of an English edition only, with summaries of the articles in French and German. The scientific value of the contents is confirmed by the desire of new subscribers to obtain complete series of the earlier issues, but it is no longer possible to supply them. For a few years *Cartel* carried a growing volume of material on Consumer Information and Protection but, by the end of 1961, it had become evident that the increasing importance of this subject required a special publication. From 1962 the new *Consumer Affairs Bulletin* has fulfilled this purpose and *Cartel* has reverted exclusively to its original field of study, i.e., cartels, monopolies, restrictive practices and the relevant legislation.

#### *News Services*

*Co-operative.* This stencilled publication continues to serve a useful purpose as a means of diffusing factual information, and its circulation, especially in the newly-developing countries, has been expanding steadily for several years. Its information is utilised not simply by editorial offices but by government departments, academic institutions and interested individuals.

*Economic.* An inquiry carried out among readers in 1961 revealed that the *Economic News Service*, inaugurated in 1929, was no longer providing an essential service. It was, therefore, decided to replace it by the *Consumer Affairs Bulletin* covering the whole field of Consumer Information and Protection in which many National Co-operative Movements were displaying even greater activity as was reflected at the Press Conference at Paris in January, 1962, and the subsequent establishment of a Permanent Working Party. *CAB* appears six times yearly in English and French editions with a total circulation of about 500.

*Film Bulletin.* Owing to changes in the personnel of the Publications Section the appearance of this stencilled publication, which provides news and information of interest to co-operative educationists and propagandists using visual aids, was interrupted in 1961, but resumed in 1963.

#### **Special Publications.**

*International Co-operation, Volume V*, covering the years 1949 to 1957, and containing an outline of the growth during that period of 74 affiliated Organisations in 38 countries appeared in 1961. The material was presented according to a uniform plan drawn up by the Secretariat which was also mainly responsible, with the aid of officers of some of the Organisations, for the national studies. This Volume, like its predecessors, will become even more useful for reference purposes as time passes.

#### *Reports of Lausanne Congress, 1960.*

As for preceding Congresses, brief reports of the proceedings of the Lausanne Congress in English, French and German appeared early in 1961, but the full reports in French and English did not appear until 1962.

#### *Co-operation for Fishermen.*

This brochure, containing a compilation from documentation submitted to the FAO Fisheries Conference at Naples in May, 1960, was printed by the I.C.A. in English, French and Spanish on behalf of FAO as an act of collaboration designed to give permanence to one aspect of the work of the Conference.

#### *International Directory of the Co-operative Press, 7th Edition.*

The development of the national co-operative press in recent years made a completely new and revised edition of the Directory desirable, rather than to continue to bring it up to date by means of supplements. The new edition appeared in 1963 and has already circulated widely.

#### *The I.C.A. Its Aims and Work*

The third English edition, a second French, and first Spanish edition of this brochure are due to appear in 1963.

#### **Economic Research.**

The activity of the Economic Research Section of the Secretariat, which was growing in breadth and diversity before the Congress of Lausanne, has further expanded, and both its research and translating staff have been increased. Its work was partly re-organised at the end of 1961 when, as already reported, the *Economic News Service* was replaced by *Consumer Affairs Bulletin*.

The Section has continued to act as a co-ordinating centre for the Economic and Market Research Departments of the National Co-operative Unions, whose officers hold annual meetings for the exchange of information on their projects

and the discussion of economic and social problems requiring research for the guidance of the Movement's policy-making authorities.

The Section has rendered considerable assistance to the Central Committee and Executive in implementing the Lausanne Congress resolution on Co-operation in a Changing World, by issuing questionnaires and preparing memoranda based upon them also by drafting papers embodying factual information on a variety of economic, financial and administrative problems. Contributions to the *Review of International Co-operation* in the form of articles and book reviews have also become more numerous and valuable.

#### **Education—Henry J. May Foundation.**

The report to the last Congress stressed that the activity under the aegis of the Henry J. May Foundation needed to be expanded; that the Annual International School, which has been organised for more than thirty years and which ranks high in the field of Co-operative Education, should be supplemented by courses of a more homogeneous and specialised participation. The report also suggested that the time had come when the I.C.A. should seriously consider the establishment of a Permanent Training Institute attached to its Headquarters in London, which would offer studies in International Co-operation at a higher level than is possible at present in the National Co-operative Colleges.

It is perhaps useful to recall the following resolution of the Zurich Congress in 1946—"Congress ratifies the decision of the Executive Committee for the creation of an International Memorial in honour of Henry J. May, and instructs the Central Committee to take the necessary measures for the creation, the organisation and the functioning of the Henry J. May Foundation, Centre for the Study of International Co-operation."

Progress in any of the directions indicated in the Lausanne Report has been impossible mainly for the reason that efforts to secure the services of an adequately qualified Education Secretary for the Alliance have so far met with no success. Meanwhile, the need for extending the active rôle of the I.C.A. as an educational body reinforcing the indispensable international element in all contemporary co-operative education has increased rapidly. While a number of National Organisations have extended their own training systems by adding new advanced courses on management, a very superficial acquaintance with what is happening in the non-co-operative business world is sufficient to reveal that the most progressive management training is today fundamentally international in method and spirit, being based on international exchanges of experience. At the other end of the scale, the equally urgent need for properly trained co-operative experts, advisers and demonstrators in the developing countries points directly to international training institutions supplementing, and perhaps eventually replacing, what is attempted on the national level.

In any event, the Executive in considering the re-organisation of the Secretariat has taken into account the necessity of an enlarged Education Department, working closely under a common head with the section concerned with publications and visual aids.

The experiments which have been tried recently at the Annual School with different educational methods to assure the maximum benefits to the participants, have been very largely successful and it is obvious that, as a result of the reports given by students on their return, member Organisations have a much higher appreciation of the value of the School which is shown in their regular nomination, and careful selection, of students.

The 31st School at Athens in September, 1961, was an innovation not simply because of its Eastern Mediterranean setting, but also because of the corresponding bias imparted to the study course, the main theme being Co-operation and Rural Economy. The confrontation in the same School of co-operative experience from South East Asia, the Middle East, Europe and America had a broadening and stimulating effect on the views and thinking of all who participated.

The 32nd School, held at Hamburg in July-August, 1962, was the first to be held in Germany since 1928. Special attention was, therefore, devoted to the characteristic forms of Co-operation in the Federal German Republic and especially to their mutual relations. The broad general theme of Co-operation in a Changing World was dealt with from the respective standpoints of Consumers' and Agricultural Co-operation, while an outstanding feature was a session on Co-operation in the Developing Countries, with special reference to the programme of the Swiss Co-operative Union, V.S.K., in Dahomey.

In September, 1963, the School will be held for the first time in Norway. The suggested general theme is Contemporary Tendencies in Market Economy, a Co-operative Critique—(a) Consumers' Welfare; (b) Primary Producers and the Developing Regions.

#### **Statistics.**

Compared with the volumes of statistics published by the United Nations Organisations, Government Departments and even by some Co-operative Organisations, those collected by the I.C.A. from its affiliated Organisations are very modest and limited. Nevertheless, they fulfil their purpose which is to show the progress of the member Organisations and to permit international comparisons. At the same time, they are the only International Co-operative Statistics available.

Their incompleteness, even on this modest scale, is regretted but the Secretariat has to rely almost entirely upon the co-operation of the Organisations, some of which would probably give more co-operation if they realised the enormous amount of effort which the published tables represent.

The statistics continue to be prepared in Tables, showing: The Strength of the I.C.A.; Co-operative Penetration into the Population; Membership and Trade of Consumers' Societies; Membership and Trade of Agricultural Societies; Membership and Trade of Fishery Societies; Membership and Trade of Workers' Productive and Artisanal Societies; Miscellaneous Societies; Building Societies; Credit Societies; Co-operative Banks; Co-operative Assurance Societies.

In the future the statistical services will be more closely related to the rapidly expanding activity of the Secretariat in the field of research and documentation.

#### **Resolutions of the Lausanne Congress.**

##### **Co-operation in a Changing World.**

The Resolution which was unanimously adopted by the Lausanne Congress, following the discussion on the paper submitted by Dr. Mauritz Bonow, contained a series of Recommendations to the affiliated Organisations and an instruction to the Central Committee to support the efforts of the member Organisations in implementing them.

These Recommendations were—

To co-ordinate the activities of their organisation at all levels so as to obtain the maximum of efficiency in the fields of production, distribution and finance;

To utilise co-operative resources and methods in all countries to the fullest possible extent, by expanding the activities and thereby increasing the influence of the National Co-operative Movements; by the rapid promotion of increased international co-operative trade, including trade with developing countries; and in all possible ways to combat and overcome the monopolistic exploitation of labour, materials, and natural resources;

To take advantage of every opportunity of promoting international enterprises jointly owned and operated on co-operative principles;

To apply throughout this process of adaptation the fundamental principle of democratic control by providing the maximum of opportunities for the active participation of the members;

To exert all their influence upon economic policy, legislation and social development so as to secure to the Co-operative Movement freedom of action and expansion and the application of the co-operative idea to economic and social problems.

At the first meeting of the Executive after Congress, January 1961, the operative clauses of the Resolution were considered and the following methods of implementation agreed—

As regards the first Recommendation—That since the Co-operative Wholesale Committee and the Committee on Retail Distribution were already studying the structural changes which prompted this Recommendation, they and the Agricultural Committee be asked to present reports to the Central Committee.

As regards the second Recommendation—That the C.W.C. be asked to study the question of increased international co-operative trade, including trade with developing countries; and that the Common Market Group, the EFTA Group and the Economic Secretariat of the Scandinavian Wholesale Society be asked to prepare reports on questions formulated by the Executive.

As regards the fourth Recommendation—That an inquiry be made by the Secretariat concerning studies being undertaken by the British and Swedish Movements with a view to a later study on how the problem of member relations is solved by Societies with very large memberships; further, that this study be linked with the problem of recruitment upon which the results of a study undertaken by Mr. Korp of Austria had been published.

At their meeting in July 1961, the Central Committee received a big documentation consisting of—Reports from the Co-operative Wholesale Committee, the Committee on Retail Distribution and the Agricultural Committee of their study to date of measures necessary to adapt the structure of the Movement to changing economic and social conditions, also future action proposed; Reports from the Common Market Group, the EFTA Group and the Economic Secretariat of the Scandinavian Wholesale Society on increased international trade including trade with developing countries; Summary of replies from member Organisations to an inquiry as to their efforts to obtain efficient and up-to-date monopoly legislation; Summary of replies from member Organisations in the countries of the EEC and EFTA to questions concerning collaboration with a view to regional monopoly control to protect the interests of members of Co-operatives; Report by Mr. Korp—an experiment in the systematic training for management in the Austrian Consumers' Movement.

At the close of a long discussion, it was felt that, with the adoption of certain Recommendations, the first three paragraphs of the Resolution had been sufficiently

dealt with for the time being and that future work should be carried on through the Auxiliary Committees.

At their next meeting, April 1962, the Committee considered the fourth Recommendation—To apply throughout this process of adaptation the fundamental principle of democratic control by providing the maximum of opportunities for the active participation of the members—also the two inter-related problems of capital resources and new methods for the training of laymen elected to the authorities of big Retail and Wholesale Societies.

It was agreed, after consideration of the documentation presented, that further studies and further material were needed and the Executive was entrusted with directing and following up the studies already commenced. Accordingly these questions have been further studied by the I.C.A. Research Section.

The treatment of this problem, Co-operation in a Changing World, and the problem itself, is of such importance and has become so prominent in the activity of the I.C.A. during the past three years, that the documentation prepared for the Committees has been summarised by the I.C.A. Research Section and is presented to Congress as Appendix VIII to the Report of the Central Committee.

The treatment of the problem is by no means exhausted, in fact, research on some aspects of it is still in hand. The information given to Congress is, therefore, in the nature of a report to date on inquiries and research necessary to the implementation of the Resolution.

#### **The Duty of the Movement towards Women**

As the first step considered necessary by the Executive regarding the implementation of the Resolution, member Organisations were asked to reply to the following questions—

Is there a Co-operative Women's Organisation in your country?

Is it organised within the framework of the National Co-operative Union or as an independent Organisation?

Does the National Union grant the Women's Organisation any special rights or privilege of representation on its Authorities?

Are there any special facilities for training women to take office?

How far do women fill posts of responsibility at local and national levels?

The replies from member Organisations showed how greatly the organisation of women varies in the twenty countries concerned, and the Central Committee decided that the documentation sent by the National Unions should be made available both to the International Co-operative Women's Guild and the National Guilds.

In the last two years, as a later section of this Report shows, the Alliance has concerned itself more seriously with the Interests of Women.

#### **Co-operative Pharmaceutical Organisations**

It was for the first time that the interests of Co-operative Pharmaceutical Societies, which constitute a comparatively small section of the membership of the Alliance, came before the I.C.A. Congress.

The decision at Lausanne was followed by an inquiry to ascertain in how many countries Pharmaceutical Co-operative Organisations exist; to what extent they are organised; the importance of their development; any particular conditions,

legislative or otherwise, with which they must comply; whether they observe the fundamental principles of Rochdale in their operation; whether in countries where they do not exist there are legislative or other reasons for their non-existence.

The replies from Organisations in sixteen countries showed that in Europe Pharmacy Co-operatives exist only in Great Britain, Belgium, Iceland and Switzerland, that in the U.S.A. and Canada Consumers' Co-operative Societies, in a number of cases, have Pharmaceutical Departments. In a number of cases, it was reported that the establishment of Co-operative Pharmacies was not possible under existing legislation.

In the light of this information, OPHACO of Belgium, on whose initiative the question came before the Congress, studied the position further and came into contact with Movements of Mutualist Pharmacies in France and Holland, and in Italy, in addition to Co-operative Pharmacies, with a number of Municipal and Mutualist Pharmacies.

With a view to defending the existence of the Social Pharmacies in general, especially on the plane of the Common Market, OPHACO took the initiative to create a European Union of Social, Mutualist and Co-operative Pharmacies which as their representative at international level, has the right to be consulted by, or to intervene before, the Authorities of the Common Market.

The Co-operative Movement in other countries than those mentioned above are showing interest in the developments in this field and the Alliance is kept fully informed of the action taken both by the European Union and by OPHACO.

The Central Committee take this opportunity to express their deep appreciation of the action already taken which, they are assured, is fully appreciated by the member Societies which are participating in, and benefiting by, the splendid initiative of OPHACO.

#### **The Promotion of Co-operation—Technical Assistance**

Appreciation of the importance of this aspect of the work of the Alliance has been clearly manifested at the last two Congresses by the great interest in the papers and discussions upon them, and, increasingly, the need for the Promotion of Co-operation claims priority in the activities of the Alliance.

The Long-Term Programme of Technical Assistance, which was submitted to the Lausanne Congress at the conclusion of the discussion on the three papers on The Promotion of Co-operation, was well received by United Nations authorities, other International Non-Governmental Organisations which, like the Alliance, are concerned with the problem of technical assistance, as well as some National Governments, as a plan designed to assure a significant contribution to the efforts which they and other bodies are making in the field of technical assistance and, at the same time, to fulfil the special responsibilities resting upon the I.C.A. and its affiliated Organisations for assisting the development of Co-operatives of all types. Member Organisations in developing countries welcomed the promise of help to themselves which the carrying out of the Programme could mean.

Summarising the action taken on the main lines of the Programme—

**Exploration of the Developing Regions** has been pursued in Latin America as anticipated at Lausanne but, unfortunately, Mr. Rafael Vicens was obliged to delay taking up the assignment of the Alliance until April, 1961, and his report, though well documented, did not provide a basis upon which the Technical Assistance Sub-Committee could easily plan the next stage of I.C.A. action in the Region.

Also, before the Report was received, an important development had been staged in the Americas by the convening of an All-American Co-operative Conference at Bogota in February, 1962, to consider *inter alia* the creation of an All-American Co-operative Federation, with ancillary institutes for finance and education. At a further Conference at Montevideo in February, 1963, the proposed Organisation, with the name Organisation of the Co-operatives of America, was constituted.

While closely following this development, the Committee has continued to consider possible ways in which the Alliance can assist Organisations in Latin America, in some cases on the lines of recommendations made by Mr. Rafael Vicens.

In Africa many new contacts have been made in different countries. The affiliation of the Co-operative Union of Tanganyika is reported in the section on Membership, and other unions are at present considering affiliation. Certainly, today, the Alliance is much more fully documented and informed than it was three years ago as regards Co-operation in the continent of Africa.

There is a keen desire on the part of the member Organisations, and others, for an African Regional Office and Education Centre, but no decision has yet been taken to establish such institutions, partly in view of long-term education projects in Africa planned by the Scandinavian Governments' technical assistance authorities in which I.C.A. member Organisations in Scandinavia are collaborating. I.C.A. action, however, on the lines of a Regional Office and Education Centre will have to come.

From French-speaking Africa requests for assistance in Senegal and Tunis have been made and appropriate action is being considered in consultation with the Institut Français d'Action Coopérative of Paris.

In South East Asia exploration can be said to have been completed largely by the extensive tours which U Nyi Nyi made during his period as Regional Officer, of which he submitted detailed reports to the Technical Assistance Sub-Committee. Since his appointment as Regional Officer in March 1962, Dr. Saxena has continued this practice, although so far it has not been necessary for him to make such long journeys.

**Research.** The Work Programme of the Regional Office includes studies on Agricultural Co-operative Marketing and the Structure of National Unions but, apart from some preliminary enquiries, the studies were in abeyance pending the appointment of an Agricultural Specialist. So far no definite arrangements have been made to undertake studies in collaboration with other Organisations, but a vast amount of research in all regions has to be undertaken as soon as resources are available.

**Promotion of Education.** Much has been successfully accomplished in South East Asia by the I.C.A. Education Centre at New Delhi and, in addition to carrying through its own extensive programmes, it has collaborated in educational projects of the Indian Government, of United Nations Agencies, of other Non-Governmental Organisations. The Centre has already begun to make an impact and exert an influence on the methods by which the theory and practice of Co-operation are taught and learnt in the region by both academic and other kinds of training institutions.

There are great educational needs to be studied, and as far as possible fulfilled, in other regions, particularly Africa and Latin America.



**Collaboration with U.N. and other Agencies** takes different forms which are reflected in the section of this Report I.C.A. and United Nations. Some member Organisations also collaborate with U.N. Agencies.

**Promotion of Trade between Co-operative Organisations.** From many Movements and individual Societies in developing countries, anxious to export their produce and products and to import essential commodities, appeals are made to the I.C.A. to intervene on their behalf with the highly developed Co-operative Commercial Organisations. In full sympathy with these Organisations, the Alliance in its turn has appealed to the Co-operative Wholesale Committee as well as to individual Wholesale Societies. While it has been assured of the goodwill and of the desire of these Organisations to be helpful to the developing Co-operatives, there seem to be circumstances on both sides which act against direct business connections. The Alliance, however, will pursue the question in the hope of a solution being found in the interests of the Organisations in developing countries, and it may be noted here that Mr. Thorsten Odhe attaches great importance to this question in his Congress Paper.

As regards **Insurance**, for a number of years practical action has been taken and assistance given by National Co-operative Insurance Societies, and, more recently, through the Reinsurance Bureau of the International Co-operative Insurance Committee.

Old-established National Co-operative Insurance Societies receive for training large numbers of employees from Insurance Societies in developing countries, and in Appendix I the Insurance Committee gives particulars of its technical assistance activity.

### [ The Regional Office

[ The plans for the Regional Office were reported to the Lausanne Congress, its main functions being—to serve the general purposes of the I.C.A. and not simply the requirements of technical assistance; to contribute to the execution of I.C.A. policy in all its aspects, particularly the attainment by Co-operatives in the region of a full measure of self-government and independence of external support; to supplement the existing means by which Organisations are able to keep in touch with one another; to give information and guidance on requests for technical assistance, and to maintain contact with projects in the course of execution; to carry out the administrative work required for a combined action on the part of I.C.A. and its members, for example, the organisation of conferences, seminars, working groups, initiated by the Alliance; to represent the Alliance in its relations with Co-operative Ministries and Departments of National Governments and with International Organisations, in the region.

[ The Regional Office has functioned as from 6th December, 1960, when it was inaugurated by Dr. Bonow in the presence of a distinguished gathering including Ambassadors, Indian Government officials, the Director and General Secretary of the Alliance, students taking part in the I.C.A. Leadership Seminar, representatives of Indian Co-operative Organisations and many individuals interested in the Co-operative Movement.

[ During the first year, the Regional Officer, U Nyi Nyi endeavoured earnestly to make the Regional Office and the I.C.A., its aims and principles, better known and better understood throughout the region, by circular letters, general correspondence, a monthly *News Letter* issued in collaboration with the Education Centre, by publicising the *Review* and other I.C.A. publications.

Visits were made to Co-operative Organisations in most parts of India and Pakistan where meetings took place with officials of Co-operative Organisations, of Governments and other authorities; talks were given at conferences and meetings on the I.C.A. and its work. A tour was made to other countries in the region—Burma, Thailand, Malaya, Singapore, Indonesia, Philippines, Hong-Kong, Japan—to ascertain the needs of the Movements and decide how best the Regional Office could promote co-operative development. In addition to making the Regional Office known, an important task on these tours was to explain to the Organisations the best way in which they could make use of the Regional Office, how it could serve their needs and how through the Regional Office they could strengthen their relations with the I.C.A. It is equally important on the side of the Regional Office for the Officer to know the situation and problems of the Movements in the different countries and this knowledge can, of course, best be obtained by personal visits and on the spot studies. Good working relations with National Movements are vital since the effectiveness of the activities of the Regional Office and the Education Centre depend upon the services they can render to the Movements.

It was a great disappointment to the I.C.A. toward the end of 1961 when U Nyi Nyi felt obliged to tender his resignation, largely on account of the burden of Indian income tax. The effect of taxation upon the non-Indian staff, both of the Regional Office and Education Centre, had been fully appreciated by the Technical Assistance Sub-Committee and strong representations had been made to the Indian Government for some relief, preferably that the I.C.A. staff should be treated in the same way as the staff of the United Nations Organisations. So far as the Regional Office is concerned, the urgency of the question became temporarily less acute on the resignation of U Nyi Nyi, but it has been pursued and it is hoped that a satisfactory solution will be found.

Early in 1962, the post of Regional Officer was offered to, and accepted by, Dr. S. K. Saxena, who since the establishment of the Education Centre had acted as Assistant Director to Mr. B. Mathsson. Dr. Saxena took up his duties at the beginning of March. Apart from his functions in New Delhi, he has since assisted from time to time at seminars and courses arranged by the Education Centre; he has visited most parts of India, attended conferences in West Pakistan and Japan, as well as meetings of the Advisory Council of the Education Centre.

In connection with a journey to Manila to represent the I.C.A. at the Annual Sessions of ECAFE, he spent some time in Burma, Malaya and Singapore.

In addition to ascertaining the needs of the Movements in the different countries and helping in the most practical way, sooner or later help must be given through the Regional Office to strengthen their economic activity. In the first place research is essential, particularly as regards the vital problems of agricultural marketing and credit. So far, little has been done in this field owing to lack of personnel, but an Agricultural Specialist having now been appointed it is hoped that information may be available for advisory work in the sphere of Agricultural Co-operation. Another urgent problem for research is the structure of the National Co-operative Unions.

Relations between the Regional Office and Indian Government have developed in a mutually satisfactory way and, as a result of the work of the Regional Office and the Education Centre, the prestige of the I.C.A. stands high today in India and most countries in the region. One instance of this which may be mentioned is the decision of the Indian Government that all offers of technical assistance projects on the part of the National Co-operative Organisations shall be channelled

through the Regional Office and have its recommendation. National Co-operative Organisations, too, manifest their appreciation of the Regional Office as representing the I.C.A. in the region—for instance, the importance which the Central Union of Japanese Agricultural Co-operatives attached to the presence of the Regional Officer and the Director of the Education Centre at the important Conference which was convened at Tokyo in April 1962 and the co-operation desired from the Regional Office in carrying out the decisions of the Conference.

The belief that through the Regional Office it would be impossible to maintain close contact with the United Nations Economic Commission for South East Asia is being realised and the Alliance has been represented at the Annual Meetings of the Commission in 1961, 1962 and 1963. Every opportunity, too, is taken of contact and collaboration with representatives of U.N. Agencies, ILO, FAO, UNESCO, resident in the region or passing through New Delhi.

**The Costs of the Regional Office** were quite modest in the first year and well within the budget drawn up by the Technical Assistance Sub-Committee. But inevitably they are increasing as a perusal of the Accounts for the past three years shows, and will continue to increase as additional appointments are made to the staff and the services of the Regional Office are improved and expanded.

#### I.C.A. Education Centre

In its Education Centre for South East Asia the Alliance possesses an institution which, in respect of its constitution, aims and activities, is unique in the co-operative world. The Centre is financed entirely by the annual collections made by Kooperativa Förbundet from its affiliated Societies, their members and other well-wishers. It is administered by a local Management Committee, with the I.C.A. Regional Officer for S.E. Asia as Chairman, acting under the direction of the Technical Assistance Sub-Committee of the Executive. The Director, Mr. Bertil Mathsson, a distinguished adult educationist seconded by K.F., is guided in formulating the programmes of the Centre and developing its work by an Advisory Council, representative of the Co-operative Organisations of the countries of the Region, which meets annually. The Hon. President of the Advisory Council is Mrs. Indira Gandhi. The first Chairman was Professor D. G. Karve; the present Chairman is Sir V. T. Krishnamachari, President of the National Co-operative Union of India.

The main function of the Education Centre is to reinforce in every way possible the co-operative education carried on in a variety of forms, and on several different levels, by the Co-operative Organisations, Governments and other institutions, such as universities, in the South East Asian countries. This implies that the Centre is not only itself an institution for teaching and research; it is a repository of educational material and experience and an agency through which the methods employed in co-operative education can be constantly improved and kept up to date.

The annual programme worked out in collaboration with the Advisory Council, and finally approved by the Technical Assistance Sub-Committee, therefore comprises regional courses, seminars or similar meetings organised directly by the Centre at Delhi or some other convenient location; courses convened by the National Unions, with the technical guidance of the Centre and the assistance of its teaching staff, which may have certain international participation; special studies and research; publications; collaboration and consultation for a wide variety of educational and training purposes, particularly where these involve inter-regional and inter-continental travel, with other International Organisations,

such as UNESCO, ILO and FAO, with National Governments and Institutions interested in Co-operation.

All these different types of work can be illustrated from the current activities of the Centre. As an example of a regional meeting on a topic of vital importance for co-operative promotion may be cited a Conference on Study Circle Methods, lasting a week, held at New Delhi in January, 1963. Starting from general agreement that study circles have a useful function in propagating sound co-operative opinions among the membership, and in encouraging healthy democratic leadership, the Conference made suggestions for experimental work to be undertaken by the National Unions using study material specially prepared by the Centre and directed by leaders with appropriate training. In 1962, national courses were organised with the help of the Centre in East Pakistan and in India. Two of the Indian courses illustrate what was said previously about the value of the Centre for stimulating the improvement of teaching methods: the first was a course for Teachers of Co-operation in the Universities and the second a course for Teachers in the Rural Institutes of India. Both evoked lively criticism of the teaching material available and methods employed and have already led to practical results in the form of drafting new textbooks to replace the old.

In the field of research the Centre not only works through its own staff but also through temporary recruits from the National Co-operative Unions. In 1962, the Centre offered three Research Fellowships to candidates from the National Unions. The Fellowships were of eight months' duration and were awarded to Co-operators from East Pakistan, India and Malaya whose subjects were, respectively, co-operative credit, co-operative housing, and the organisation of Co-operative Unions. The choice of subjects is largely determined by the problems of the candidates' home countries.

The Centre's most notable publication so far is the book *Co-operative Leadership in South East Asia*, which contains most of the papers prepared for, as well as the conclusions and recommendations reached by, the I.C.A. Seminar at New Delhi in November, 1960. The book seems assured of the wide circulation which it merits, and it is worthy of remark that the Centre has prepared, as an adjunct to it, a discussion guide for use in its study circle programme. A pamphlet on Co-operative Education in India, outlining constructive proposals for a national co-operative educational system has also been published. From time to time other pamphlets and brochures will be prepared containing selections from the valuable documentation submitted for the regional and national courses.

During 1962 and 1963 the Indian Government through its Ministry for Community Development Panchayati-Raj and Co-operation has drawn extensively on the consultation services of the Centre, and is likely to continue to do so for the development of the educational and training aspects of its national scheme for the promotion of Consumers' Co-operation.

In view of the expansion of its activities over the last two years, the Centre has needed to add to the numbers of its Asian and European personnel. With more qualified personnel it became possible to introduce greater specialisation in their duties with a gain in effectiveness in every aspect of its work. Increased accommodation also became necessary and it has fortunately been possible to build extensions to the present premises, to the advantage of both the Centre and the Regional Office.

The Centre is building up its library which now includes about 2,000 books, and establishing working relations with other libraries.

Finally, reference should be made to a special item in the Centre's work programme for 1962, namely, the Women's Seminar ~~more fully reported on page 35.~~ It was the existence of the Centre which enabled the ICA to undertake a piece of important work on behalf of women's education and at the same time to make a contribution of considerable importance to the adult education programme of UNESCO in Asia. The Staff of the Centre carried out all the necessary local arrangements, while its Director, as director of the Seminar, guided its proceedings.

For its first years the **Costs of the Centre** were approximately—

1959	..	..	..	..	Rps. 130,000
1960	..	..	..	..	Rps. 220,000
1961	..	..	..	..	Rps. 400,000
1962	..	..	..	..	Rps. 476,000
For 1963 the budget amount is					Rps. 750,000

#### **Technical Assistance Projects and the Development Fund**

As in previous years, the principal aim of the aid given by the I.C.A. under the Development Fund has been the promotion of the educational work of National Unions and other similar Organisations, for instance, by gifts of visual aid units to Organisations which had proved themselves viable but lacked the financial resources to provide themselves with the necessary equipment; by financing study and training courses for educational officers at such Institutions as the Coady Institute and the Puerto Rico School; by arranging training courses of approximately six months' duration for co-operative officials and employees of African and Asian member Organisations.

The value of visual aids in co-operative education has, for a long time, been obvious and in all cases where the I.C.A. has given mobile film units, projectors, etc., there has been a marked improvement in the results of the educational programmes of the Organisations concerned. In the period under review, mobile film units have been sent to the Co-operative Union of Western Nigeria and the Co-operative Union of Eastern Nigeria.

Where study courses are concerned, the success and value of the teaching and study is always in direct relation to the care taken by the recipient Organisations to select the right people.

In arranging courses for African and Asian officials, the I.C.A. has had very generous collaboration from member Organisations in the countries where the studies were centred, and it is not out of place to make special mention in this connection of member Organisations in Cyprus—the Co-operative Central Bank, Ltd., and the Turkish-Cypriot Bank.

Another, more modest, form of assistance frequently sought, and given, is the sending of publications and books for the building up of Co-operative Libraries in different countries, and appreciation is always shown of the periodical circulation of lists of books of which the I.C.A. Library has copies for disposal, many of which are now otherwise unobtainable.

As will be seen from the particulars overleaf, contributions to the I.C.A. Fund have been fewer during the last three years.

This is largely due to the fact that several Organisations have launched appeals, or have themselves made grants, for national projects—Swedish, Swiss, German, Austrian, American, Canadian, British (Education Department).

Although there is at present an appreciable balance in the I.C.A. Fund, a steady flow of contributions will be necessary if the longer term programmes now envisaged are to be successfully carried out.

**Contributions to the Fund since Lausanne Congress—**

	£	s.	d.
Women's Guild Bazaar at Lausanne ..	592	4	0
Canadian Women's Guilds .. .. .	59	16	0
British Societies .. .. .	79	17	0
*Co-operative League of U.S.A. ..	1,782	15	0
**Union of Swiss Consumers' Societies	7,000	0	0

**Women's Place in Co-operation**

*"In pressing forward we cannot overlook the claims which the women of our movement are making with increasing force and unity for a place in our ranks, our councils, and the direction of our work. Apart altogether from the bare justice of their demands, the circumstances of the hour make it imperative that women should be received into all our work on equal terms, as indeed they have ever been in the main stream of co-operative membership under the Rochdale system of Co-operation. If the future is to Co-operation and the 'common people,' then it is to the women especially, because the standard of social advance is to a very high degree determined by the status of women."*

The above lines are taken from the Conclusion of the Report of the Central Committee to the Basle Congress, 1921.

The same year saw the creation of the International Co-operative Women's Guild, an independent, policy-making Organisation having as its first aims—to unite the co-operative women of all lands in furthering co-operative principles and methods; to promote the education of women at international level.

The general interests of women in co-operation were, therefore, regarded as being within the province of the I.C.W.G., but relations between the I.C.A. and the Guild were very cordial, and the advice of the Alliance was frequently sought. Throughout the years until 1939 the Guild had space in each issue of the *Review for International Women's Notes*. In addition, the I.C.A. has always provided the necessary services for the Triennial Conferences of the I.C.W.G.

When the I.C.A. and the I.C.W.G. came to re-develop their work after the second world war, their outlook and circumstances had greatly changed. The functions of the National Women's Guilds and their relations with their parent Co-operative Unions had in several cases greatly altered. The limited financial resources of the I.C.W.G., which necessarily restricted its personnel, were unable to keep pace with inflation and rising costs. As the attention of the I.C.A. was turned more and more towards the developing countries and their co-operative problems, it had to be recognised that work urgently needed to be done for which the guild form of organisation was not necessarily the best instrument and for which other methods and policies must be tried.

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\* Annual contributions 1961 and 1962.

\*\* Ten per cent of contributions in 1962 from Swiss co-operators and co-operative employees to the Swiss Project.

In the endeavour to assist the I.C.W.G. the I.C.A. Executive agreed to set up a joint consultative committee of the two Organisations, but the results gave no satisfaction to either side.

Following a meeting of the Central Committee of the Guild in the summer of 1962, a proposal was sent to the I.C.A. Executive which envisaged much closer contact and infinitely more financial support.

Although the proposal could not be accepted on constitutional grounds, the Executive felt that the time had come when realistic opportunities must be afforded for women to take part in the work of the Movement at international level, and the Sub-Committee to whom the question was referred formulated suggestions for I.C.A. action in the interests of women which would assure them their proper place and rôle in the Movement.

These suggestions, which were accepted by the Executive and Central Committee at their meetings at Stuttgart in April, include the appointment of a woman specialist within the I.C.A. Secretariat, also the constitution, and attachment to the Secretariat, of an Advisory Committee for women's questions consisting of women co-operators.

The Officers of the I.C.W.G. learned of the proposals at an informal meeting with the Executive Sub-Committee in February, and since the Stuttgart meetings the Officers have communicated them to the members of the Guild.

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Certain events can be said to have influenced this provision for women's collaboration with the I.C.A.

Immediately steps were considered for implementing the Stockholm Congress resolution on Health and the Consumer, the importance of this problem for women was evident and when member Organisations were invited to the first Consumer Protection Conference at Garmisch-Partenkirchen in September 1959, the desirability of sending women delegates was stressed. To the first Conference, also to the second Conference at Paris, January 1962, the I.C.W.G. was invited and later when the Consumer Working Party was set up the I.C.A. Executive nominated a woman member.

Another factor was the adoption at Lausanne of the Resolution on The Duty of the Movement towards Women, which laid responsibilities upon the National Movements which the I.C.A. accepted as its task to assure their fulfilment.

The third factor was the I.C.A. South East Asian Seminar for Women organised at New Delhi in November 1962 by the Education Centre, and for which a grant was received under the UNESCO Adult Education Programme.

In addition to students nominated by the member Organisations of India, Pakistan, Ceylon, Malaya and Japan, invitations to participate were accepted by a number of non-co-operative Women's Organisations in the region, and the ILO, UNESCO, ICFTU sent representatives.

The discussion of such subjects as The Changing Economic and Social Order and its Significance for Women and The Rôle of Co-operation in Social and Economic Development showed great appreciation of the value of co-operation to women, and to the population of rural areas, as well as for improving the standard of living. Again, lectures and discussions on the Need for Consumer Enlightenment and Protection showed a deep awareness of the problem.

Having received a report from its representative who was present—the General Secretary—the Executive felt that the foundations were probably laid for the

beginning of an I.C.A. programme of action for women in South East Asia. They agreed that the work of the Seminar must, in any case, be followed up and accepted the suggestion that a woman with experience and knowledge of the Movement, as well as of the interests and needs of women, should visit certain countries in the region to discuss with Officials of the Co-operative Organisations the place of women in the Movement and the responsibility of the Movement towards them; also to obtain first-hand information and impressions of existing voluntary Women's Organisations and the possibility of some collaboration, or contacts, between them and the National Unions with a view to attracting women to the Movement.

According to the result of this visit, a decision will be taken on another proposal made in the report on the Seminar—that a woman be appointed to the staff of the Regional Office to deal primarily with women's problems related to the different branches of the Movement and also with the problems and needs of woman herself.

It is obvious that in giving a place in its Programme to the interests of women the I.C.A. recognises its duty towards the women of the world—not only the co-operatively organised women.

### **Consumer Protection**

The resolution on Co-operation and Health, submitted to the Congress at Stockholm by the F.N.C.C., Paris, urged reconsideration of the whole problem of consumer education and protection in view of the effects of modern industrial techniques, particularly from the standpoint of consumers' health.

As reported at Lausanne, a Conference was convened at Garmisch-Partenkirchen, September 1959, devoted to The Health of the Consumer. This very successful Conference, attended by scientific and technical experts, officers responsible for consumers' information and education, representatives of women's organisations, legal experts and directors in charge of trading policy, formulated a comprehensive set of conclusions and recommendations, which indicated the responsibilities of the Movement, its possible contribution to consumer enlightenment, also ways in which Governments could be aroused to the need for up-to-date legislation and its effective enforcement. The need for uniform principles in legislation from country to country was also stressed. Most important of all, the Conference recognised the need for systematic collaboration between the various agencies concerned with all questions of consumers' welfare.

This broadening of interest in consumer protection from the sphere of health and hygiene to that of the defence of general economic interests, concern regarding the influence of advertising, and progress in the field of comparative testing apparent in the years following the Garmisch Conference, led to the inclusion of more general questions touching consumers' interest on the agenda of the Second Conference at Paris, January 1962, which assessed the progress made in pursuance of the recommendations of the Garmisch Conference. It was clear that much still needed to be done, and the Conference, representative as before of all the groups interested in these problems, recommended that a Working Party be constituted to maintain touch with the many developments in this field.

The I.C.A. Executive accepted this proposal in outline, but first set up a Study Group to formulate recommendations for the Working Party's terms of reference and procedure. The report of the Study Group was accepted, and the Consumer Working Party, on which the Executive is represented by Mr. Marcel



Brot of France, has held meetings in London in January and May 1963. The elected Chairman is J. M. Wood, Great Britain.

The Party's programme of work includes a general initial survey of current consumer protection activity and special inquiries on: (i) Deceptive and Misleading Advertising, (ii) Informative Labelling.

The Working Party has made a good start, but its future usefulness to the Movement will largely depend upon the continued recognition of the importance of its tasks by Member Organisations, also their willingness to grant the members of the Party the necessary time and facilities for their work.

The Research Section of the Secretariat will play an important part in the development of this new field of I.C.A. activity. After contributing much of the documentation to the Paris Conference, it took part in the work of the Study Group, and when the permanent Working Party was set up the Section was clearly indicated as the centre for its system of reporting as well as for research into consumer problems on the international level.

### **International Co-operative Day**

Each year on International Co-operative Day, the rainbow flag is prominent for the first time in the celebrations in one or more countries where the young Movements call their members together to re-affirm their faith in the Co-operative Ideals and to rejoice in being part of the great Co-operative Family which the I.C.A. represents.

Each year more publicity is given to the Declaration of the I.C.A., the special articles which are offered to editors of national co-operative journals, and to the figures circulated in The I.C.A. in Epitome.

In the Declaration for the 38th Day, 1960, the I.C.A.—after acclaiming “the onward march of millions of men and women in the newly developing countries towards emancipation from alien rule and towards self-responsibility for their welfare and social progress,” and re-affirming “the unique value of Co-operation as an economic and social system which enables the awakening peoples to dispense with ancient traditions and advance towards the modern world”—appealed to Co-operators of the industrial nations to provide out of their own abundance, and through the I.C.A.'s Technical Assistance Programme, generous aid for those striving with inadequate resources to attain higher standards of human life and dignity.”

On the 39th International Co-operative Day, 1961, affiliated Organisations and their members were called “to work on both national and international levels for greater freedom and superior organisation in the exchange of commodities, capital and persons, so that newly-emancipated nations may attain economic independence and security by their own efforts of an equal footing with the rest of the human family.”

In 1962, the year which marked the 40th Anniversary of International Co-operative Day, the I.C.A. greeting affiliated and associated organisations in fifty-one countries—

declared “that the continual growth of the Co-operative Movement since the Day was instituted and its world-wide extent today are proof of the efficacy of co-operative self-help and its future potential for spreading economic and social well-being amongst all mankind;”

urged “its members to meet the challenge of present-day technical progress by re-shaping and integrating their Organisations for the defence of consumers

and producers against new forms of exploitation and domination by profit interests;”

emphasised “ the obligations resting upon the well-established Co-operative Movements to render generous technical aid and to cultivate economic relations with the younger Movements in the developing countries,” and

expressed “ the fervent hope that negotiations will be pursued with determination to reach an agreement which will banish the menace of atomic annihilation from the world.”

The special article for the 40th Anniversary took the form of a looking back on the four decades with a remembrance of “ the leaders of the Alliance whose faith in the universality of Co-operative Principles and belief in the destiny of the Movement to become world-embracing, inspired them to ordain the First Saturday in July as the annual day of rejoicing and rededication for Co-operators all round the globe.”

For the 41st International Co-operative Day, 1963, the I.C.A. declared its whole-hearted support for the United Nations Development Decade; appealed to member Organisations in the developing countries to redouble their efforts to increase the scope, efficiency and resources of their Movements that they may play a more beneficent rôle for the wellbeing of their peoples, to those in the industrialised countries, to create a stronger network of co-operative trading and financial relations on a foundation of mutual knowledge, understanding and trust; and in conclusion re-affirmed its ardent hope for the achievement of general disarmament under international control which would release vast resources for the abolition of poverty throughout the world.

#### **The I.C.A. and the United Nations**

The General Assembly of the United Nations adopted on 19th December, 1961, a resolution designating the 1960's as the United Nations Development Decade. That event strikes the keynote to the relations between the I.C.A., U.N. and the Specialised Agencies since the Congress of Lausanne. The overall aim is to achieve such an expansion and co-ordination of the collaboration between the advanced and the newly developing member states as will enable national incomes of the latter to attain an annual increase of 5 per cent by 1970, with some expectations of doubling their standard of living in 25 to 30 years. The grand design includes a number of large-scale projects, already under way, such as the Freedom from Hunger Campaign of FAO and the World Literacy Campaign of UNESCO with its subsidiary regional plans for universal primary education in Africa, Asia and Latin America, and others yet to be formulated. It further supplies a broad scheme for the orchestration of the plans and activities of both the Inter-Governmental and the Non-Governmental Organisations, like the I.C.A., which aim at reducing the gap between the richer and poorer nations of the world, by developing the resources of the latter.

#### **Representation**

The International Co-operative Alliance has continued to make full use of its privileges as a Consultative Non-Governmental Organisation, not only with the United Nations but also with the International Labour Office, Food and Agriculture Organisations, U.N. Educational Scientific and Cultural Organisation, and International Atomic Energy Agency. It is permitted to appoint observers and technical experts to attend meetings of various kinds, suggest topics for consideration by different authorities, submit oral and written statements, confer with the Secretariats and receive regular documentation.

Liaison has been maintained with U.N. at New York by Mr. L. E. Woodcock, and with U.N. and ILO at Geneva by Dr. M. Boson, both part-time representatives who attend meetings, report events of significance to the I.C.A., and keep in contact with Secretariats. From time to time specially qualified representatives have been appointed to attend regional or technical meetings. Members of the I.C.A. Housing Committee take part in meetings of the Housing Committee of the Economic Commission for Europe. Since the establishment of the Regional Office for South East Asia, closer contact has been possible with the Economic Commission for Asia and the Far East, whose annual sessions were attended in 1961 and 1963 by the I.C.A. Regional Officer and, in 1962, by an Official of the Central Union of Japanese Agricultural Co-operatives. At UNESCO in Paris, Mr. Ch.-H. Barbier has been serving as an expert on the Committee for the Advancement of Adult Education and as I.C.A. representative on the Selection Committee for Workers' Study Tours in Europe. Affiliated Organisations in Argentina, France, Italy, Mexico and Nigeria have willingly released their officers for occasional assistance as observers or participants in working parties.

### **ECOSOC and Social Commission**

**Housing.** The principal group of problems pursued by the I.C.A. in its representations to the Economic and Social Council and the Social Commission have been concerned with housing. These problems have arisen in urgency and priority as people and governments in all parts of the world have realised that the rôle of good housing in human welfare and social progress is fundamental, and that there are probably as many under-housed as under-nourished people in the world today. The importance of the problem also accounts for the number of different agencies, governmental and non-governmental, on the national, regional and international levels, which are seeking solutions within their respective fields of operation. The numerous requests for information of various kinds concerning co-operative housing, received by the national organisations participating in the I.C.A. Housing Committee, made the Committee aware of the need for greater co-ordination of housing activities and led ultimately to the conclusion that co-ordination was not likely to be attained, or the available resources in technical knowledge and finance effectively marshalled, unless a Special International Agency, similar to those already set up for food and agriculture and for health, was established for housing.

The need for a considerable measure of co-ordination had already been recognised by the United Nations and a long-range programme of international action put into operation. This appeared at one time as the limit to which U.N. was willing to go, since the majority of the member Governments were not prepared to contribute the funds required to house and staff yet one more Specialised Agency. But the I.C.A. and other Non-Governmental Organisations, while collaborating in the long-range programme, were unwilling to let the matter rest there.

Housing was again discussed at the 32nd Session of ECOSOC when Dr. Boson presented a statement on behalf of the I.C.A. and a resolution was adopted instructing the Secretary-General to convene a group of experts from the developing and the industrial countries to study the problems of low-cost housing and make recommendations. Non-Governmental Organisations were permitted to send observers to meetings of this group and the I.C.A. was represented by Mr. Dwight Townsend, a member of its Housing Committee.

The expert group pointed out the lack of a central organ through which U.N. could co-ordinate its own activity and that of the other International Organisations

concerned with housing, thereby supporting in a great measure the case which the I.C.A. had been arguing. The next step was accordingly to work out the constitution, functions and place in the U.N. system of the recommended central organ. The question was first discussed in the 14th Session of the Social Commission and a draft resolution went forward to the 34th Session of ECOSOC. In its final form, the resolution provided for the establishment of a Committee on Housing, Building and Planning, consisting of 18 experts nominated by the governments represented in ECOSOC and reporting to ECOSOC through the Social Commission. Before the Economic and Social Council the I.C.A. declared its willingness to collaborate with the Committee, while re-affirming its belief that, in the end, a Special Agency would prove to be the only thoroughly satisfactory solution.

The newly-constituted Committee held its first meeting in New York in January, 1963, when Mr. Dwight Townsend attended as I.C.A. observer. In its report, for presentation to ECOSOC through the Social Commission, the Committee asked for a comprehensive account of existing programmes and the expenditure of different agencies for housing; it called for studies of housing finance and investment, on the international and national level, with particular reference to the mobilisation of each country's domestic resources; it recommended the expansion and establishment of regional centres for research and training of professional personnel, also an inquiry into the possibilities of setting up a documentary centre for housing, building and planning; it approved the proposals of the Secretariat for pilot projects and recommended their extension with the assistance of the international financing agencies. Two resolutions on training and educational facilities urged the member states to include provision for all kinds of professional training and inter-disciplinary training in their development plans and requested the Secretariat to co-ordinate the priorities, indicated in the national plans, for the guidance of international agencies rendering technical and financial assistance.

### **Regional Commissions**

Very close contact has been maintained between the I.C.A. and the Secretariats of the Regional Commissions with a view to obtaining information and knowledge regarding the progress achieved by them in the various fields of their activity which are of interest to the I.C.A. There is a very close working link between the I.C.A. Housing Committee and the Housing Committee of the Economic Commission for Europe, at the meetings of which an I.C.A. observer is always present. The I.C.A. was also approached by the ECE Secretariat for collaboration in the survey of existing practice in ECE countries in regard to methods of studying consumers' wishes and techniques of distributing consumers' goods and an expert to assist in the drawing up of a suitable questionnaire was asked to be nominated.

At the annual session of the ECAFE in March, 1961, the I.C.A. was represented and a statement was presented on its behalf calling attention to its technical assistance activities in the region and the establishment of the Regional Office and Educational Centre. Both at the Regional Conference of Asian Economic Planners in New Delhi and at the Seminar on Planning and Administration of National Community Development Programmes at Bangkok, I.C.A. observers were present. Again at the annual session at Tokyo in 1962, the I.C.A. was represented.

At the 1963 session at Manila, Philippines, the Regional Officer for South-East Asia was asked by the Executive to attend with two special objects in view. The

first was to make good, by means of a written statement, an omission in an ECAFE Working Paper on Savings and Investment in the Developing Countries, in which no reference was made to the actual or potential contribution of Co-operation to building up saving habits amongst the people or diffusing an understanding of the functions of saving and investment in economic development. The second was to call attention to the rôle of Co-operation in the national economies of the region. With the support of certain national delegations, notably those of Pakistan and Philippines, this object was achieved through the unanimous adoption, by a Committee of the whole Commission, of a resolution which requested the Executive Secretary to set up an expert group, or by any other appropriate means, to investigate the rich potential of the Co-operative Movement for achieving a faster rate of economic and social progress in the region, also to seek the co-operation of the U.N. Specialised Agencies and such Organisations as the I.C.A. in this investigation.

ECLA. In May 1961 the I.C.A. sent a statement to the Annual Session of the Economic Commission for Latin America expressing interest in the co-operative development of the region, and asking that Mr. R. Vicens, who was then making his I.C.A. tour, be allowed to address the Commission.

#### **International Labour Organisation**

Technical Assistance. The friendly exchanges of information and consultations between the I.C.A. and ILO on co-operative questions, which go back to the creation of the ILO Co-operative Service over forty years ago, have become more important since the constitution of the Co-operation and Small-Scale Industries Division, and the allocation to ILO of the major responsibility within the U.N. Long-Term Programme of Technical Assistance for projects in the co-operative field. This responsibility has grown much heavier in recent years as a result of the large number of newly constituted States which have applied for expert help in various forms for initiating Co-operative Movements and establishing viable Co-operative Organisations, both economic and educational.

The recruiting, training and supervision of expert advisers and demonstrators in Co-operation in adequate numbers gave rise to difficult problems for which often only imperfect and short-term solutions could be found. In January, 1962, the Technical Assistance Sub-Committee profited by its meeting at Geneva to discuss these problems with the officers of the Co-operation and Small-Scale Industries Division. This valuable exchange of views could only reach tentative conclusions for action on the international level. The most helpful immediate prospects, however, appeared to be offered by certain national training projects, notably in Western Germany, Sweden and the U.S.A.

Co-operative Activities of ILO. In December, 1962, after an interval of several years, the Co-operation and Small-Scale Industries Division convened a meeting of experts in Co-operation drawn from every continent to which observers from certain non-governmental organisations were also invited. The I.C.A. was represented by the Director. The Division submitted to this meeting the draft of a Survey of Development and Trends in the World Co-operative Movement Today which had been compiled with outside assistance specially recruited for the purpose. In the course of the discussion every important aspect of the world co-operative situation was reviewed and useful suggestions were made for incorporation in the revised version of the survey which it is hoped will eventually be published.

The Agenda of this meeting included discussion of a factual paper submitted by the Division on ILO Activities in the Field of Co-operation. One of the most

significant facts of recent years has been the expansion in the work of the Division since it became "operational," i.e., actively engaged in technical assistance in addition to the collection, presentation and distribution of information on Co-operation which were its original, and still are important, functions. It became evident during the discussion, that the personnel engaged on co-operative work had not been adequately increased to enable it always to cope effectively with all these tasks. The Executive, after receiving the Director's report on the meeting, agreed that consideration should be given to the question of what might be done by the I.C.A. and other interested Non-Governmental Organisations to induce the ILO to strengthen the personnel engaged in work of such great value to the expansion of Co-operation throughout the world.

**Housing and Education.** The Authorities of the Alliance have also been following attentively the action of the ILO in other fields of workers' welfare, notably housing and education. Workers' Housing figured for two successive years on the agenda of the International Labour Conference. Statements calling attention to the importance of Co-operative Housing were presented to the Conference in 1960 by the Director, and in 1961 by Dr. Boson. The comprehensive Recommendation on Workers' Housing finally adopted emphasised, among other things, the importance of the maximum collaboration by all concerned—governments, workers' organisations, housing co-operatives and the building industry—in order to employ existing resources as effectively as possible in overcoming the housing shortage.

Besides continuing its programme of workers' education, which includes the publication of a series of manuals in a variety of languages, the organisation or subsidising of seminars, advisory missions, and travelling bursaries, the ILO has established at Geneva an International Institute of Labour Studies which has its own Board and Advisory Committee, and is supported by an endowment fund for which an initial target of \$10 million was set. The Institute held its first course in the autumn of 1962 with the main theme of The Labour Force and its Employment. While the Institute is devoted mainly to economic and social studies necessary for workers as trade unionists and citizens, the ILO is also considering the establishment of an International Centre for Professional and Technical Training at Turin. The development of both Institutes is being observed with a view to possible opportunities for the introduction of advanced studies on co-operative problems and techniques.

Other groups of problems under examination by the ILO Conference and Governing Body with bearings on Co-operation, are Women's Work in a Changing World, and Land Reform with its economic and social problems.

#### **U.N. Food and Agriculture Organisation**

**Freedom from Hunger.** During the last three years the Freedom from Hunger Campaign, promoted by FAO and endorsed by the General Assembly of the United Nations in October, 1960, has been gathering momentum. It reached its climax in the World Food Congress which was convened at Washington from 4th to 18th June. The I.C.A. was represented at the Advisory Committee meeting at FAO Headquarters of Non-Governmental Organisations collaborating in the Campaign, while on the national level a number of its affiliates have taken individual action or joined in efforts promoted by their Governments. In November, 1962, a circular was sent to member Organisations urging them to support the Campaign, and to report briefly on their action.

The object of the Campaign is to bring home to the peoples of the world as never before what still needs to be done to banish the spectre of undernourishment.

not simply for a moment, but for ever. Relief operations, such as the \$100 million programme for the use of food surpluses to combat famine and aid economic development, are not excluded, but the true object of the Campaign is to bring about a manifest and permanent improvement in the situation both of individual countries and of the world.

**Financing Agricultural and Co-operative Development.** Looking to the possible long-term results of the Freedom from Hunger Campaign, the I.C.A. submitted to FAO's General Conference in 1961, a constructive proposal in an important field to which too little consideration seemed to have been given, namely, finance. The proposal originated with Mr. G. Davidovic, then I.C.A. Secretary for Agricultural Co-operation, who submitted it first to the Agricultural Sub-Committee and subsequently to the Executive. Although both Committees had reservations about the proposal, which was the establishment of an International Bank for Agricultural and Co-operative Development, there was general agreement that the problem, for which it was advocated as a solution, was of fundamental importance. It was, therefore, agreed that Mr. Davidovic should embody his proposal in a reasoned memorandum to be circulated at the FAO General Conference in virtue of I.C.A.'s consultative status, in order to provoke discussion. In this it certainly succeeded. In the main there was no little support for the contention that the needs of agriculture had not hitherto played any great rôle in the plans and operations of International Financing Institutions, and that agriculture generally attracted less long-term investment than industry, power and transport. But there was much less support for, and more criticism of, the suggestion to establish a special International Bank.

The Executive, when it reviewed the proceedings at the Conference, decided to continue its efforts to induce FAO to study the problem of finance. A further approach was made, this time to the Director-General, and a fresh memorandum was prepared, under the guidance of the President, stating the problem against a broader background. The views in this memorandum met with the approval of FAO experts, and the Director-General in an interview with an I.C.A. delegation at Rome in May, 1962, expressed himself entirely in favour of a high-level investigation which the I.C.A. proposed. It was, therefore, possible there and then to agree on the terms of reference of the inquiry and the manner of its organisation. In the latter half of 1962, FAO began to recruit eminent authorities from different parts of the world for a study-team and to approach the Governments of the various countries in which it was proposed to make inquiries. As FAO itself had no budget to meet the costs of the investigation, the Swedish National Committee for Technical Assistance, on the appeal of the I.C.A. President, agreed to adopt it as a project within the framework of the Freedom from Hunger Campaign and to make a grant of \$50,000. Any costs above this figure will be borne by Kooperativa Förbundet.

The terms of reference of the investigation are—

(a) To review the institutions and facilities in selected developing countries for channelling funds from domestic and external sources to aid agricultural development, especially through co-operatives and other farmers' associations operating in such fields as credit, supply, processing and marketing;

(b) To recommend measures for improving the effectiveness of the use of these funds in the interest of enhancing the efficiency of agriculture and promoting the well-being of rural populations;

(c) To help prepare, if asked for, a programme of action indicating priorities (eliminating present indebtedness, ensuring a productive use of credit, providing satisfactory forms of security);

(d) Where the situation disclosed by the examination carried out under (a) appears amenable to immediate treatment, to advise while still in the country, but in consultation with FAO Headquarters, on remedial measures of an urgent nature;

(e) To recommend the most suitable means for assisting governments to keep under review and to promote the continuing progress of agricultural financing facilities for such purposes, either by strengthening existing institutions or by the creation of new ones;

(f) To report to FAO and the government of each country visited the results of their inquiries and their recommendations for immediate and future action.

The team of experts held its first meeting at FAO Headquarters on the 17th April and following days, to interpret its terms of reference and decide on its methods of work. From Rome, the team moved to Cairo, where it divided into two groups, one to study African and the other to study Asian countries selected as examples of particular situations and stages of development.

#### **Co-operation at FAO**

Two Divisions of the FAO Secretariat are directly concerned with Co-operation—Rural Institutions and Services Division and Fisheries Division. Within the former is a Co-operation, Credit and Rural Sociology Branch, which includes one specialist on Agricultural Co-operation, whose duties cover technical assistance, publications and every other aspect of co-operative work. He is, of course, supported by the Chief of the Division and the Head of the Branch, both of whom are recognised experts in co-operative affairs. This situation is quite fortuitous, however, and it is difficult to avoid the conclusion that, having regard to the importance of Co-operation in its various forms as an element in a healthy and prosperous rural society, FAO like ILO is somewhat understaffed for dealing with it.

The initiative taken by FAO in 1960 of convening a conference of International Governmental and Non-Governmental Organisations engaged in the promotion of Co-operation has been justified by results. These conferences have become annual events because they serve a variety of common purposes. They not only enable past experience to be exchanged and its significance assessed for future policy, but also foreshadow activity in the immediate and remoter future and indicate fields of possible joint action. If this last activity has not been as fruitful as could be desired, the main cause is the limits to the capacity of staffs already over-burdened to carry out projects outside the regular work of their respective Organisations.

The relations between the I.C.A. and the Fisheries Division have continued to be mutually helpful. On behalf of FAO the I.C.A. published *Co-operation for Fishermen*, a handbook to Co-operative Organisation in the industry, compiled by Miss M. Digby, in the official languages of FAO—English, French, and Spanish. This is the first considerable work to be issued by the I.C.A. in Spanish. A new form of collaboration has become possible through the activity of FAO experts carrying out technical assistance missions in fisheries. Much of the technical guidance they provide and the improved vessels and equipment which they recommend can benefit the fishermen only if an adequate economic and



financial basis can be supplied. Hence the need for Co-operation and for experts in co-operative fishery organisation to take over extension work at the point where the technical experts leave it. This point has been reached already, for example, in Chile. In South-East Asia, the existence of the Regional Office has enabled regular liaison to be established between the I.C.A. and FAO officers concerned with fisheries in the region.

#### **U.N. Educational, Scientific and Cultural Organisation**

Consultative Status of the I.C.A. In 1961, the Executive Board of UNESCO, having reviewed its consultative relations with non-governmental bodies, adopted a system of classification similar to that of the United Nations, and placed the International Co-operative Alliance with over twenty other Organisations in Category A. This recognition of the I.C.A. is a tribute to the importance of the breadth and variety of interests it represents and the value of its contributions to UNESCO's work for international understanding and educational progress generally, and cannot but be gratifying to all its members. Nevertheless, it imposes obligations, as well as conferring privileges. One of these obligations is to make a constructive contribution to the Conference of Non-Governmental Organisations, its various committees and working groups which are regularly called into consultation by UNESCO. Like the other Specialised Agencies, UNESCO is an inter-governmental body, but it cannot depend for the fulfilment of its scientific, educational and cultural ends on governmental action alone, especially when so many of its member Organisations are of recent establishment, understaffed for administrative purposes and lacking in experience. It, therefore, relies on the collaboration of Non-Governmental Organisations and their efforts to extend their national sub-structures in the developing countries, not simply for building up national systems of education, but more particularly in extending educational facilities out of school for both young people and adults. The Conference of Non-Governmental Organisations should, therefore, become more than a sounding-board for official UNESCO policies; it should play a dynamic rôle by giving them new substance and shape, based on the experience of the member Organisations. If it is to do this, the I.C.A. and other category A Organisations have a responsibility for ensuring that the Conference and its organs become steadily more business-like, effective and influential.

UNESCO Conferences and Programmes. Since the Congress of Lausanne the I.C.A. has been represented at two General Conferences of UNESCO. If the Conference held in 1960 was somewhat different from those at which it had been represented in the previous ten years, it was largely because the I.C.A. and other Non-Governmental Organisations were not obliged to campaign to maintain the place in the programme, and the requisite budgetary allocations, for Adult Education and Study Travel for Workers. A proposal to discontinue the European study tours and reduce the total allocation for workers' exchanges had been withdrawn before the Conference opened, and the sum of \$80,000 was allocated for this purpose for the years 1961-62. On the other hand, the budget for adult education did not permit of more than one meeting in the two-year period of a new Committee for Advancement of Adult Education, set up to implement the recommendations of the World Conference on Adult Education at Montreal.

Even though the total UNESCO budget submitted for the approval of the 1962 General Conference had been raised to \$40 million, as compared with over \$32 million for 1961-62, no more than one meeting of the new Committee for

Adult Education was provided for in the draft Programme. The principal N.G.O.s engaged in adult education and a number of Member Governments were acutely disappointed, but their hopes of a successful campaign for annual meetings were considerably dampened when several of the most important States made pronouncements in favour of a reduction in the total budget by 5 per cent. or more. As a contribution to this, the proposal to abolish the workers' exchange programme was again given an airing and a campaign was necessary to save at least a part of it. In the event a resolution in favour of annual meetings of the Committee for Adult Education was carried and the grant for workers' study groups in Europe was reduced to \$40,000 compared with \$80,000 for 1961-62.

From the standpoint of the I.C.A., the fact that educational projects now account for over 50 per cent of UNESCO's total budget is by no means a cause for dissatisfaction. UNESCO's campaign to abolish illiteracy and many other projects in the educational field are worthy of enthusiastic support. Nevertheless, the procrustean method by which the General Conference fixes a total budget and then reduces the programme to fit it has little to commend it, for it leads to a situation in which projects are finally adopted not so much according to their merits as to the relative power of contending pressure groups. There is also a danger that literacy should come to be regarded as the only key to learning, and schools the only places in which education can be acquired. The Co-operative Movement and other people's movements based on democratic principles and traditions should not forget the due claims of other media of learning than books and of education as a life-long experience which continues for workers and citizens long after school and student days are past.

**Adult Education.** It is very gratifying that the Director-General, in constituting the International Committee for the Advancement of Adult Education, recognised the devotion and service to adult education of Mr. Ch.-H. Barbier by appointing him expert member of this Committee, without previous nomination by the I.C.A. The Committee held its first meeting at UNESCO Headquarters in Paris and took up questions involved in the implementation of the Montreal Conference recommendations.

**International Exchanges.** Workers' study tours in Europe have been organised on lines similar to those of previous years, except that it has become the rule to incorporate in the tour a three-day study session on some theme of international significance. Thirteen Co-operative Organisations received travel grants in 1961, fourteen in 1962, fifteen in 1963, while other Organisations were assigned priorities if funds unexpectedly became available. The reduced budget of only \$40,000 will not permit any grants to be made in 1964. The danger of such a hiatus, in view of persistent attempts to abolish this feature of the programme, is obvious. The educational value of the workers' study tours was confirmed by a special study session convened by the Swiss National Commission for UNESCO in November, 1962, when the experience of the previous ten years was passed in review.

As a result of the extension of the workers' exchange system in recent years to Asia, Africa and Latin America, many groups of co-operators have been able to make tours and attend courses of great value. In Asia, groups of three students from Ceylon, Israel, Japan, Malaya and Pakistan benefited in this way. The importance of this means of contact and information for the leaders and active members of young Co-operative Organisations with restricted incomes can scarcely be exaggerated, for it broadens their conception of Co-operation and opens their minds to the international plane. An innovation was introduced in

1961-62 by grants to leaders and teachers in adult education to enable them to work in various institutions, both teaching and undertaking research in their own subjects, for periods ranging from three to twelve months. These grants will be available for inter-continental travel which has special advantages for students possessing a good groundwork of previous knowledge and experience. It is hoped that grants will be made in 1963 to candidates from the developing countries for the K.F.-S.L. Training Course in Sweden.

### **International Atomic Energy Agency**

The I.C.A. has continued to receive documentation from this Agency and to be represented at its General Conferences at Vienna by Dr. A. Vukovich. Among the many aspects of the study of peaceful use of atomic energy, the I.C.A. devotes particular attention to such topics as the employment of power reactors for the generation of electric energy, particularly in arid regions; the use in agriculture of radio-active isotopes, and the effects of radio-activity especially on foodstuffs. Whenever possible, the I.C.A. arranges representation at technical conferences on these subjects convened by IAEA.

### **The I.C.A. and Inter-Governmental Organisations**

#### **Organisation for Economic Co-operation and Development**

The documentation provided by this Organisation, notably in the field of restrictive business practices, continues to be of great assistance to I.C.A. economic research. During the last three years, however, the activity of OECD has been concentrated in directions in which the Co-operative Movement in general, and the I.C.A. in particular, are less directly interested.

#### **Organisation of American States**

The information accumulated by the co-operative expert in the Division of Labour and Social Affairs has been exceedingly useful to the I.C.A. Technical Assistance Sub-Committee in its consideration of the measures to be taken by the I.C.A. in extending help to Co-operative Organisations in Latin America.

#### **South Pacific Commission**

The rôle of this Commission in the promotion of Co-operation in the archipelagos of the Pacific Ocean is of prime importance. For many years it has maintained a Co-operative Specialist on its Staff and sent regular reports on its activities to the I.C.A. In April, 1961, the Commission held its Second Technical Meeting on Co-operatives at Noumea, New Caledonia, with the participation of ten Pacific territories in some of which Co-operative Movements are now well established.

### **I.C.A. and Other Non-Governmental Organisations**

The consultations at Secretariat level between the I.C.A. and other Non-Governmental Organisations, chiefly in Category A Consultative Status with the United Nations, were resumed in 1962 when a meeting was held at Paris on the initiative of the **World Veterans' Association**. The chief question discussed was the possibility of extending the privileges of the Category A Organisations to participation in certain Committees of the General Assembly. In addition, there has been consultation from time to time on the promotion of Co-operation in

developing countries, also policy questions on which joint action appeared to be possible or desirable.

### **International Chamber of Commerce**

The I.C.A. was represented by observers at the ICC Congresses at Copenhagen in 1961, and at Mexico City in 1963. Mr. Ch.-H. Barbier has continued to represent the Alliance at the half-yearly meetings of the Commission on Distribution which follows very closely the evolution of distributive trade and related problems of market research, merchandising and publicity, and produces an exceedingly useful documentation.

### **International Federation of Agricultural Producers**

Exchange of documentary and other information between the Secretariats of I.C.A. and IFAP has continued on lines which have now become customary. The common interest of the two Organisations in co-operative development creates a bond which is strengthened by participation in each other's courses and other meetings. At the I.C.A. Schools of 1961 and 1962 lectures on Agricultural Co-operation were delivered by the Co-operative Specialist of IFAP and by a former Chairman of its Committee on Agricultural Co-operation.

### **International Centre for Research and Information on Collective Economy**

The increasing attention paid to Co-operation in the Congresses and publications of this Organisation and the frequent contacts between the Secretariats are gratifying to note. Co-operation has been the subject of special papers at the last two Congresses of the International Centre. In 1961, the Director of the I.C.A. introduced the subject of the Contribution of Co-operation to the Objects of Collective Economy—Liberty, Security and Well-being. A resolution subsequently adopted unanimously declared that "every advance of Co-operation signifies progress at once human, social, economic and political." At the 1963 Congress held at Rome, before a strong delegation of Co-operators which included three members of the I.C.A. Executive, Professor G. Weisser presented a paper on Planning in Co-operative Undertakings.

### **Obituary**

Congress will pay tribute to the memory of Co-operators everywhere who have died in the past years, remembering especially some who have given outstanding services to the cause of Co-operation, national and international—

**Neil Beaton**, former member of the I.C.A. Central Committee and Executive, and President of the Scottish Co-operative Wholesale Society, who died on 23rd October, 1960.

**Professor Odal Stadius**, member of the I.C.A. Central Committee and Director of Yleinen Osuuskauppojen Liitto, Finland, who died on 22nd July, 1961.

**Paul Ramadier**, former member of the Central Committee, and animateur of the French Consumers' Co-operative Movement, who died on 14th October, 1961.

**Emil Lustig**, former Czechoslovak Co-operative leader, and Managing Director of the Czech Co-operative Wholesale Society, who died in Sweden on 17th January, 1962.

**Cecily Cook**, President of the International Co-operative Women's Guild, and former General Secretary of the English Co-operative Women's Guild, who died on 25th June, 1962.

**Dr. Julius Brecht**, member of the Central Committee, Director of Gesamtverband, Cologne, who died on 10th July, 1962.

**Frederick Nielsen**, former member of the Central Committee, Managing Director of the Danish C.W.S. and of the Scandinavian Wholesale Society, who died on 22nd December, 1962.

**Olof Eng** of Sweden, Executive Secretary of the Auxiliary Committee on Retail Distribution, who died in September, 1962.

**Georges Lebon**, former member of the Central Committee, one of the founders and former Director of the French Wholesale Society.

MAURITZ BONOW,  
President.

W. P. WATKINS,  
Director.

G. F. POLLEY,  
General Secretary.

## Discussion on the Report of the Central Committee

**The President:** I think Congress will agree that the Report of the Central Committee, which I now submit, gives a very clear picture of the main features of the work which the Alliance has accomplished since the Lausanne Congress. In saying this I refer also to the Appendices on the work of the Auxiliary Committees and the summary of documentation prepared in connection with the implementation of the Lausanne resolution on Co-operation in a Changing World.

We will now proceed with the discussion of the Report.

### Introduction

There was no discussion on the Introduction.

### Membership

**Mr. N. P. Sai, U.S.S.R.:** The problem of expanding the membership of the I.C.A. in accordance with the principles contained in the rules is one of the most important for our international movement, and has always been an important item of the agenda whether in Congress, the Central Committee or the Executive. This is understandable since the strengthening of International Co-operation is the desire of millions of people throughout the world who wish to live in peace and friendship, and to fight together for better material and cultural conditions for their own countries. Until now this problem has not been solved, since discrimination is applied as regards applications for membership from socialist countries. Why should not the movements of Poland and Hungary be accepted into the Alliance? They are co-operative in every respect, and, in our opinion, they are in full agreement with the rules.

In trying to maintain this attitude of discrimination some of the officers of the I.C.A. at the 21st Congress refused under Standing Orders to allow the delegations from Italy, Japan and India to submit proposals concerning membership. It was agreed that they should be dealt with by the Executive after the Congress, but circumstances prevented this course. The opinion of the Soviet co-operators on this question remains unchanged, and it is also the opinion of co-operators in many other countries, that, in order to unify the international movement, political or other motives which are behind discriminatory action should be rejected. I would like to submit the following resolution on behalf of the Soviet delegation. . . .

**The President:** This is not the proper way in which to introduce a resolution. As you have not given us notice of any motion, I am sorry that, according to the Rules and Standing Orders, we cannot deal with it.

**Mr. M. Marik, Czechoslovakia:** I wish to mention a burning problem which has not yet been solved, I.C.A. membership. On many occasions we have stressed that the policy of discrimination applied for many years towards co-operative unions and movements in socialist and developing countries, for the sole reason that they do not work under the same conditions as those in capitalist countries, is not worthy of our international co-operative organisation. In spite of the fact that these co-operatives fulfil all the conditions laid down in the rules of the Alliance and are willing to fulfil all the obligations of membership, they

are refused admission. Co-operatives from developing countries are only admitted without the right to speak and vote.

The situation created by the direction of the Alliance is not to be envied and the fact that a great number of co-operators do not approve of this situation provokes the question: Why is it that the Alliance represents only half of the co-operators of the world?

There is evidence that, even within the Alliance, an increasing number of co-operators desire to change the present situation. Statements from delegates at the last Congress can be quoted, also that, at the last meeting of the Central Committee at Stuttgart, members from western and developing countries supported the admission of Polish and Hungarian co-operatives. Another proof is the decision of the British Congress this year to ask for a revision of the present situation concerning the admission of members to the Alliance.

But the direction of the Alliance gives no assurance that it will respect the demands of its members. In the present report, the attitude of the Committee concerning the admission of the Polish co-operative movement is not mentioned, nor the fact that the majority of the members of the Committee asked for its admission after the return of the Inquiry Committee and before this Congress.

I would draw the attention of delegates to the joint resolution of the Central Co-operative Council of Czechoslovakia and Centrosoyus, which will be dealt with during the discussion on amendments to rules, and to ask for its acceptance.

**The President:** I wish to comment briefly upon the statement of Mr. Marik that the direction of the I.C.A. has, without justification, rejected certain applications for membership and to refute most emphatically the accusation made that the majority of the Central Committee and Executive have tried to delay, impede or adjourn dealing with the application of the Polish Agricultural Co-operative Union. At the meeting of the Central Committee in April a decision was taken that an Inquiry Committee should be sent to Poland to ascertain the facts. Two members of the Executive have accepted this task, also two members of the Central Committee. They will leave at the end of this month and, in consultation with the Polish co-operative organisation, will go very thoroughly and objectively into the question. In these circumstances no useful purpose would be served by a repetition of the discussions that we have had during many years on this question. Therefore, without wanting in any way to curb the discussion, I would ask those who intend to speak on this question to have in mind that the Polish case will be investigated. The Hungarian case will be brought before the new Executive which will be elected after Congress.

**Mr. J. Voorhis, U.S.A.:** I had hoped, in view of the fact that an investigation is to be made by competent representatives of the Alliance into the question of the membership of the Polish Agricultural Co-operatives, that it would not be discussed at this Congress, but since it has been introduced I feel bound to present a point of view which is not new. It seems to me that it is the duty of those who believe that Co-operation can genuinely be a middle way for the solution of the problems of mankind, who honestly think it can be a corrective for things that may be wrong and deficient in any kind of economic order, to protect the membership of the Alliance by being as sure as we can that it consists of organisations which are quite free to work and develop within their respective countries, and which can come into the Alliance committed only to the progress of Co-operation throughout the world and to no other cause or allegiance whatsoever, so far as the work of the Alliance itself is concerned.

May I say, lest my point of view be misunderstood, that I believe there is nothing so important in the world today as peaceful co-existence of peoples, under whatever form of government they may live; that the only alternative to peaceful co-existence is co-annihilation of mankind. I cherish very deeply for my own country, for the Soviet Union and for all other nations, the hope that the contest between them, rather than being in the field of military terror, may be to see which can contribute most to the future welfare of mankind.

The International Co-operative Alliance is the only organisation which is devoted on a worldwide scale to the promotion of Co-operation for its own sake, and the Alliance must not be used for any kind of ulterior purpose. We may hope very earnestly that the present situation of a co-operative movement in a country with a communist government may be one of greater freedom, if so a case might be made for its admission into the Alliance. It might even be that a majority of the authorities of the Alliance would decide to take a chance that this condition will persist in the future. But we need to be careful about such chances, for should the time come when organisations which are capable of acting with entire freedom for the promotion of co-operation within the Alliance become a minority within it, we may then no longer have an International Co-operative Alliance, but a debating organisation on questions which may be of tremendous importance but are not our primary concern.

#### **The Committees of the I.C.A.**

**Mr. J. Nepomucky, Czechoslovakia:** I consider it my duty to draw attention to the unhealthy practice which some authorities of the Alliance, particularly the Executive, have developed during recent years, which is a glaring contradiction of the spirit of the rules. I refer to the existence of the Executive Sub-Committee and Technical Assistance Sub-Committee.

In the first place, the Executive in no way represents the whole of the members of the Alliance but constitutes a group of representatives of western co-operative organisations. Of three former representatives of socialist countries only one remains, while the developing countries—which, according to the documentation for this Congress, are of first importance—are not represented. The situation of the two Sub-Committees is more simple; they consist exclusively of representatives from capitalist countries, and more and more they replace the elected authorities, the Central Committee and Executive, which are responsible for the implementation of the policy adopted by Congress.

Such a conception of the powers of the Sub-Committees is found in Mr. Watkins' Congress Paper, in the introduction to which he states—"The International Co-operative Alliance, through its Sub-Committee on Technical Assistance, has been playing an active rôle in Africa, Asia, Central and South America and the Middle East . . ." Although this Sub-Committee has only a few members, it takes decisions on fundamental problems which are within the competence of the elected authorities, and the Executive and Central Committee approve its activities. We do not object to the creation of Sub-Committees, particularly if certain problems need special study and the drawing up of proposals for their solution, but the co-operative organisations from all groups of countries must be equally represented, and the competence and duration of Sub-Committees must be laid down, as well as the fact that they are bodies for the study of certain problems and do not replace the elected authorities when decisions must be taken. It would be appropriate for Congress to give such directives to the newly elected Central Committee and Executive. The Alliance would then become a real co-operative organisation, defending the interests of co-operators of all countries.



**Dr. L. Malfettani, Italy:** It is not necessary to speak at the moment about the Auxiliary Committees since their reports will be discussed later. It is useful, however, to consider whether, in view of the ever-increasing number of problems, co-operatives still fulfil the needs of each sector.

Earlier I have pointed out the existence of innumerable problems, all more or less specific. There is the problem of fisheries for which, on a certain occasion, I suggested the creation of a special committee. The Alliance has given importance to the FAO Fisheries Conference, over which I had the honour to preside, by publishing the brochure *Co-operation for Fishermen*, edited by Miss Digby, in which the results of the Conference are condensed. This shows that co-operation among fishermen has a special character and I would like to recommend to the Central Committee to be elected during Congress the creation of an Auxiliary Committee charged with the thorough study of the problems of fishermen, who, in my opinion, are the poorest amongst the co-operators represented in the Alliance.

**Mr. G. Jordanov, Bulgaria:** The problem of helping the co-operative movements is of the utmost importance at the present time, and the International Co-operative Alliance must assist in their development. The problem of realising international co-operative solidarity through the exchange of information and the provision of assistance to co-operative movements in newly independent countries is becoming of more and more importance in the present stage of their development. The assistance granted by the Alliance to individual movements should promote their organisational and material strengthening, and we would recommend that in future the Central Committee should give more consideration to the national movements, thus making its activity more expansive and more effective.

**Mr. J. Lacroix, France:** As the Chairman of the Committee of Workers' Productive and Artisanal Societies, Mr. Charial, and the Secretary, Mr. Mondini, have been prevented from participating in the Congress, it falls to me to speak about the activities of the Committee and its prospects.

In the countries where they have developed in their classic form, Workers' Productive and Artisanal Co-operatives have achieved real progress since the Lausanne Congress. A new factor is the great interest in the concrete form which the organisation of the work of Societies in developing countries, which recently gained their independence, takes following the industrial democratisation of the countries.

The report on co-operatives in the liberal professions which was presented to the Conference which took place here on 8th October, and the encouragement we have received from the Alliance assure us that our Committee is working on the right lines. We shall hope to bring to the next Congress a bulletin of excellent health, and further success, of the Workers' Productive and Artisanal Co-operatives.

**Mr. I. A. Krumin, U.S.S.R.:** It is stated at the end of this section of the report that—"In view of the unanimous wish of the delegates who attended the Conferences of the Co-operative Press, convened by the I.C.A. at Lausanne, October, 1960, and Paris, January, 1962, that the Alliance should again constitute a Press Committee, the Executive authorised the Secretariat to issue invitations and convene the first meeting in London in September, 1962." It is also stated that the principal functions of the Committee will be "to serve as an organ of contact and consultation between the national co-operative press organisations, as well as between them and the I.C.A."

It was suggested by the Central Committee that all the editors of co-operative journals should be invited to the London meeting. Representatives were present from France, U.S.A., Switzerland, Sweden, England and Holland, and it was resolved that the Press Committee should help in promoting co-operation and establishing closer links, that it should meet more often than formerly, that it should endeavour to make people acquainted with co-operative problems connected with the press and, in particular, should follow developments in the developing countries. These proposals should make possible an exchange of views between the co-operative press organisations. In my opinion a Press Committee is absolutely necessary and should be open to all organisations in membership of the Alliance. Centrosoyus wishes, however, to draw the attention of Congress to the fact that no invitation was extended for a representative of Czechoslovakia to take part in the first meeting. This was an act of discrimination against the socialist countries, and should not be repeated in the future. We also consider that some explanation should be given to Congress of why an invitation was not sent.

**The President:** Replies will be given at the end of the discussion to all the questions raised on the Report of the Central Committee.

#### **Re-organisation of the Secretariat**

**Mr. L. Smrcka, Czechoslovakia:** On behalf of the Czechoslovak delegation, I wish to make two remarks concerning the re-organisation of the Secretariat. First, although we have noted the nomination of Mr. Alexander as Director of the Alliance, we have not renounced our original proposal for the creation of a three-member directorate representative of the co-operative organisations in socialist, capitalist and developing countries. This proposal is contained in our proposed amendments to the rules which will be discussed later.

Secondly, we repeat the demand we made at the last meeting that the three groups of countries be represented in the Secretariat. The objections to this proposal, which sought to convince us that such a constitution would not be desirable, are without justification if competent persons are chosen for particular posts. On the contrary, such a composition of the Secretariat of the Alliance and its directorate would bring about an improvement in its activity, since the Secretariat would be composed of individuals well informed about the problems of their respective countries and regions. It would also contribute to deeper mutual understanding and confidence. For these reasons it would be just and fair to adopt our proposed amendments.

#### **Finances**

**Mr. J. J. A. Charbo, Netherlands:** It is stated that in the coming years the financial position of the Alliance will need to be watched very closely, and I believe this is very true. With that in view, I should like to draw the attention of Congress to a somewhat curious situation. As a result of the present scales of subscriptions, the contribution of national organisations which are collective members are affected by the amalgamation of societies which are being promoted in their countries. In this way they benefit financially not only by doing their own work better but also by reducing the subscriptions which they pay to the Alliance. That is not only curious but wrong.

For instance, take the Dutch consumers' organisation which is rather a small one, having about 400,000 families in membership. Let us suppose that those 400,000 families were members of some 220 local societies, as was the case two

years ago. According to my calculations, the Dutch organisation would have to pay a collective subscription of £385. Supposing that those 220 societies by reason of amalgamations are reduced to 50, which is about the position in Holland, that would mean that we should no longer pay £385, but only £200, we would gain £185, but the Alliance would lose the same amount.

I hope that in reconsidering the whole subscription position the competent authorities of the Alliance will pay a good deal of attention to this point in order that the national organisations shall not pay less than before, but perhaps more.

### Publications

**Mr. M. Capek, Czechoslovakia:** The problem of the publications of the I.C.A. is not simply one of providing an adequate service of news and information, but above all of the content of the publications. At present they do not contain information about movements in the socialist countries. Although we in Czechoslovakia send news and information, also press bulletins, to the I.C.A., from which it is possible to follow its development, not a single item about our movement was published last year. The Alliance should maintain friendly relations with all its members, and they should have the right, not only in theory but in practice, to have information which they furnish published.

**Dr. W. Ruf, Switzerland:** I wish to make a few comments about the *Review of International Co-operation*, and would comment in particular on the statement in the report that large societies, in particular, are cancelling their block subscriptions and that amalgamations of societies have brought about a reduction in subscriptions. These statements give rise to considerable anxiety, because they imply that the larger a co-operative society the less its interest in the *Review*. I feel that that is the contrary of what should be the case because, after all, the larger co-operatives should feel that they bear greater responsibility for our publications.

I must admit that Mr. Watkins has been extremely anxious to improve the *Review* and has improved it to some extent, but all the same the question arises whether further efforts are not necessary. Personally, I think an attempt might be made similar to that made by our German and French colleagues with regard to their publications.

We who pass beautiful resolutions should be able to finance a publication of this kind so that it will pay for itself. We expect inspiration from our Congress which takes place every three years, but we need inspiration all the time and, in my opinion, the I.C.A. should give that continuous inspiration through its publications. From that point of view it is essential to pay a great deal of attention to our international journals.

**Mr. N. Thedin, Sweden:** Like Dr. Ruf, I would like to make a few comments on the *Review of International Co-operation*. We are told in the report that its circulation has been shrinking. In my opinion, this constitutes a most intriguing and challenging paradox. Over the years the *Review* has given us a wealth of information about the International Co-operative Movement, its achievements and its problems.

As a former editor of a co-operative magazine and as a consistent reader of the *Review*, I think this is the proper place and time to express admiration for the way in which it has given us this wealth of information. In my opinion, the International Co-operative Alliance has an organ which is a worthy exponent of its aspirations, its high ideals and its practical and economic work, and it is

appropriate that this Congress should pay tribute to Mr. Watkins, who has for many years edited the *Review* with unusual experience, great knowledge, deep insight, and he has done so with a very strong sense of objectivity. I want to pay tribute to him also as a regular contributor to the *Review*. His Co-operative Commentary in almost every issue takes us on a world tour of co-operation, stopping at the most interesting points, explaining and fighting for the cause of co-operation when that is necessary, and I hope we shall see the name W. P. Watkins in future issues for a very long time to come.

Here I come to the paradox. The *Review* is our voice in the world, but it does not reach far enough; it has a circulation of only a few thousand copies, whilst we boast that the membership of the Alliance is about 175 million. The President in his Inaugural Address underlined the paramount importance of making our voice heard in world affairs. The voice is there, but it needs amplifying. The problem of the circulation of an international review is not only a question of its content and the presentation of that content; it is a question of organisation. What we need is a concerted planned action for multiplying the circulation in the interests of the International Co-operative Movement. This, in my view, is an important problem which I hope the Executive will consider.

#### **Economic Research**

There was no discussion on this section of the Report.

#### **Education—Henry J. May Foundation**

Mr. W. Serwy, Belgium: The section of the Central Committee's Report devoted to the H. J. May Foundation prompts me to speak in the name of the Belgian delegation. It will be remembered that, on the proposal of our delegation, supported by our French co-operative friends, the principle of the creation of this Foundation, which was to honour the memory of H. J. May, was unanimously approved by Congress in 1946, the principal object being the establishment of an International Centre for Co-operative Studies and Training.

In May, 1947, at Avignon, the Central Committee received the results of an inquiry addressed to member organisations concerning the implementation of the Resolution, and we ourselves made precise proposals as regards the permanent and international character to be given to the Foundation, also as regards its aims, methods of work and financing.

The Executive was instructed to draw up recommendations which the Central Committee approved and submitted to the Congress at Prague in 1948 in the following terms—

- a. That from now onwards, all the educational activities of the International Co-operative Alliance—schools, conferences, etc.—shall be planned and undertaken in the name of the Foundation;
- b. That the Foundation shall be financed from the funds of the I.C.A.;
- c. That the Foundation cannot function as a Study Centre until the I.C.A. has suitable accommodation;
- d. That the nature of the work of the Foundation shall not be decided until an Educational Adviser has been appointed who shall be asked to draw up a plan of work.

The thought given to the organisation of the schools, and the results of their work, following the Copenhagen Congress in 1951 offered possibilities of

development in the direction of the creation of the International Centre. At the Paris Congress in 1954, we stressed that the Foundation should undertake other activities than those which had been developed through the schools. Finally, at the Lausanne Congress in 1960, the Report of the Central Committee insisted that the work done under the aegis of the H. J. May Foundation should be extended, notably by the creation of the International Co-operative Centre, which would be the indispensable crowning of the education activity of the national organisations. Today, the Report states that no progress has been realised in either of the directions indicated at Lausanne.

When one recalls the recommendations adopted by the Central Committee at Prague it is easy to understand the nature and the extent of the obstacles which had to be overcome by the authorities of the Alliance in order to provide adequate accommodation for its activity, financial resources to meet the main tasks entrusted to it, personnel, if not numerically superior, at least specially qualified to ensure the realisation of its aims. If some of these obstacles have been surmounted, there remains the problem to find, within its new administrative structure, the element which will inspire co-operative education on the international plane. So near to achieving its aim, the I.C.A. cannot renounce to complete the work so patiently undertaken, particularly if it realises the ever-growing hope of co-operative education in a world economically and socially in full evolution.

Be it in the regions of the world where Co-operation has flourished for decades, or in regions newly won to its ideal, co-operative education is the indispensable basis for the dissemination and understanding of our ideals, for the establishment and development of our enterprises. Education must not only embrace co-operators of all ages, guiding them to understand co-operative ethics, but it must also embrace, at all levels, women and men who contribute to the management of co-operative enterprises by the application of superior professional knowledge permeated by a real understanding of the economic and moral objectives of co-operatives. Where co-operative education is manifest, co-operative achievements expand and prosper—where it is feeble or lacking, the co-operatives stagnate, degenerate or disappear. If this is true on the national plane, it is even more true on the international plane, the point of confrontation of our reciprocal experiences and common action.

We urge this Congress to invite the Central Committee, and the Executive, to take the final steps which will quickly give life to the Henry J. May Foundation, whose educational and training activities will give a new and necessary impulse to the spirit and methods of Co-operation throughout the world.

**Mr. S. Matejka, Czechoslovakia:** I wish to say a few words about the programme of the I.C.A. School which is organised each year in a different country. The idea of organising such gatherings of co-operators is certainly useful, but for a number of years, as pointed out on previous occasions, suitable persons have not been selected for the School. Responsibility for selection rests upon the individual co-operative organisations, and stricter standards should be applied.

As regards the subjects dealt with, the choice of lecturers and the preparation of the material, improvement is desirable in these aspects also. In the first place it must be remembered that the schools are not only organised for people from capitalist countries but also from socialist and developing countries and, therefore, subjects of interest to the organisations in these three groups must be chosen for discussion.

In the past ten years, there has been much discussion about the position of co-operative movements in countries with different social systems, about the mutual relations between co-operative organisations and the state, about the observance or violation of the principles of Rochdale. Many of these questions became complicated and obscured in the years of the cold war when discrimination began to be applied, even within the I.C.A. It would be appropriate to discuss such problems in the light of truth and reality as soon as possible, and I believe that this could well be done through the International Co-operative School. In the past the programmes of the school have been confined mainly to one group of countries, as was the case in Norway this year.

**Dr. P. S. Deshmukh, India:** What I have risen to speak about is a new international organisation which the farmers' organisation in India has had the privilege of setting up, called the Afro-Asian Rural Reconstruction Organisation. One of its objects, as an international organisation, is to establish at least two international co-operative institutes, one is likely to be in Cairo and the other somewhere in Asia. I wish to introduce this international organisation here because three-quarters of its programme is concerned with co-operation and I am sure that one day it will join the Alliance in order to help and develop the co-operative programme.

I am glad that co-operators are taking so much interest in education, because without education, of the managers in particular, we can never advance. My country is trying an experiment in international trade between co-operatives so that the training of managerial and executive people is extremely important for us.

#### **Statistics**

There was no discussion on this section of the Report.

#### **Resolutions of the Lausanne Congress**

**Mr. C. B. Wachsmuth, U.S.A.:** I wish to comment on the paragraph which refers to the training of lay persons involved in the activities of co-operative organisations. The selection, or election, of these lay persons is a matter of very considerable importance. I speak with the conviction of one who has spent many years in co-operative activity as a member, as a director, as a manager and as a professional consultant in the field of member relations. If our co-operatives are to remain truly democratic and are to fulfil their potential as organisations of people working together towards a common goal, it is difficult to over-emphasise the importance of our boards of directors. Co-operative organisations attain their utmost efficiency when they develop a close working relationship between the board and management, a relationship based upon mutual respect and mutually productive performance.

We find in practice that there are many training programmes, many opportunities for self-development, available to managers, also that, in most cases, the manager attains his position through a considerable period of work and experience. But this is not always true of the average director, and many directors find themselves in policy-making positions with inadequate understanding of their responsibilities. I suggest that co-operatives need first of all to emphasise to their members the importance of the intelligent exercise of the voting privilege; they need to exercise a high degree of selectivity in electing their directors; they need to examine very closely the qualifications of the men aspiring to high office; they need to elect directors on the basis of ability rather than availability.

Let us assume that the selective process has been intelligently exercised. Does it then follow that we have an efficient board of directors? Not necessarily; we may have only a foundation. The really efficient director must develop many skills and understandings for which previous experience may have left him unprepared. For example, does he understand the proper relationship between the board and the manager, between the board and the staff, between the board and the members, or even between the board members; can he read and understand a balance-sheet, an operating statement, an auditor's report; does he know what questions to ask in a board meeting; has he a working knowledge of the law under which his organisation operates and of its own bylaws; in a word, does he fully understand the duties and responsibilities of his office and the fact that his membership, if it is a truly enlightened one, should judge him on the basis of performance rather than personality?

I suggest that there is no investment available to a co-operative which will produce more significant returns than investment in a constructive and continuing educational programme for directors, a programme which awakens in the director a realisation of his need for self-development, and provides him with the means for fulfilling that need.

**Mr. F. F. Voloshin, U.S.S.R.:** I wish to say a few words concerning the democratic control of the Soviet Co-operative Movement, which, with its 47 million members, is one of the largest economic organisations. The characteristics of our movement are: we have no directors, but we have members of the Executive who carry out the basic functions; from the lowest member to the members of the committee of *Centrosoyus* there is equality; all the members participate in the control by selecting from among themselves responsible people for various duties and for control at all levels. The Sixth Congress of consumers, in August last year, appealed to co-operators to expand the democratic management still further as one of the best means of improving the facilities afforded by the co-operative movement, also of increasing the membership.

**Mr. M. M. Denisov, U.S.S.R.:** The Central Committee is naturally interested in the training of co-operative personnel which is quite understandable. The wide economic activity of the consumer co-operative movement in my country, and the nature of its tasks, demand that all the members of the staff shall be properly trained and shall have had the necessary education for the very complex tasks they have to undertake. *Centrosoyus* carries out a great amount of work in this field, and provides training at all levels. For staff training, we are spending more than 50 million roubles a year. The Institute of Consumers' Co-operation has students drawn from all parts of the Soviet Union; the education is free, the students have free living quarters, free books and so on, and all who graduate have work found for them within the Movement. We have four higher institutes, which prepare specialists in commodities, in nutrition, teachers in the higher schools, as well as 111 technical schools. The number of students in 1961 was 142,000, while 100,000 take evening classes or correspondence courses. The duration of this education programme is three years. Soviet co-operators have opened the doors of their higher schools and institutes to the movements of other countries, and at present 70 people from the less-developed countries are receiving education at the expense of our movement.

No matter how extensive this training may be, it is necessary to train more and more co-operators for the mass movement; consequently the sum earmarked for co-operative schools has to be increased every year, and the school staffs have to be enlarged accordingly.

**L. L. Lloyd, Canada:** In the paragraphs on Co-operative Pharmaceutical Societies, my country is mentioned as one where there are such organisations. We are more or less newcomers in this field, having entered it about 15 years ago, and we have since organised our first co-operative drug store. We have since organised more, but not nearly as many as we had hoped, because the laws in some parts of the country do not permit co-operative drug stores to be organised unless 75 per cent of the shareholders are chemists. We are, however, through our Co-operative Union, gradually putting pressure on the governments and hoping some time the laws concerned will be changed so that we can have more of these stores.

I feel that this is a very important field for co-operatives, because in many cases we organise them to free ourselves from exploitation, and if there is any field in which people are exploited it is in the field of drugs.

We have not yet gone into the wholesale business. At present these co-operative drug stores depend for their supplies on private drug manufacturing companies and wholesales, but as we develop more societies we shall go into retailing, also manufacturing. When we are in that position we shall be able to save our people much money and also exploitation. We are operating these societies on the principles of the Rochdale Pioneers, giving a return of 27 to 28 per cent on savings.

#### **The Promotion of Co-operation**

**J. Eftter, Israel:** I wish to express my satisfaction that since the resolution on the Promotion of Co-operation was adopted unanimously by the Stockholm Conference in 1957, and especially during the last three years, devoted and fruitful measures of technical assistance have been taken by the Central Committee and Executive, also by the officers of the I.C.A. These measures were designed to meet the urgent needs of the developing countries in Asia and Africa, in connection with the achievement of independence, to introduce co-operative forms in their economic and social life.

The most important part of the activity of the Alliance in the developing countries has been in the field of education and research which undoubtedly has been of great importance to them. This educational activity must be continued and even increased in coming years, and, in addition, it must be extended, in great measure, to the economic field. But it is absolutely clear to me that the rôle of the Alliance in this respect, owing to the lack of financial resources, can only be fulfilled by depending on the co-operative organisations in developed countries to assist in this important task, bearing in mind that the developing countries are interested, in the first place, in farming and agricultural marketing co-operatives, agricultural societies, that some are interested also in consumers' co-operatives, professional and other industries. The well-established movements are in a position to bear the burden of carrying out development plans in some of the developing countries. Assistance must be given, also, as regards capital investment, loans, and so on. Now how."

The Israeli Movement has already adopted this approach and started a few years ago to join with national co-operatives and labour unions in the developing countries in setting up economic co-operative institutions, such as consumers' co-operatives, contracting and industrial co-operative enterprises. For this purpose not only were capital investments made on a fifty-fifty basis, but managers and technicians from the Israeli movement, accompanied by their families, went for three years to developing countries to assist the local co-operators in running their enterprises and in training local people for the different tasks.



Our programme was designed to enable the local co-operators to take over, in the course of two or three years, the management and full responsibility, financial and other, of the institutions, which then become fully independent.

A few years ago, by a resolution of the Paris Congress, suggested by Hevrat Ovdim, a Fund was created by the Alliance for promoting Co-operation in the developing countries. As this will be dealt with later on in the Report, I wish only to say that this Fund was important but it has been used mainly for assistance in educational and cultural work, a policy with which I fully agree. There were also endeavours to establish an International (at that time only European) Co-operative Bank or other financial institution. I am sure that if such an institution had then been established it could by now be playing an important role in financial assistance to developing countries, in addition to direct financial aid in the form of loans, and partly of investments, by developed countries. I regard it, therefore, as our duty now to request the Co-operative Banks, or the Banking Committee, to consider this problem urgently and to find ways of extending financial help in the form of long-term loans to the developing countries for co-operative development and investments.

I believe also that, due to the good relations between the I.C.A. and the United Nations Specialised Agencies, and by the influence of co-operative institutions and personalities in some European and American countries upon their governments, the Alliance can ensure that the endeavours already made by its authorities as regards financial assistance through international bodies will be successful, and those governments which I mentioned will also find ways to enable co-operative development in the developing countries to benefit from the funds which they supply to the governments of the developing countries. If we succeed in getting support from these governments very much can be done towards the establishment of co-operative commercial, industrial and other enterprises in developing countries.

From our experience in Israel as regards the attitude of our Government to the problem of extending financial aid for co-operative development in some African countries, we have learned that the majority of governments in developing countries would be interested in supporting the promotion of co-operative economic forms of life in the independent countries of Asia and Africa.

**Mr. J. Podlipny, Czechoslovakia:** I would like to mention some facts concerning I.C.A. technical assistance for promoting the co-operative movement in Asia, Africa and Latin America which are not clearly explained in the Report.

In the first place, as regards the policy of short and long term technical assistance adopted at previous Congresses, it seems to us that many of the projects undertaken were merely devices, while the effective assistance was very small indeed. As a result, some financially strong western co-operative organisations preferred to undertake independent action in developing countries, often with the help financially and otherwise, of their governments, also of industrial and commercial capitalists, thus serving their political, and ultimately their own economic, aims.

Problems which should have attention include the establishment of Regional Offices. Everyone knows that the journey undertaken by Mr. Vicens at the request of the Alliance to visit countries of Latin America in order to study the possibilities for the establishment of a Regional Office did not have the desired results. Instead of an I.C.A. Regional Office, the Organisation of American Co-operatives and an Institute for Financing the Co-operative Movements in

Latin America were established under the strong influence of the United States, which provoked strong protests from organisations in Uruguay, Chile and other countries. Similarly, the Agricultural Co-operative Conference at Tokyo in April, 1962, which discussed the creation of an Agricultural Co-operative Union, proved that the I.C.A. Office in New Delhi is not able to satisfy the needs of the co-operatives in South-East Asia, although its activity has been enlarged. Finally, an African Co-operative Alliance has been created to ensure co-operation and collaboration in the economic field. We think that more attention should be paid to collaboration when tendencies to establish such unions are observed.

**The President:** In view of the remarks just made, I think it is necessary to give Congress some factual information. It has been said that the Agricultural Conference in Tokyo was due to the shortcomings of the I.C.A. Regional Office and Education Centre in New Delhi. As a matter of fact, the Conference was prepared and carried out in full and close collaboration between the Japanese co-operative leaders and our Regional Officer, Dr. Saxena, Mr. Mathsson and others who were concerned with it. Furthermore, the Financial Institute which the Japanese co-operators are going to establish to promote agricultural co-operation in Asia will have all the moral and practical support we may be able to give from the I.C.A. through our Regional Institutions. That is the first point I wanted to clear up.

The second point is the suggestion that the formation of an African Co-operative Alliance was a reflection of the shortcomings of the I.C.A. technical assistance programme. Mr. Kapinga, who is here representing the Co-operative Union of Tanganyika, which is a member of the I.C.A., is also the President of the African Alliance. I have had an opportunity to discuss with Mr. Kapinga the purpose of the organisation and he has assured me that it in no way indicates some form of separatism in the co-operative field in Africa, but that, on the contrary, the organisations which belong to the Regional Organisation are anxious gradually to become members of the I.C.A.

As far as Latin America is concerned, it is true that the Alliance has not yet been able to set up a Regional Office with an Education Centre attached to it, but it is within the framework of the long-term planning of our programme that, in close collaboration with all the American co-operative organisations in North America, in Central America and in South America, we shall, as soon as sufficient resources are available, establish a Regional Office for that region.

**Mr. R. S. Staples, Canada:** I attended the Conference in Montevideo last February, and I just want to say that I was greatly impressed both by the need for co-operative development in Latin America and by the determination of those present to do something effective about it. Those people will need a good deal of help and they will be glad to receive help of the proper type.

We, in Canada, are concerned with the relationship between the International Co-operative Alliance and the co-operatives in Latin America. There were some questions asked in this connection at the Conference that we were not able to answer completely, and I want to urge, on behalf of the Canadian Union, that the Alliance should continue to give the closest possible attention to this question and encourage the co-operatives in Latin America to affiliate, individually or regionally or, alternatively, to seek some sort of constitutional connection with the Organisation of the Co-operatives of America. I have no suggestion as to how this might be brought about but the desire was clearly expressed in the Conference more than once, and not particularly by ourselves as visitors. The co-operatives there do not wish to isolate themselves from the Co-operative

Movement in the rest of the world. If they are not to become isolated they must have some sort of working connection with the I.C.A. and this is the problem I wish to emphasise.

**Mr. W. R. Kapinga, Tanganyika:** It gives me great pleasure to stand before this great gathering, which is so sympathetic to the developing countries. Co-operation in the developing countries means, to the governments and to all the people, a system by which their economic and social status will be raised.

As the President has already told you, the co-operative movements in the different African states have come together and formed an African Co-operative Alliance. I must make it very clear that it is not the purpose of that Alliance to isolate itself from the rest of the co-operative movement; we believe in unity and we believe that it is only unity that can solve world problems. The co-operative movement which is developing in Africa needs, at this particular hour, to know the right way to establish itself. I say "the right way" because it must start in the right direction if it is to keep pace with the Movement in the western world. To that end I would say that it is the duty of the International Co-operative Alliance to see that a Regional Office is established in Africa, so that information and right directives can be given to the different movements in the African states.

The African Co-operative Alliance, as I said earlier, has the aim of uniting all the co-operative movements in Africa. It has also the aim of pooling the resources within Africa so that they may be used to the best advantage. We are accordingly looking to the movements in the developed countries to help us to build a strong co-operative movement in Africa which will be able to influence the economic and social life of the people. The Executive Committee of the African Alliance has stated clearly that its aim is to work very closely with the International Co-operative Alliance. I have been discussing the question of collaboration with the President and Director and I hope the I.C.A. and the African Co-operative Alliance will be able to march together because they both have the same goal.

On the question of a Regional Office, I would emphasise that very little is known in Africa of the International Co-operative Alliance; in fact, I myself learned about it for the first time at the Co-operative College at Loughborough, four years ago. For this reason I feel that this Congress should consider very seriously the question of establishing a Regional Office in Africa, so that the gospel of co-operation can be spread in the countries where Co-operation is needed most urgently.

**Mr. H. E. Chapman, Canada:** My comments have reference to technical assistance and I am very pleased to have had the opportunity of being associated with the Government training programme for people coming to Canada from developing countries over the last few years. During this past year 27 students from 22 countries have spent six months in Canada; in 1964 we expect approximately 35 people, again for a six-months' programme. Until the last two or three years when people came to Canada under this programme their time was mostly spent in visiting a wide variety of co-operatives, but they felt they were not learning as much as might be possible. So in the past two years the programme has been planned as a training course, the first two months of which are spent at the Coady International Institute in Antigonish, Nova Scotia, and the last part at Western Co-operative College at Saskatoon, Saskatchewan, while for approximately a month the students are attached to co-operatives in which they are particularly interested. The programme largely consists of a study of the

operation and problems of the different types of co-operative, with the inclusion at Western College of a study on adult education principles and methods.

There are three or four problems in connection with the programme I would like to mention. One problem we encounter is the great variety of the interests of the students and the difficulty of satisfying these interests. Another is that the selection of the students in many cases takes place just before they come to Canada, which presents a problem of preparing them for the type of training they will receive. A third problem is the differing levels of education and experience of the trainees. In order to solve the latter problem we are planning to divide the students into two groups next year according to the level of their experience. We are attempting to use methods to make this training most effective, so that when they get back home the students can apply the things they have learned.

**Mr. J. Voorhis, U.S.A.:** Since reference has been made to the Organisation of the Co-operatives of America I feel that some explanation should be made as to what kind of organisation this is. It is an organisation of equal sister republics in the western hemisphere for mutual assistance and the mutual promotion of co-operation in the western hemisphere. There was long disagreement as to where this organisation should have its seat, but finally we reached a compromise that for the first two years it should be located in one place, and for the next two years in another.

It is a democratic organisation, and one of its purposes is to promote membership in the International Co-operative Alliance. We hope to have a publication which will be in Spanish. The Board of Directors consists of one representative each from Argentine, Brazil, Uruguay, Chile, Peru, Colombia, Mexico, Venezuela, Puerto Rico, Costa Rica, Honduras, also one each from the United States and Canada. We would welcome the opening of a Regional Office of the I.C.A. somewhere in the Western hemisphere.

**Mr. M. N. Kaka, India:** I want to pay a personal tribute to the Regional Office at New Delhi. It has been my privilege to associate with it fairly closely, also to participate in some of the regional seminars organised, and I can assure the delegates present that the resources so generously furnished by the Alliance and by the Swedish co-operative movement are utilised to the very best advantage and in the most efficient manner. However, there is another point I would like to stress; however generous the support may be to such regional projects, it is still limited, and I would second the suggestions made by Mr. Efter that assistance should be channelled more towards the development of industrial and commercial projects because, in a way, they become self-generating centres of resources which can be used for educational and other activities.

I would like to illustrate my point with some figures. If, for instance, £1 million is to be given in any year by a co-operative movement in a developed country, I believe that in any of the developing countries which benefit a matching contribution will be forthcoming from the government of the area; and that about two or three times the amount will be forthcoming from credit resources, making £8 million. This, put into any given project at 10 or 12 per cent, will yield £1 million a year for work in the area concerned. On the other hand, in the case of projects into which money must be put every year this is a continual drain on resources which, however great, are limited. Therefore, I would direct the attention of the Congress to this idea of industrialisation and development collaboration.

I would also refer to the paragraph in the Report on Promotion of Trade between Co-operative Organisations. On the very few questions on which the

Alliance has had to report "No progress" this is one and it is said that there seem to be circumstances on both sides which act against direct business connections. I would have been interested in knowing what are the circumstances. Probably they are restrictions on imports by developed countries, and on the part of developing countries the inability to accept imports due to currency restrictions and shortage of foreign currency. These things require to be investigated. I suggest that the Regional Office has already done a tremendous job and that it can tackle another very big field if a special officer can be appointed to look into the reasons for the lack of development of trade, and to promote a sort of liaison between countries which can give assistance and those which receive.

**The President:** For the information of Congress I would add as a footnote to Mr. Kaka's intervention that, at the Conferences which preceded Congress of the Banking Committee and Co-operative Wholesale Committee, important decisions were taken which we hope will have a bearing upon the trade and investment problems in the less developed countries. As the Alliance itself is a non-trading body, it is for our commercial and banking institutions, in consultation with the I.C.A., to take up these exceedingly important aspects of the problem to which Mr. Kaka referred.

**Mr. E. T. Latunde, Western Nigeria:** I bring sincere greetings and gratitude from Nigeria to the International Co-operative Alliance, and the assurance that the mobile film unit which was given to us is serving a very useful purpose. We are also grateful for the visit of Mr. Barbier at the end of May, and only regret that his stay was so short that he could only have a bird's eye view of our problems.

I would like to tell Congress one or two of our most crying problems. The first is the lack of capital to cope with our marketing operations. The amount of money that can be raised within our movement is so small that often we have to run to finance houses who take advantage of us and charge prohibitively high rates of interest. Anything the Alliance could do to relieve us in this respect would be very greatly appreciated. Another field in which we have great problems is that of consumer organisation. Not only are the best types of goods monopolised by the big combines, but our consumer organisations suffer from lack of suitable managerial staff. I would ask if it is possible for an expert on management to be sent to help us.

I also wish to repeat the appeal which I made to the Central Committee at Stockholm for a Regional Office and Education Centre to be established in Africa south of the Sahara. I know that such institutions are very expensive but I can assure you that the results they would achieve would be very rewarding. In Nigeria there are great potentialities for the expansion of the co-operative movement, but technical know-how and financial resources are badly needed. We are extremely poor and, therefore, we solicit the assistance of the Alliance.

✓ **Mr. Brahm Perkash, India:** I am very pleased to pay my tribute to the good work of the I.C.A. Regional Office in South East Asia, and I cannot pass to other subjects without expressing my praise and my admiration for the message which the President gave this morning, because it has a direct bearing on the work the Regional Office proposes to do and which the developing countries want the developed countries to do in their parts of the world. The challenge which the President has mentioned really must be taken up. I think that the competition in the development of atomic bombs has passed and that we should now have

competition in developing Co-operation throughout the world. The I.C.A. has given a big lead, and so far as the Regional Office and Education Centre are concerned they have given help in many ways in the development of educational and training programmes which are so very necessary; but co-operation has to be strengthened technically and materially in many ways. I would again pay tribute to my friend, Mr. Mathsson, who was the first Director of the Centre. It is hard for you to realise fully the extent to which he has raised the status of the I.C.A. in the region of South East Asia.

I would emphasise the importance of Regional Centres for the development of Co-operation in all parts of the world, and recommend that Regional Offices be opened as soon as possible somewhere in the Middle East and in Africa, as well as in the western hemisphere. These are all points which should be taken into consideration, and I hope that in the future on certain other issues we will take the question up, as Mr. Efer has done, in a bold way.

✓ **Dr. P. S. Deshmukh, India:** I do not propose to speak about the Regional Office, except to endorse and support what has been said by other Indian delegates.

✓ The subject on which I wish to speak is the promotion of trade between co-operative organisations, to enlarge upon what Mr. Kaka has said, and to emphasise its importance. I can claim to have some personal knowledge and experience in this matter. On 2nd October, 1958, I organised in India a National Co-operative Marketing Federation, of which I am the Chairman and which I represent here. For the purpose of encouraging trade it is not necessary that the I.C.A. should itself trade, but what it can and must do is to promote, encourage and smooth the path of co-operative trade. I was amazed to find that, although there are Committees on many different subjects, there is not one for Inter-Co-operative Trade. Trade between co-operative organisations, not only internal but also external, deserves an independent Committee and also an independent director who might have assistants attached to the Regional Offices. This is most vital. From my own experience during the last five years I speak with very much emphasis.

I would like delegates to calculate what price in international trade the producer receives and what the consumer pays. I can safely say that, whereas the producer will get hardly a dollar, the consumer will pay not less than 7 dollars, and very often 10 to 12 dollars. At the moment we have this curious phenomenon of the rich countries getting richer and the poor countries becoming poorer, and this, we know, is attributable to the middlemen's profits, which are most exorbitant in the case of every conceivable article with which they deal. I would like, therefore, to submit that we give this matter the highest importance.

Due to the sympathetic attitude of our Government we have been able to do some trade with Mauritius, Ceylon and England, and if the Alliance could encourage the atmosphere there is plenty of opportunity to develop inter-co-operative trade. We are all suffering from a lack of foreign exchange; no country is in a position to import all that it wants from any particular country, therefore governments have to control imports, and because of this control profits have become exorbitant, unconscionably, in the field of international trade. We have a good trade agreement between India and the Soviet Union, and most of the tractors our farmers want come from the East European countries. I hope that their representatives, when they return home, will see to it that not a single tractor is sold in India except through the co-operative organisations of the country. But what is the present position? The Soviet or Roumanian or Polish

tractor arrives for about 4,000 to 5,000 rupees.\* But the farmer has to pay not less than 9,000, perhaps even 15,000 rupees. Government has laid down that anybody who imports tractors must make arrangements for their repair. My organisation is prepared to undertake the responsibility of repairing every tractor that comes into the country.

My suggestion is that the I.C.A. should appoint a strong Committee for inter-co-operative trade consisting of people who will have influence with countries and with co-operatives all over the world. Those who want to trade can put up a million if necessary, so there should be no dearth of funds for any Committee which will really facilitate trade between different countries.

**The President:** May I, for information, offer some comments on the interesting remarks of Dr. Deshmukh. As a result of recent decisions, the Co-operative Wholesale Committee, to which I referred earlier, will in future have much greater facilities for research concerning, quite specifically, inter-trading relations between co-operative organisations in different parts of the world. Congress will also receive a report later on about Conferences on different products convened by the Agricultural Auxiliary Committee under the auspices of the I.C.A. Executive, the idea of which is to bring together representatives of co-operative marketing associations and of co-operative wholesale societies as buyers of the products concerned. As regards the statement in the Report to which Mr. Kaka referred, I submit that what is meant is that the co-operative wholesale societies serving enormous groups of consumers in a number of western countries, or needing enormous quantities of products with a standardised quality, with conditions of delivery which assure continuity, are creating difficulties for younger marketing co-operatives in the lesser developed countries. These are questions which should be studied, and through the Auxiliary Committees concerned we are quite prepared to do everything possible to promote such studies with a view to reaching practical solutions.

✓ **Mr. D. E. Hettiarachchi,** Ceylon: My task has been very much lightened by the convincing speeches just made by my three "big brothers" who touched upon our mutual problems. It was at Lausanne that the plans for the South East Asian Regional Office were discussed, and as a delegate from an independent country and Co-operative Union I join my brother co-operators from India in paying tribute to the International Co-operative Alliance, and to their country, for the great success of this I.C.A. project. Projects of this nature are sometimes entertained with feelings of anxiety, but any anxieties which may have existed have been completely dispelled by the able manner and the missionary zeal with which Mr. Mathsson laid the foundations of this institution. He has set very high standards to be maintained, and I am confident that his successor will maintain the traditions of the I.C.A. Previously, as Mr. Kapinga said, the Alliance was little known in our part of the world, but it is becoming a household word in the co-operative movements following the educational drive that has been referred to by previous speakers.

The President rightly said that the producers of the developing countries experience a very raw deal as regards the price they receive for their raw materials. The changing pattern of the world, the population explosion and the standards of living are problems which my country very seriously faces, and it is anxiously looking forward to the solution of these vital problems through co-operative and democratic means.

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\* 13.4 rupees = £1 Sterling.

In addition to the Regional Office and the Education Centre, I think the time has come, as previous speakers have said, when the Alliance should take an interest in the industrial problems of the region. We do not ask for financial aid to set up industrial projects—industrial projects in my country are now fast developing and are all going into capitalistic hands—but we would like the assistance of the I.C.A. as regards industrial development. There is no time to give a complete blueprint, but I would like to stress the need for a scheme of assistance in technical development, and to interest the Alliance in considering whether such a scheme can be initiated. If the idea is accepted details can be submitted from the South East Asian countries. I place this on record as a vital need for the co-operative development of our countries, especially at a time when governments are looking to the co-operative movement to solve their economic problems.

✓ **Mr. A. Hourmain, Malaysia:** It is a great honour to address such a distinguished gathering, and I bring personal greetings from the Malayan co-operators. Before speaking on the Report of the Central Committee, I wish to say a word about my country, which since the 16th September has been called Malaysia. This simply means that three other states, Singapore, Sarawak and Borneo, have come into our fold, and as a result one-tenth of the population are co-operators.

I now wish to speak about the Education Centre. The co-operators and the Government of Malaysia are very grateful to the I.C.A. and the Swedish co-operators for having founded the Education Centre which is indeed playing a vital rôle in the region. I myself had the opportunity to attend the press and publicity conference in New Delhi in 1961 which, like the recent seminar on co-operative insurance held in Kuala Lumpur, was a great success. I also associate myself with the four previous speakers in paying tribute to Mr. Mathsson and Dr. Saxena for their outstanding work.

✓ **Mr. B. Mathsson, Sweden:** I wish only to make one or two brief comments on the construction of a project of the type that we have been discussing. I think that what has been described here as success in this project, and I dare to agree that it has been successful, is related to the fact that this is one technical assistance project which from the very beginning was planned in such a way that it actively involved in the programming of the work the recipient organisations, not only the donor organisations. I think there lies one of the real clues to successful technical assistance, in other words, the real significance of what we have called the Advisory Council. The Advisory Council of this Education Centre has the function of drawing up the working plans for the Centre, and in addition each of the members of the Council has a permanent contact with one of the countries which are in touch with the work of the Centre. This is of extraordinarily great importance and it has given to the International Co-operative Alliance support in measure which I think was previously unknown in the countries of South East Asia.

I should like to add that this approach to a technical assistance project—which was thought of as a bilateral effort but for a variety of reasons developed into a multilateralised or an internationalised project—shows a way for co-operative technical assistance in the sense that, by this approach, we have one way by which we can combine the strength of a variety of different countries which each by itself could not offer the type of technical assistance which is needed. This is one possibility for a co-ordinated, concerted, co-operative action programme, and I think that is perhaps where for this assembly its interests should lie.



A Centre of this kind, and a Regional Office of this kind, have their importance in the region not least in the fact that it is potentially one place where countries working under similar external conditions, but with a variety of social and political pressures operating within each of them, can build a forum for a dispassionate and objective analysis of co-operative development problems. In my mind that is as good a definition of the function of the I.C.A. in this field as any.

May I conclude by associating myself wholeheartedly with the tenor of the contributions from my friends from South East Asia. I am referring to their appeal that the time has come to find means for an extension of the educational effort into normalised trading relations between the countries of South East Asia and the western countries, the developing countries and the western world. I am doing that to quite some extent as an educationalist, because I am quite sure that if we want to achieve a real body of content in our educational programmes, and if we want to develop really effective means of transmitting knowledge, we stand a much better chance of doing so if we work in a context where we have normalised relations between sister organisations which stand on the same ground, and where it is not a question of one over-developed and one under-developed part in the relationship between the different countries.

**The President:** Before I call upon Dr. Saxena I wish to mention that the two institutions which hitherto have been working in very close relationship, the I.C.A. Education Centre and the Regional Office, are now merged and Dr. Saxena is in charge of the whole activity of the Alliance in the region. This means that the Education Centre has been incorporated in the Regional Office.

**Dr. S. K. Saxena, I.C.A. Regional Officer:** I suppose the best thing for me to do would be to give certain additional information in consequence of the remarks made, particularly by co-operators from the region of South East Asia. The problem of trade has figured very prominently and understandably, I think. The Regional Office has been very interested in this problem and, as a matter of fact, we have in hand the production of a trade directory because the problem has been, first of all, to list all the co-operative organisations in the region with a brief specification of the commodities which they are interested to import and export. The material has been collected and we hope before the year is out that we shall be able to produce the directory. We have received requests from a number of co-operative productive organisations and have put them in touch with the Co-operative Wholesale Committee. In response we have received requests from some countries, including Sweden, Finland and the United Kingdom, for certain commodities to be supplied by co-operative organisations. The major problems there, as the President said, are first of all the question of the production capacity in response to an order which might appear sizeable; secondly, standardisation, which has also become rather acute.

One of the functions of the regional organisation is to develop collaboration with the various international organisations, and in this connection the Afro-Asian Rural Reconstruction Organisation was mentioned. We have had several preliminary discussions with the Secretary-General of that Organisation and have come to an understanding about an exchange of information and material; we have prepared scientific papers for the Organisation and offered assistance in helping to form certain regional projects.

Another function in which we are very keenly interested is research and, following the appointment of a specialist in agricultural co-operation, we are now carrying out a study of co-operative marketing. This is not going to be a study

in depth analysis but rather a factual study of the co-operative marketing societies and the problems they are facing. We also have in hand studies on the structure of national co-operative unions, and on the research which is being carried out in the co-operative field.

Finally, I should like to mention the women's seminar held in connection with Unesco which is referred to in the Central Committee Report. One of the disturbing facts revealed by that seminar was the almost complete absence of collaboration between women's organisations and co-operative movements in South East Asia, and it was the general consensus of opinion that the I.C.A. should study this problem. Subsequently, we selected a woman co-operator from West Pakistan who toured the entire region and produced a report with suggestions as to how collaboration between the women's organisations and the co-operative movements could be promoted.

The problems are indeed very large but I want to place on record the collaboration and great help we have received from the co-operative movements in the region.

✓ **Mr. R. Ahmed, Pakistan:** I associate myself heartily with the appreciation already placed on record of the technical assistance programme of the I.C.A. and of the excellent work of the Education Centre and Regional Office in New Delhi. But I wish to ask: are we satisfied with what has been done? The training of half a dozen men in a large country or the provision of one or two audio-visual vans for a population of 40 million does not go far and I would repeat the question which the representative of Unesco asked: are the developing countries really developing?

We have to do much more than has been done in the past, and for that I think the greatest need is funds. I have looked at the figures of the Development Fund, and they show that in the course of the last three years the co-operative movements of the entire world have contributed a little less than £10,000, despite the very noble declarations of sympathy for the developing countries which we have heard and the pious resolutions which we pass to show our sympathy with suffering humanity in the Asian, African and Latin American regions. I, therefore, urge Congress to take note of the situation, and I would ask that larger contributions be made to the Fund for the training and educational programmes of the I.C.A. In order that each movement should contribute its share, I would suggest that a rate be laid down—a practical method would be an amount equal to the annual subscription to the Alliance. That might not bring in a very big amount, but it would provide a regular income for the Development Fund.

The training on which the Fund is spent is often given in far-off countries, but in my opinion the best type of training could be given in the region. A man going from Pakistan to Canada, the U.S.A. or Sweden will not learn as much as he would by going to India, Japan or Malaya. I think, therefore, there is a need to establish a training centre somewhere in the region, which would be financed and controlled by the Alliance. As you are aware, the establishment of a number of institutions is proposed—Dr. Deshmukh has told us of two institutions to be established by the Afro-Asian Rural Reconstruction Organisation; the Japanese movement is establishing an institution in Tokyo, and at a conference at Bangkok last month representatives of countries in the South East Asian region recommended that a training institution should be established there. The I.C.A. might co-ordinate these proposals and either establish an institution of its own or help in the development of these other institutions in such a way that co-operative employees and officers could go to such institutions for training.

One of the most important and effective ways of helping the under-developed movements is trade, as has been said by other delegates. The I.C.A. is not a trading organisation and cannot play an active rôle here, but there is a case for establishing an International Co-operative Wholesale Society which, by involving directly the big national wholesale co-operatives, could play a much bigger rôle and expedite the process of development. To develop trade with under-developed countries a sympathetic attitude must be adopted. I once made the suggestion that sympathetic trade should be carried on, even if the standard of goods was not high and the supplies were not uniform; that some purchases should be made by the organisations of developed countries, and any loss incurred in the transaction should be put to the account of aid to the developing countries. In this manner it would be possible to purchase the products of these countries and to trade with them, without much risk of loss.

To sum up, I would say that there should be more contributions to the Development Fund, a really effective training institution in the region, and the setting up of an international co-operative wholesale society for promoting trade.

**Mr. M. Eshref, Cyprus:** Mention is made in the Report of the two Co-operative Central Banks operating in Cyprus and a tribute is paid to them for the technical assistance they have given in arranging courses for officials from developing countries. I should like to take this opportunity to thank the Central Committee for paying us this tribute, and perhaps on this occasion I might be allowed to speak about our Movement in Cyprus, which dates back to 1914. Between 1914 and 1935 it was not really based on sound co-operative principles, but in 1935 it was reorganised on the basis of self-help and mutual help, and the credit system was strengthened. The credit system was the primary difficulty of the Cyprus farmers, who were very much exploited by moneylenders and merchants. We then developed our co-operative movement for consumers, and later marketing and processing co-operatives. We have also a savings' bank which functions unofficially as a co-operative.

During these years we have established a good co-operative movement and we are glad that we have been able to render technical assistance in a practical way to those trainees from Asia and Africa who were sent to Cyprus by the I.C.A. The American Aid Mission are also sending us trainees, and we are trying as far as possible to show them our Movement and tell them all about our experience. We shall, in the future, be happy to give all possible technical assistance.

**Mr. A. Bo, Denmark:** To get a true picture of what is being done by co-operative organisations in the field of technical assistance, I want to emphasise the importance of bilateral and multilateral arrangements in which national co-operative organisations participate. As regards bilateral arrangements, I would mention the financing of the I.C.A. Education Centre in New Delhi by the Swedish co-operative movement, the recent arrangements between the Danish and Pakistan Governments for an institute in Lahore for co-operative management, and the plan for a joint Scandinavian project for co-operative training in Tanganyika. There are many other examples, from Israel, Czechoslovakia and other countries which could be mentioned.

As for the multilateral arrangements in the co-operative field, I would remind you of the extensive work of the ILO and FAO which was mentioned this morning by Mr. Nook and Mr. St. Siegens in which many national co-operative movements participate. As an example, for eleven consecutive years, the Danish Government with the ILO and FAO has organised seminars on co-operation

for the developing countries in which more than 300 participants from 50 countries have taken part. As you will realise, a considerable amount of money has been spent and work done by co-operative organisations which is not reflected in the figures of the Development Fund. In addition to what the I.C.A. itself is doing, we must not forget our obligations towards such arrangements in our respective national co-operative organisations. As co-operators, it is necessary to find ways in which our limited resources are used most effectively to help the developing countries and, in my opinion, that means through collaboration with international governmental organisations and national governments.

**The President:** I should like to add a footnote to what Mr. Bo has said. The wish was expressed at an earlier meeting of the Central Committee that we should try to get as complete a picture as possible of the different bilateral and multilateral schemes for promoting Co-operation in the newly developing countries, including not only what we are doing within I.C.A. and its affiliated organisations, but also an overall picture of what the inter-governmental agencies are doing in this field, and so try to assess the total volume of help. We have found that it is very difficult to get complete documentation, but we shall pursue our efforts.

I would also point out that while the movements in the western countries which are having to face very severe competition with private trade may have limited resources, there is a possibility to appeal to our members to contribute a little of their dividend or in some other practical way. When you think of the millions of members that we have, such sums added together would amount to a very big sum.

In many countries there are good working relations between the co-operative movement, the trade union and other popular movements, and in some countries agencies have been set up to promote economic development in developing countries. In such countries it would seem quite natural that we who are concerned with consumers' and producers' co-operation and have representation on these agencies which are dealing with bilateral national aid, should press for the earmarking of a much greater contribution to co-operative development programmes in the less developed countries within the framework of what their own national governments are doing. This would be quite natural because the governments of the developing countries attach the utmost importance to supplementing their own economic development planning by co-operative action on a voluntary basis. I think if we are active within our national movements to tap all available resources, we may be able to do much more than we have done hitherto.

**Mr. J. W. Koski, U.S.A.:** The co-operators of the United States, represented by their delegates here, feel keenly their responsibility for helping our brothers and sisters in the developing countries to improve their standard of living, and that this must be accomplished without violating the dignity and self determination of the individual, or group of individuals, involved in building their own economic institutions, either through governmental efforts, co-operative efforts, other private institutions or all three. Only by working closely together with the peoples in the developing countries can our co-operatives be of maximum benefit or assistance, and all these efforts, in our opinion, must be made in harmony with the traditions and existing patterns of life in the countries concerned.

Since education is the foundation of understanding and, therefore, must precede economic development programmes, the Co-operative League supports the Development Fund of the I.C.A., which is devoted entirely to educational aids

and materials for co-operatives in the developing countries. The Co-operative League has made regular annual contributions to the Fund, and will continue to give such assistance as is possible within the limits of our own resources.

### Women's Place in Co-operation

**Mrs. F. Krämer**, Fraternal Delegate, speaking with the consent of the Congress Committee: I appreciate the opportunity to make a few comments on this section of the report which speaks of the steps taken to promote closer collaboration between the I.C.A. and the International Women's Guild. For a number of years the I.C.W.G. has sought ways and means for such collaboration. During the summer of 1962 a five-point recommendation was submitted to the I.C.A., and at the same time its Executive Sub-Committee formulated proposals based on the realisation that the time had come for women to play a larger part in co-operative work. These proposals, which the I.C.A. Executive and Central Committee accepted, provide for a Women's Section in the Secretariat with a woman secretary, also for an advisory committee for women's questions to which member organisations will be invited to nominate representatives.

This question was on the agenda of the 12th Conference of the I.C.W.G., on 10th and 11th October, when a resolution was adopted, by a majority, which provides for the appointment of a small committee to be responsible to the Guild during the period until the next Congress. This committee will consist of one representative of each language group—French, German, English, Scandinavian—and will have a secretary. Contact with the I.C.A. and the Women's Section of the Secretariat will be established as soon as possible.

It is said in the Report that the standard of social advance is to a very high degree determined by the status of women. I think this is more than ever true today as regards women in the Co-operative Movement. They are fully aware that they have a much more responsible place in the state and in society and this fact must be shown in the work of the Women's Section of the Alliance, which we hope will soon become a reality.

**Mrs. L. Jameson**, Canada: I do not think it is necessary to stress here the importance of involving more women in our co-operative organisations. The I.C.A. has indicated its concern in this regard by deciding to appoint a woman specialist within the Secretariat and to constitute an advisory committee for women's questions. If the committee is to be effective it will be through specific services or projects for assisting the organised co-operative women in the world, and for this it must have the participation of the organisations which will make use of its services.

I have three recommendations to suggest; first that the I.C.A. should confer with the I.C.W.G. regarding the services which the committee should render; secondly, that there should be a women's publication, either a separate journal or a section in the *Review of International Co-operation*, which would give news of co-operative women's organisations; thirdly, that the I.C.A. should sponsor leadership training courses for women—each language group might have a separate course which could come together at the time of the Congress.

**Mr. J. Sen**, Czechoslovakia: A report on the position of women in the co-operative movement, however skilfully written, and a declaration stressing that the time has come to give women a real possibility to take part in the Movement's activities at international level, must not hide the fact that the liquidation of the International Co-operative Women's Guild, as an independent organisation, was

and still remains the real aim of the activities and propaganda of some organisations. The recent Guild Conference clearly exposed these efforts. The Czechoslovak members of the Central Committee at Stuttgart declared themselves in favour of the creation of an advisory committee for women's problems and the appointment of a woman secretary, but on condition this did not mean that the International Women's Guild would be put to sleep.

It is true that during the last few years the Guild has encountered great difficulties and that there were serious differences between the member organisations of the western countries. This situation should not be solved by the liquidation of the Guild, but, on the contrary, by giving it all the help necessary for its work. The Guild has made an important contribution to the development of educational activity amongst women; it has contributed to the development of international co-operation, and it has been an important element in the fight for understanding between the nations.

**Mrs. V. S. Zagulina, U.S.S.R.:** The activity of the I.C.W.G. has been evaluated as useful not only by the women's organisations but also by the I.C.A.; the Guild has carried out a very positive programme of work and has taken an interest in, also decisions concerning, the struggle for peace and disarmament. The Central Committee of the Guild at its last meeting considered the question of closer co-operation with the Alliance and submitted proposals for technical and financial assistance to the I.C.A. Executive. The Executive, however, did not consider it necessary to change its attitude towards the Guild, and the desired assistance was refused.

At their Conference last week the women co-operators considered the proposals of the I.C.A. for the establishment of an advisory committee for women's questions, and decided to suspend the activities of the Guild for three years. This decision, however, was by no means unanimous. Almost half of the delegates were of the opinion that an advisory committee within the I.C.A., which will deal mainly with consumer interests and consumer protection, could not take the place of the International Guild, the aims of which were larger and of a more important character. This is also our opinion. We consider that the proposed advisory committee, which is to be an organ of the I.C.A., should be used to strengthen the help granted to the women's co-operative movement, and that the problems concerning women should be better reflected within the I.C.A. Under these conditions the establishment of this organ for women can be very useful.

**The President:** I must point out a misunderstanding on the part of Mrs. Zagulina in stating that the Executive refused economic assistance to the I.C.W.G. Actually, financial assistance has been given for a number of years and there has been no intention to discontinue it.

**Mrs. C. Betrixhe-Ancion, Belgium:** I thank the Alliance for the practical solution it has brought to the problem of the International Guild, a solution which, in my opinion, will not only enable the Guild to survive but to work with new possibilities. The presence in the I.C.A. Secretariat of a woman specially charged to study women's problems within the framework of the activity of the Alliance is a happy decision for all those who work for the development of the ideas and practice of co-operation, be it in the field of consumption, agricultural and workers' production, housing or even of health.

**Mr. Brahm Perkash, India:** I attach great importance to the rôle of women not only in the co-operative field but in all social, economic and political life. In India we have brought women into every sphere, with the result that today

numbers of women are Ministers; one is Chief Minister of a State, one is the Governor of a State, while another woman leads our delegation to the United Nations. In the co-operative field, while they are doing very good work in some states and regions, we feel that the Movement should take a lead in organising their position. The Co-operative Union of India has, therefore, decided to appoint a standing committee for women, consisting of representatives of all the women's organisations in India and having a woman chairman; also to appoint a woman officer and to create a department for women in the Union. Active steps will be taken to enlist their support in the field of education and training, as well as in the consumer movement.

I, therefore, welcome the step which the I.C.A. has taken, and hope it will have the ultimate result that women will be invited to take part in the work of its Executive.

**Mrs. L. Crisanti, Italy:** The Italian women co-operators appreciate the measures envisaged by the I.C.A. to give women concrete possibilities of participating in the work of the Movement at international level. We understand the proposals reported to Congress are a first step by which the Alliance will create its own machinery for studying problems of interest to women in the industrialised countries as well as in those which still seek the road towards social and economic progress.

The measures envisaged are, in fact, a result of the resolution adopted by the Lausanne Congress on the duty of the co-operative movement towards women, which contained the fundamental affirmation that it is precisely within the framework of a co-operation policy that women's interests must find a place and must be studied in the light of their present position as housewives, as producers in agriculture or in handicraft and, finally, in the domain of cultural and complementary activities.

The constitution of a women's committee within the I.C.A. will enable us to make experiences in different fields and to study specific problems in collaboration with other interested international organisations. Therefore, it is not a question of our activity coming to an end, on the contrary, in our opinion, it is the beginning of a more important contribution to co-operative activity. In supporting the proposals, we ask that the new committee may work in close collaboration with the I.C.A. and may have facilities to fulfil its special tasks by initiatives of a regional or national nature, for disseminating knowledge and experiences.

I appeal to the authorities of the I.C.A. that these proposals shall be implemented as quickly as possible.

### **Consumer Protection**

**Mr. Dwight Townsend, U.S.A.:** I have asked to speak on this question with reference to what is said in the Report regarding the responsibility of the Co-operative Movement to contribute to consumer enlightenment and to ask for government assistance to protect consumer interests. In the last three years a good many things have happened in this regard, and we have some examples in the United States in which Congress may be interested.

The President of the United States set up a Consumer Advisory Committee which reports to the White House, and the Director of Public Relations of the Co-operative League was asked to sit on this Committee. This is the first time it has been recognised that co-operatives are concerned with consumer protection.

We have been invited to present testimony on consumer problems, also to submit our views on anti-monopoly legislation. We are glad to take part in preventing other organisations from appearing to monopolise the interests of consumers, and at the same time to give advice on anti-trust laws which protect privileged special interests which would exploit the consumer. There are several things at the moment which are indicative of this trend.

Legislation is under consideration concerning hire purchase which would make information available to the public on the amount of annual interest charged, so that the consumer may not be exploited. There is a programme aiming at truth in labelling, which asks that the quality and quantity be clearly stated on the label. For a long time we have had food labelling prepared by the Department of Agriculture with grades A, B and C, indicating the quality necessary for the different grades, also a food and drug administration whose purpose is to determine first of all purity, secondly potency, and to protect the public against exploitation through misrepresentation and misinformation.

Among many other illustrations which I could give, it may be of interest that in regard to housing we have minimum property requirements and standards with which every dwelling which is built and financed in part by government insurance or government guarantees must comply. Consumers can be expected to know the law relating to consumer goods, but it is obvious they would have no way of knowing the requirements necessary for a good foundation under a house. If I were asked to give advice on this question, it would be to continue to maintain a keen awareness of the need for consumer protection and for legislation to this end.

**Mrs. T. Ström, Sweden:** As a result of the resolution on Co-operation and Health, unanimously adopted at the I.C.A. Congress in 1957, two important conferences have been held, the first in Garmisch-Partenkirchen in 1959, the second in Paris in 1962. Following the Paris conference a consumer working party was created to maintain permanent contact with developments on consumer affairs and particularly to assist the Executive of the Alliance by making policy recommendations on consumer protection. The working party has met three times. The result of the third meeting in August is that, after a very close review of the current activity of various organisations in the field of consumer protection, a programme for consumer protection has been drafted which will be submitted to the I.C.A. Executive for further action. It contains sections dealing with—economic action; promoting laws and codes to safeguard consumers' health, safety and other interests; education, information and enlightenment. Within the working party we feel there is a great need for a forceful consumers' programme not only for the I.C.A. but also for each member country and we hope that the general outline will help organisations to draft their own programmes, based on the legal system, the economic and social conditions of their respective countries.

I think there is an urgent need for the Co-operative Movement to reconsider its position as a consumers' organisation because in many countries there are consumers' associations and consumers' organisations which seriously claim to represent the consumer. This constitutes a great challenge to the Co-operative Movement.

Much has been said here about women and co-operation. I would like to state my personal opinion that perhaps one of the most important tasks of women co-operators today is to engage in formulating and carrying out a forceful co-operative programme for the defence of the consumer. The setting up of the



women's advisory council will mean a very close co-operation with the consumer working party, which will strengthen the work on the international level.

**Mrs. V. S. Zagulina, U.S.S.R.:** The problem of consumer protection is of the utmost importance in the light of present-day techniques and we are very happy that the I.C.A. is dealing with it. There are many practices which result in the consumer being left in a state of confusion, causing him to buy goods which he would not have bought otherwise.

In our country we have an institution of a purely informative character, which explains the nature and use of different goods, and is also concerned with exhibitions which serve the same purpose. Consumers' goods are always sold in accordance with governmental legislation, and standards for foodstuffs are so strict that they make it absolutely safe for the consumer. Many commodities carry guarantees, and if a product for any reason does not conform to the established requirements the consumer either has his money refunded or the product is replaced. It is forbidden in our country to put on the market goods which are not in full conformity with the legislation, and anybody offering goods of inferior quality is brought to justice. We have control of quality throughout the period of storage right up to the selling point, also through laboratories. All these measures, which are too complex to speak about in detail, protect the consumer.

**Mrs. M. Moshcovitz, Israel:** I would like to speak of our experiences in the field of consumer education and protection. Although there is close collaboration between agricultural and retail co-operatives, the impact of the general affluence and the development of all kinds of advertising obliged us to take a stand in defence of consumers.

The Bureau for Consumer Guidance and Protection was established in 1955 as a joint enterprise of the women's labour movement and the consumer co-operative movement, with three aims—education towards co-operation, guidance in home management, protection of the consumer—and it is organised in three sections.

The consumer movement needs people to make use of its services if it is to maintain itself, and it tries to attract them by publicity and in other ways, but the aim of co-operative education is to attract to the co-operative society people who believe that for Co-operation to attain its full potential it needs active members ready to accept responsibility and risks. Co-operative education thus tries to create conscious, intelligent and active supporters, and the activities of this section of the Bureau are designed to strengthen the tie between the member, especially the housewife, and the society, and to stimulate her active participation in its affairs and management.

Home management activities include amongst other topics—food and nutrition, efficiency in the household, the family budget, marketing and supplies, home furnishing. Both theoretical and practical guidance is offered. On the theoretical side courses for housewives are organised jointly with the Home Management and Nutrition Department of the Ministry of Education; study days and tours to industrial enterprises, markets and stores supplying household goods are arranged, as well as exhibitions of household utensils, cleaning and laundry materials, textiles, and foodstuffs.

In January 1961 a housewives' club was opened, which receives complaints about the quality or price of goods, and offers advice on purchasing and efficient methods of home management. It concentrates on biology, economics and aesthetics.

The basis of all consumer protection must of necessity lie in its informative work; thus consumer protection and consumer guidance are closely interwoven, and aim, above all, to maintain the right of the public to good service, reasonable prices and good quality.

The aim of the Bureau is to secure the maximum consumer protection possible under the existing laws; to demand further legislation and municipal regulations and, above all, to press for a comprehensive law on foodstuffs. It has received public recognition of its rôle in the form of budgetary allocations from the government and other institutions, and it is now accepted as part of the economic framework of our society. As a public body it has a dual rôle, as a channel for transmitting the demands of the public to the institutions which determine economic policy, and as an auxiliary agency for carrying out measures for the good of the economy.

### **International Co-operative Day**

There was no discussion on this section of the Report.

### **The I.C.A. and the United Nations**

**Mr. N. K. Shiryaev, U.S.S.R.:** The Central Committee in their Report stress the importance of housing, a problem which remains unsolved in many countries. In the Soviet Union the government and housing co-operatives since 1957 have done much to improve housing conditions. Less than 5 per cent of a worker's wages has to be paid for his accommodation; co-operatives have the right to the free use of land, do not pay any taxes, or land tax. They also receive much help from the government, including credits. The country is being industrialised as much as possible and mechanised processes are being applied in housing construction.

The problem of housing in developing countries can only be solved by the establishment of a housing industry applying new methods and training workers for the industry. In our opinion the resolution to come before Congress at a later stage on the world housing situation and the rôle of co-operation deserves unanimous support.

**Mr. J. H. Shirazee, Pakistan:** I would like to pay tribute to the work of the Housing Committee of the Alliance. It is a matter of common knowledge that organisations like U.N., ILO, ECOSOC, ICFTU, have addressed themselves to this world problem, but I regret very much that a U.N. Housing Agency recommended by the I.C.A. as the only means of solving this human problem has not been created. It is a fact that after food comes the problem of shelter for mankind, and just as there is a campaign for Freedom from Hunger there should also be a campaign for Freedom from Want of Shelter.

I do not minimise the acuteness of the problem in the advanced countries, but for the developing countries it is much more acute. I can cite my own city of Karachi, in West Pakistan, where the position is particularly acute, and although slum clearance is taking place it is not rapid enough. To solve this acute problem there can be no doubt of the part to be played by the Co-operative Movement. The President of Pakistan said on International Co-operative Day, "If you want to have parliamentary democracy in the country you must establish economic democracy, and if you want to have economic democracy this can only be achieved through a chain of well organised and self-governing co-operatives." The atmosphere of Pakistan and other South-East Asian countries is very favourable for co-operative housing, so let us take advantage of the wind which is blowing in our

favour. I would urge a more dynamic approach to the problem. Pilot projects must be introduced in Asia, Africa and Latin America, where the problem is very acute, particularly for the low income groups.

In solving our problems, we need the support of the International Monetary Fund and other similar organisations in advancing loans at reasonable rates for low-income-group houses. The point was made that the financial aspect is a very difficult one, and I agree, but so far as the developing countries are concerned investment in housing is one of the best investments. I represent a housing union which consists of 24 housing societies, and whereas the cost of building land was only one shilling per square yard ten years ago, the cost today is fifty-five shillings. As I have said, from the financial angle investment in housing is first class, and I would urge that organisations like the International Monetary Fund should assist us, together with the Housing Committee of this Alliance, in tackling our task.

**Dr. A. Rossini, Italy:** In Italy, so far as housing is concerned, the Co-operative Movement works with the governmental authorities and thus our co-operatives can assist in solving this crucial problem, which is specially acute because many people from the South, who used to work in agriculture, have emigrated to the towns of Northern Italy. They have, however, possibilities of securing accommodation, including loans at a relatively low rate of interest, or even without any interest.

Still more important is the problem of building sites. The cost of land has increased so enormously in big towns that a law is being prepared for the expropriation of all building sites and to facilitate their sale to co-operatives at their original value. I would suggest that the Housing Committee should study this law which might serve as an example for the legislation in other countries.

**Mr. A. E. Oram, Great Britain:** I welcome this report on the successful contracts between the I.C.A. and the regional commissions of the United Nations. The good work which is reported in Europe and Asia prompts me to ask what is perhaps a rather fundamental question about the structure of the I.C.A. Has not the time come when we ought to bring the structure of the I.C.A. more into line with the regional commissions of the United Nations and to make it less an exclusively European organisation? The importance of this question was emphasised yesterday, I thought, by the speech of Mr. Voorhis, about developments in the American hemisphere, and the speech of Mr. Kapinga about what is happening in Africa. I have in mind not merely the establishment of regional offices as we already have in New Delhi but I feel we ought to move towards the establishment of semi-autonomous divisions in perhaps four or five major regions of the world, and to devolve upon them a real measure of responsibility and power.

Since 1945 there have been significant and welcome changes within the United Nations in respect of membership and the exercise of power. In 1945 there were only 50 original members but now there are over 100, and, of course, those new members have come from the new nations in Africa and in Asia. There have been similar developments within the I.C.A., but they have not been at the same pace, nor, in respect of power, have they proceeded to the same extent as they have within the United Nations. If we look at the constitution of the Executive we find that of the 17 members 16 are Europeans and one is from North America. I believe that we have not only to help co-operatives in Africa, in Asia and in Latin America but we have to devolve power to them as well. This idea of divisions is not a new one. . . .

**The President**, after interrupting Mr. Oram to point out that he had asked to speak on the UN Regional Commissions but was actually referring to the membership problems of the Alliance, said: You have made some factual mistakes. You have said that the Executive consists of 17 persons. Actually, the Executive consists of the President and two Vice-Presidents, and 11 other members. Further, I would submit that, according to democratic rules, the Central Committee have the right to elect the persons whom they think are best fitted to serve on the Executive.

**Mr. R. S. Staples, Canada:** I was very interested to read what the ILO is doing in promoting co-operative development, and I want to suggest co-operation with ILO on a subject which is of interest to all of us. I hope I am in order in proposing that the Congress Committee should consider the suggestion I am about to make and bring in a resolution for consideration later.

The taxation of co-operatives is an urgent and vexatious matter, in one country after another it comes to the surface and the battle is fought over and over again. We are undergoing a bad experience in Canada at the moment. Our chief opposition has set up a special association known as the Equitable Income Tax Foundation, to achieve the taxation of co-operative income. In preparing to defend ourselves in this struggle we made a special study of the tax position of co-operatives in a number of countries.

We feel that action on this question should be taken at international level, and my proposal is that the I.C.A., in collaboration with the International Federation of Agricultural Producers and the International Confederation of Free Trade Unions, should consult with the International Labour Organisation on the possibility of developing conventions on principles to be applied in taxing co-operatives for the consideration of the various governments.

In Canada a Royal Commission appointed by the Government has been holding meetings for a year. It is a general commission on taxation, but the taxation of co-operatives has become by far the most contentious issue before it.

We ended a two-day presentation to the Commission only a day before I left for Bournemouth, and if we could have laid before it principles accepted by a responsible international organisation it might have helped us a great deal.

**The President** pointed out the procedure laid down in Article 25(b) for the submission of emergency resolutions and said: The problem raised by Mr. Staples is, of course, of great, though varying, importance within the different national co-operative movements. Since a study of the problem has been made by the Canadian Union, I would suggest that the question be referred to the Executive to consider, in collaboration with other organisations with similar interests, whether any practical results could be achieved by asking for a convention within the framework of ILO.

Mr. Staples accepted the suggestion of the President.

**Mr. D. H. Scull, U.S.A.:** The International Labour Organisation is one of the most important of the international governmental organisations so far as the co-operative movement is concerned. While the efforts of the staff and the results of the programme of technical assistance have been most rewarding, it has been a great disappointment that up to now Co-operation has never been discussed at one of the conferences which set the policy for the ILO. Therefore, it was most gratifying to hear Mr. Nook indicate the possibility that for the 1965 Conference some aspect of co-operation might be on the agenda. This places a responsibility on us in our national movements and on the I.C.A. Executive.

As soon as we are advised by the Alliance of the details of the Conference, it will be for us to try to assure that one or more co-operators are included in our national delegations; failing this, we can approach one or more of the friendly members of our delegation and arrange for a briefing session on co-operative subjects. In either case this gives us a double opportunity; one is to make this an occasion for informing the co-operative public of the work of the ILO and developing widespread support for it, especially in the area of technical assistance; the other is to get the co-operative point of view represented, at least on this occasion, at the top policy-making level of ILO. In this way, the task of the staff in getting due weight given to the co-operative programme and in securing the necessary budget for it would be made much easier.

I, therefore, urge that if co-operation is included on the 1965 Conference agenda the Director should notify member organisations so that we may hope to make the Conference a memorable one, and justify the inclusion of the subject on the agenda of future Conferences.

**Dr. M. Boson**, Switzerland, I.C.A. Observer to the United Nations, Geneva: At the opening of Congress, the representative of the International Labour Office spoke very warmly of the International Co-operative Alliance. The wishes he expressed found a deep echo, particularly on the part of those who have a close knowledge of the work of the International Labour Office in the interest of co-operatives and who appreciate the efforts it has made in this domain since its foundation, with ever growing success. Mr. Nook appropriately recalled the memory of the first ILO Director who, at the time of the creation of the great Geneva International Organisation, played a decisive part in the official recognition of Co-operation as an important factor for the betterment of the well-being of the workers, whether on the sea, in the fields, in workshops, offices or factories.

With this tribute to the memory of Albert Thomas, I would like to associate the names of other co-operators who honoured both the International Labour Office, and the International Co-operative Alliance itself, by the important rôle which they played in these organisations—the late Georges Fauquet and his immediate successor at the head of the Co-operative Section, Mr. Maurice Colombain. If these great names symbolise the fruitful work of the ILO, particularly in the important field of co-operative doctrine and education, we must also remember with great satisfaction that since the end of World War II, and especially during the last ten years, the International Labour Office, under the impulse of its present Director-General Mr. David Morse, and its Assistant Director-General, Mr. Jeff Rens, who is a well known co-operator, has amplified its co-operative activities as regards technical assistance to developing countries, co-operative information, housing, education, etc. The Central Committee's Report gives precise and full information about all these activities.

If, at its next session in November, the Governing Body decides to include co-operation as a special subject on the Agenda of the 1965 Conference, that will manifest again, in a particularly splendid manner, the interest which ILO attaches to Co-operation and its increasing importance as an instrument for social and economic development in all countries, particularly those which are developing.

The International Co-operative Alliance can but congratulate itself as regards the very important contribution which the ILO brings, and no doubt will continue to bring, to the field of co-operation. In effect, the International Labour Office is both an irreplaceable observation post and a driving force with which the Alliance will always be happy to collaborate.

**Mr. R. Ahmed, Pakistan:** I have seen with satisfaction that the FAO, in consultation with the I.C.A. Executive, has appointed a committee of experts to examine the financial needs of the developing countries and to recommend arrangements for supplying these needs. We are also grateful to the Swedish Government, which has made a generous grant of 50,000 dollars for financing this project. But I am somewhat disappointed that the idea of establishing an international co-operative bank for co-operative development has not made progress. There seems to be an impression in the FAO and in other quarters that there are a sufficient number of agencies already existing which can finance development in developing countries. There is, of course, the World Bank and the AID, and grants and loans given to developing countries by socialist and other governments, but these grants and loans from government to government do not always suit the co-operative movements of the developing countries. When governments agree to give or accept grants they think in big terms of dams and bridges, of buildings, universities, big hospitals, and roads, but the case of the small farmer ploughing his two or three acres away in the interior and eking out a precarious existence is quite often overlooked. What we need is an arrangement whereby grants will be given from co-operative to co-operative, and this is why we want to see a co-operative agency established which will give loans to co-operative societies.

Co-operatives in developing countries have many obstacles to face; apart from the illiteracy and traditional apathy of the people there are four difficulties of finance, foreign exchange, managerial and technical skills. Finance and foreign exchange are extremely important for development and unless they are available to co-operative organisations, development in the co-operative sector cannot take place. When loans or grants come from government to government there are many competitors for them, including government departments and corporations to which preference is given, and so the co-operatives do not get what they would like.

I would, therefore, urge the Executive to promote the idea of an international agency for co-operative development, to devise a scheme and to have it accepted by the FAO. We need finance not only for agricultural production but also for processing industries. The problem is not only to produce more food but to eliminate the middleman who comes in at the stage of processing. Co-operatives should have their own processing industries, but these can only be established if foreign exchange is available at reasonable rates of interest and long term.

**Mr. R. S. Staples, Canada:** I want to endorse the remarks of Mr. Ahmed. We would have liked the report on the FAO study to have gone further in the direction of saying what I.C.A. proposes to do after the report has been completed. I visited the West Indies for a few days early this year and by chance I met a group of poultry producers in Trinidad who were very anxious to set up a poultry processing plant. They thought they could find 25 per cent of the necessary capital and asked me where they could find the other 75 per cent; I was not able to tell them of available sources.

We need a special international institution for financing co-operatives directly and we urge the I.C.A. to consult with FAO on the advisability of convening an international conference to discuss the question, to study the report, and to act in an advisory capacity as regards the next steps. The conference should include financial experts and representatives of interested financial institutions, both governmental and non-governmental. This seems to us the

most practical thing to do as the next step towards an adequate international financial programme for co-operatives.

**Dr. L. Malfettani, Italy:** I naturally agree upon the necessity to increase the personnel and funds of FAO for co-operation. Unfortunately the FAO considers agriculture from a psychological point of view and the same conception exists amongst producers as well as on the part of the Ministry of Agriculture. Although I am referring to Italy, the remark applies to agricultural activity in general.

I will explain my meaning. Co-operation, on the part of producers and ministerial authorities, is nearly always considered in the sphere of agriculture as an economic means for the protection of certain interests—as a sort of appendix to the professional organisation, which considers the agricultural co-operative as an independent autonomous enterprise. The Alliance must continue to insist that local social initiatives of agricultural co-operation, when they are not limited to economic action, must be intensified in order to protect the prices of produce. This does not mean that the relations with the professional organisations of producers, who moreover are members of co-operatives, must be broken, but a clear distinction must be established between the interests of the professional organisations and the interests of co-operative organisations.

I feel it my duty to thank the President for having influenced the Swedish Government to provide the financial resources necessary for the studies undertaken by FAO on the recommendation of the Alliance and would suggest that this be made known to all governments in the hope that some others may send aid to the developing countries in the same way, and preferably for projects for the development of co-operation.

**The President:** I would very briefly add a few facts concerning the FAO study. The groups of high level experts who went to countries in South-East Asia and Africa are now preparing their reports which will be summarised by the team as a whole at the end of this year or the beginning of 1964. When the report is available, its findings will be studied very closely by the I.C.A. Executive, and any action which might be called for with the object of expediting the establishment of a credit corporation or other co-operative forms in the less developed countries, to serve the aims which Mr. Ahmed and Mr. Staples have advocated, will be taken. It would be a little premature before we have seen the report to take a decision on calling an international conference to discuss the setting up of some kind of international co-operative bank. The most important problem is the one touched upon by Mr. Ahmed and Mr. Staples, of channelling financial support to the small farmers and for developing co-operative marketing, supply and credit.

✓ **Dr. P. S. Deshmukh, India:** I am very pleased that the I.C.A. is supporting the Freedom from Hunger Campaign. As stated in the Report, the Campaign is not meant merely for temporary relief but for the removal of hunger and malnutrition on a global scale, and in that context I would emphasise that co-operatives are destined to play a very important part since co-operation is the only remedy against exploitation. Apart from increased production much relief is necessary for the people of countries like India and Pakistan which have the largest number of ill-nourished people and, therefore, this question has some bearing on our proposal for an international bank. So far as the Campaign is concerned, I hope the decisions of the World Food Congress will be implemented rapidly, and here the viewpoint of the I.C.A. must be brought to bear. As has been pointed out, it is a curious fact that instead of literacy going ahead, the

experience is that there is less literacy in some of the Latin American countries, and the same thing, unfortunately, is true as regards undernourishment and hunger. Even in India, in spite of the tremendous progress we have made, the rural people are undernourished to a larger extent than was the case 15 years ago. With the increased population and the various agencies which contribute to the rich getting richer, the rural areas have suffered continuous impoverishment.

In my country one of the things we have done was to start farmers' training centres to show them how to produce more from the same fields. It is a tragic fact that there are more campaign committees in the advanced countries than in the undernourished countries, and that the people in the advanced countries are more conscious of the hungry people than the hungry people themselves. In India support for the Freedom from Hunger Campaign is far less than in England and some of the smaller countries in Europe. I would urge that wherever possible co-operatives should come to the rescue of people who are exploited, hungry and undernourished.

**Miss A. Travalletti, Switzerland:** Several speakers have stressed the importance for the I.C.A. to collaborate with the international governmental organisations. The need for collaboration with FAO and ILO is recognised but some reluctance is felt concerning Unesco. Yet it is in the interest of co-operative organisations, workers' organisations and women's organisations to collaborate actively in the implementation of its programme. I know Unesco fairly well, having been for twelve years secretary of the Swiss National Unesco Commission. We have needed the collaboration of the teachers, of workers' and women's co-operatives to make our Commission really active, but these organisations are now fully aware of the advantages of this collaboration.

Unesco is sometimes reproached with being removed from realities. That may be true, but it may be our fault that, because we have not thought of Unesco, it sometimes neglects our desires.

It is mentioned in the Report that at the 1960 Conference of Unesco: "A proposal to discontinue the European study tours and reduce the total allocation for workers' exchanges had been withdrawn before the Conference opened, and the sum of \$80,000 was allocated for this purpose for the years 1961-1962." Why was the proposal, which had been included in the programme presented by the Director-General, withdrawn? It was because the I.C.A. and other non-governmental organisations had intervened before the Conference with the result that Unesco was informed that several delegations had been instructed to oppose this proposal.

The non-governmental organisations are a force in themselves and Unesco needs them. They are also a force by the influence they have on public opinion. We must use this force effectively in the national commissions of all our countries, for they are heard at Unesco and, through them, we can ensure that projects which are useful to us are accepted. Our national movements have the right to ask for this collaboration and even to claim it, since the I.C.A. has consultative status with Unesco. It is indispensable for us to be present in Unesco to assure that it is aware of the needs and preoccupations of the men and women we represent, but we can only use this force if we contribute to the work of Unesco at national and international level. Unesco has need of us as we need what Unesco has the possibility to bring to us.

**Mr. R. Schmidt, Italy:** The representatives of Confederazione Cooperativa Italiana have always stressed at international meetings, as to their own government,



the importance of the tasks of all who participate in Unesco meetings, especially the fact that it is concerned with the cultural and professional education of workers, in general, and of co-operators in particular. We stress this all the more because it seems that the possibilities of the development of study tours are becoming considerably reduced.

We believe that with a little goodwill, that is to say with the help of the funds destined to social activities and with the assistance of persons directly concerned, the co-operative movements could solve, in a positive way, the question of international exchanges of co-operators. The *Confederazione Cooperativa Italiana* has created its own tourist organisation, one function of which is to facilitate international exchanges of small groups of co-operators.

**Mr. Ch.-H. Barbier, Switzerland:** Since our Congress at Lausanne we have endeavoured not only to maintain but to multiply and intensify our contacts with Unesco. This is quite a natural thing since our movement is both a movement of educators which has recourse to economics and a movement of economists which has recourse to education. While our first task is perhaps to distribute products, and produce them, our more profound task is to produce men, knowing that the most interesting co-operative product is the man. That is not a courtesy paid by the director of a co-operative to education. On the contrary, it is a profound recognition, for many of us know that the basic aim of our movement is to form men.

That we have close relations with Unesco is neither surprising nor difficult because in Unesco we find open ears and hearts. I would like to pay a tribute to the goodwill we find on the part of all the services of Unesco and to the immense services rendered to our co-operative movement by many of the officials of Unesco, especially by Miss Harris, whom we are fortunate to have with us here amongst the representatives of the international organisations.

But this does not mean that we need not always have our eyes open, for the big organisations sometimes have extremely strange procedures, which can present considerable dangers.. In this respect, I would draw attention to a reference in the report to the procrustean method of Unesco "which leads to a situation in which projects are finally adopted not so much according to their merits as to the relative power of contending pressure groups." I would also mention what happened at the General Conference as regards workers' study tours. We had alerted our co-operative delegations and our national Commissions, and it was a great surprise for Unesco to see the number and the quality of the interventions on this question. Apart from the big campaign against illiteracy, there was no other question more thoroughly discussed than that of workers' study tours. There were interventions by the heads of many national delegations coming from different political horizons, interventions by philosophers. We had won positions, but only to lose them subsequently in the work of the commissions because, when it was realised that the total of the projects exceeded the total budget, reductions had to be made and one was to cut by 50 per cent the sum allocated to workers' study tours.

That is how things may happen! According to certain procedures, it is possible to delay action on the General Assembly decisions, generally affecting areas which are believed to be of the least resistance. It would be undignified for an educator to use demagogic language, but I would like to make Unesco aware of the fact that the co-operative movement is not an area of least resistance! We have need of Unesco; that is obvious, and we are grateful for all we receive from it, but—and we say it loudly—Unesco needs us too. If Unesco should

become an organisation of élites instead of remaining an organisation in contact with the popular masses, it would be taking a wrong road.

I would like to thank Unesco for the magnificent collaboration we have had concerning workers' study tours, adult education and the organisation of seminars, particularly a seminar which has not been mentioned here, the one which led the I.C.A. and the Swiss Co-operative Union to Dahomey, one to which Unesco not only gave its patronage, but which it also financed. On the whole, there is an excellent collaboration between us, but we must keep our eyes open.

Miss Travelletti advised you to be attentive in your national commissions. I would stress this point. I would also urge you to publish information about Unesco in your journals so that through the millions of copies which are distributed our members are kept informed of what is happening.

**The President:** I wish to pay tribute to Mr. Barbier for his untiring efforts in his work with Unesco to serve the interests of co-operation. For many years he has been the outstanding spokesman for the co-operative movement, and I think this tribute in Congress is due to him. We thank him very much.

#### **The I.C.A. and Inter-Governmental Organisations**

There was no discussion on this section of the Report.

#### **The I.C.A. and Other Non-Governmental Organisations**

**Mr. I. A. Krumin, U.S.S.R.:** At the Executive meeting in Paris objections were made to a proposal to invite a representative of the International Confederation of Free Trades Unions to this Congress. The President said that as the I.C.A. co-operated with this organisation in the field of technical assistance he thought the organisation should be invited, and it was agreed. We consider this showed discrimination and a lack of objectivity with regard to non-governmental organisations. The I.C.A. should remember that there are other international trades union organisations.

At the Congress at Zurich in 1946, Centrosoyus submitted a resolution for collaboration between the I.C.A. and the W.F.T.U. and by adopting it Congress expressed its conviction that the closest possible relation should be established. In 1953 the Italian movement recommended that similar relations should be established with all existing international trade union organisations but this was rejected and relations with the World Federation of Trades Unions were broken to a certain extent. Subsequently the majority of the I.C.A. decided to collaborate with the International Confederation of Free Trades Unions as far as co-operation is concerned. No one is against such collaboration, but why should the I.C.A. collaborate with only this one Trade Union Organisation? This one-sided policy has been stressed not only by the representatives of our country but by others. In our opinion it should not be continued and the new Central Committee should consider establishing relations with the World Federation of Trades Unions, which works for social progress and for improving the conditions of working people everywhere.

**The President:** As the speaker touched on a policy question I think an explanation is necessary. It is important that the I.C.A. and its affiliated organisations should use all available means to extend their activities for promoting Co-operation in the less developed countries. Even with increasing resources from member organisations, from interested governments and from inter-governmental bodies, our resources in finance and personnel are hopelessly inadequate

for this enormous task and, therefore, it is appropriate that we should take advantage of very means of spreading knowledge about Co-operation.

Among other means we can use are the colleges and other educational institutions which have been established in recent years by the I.C.F.T.U. The Confederation's budget for ordinary purposes is about four times the income of the Alliance, although its membership is only about 40 per cent of ours, and in addition it has a Solidarity Fund of hundreds of thousands of pounds sterling which the workers, who have no wealthy wholesaling organisations to support them, have provided for technical assistance. Through this collaboration we have opportunities to send lecturers to its schools and to arrange seminars on co-operative problems, and it would be very foolish if we did not use such facilities.

This collaboration has developed at the express wish of the I.C.F.T.U. realising that in the developing countries, where agriculture is predominant, industrialisation is taking place only gradually, and while there is great need to organise the workers and other groups of the population in trades unions, it is possibly still more important to organise the huge groups of the population in co-operatives. That is the background to our collaboration agreement, which has been made in a specific technical assistance field between these two world organisations, and that is the reason why we have thought it appropriate to invite a representative of the I.C.F.T.U. to this Congress to follow our deliberations, which are largely concerned with the promotion of Co-operation and technical assistance.

**Mr. G. Cerreti, Italy:** In the name of the Italian delegation I wish to express our confidence for the new and modern factors which President Bonow has brought into the International Co-operative Alliance, as well as for the prospects outlined in his Inaugural Address, which set out with new accents the rôle of Co-operation, initiatives to be taken against monopolies, and the lines by which Co-operation can develop in a world in full evolution.

But we cannot, and must not, conceal the divergences of opinion which persist and which affect a number of vital problems—the policy to be initiated by co-operatives to overcome the retarded progress of Co-operation, compared with the intervention of the capitalist monopolies, nationally and internationally; the divergences which exist concerning the internal régime of the Alliance and its structure, which no longer respond to the new economic, social and political conditions; the membership policy, which concerns world co-operative unity; finally, relations with workers' and all other trade union organisations, as well as agricultural organisations, to promote the new forms of co-operation, especially amongst the peasants.

The existence of these problems, however, does not prevent us appreciating the very numerous positive aspects of the action undertaken by the Alliance, particularly its great efforts to promote co-operation in the countries which recently attained national independence as well as in the new states of Asia and Africa; for consumer protection; and finally for its intelligent action in FAO and Unesco.

In the past, notably under the Presidency of Mr. Marcel Brot, we preserved the essentials of I.C.A. policy, a policy inspired by the defence of peace by universally controlled disarmament, by the abolition of atomic weapons, and inspired also by the desire to prevent the formation of a new international co-operative organisation. We must also recognise the intelligent efforts of Mr. Brot, and others, at all costs to continue to collaborate fraternally with the

co-operatives of the Soviet Union and Czechoslovakia. It is all the more appropriate to stress this fact now, when perhaps a new era is about to begin by the sending of an Inquiry Commission to Poland, at least that we are moving towards the opening of new perspectives of collaboration which will lead us, I sincerely hope, to the liquidation within the Alliance of the remnants of the cold war, and to a new and objective policy in common with the co-operators of all socialist countries.

**The President:** We have now reached the stage of replying to questions raised during the very interesting discussion on the Report. To several questions which sought factual information I have already replied but there are some points to which the Director would like to reply, after which I will add a footnote before asking Congress to adopt the Report.

**The Director:** I should like to begin by contributing something factual. At the Press Conference in Paris in January 1962, it was unanimously decided to ask the Executive to set up a Press Committee. That recommendation was accepted, also a further recommendation that the Committee should not be large, so that it could meet easily. The plan adopted was to constitute a committee of six members and six substitutes, and in that way it was possible to cover different types of co-operative journal and a considerable number of countries.

Not long after the first meeting of the Committee, the President received from the Chairman of the Central Co-operative Council of Czechoslovakia a protest that the Czechoslovak organisation had not been invited to be represented at what was called a press conference. The President replied and invited me to amplify his reply by pointing out the circumstances in which the Press Committee was appointed. About the same time a statement on the lines of Mr. Nepomucky's letter appeared in a periodical published in English by the Central Council. I invited Mr. Nepomucky to see that a correction of the statement and certain inferences based upon it appeared in the periodical but I have not seen any correction. This makes me wonder what conception of objectivity our Czech friends have. A similar idea arises with regard to their remark about material sent to the Alliance for publication which has not been used and this raises a further consideration, that if co-operative journalists in Czechoslovakia can publish misleading information about the Alliance, how far can we trust what they report concerning co-operative activities in their own country? Have they a double standard of objectivity, or exactly what do they understand by the term?

The passing of time permits only one remark *à propos* of Mr. Thedin's very kind intervention, and that is that praise from a fellow editor is the best of all.

I would add a few words on the United Nations section of the Report. We have talked a good deal about the ILO and our hope that the Governing Body will decide in favour of putting co-operation on the agenda of the International Labour Conference in 1965. The Chairman of one of our Israeli affiliated organisations, Mr. Aaron Becker, is a member of the Workers' Group in the Governing Body and I have asked our friends from Israel to remind him that the Alliance looks to him to assure that the decision of the Governing Body is the one we desire.

Finally, Mr. Oram tried to draw a parallel between the composition of the I.C.A. and that of the United Nations, but I am afraid he is not a particularly

good draughtsman because the parallel which he thinks he can draw is not a parallel at all. The difference between the two cases is that while membership of the United Nations can be obtained by newly independent States fairly quickly, a number of co-operative organisations in developing countries have to wait until they have built up co-operative institutions capable of undertaking and bearing the responsibilities of membership of the Alliance, and that is a process which needs time.

**The President:** There have been many references to technical assistance and how different national co-operative movements have contributed. But there has been no mention of the important contribution, over a number of years, by the British movement. During many years, in fact long before other national programmes were planned, the Co-operative Wholesale Society, the Scottish Wholesale, the Co-operative Insurance Society, and other organisations, including the Co-operative Union, have received people from newly-developing countries for training. For many years, also, the Co-operative College has received students from newly-developing countries, including four members of the present Government in Tanganyika who have made co-operative careers in their own country before assuming responsibilities at governmental level and who received part of their basic education at Stanford Hall.

### Obituary

**The President:** We have now reached the last section of the Report where we have to reflect on the very sad fact that a number of distinguished co-operators have passed away since our last Congress. Here it is possible to mention only a few: in 1960 we lost **Mr. Neil Beaton**, a former member of the Central Committee and Executive and a much-respected President of the Scottish Wholesale Society; a man who spent his whole life in the service of the people in the trades union and co-operative movements.

In 1961 **Professor Odal Stadius** of Finland, a member of the Central Committee, a director of SOK, and an outstanding economist, died. Professor Stadius was known internationally for his great interest in international affairs, and as a fine personality.

By the death of **Paul Ramadier**, the French Movement lost one of its most eminent leaders, who was also a most respected politician, and a former President of France. For many years Mr. Ramadier was a member of the Central Committee.

A man who for many years was well known in international co-operative circles was **Emil Lustig**. After making his first contribution to Co-operation through the Czechoslovak Co-operative Movement, he continued his work in Sweden, later concentrating his activities in Argentina, where he was able to make a big contribution to international co-operative relations.

A great name in the Co-operative Movement, especially among women co-operators, was that of **Cecily Cook**. She was a very remarkable woman who, in addition to the time and energy which she gave to her co-operative activities, made an important contribution to improving the position of women in society generally.

The German Co-operative Movement lost one of its distinguished members by the passing of **Dr. Julius Brecht**, whose contribution to the task of securing better housing for the people was outstanding.

**Olaf Eng** will be remembered for his great enthusiasm as Secretary of the I.C.A. Committee on Retail Distribution. He had a varied career in co-operative and government service and was respected by all who had the pleasure of collaborating with him.

A man who was, and will remain, famous among Danish co-operators and in international co-operative circles is **Frederick Nielsen**. In addition to his contribution to the Danish Movement as General Director of its Wholesale Society, he will always be remembered for his great work in making the Scandinavian Wholesale Society an example of successful international collaboration.

Another loss is that of **Mr. Georges Lebon** of France, a former member of the Central Committee of the I.C.A., and at the time of his death the only survivor of the pioneers who founded the French Co-operative Wholesale Society. He was also the Honorary President of the Central Bank of the French Consumers' Movement.

An eminent Spanish co-operator, **Mr. Ventosa Roig**, whose part in co-operative activities secured him an honoured position both nationally and internationally, has passed away in Mexico, where, during long years in exile, his work in promoting school co-operatives brought him world-wide recognition.

A life-long friend of Co-operation, **Mr. de Soyza**, of Ceylon, has also left us. We remember the happy relations which existed between him and the I.C.A.: as Commissioner for Co-operative Societies, he made Co-operation in Ceylon a Movement of great renown, and spent his last years as his country's High Commissioner in the United Kingdom.

Another name familiar for many years in the I.C.A. was that of **Mr. John Hough**, Research Officer of the British Union. On very many occasions the Alliance had the benefit of his great qualifications as a co-operative economist and educator. Mr. Hough will also be remembered as the first I.C.A. Jubilee Prize-winner for his thesis on Co-operative Retailing.

All these were co-operators whose devoted service to the Movement helped to make it powerful and respected throughout the world. I ask you to pay homage to their life-long and devoted co-operative work by standing in silence.

After a few moments of silent homage—

**The President** continued. I now submit the Report of the Central Committee for adoption. Does Congress adopt the Report?

**The Report was adopted unanimously.**

## Reports of Auxiliary Committees\*

### International Co-operative Insurance Committee

**Mr. R. Dinnage:** It is my privilege, as Chairman of the Insurance Committee, to introduce the Report prepared by our Secretary, Henri Lemaire of Brussels. There could not be a better introduction than the following passage in the last paragraph of Mr. Odhe's paper: "The Co-operative Insurance Committee and its Re-insurance Bureau are excellent examples of how international co-operative collaboration and assistance to co-operative organisations in development countries can be assured by comprehensive planning and its concrete execution."

The Insurance Committee includes 54 insurance societies representing 20 countries on 4 continents. Since the Report was written steps have been taken to establish a society in Tunisia, so there is every prospect that in the near future our Committee will cover all five continents.

We pride ourselves that we are a very practical Committee and that to some extent the strength of our collaboration can be measured monetarily. We are, of course, a technical group, all the members are operating in a field which is in any case international, and we have no problems of raw material, unless it be a shortage of technicians.

All insurance societies, co-operative and others, require re-insurance facilities, and for many years the co-operative insurance societies were forced to seek re-insurance cover in the non-co-operative field. In 1949 the Committee decided to take steps to keep as much as possible of this business within the international co-operative insurance group. This decision has been crowned with success. The Trading Sub-Committee, which is called the International Co-operative Re-insurance Bureau, now handles a premium income of £3¼ million per annum, which is growing steadily. It provides a re-insurance service for all member societies from the largest to the smallest and newest. When it was first established it was not realised that the scope of the Bureau would widen and that, in addition to arranging re-insurance between existing members, it would be called upon to give advice to co-operative organisations throughout the world which were considering the establishment of co-operative insurance societies. As a result of many such requests the members of the Bureau have literally travelled to all corners of the earth. The present members are four, one each from Belgium, Great Britain, Sweden and the United States.

At the Lausanne Conference in 1960 it was felt that even more active steps should be taken to expand co-operative insurance throughout the world. A Research Committee was established for this purpose and its first report was discussed at our Conference last week. The recommendations which were unanimously adopted led to two practical decisions: first, the establishment of a development bureau to consist of representatives of Malaya, Sweden, Canada, U.S.A., German Federal Republic, Austria and Belgium, having as its principal task to investigate the possibilities of opening up co-operative insurance societies in newly-developing countries and other parts of the world where they do not exist and where the means for their establishment are not available. The other decision was to

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\* The Reports of the Auxiliary Committees are printed in Appendices to the Report of the Central Committee, pages 240 to 255.

establish a loan guarantee fund. In some cases, but not all, finance is a problem. To meet this problem the members of the Insurance Committee have agreed to guarantee loans which may be made and to set up a small fund to meet any losses which might arise. This will be a practical instrument in the hands of the Executive Committee which will enable them to support the development bureau.

That the discussions were of a forward-looking nature is also confirmed by the fact that a paper was submitted by Mr. Bowman Doss of the United States entitled: A proposal for establishing an international co-operative insurance holding company. After a full discussion, the Conference directed the Executive to study this proposal in depth and to report as soon as possible to the Committee, detailing the form and content of the proposed holding company or such other organisation as would accomplish a similar purpose, and providing for its staffing.

At a subsequent meeting, the Executive requested the members of the development bureau to work out in detail the organisation necessary to establish and administer the loan guarantee fund, and to submit a preliminary report on the proposal to establish a holding company or other similar organisation.

Time will not permit me to say more about the work of the Insurance Committee but I can assure Congress that it is our determination to spread co-operative insurance throughout those parts of the world where there is freedom to do so.

#### **International Co-operative Banking Committee**

**Mr. W. Quincey:** The Report of the International Co-operative Banking Committee may be rather brief, but a good deal of advisory work has been undertaken in assisting those who wish to create new co-operative banks in different parts of the world—by receiving their trainees into the larger banks in Europe, or, with the co-operation and help of the large banks, by seconding principal officers personally to help to establish the new banks in the emerging countries. This has been useful work and we appreciate, as a Committee, the active co-operation of the leading banks.

Congress will be particularly interested in the final paragraph of its Report, where it is mentioned that the Banking Committee has expressed some interest in a resuscitation of the International Co-operative Bank established at Basle a few years ago for the specific purpose of handling funds from North America for transmission to parts of Europe where it was thought they might help to overcome some degree of distress. Unfortunately the funds were not forthcoming and the Bank has remained rather inactive, waiting upon events. A Sub-Committee appointed by the Banking Committee approached the International Bank at a very opportune time when its authority was considering its future; we were well received by its principal officers, and I would repeat here the report given to the Banking Conference last week, that the International Co-operative Bank is quite prepared to consult with us further and, indeed, to come to some conclusive arrangement whereby its constitution can be widened for it to become really international. Subject to the confirmation of its directors that should be achieved within a few months.

After investigating the legal requirements of such a change under Swiss law we recommended that the Bank be established in Basle; that it have powers to borrow on a substantial scale if the requisite initial capital can be obtained from all co-operative financial institutions, and can then be the means not only



of effectively lending to the emerging co-operatives, but if it becomes widely supported can be an instrument of channelling the flow of co-operative money from different parts of the world to where it is most needed, be it in an emerging economy or even to one of the larger and more important elements of co-operative banking in Europe or in the United States. There is no reason at all, we feel, why this should not become a most important financial instrument within our international affairs.

#### **International Committee of Representatives of Workers' Productive and Artisanal Co-operatives**

**The President:** We should now deal with the Report of the International Committee of Representatives of Workers' Productive and Artisanal Co-operatives, but neither the Chairman nor the Secretary are present.

#### **International Committee on Agricultural Co-operation**

**Mr. A. A. Drejer:** As Chairman of the Agricultural Committee I should like to mention the excellent work of Miss Polley, the General Secretary, in her capacity as Secretary of the Agricultural Committee, also to refer to one or two items in the Report. After the Lausanne Congress the Central Committee asked certain Auxiliary Committees to prepare reports as a contribution to the implementation of the resolution on Co-operation in a Changing World. A valuable paper on agricultural co-operation in a changing world was prepared by our very able specialist, Mr. Davidovic. As the President this morning made a very clear explanation of the whole course of this question I would only say that I think the Agricultural Committee were pleased that, thanks to Mr. Davidovic's paper, a basis was provided for the FAO to investigate the problem of financing agricultural and co-operative development.

The next question to which I would refer is the promotion of relations between co-operative societies of producers and consumers. There have been several I.C.A. investigations in this field. I myself took part in a group established by Mr. Albert Thomas inside the ILO. At that time the question was treated in quite a small way but it has since become an important aspect of the work of the Alliance, and as a matter of course the Agricultural Committee has studied it. We were particularly concerned with the extent to which consumer societies were connected with the marketing of agricultural produce and with the distribution of agricultural equipment to the farmers. We thought a practical way of dealing with the problem would be by convening conferences of representatives from the consumers' and the producers' side. Before the Lausanne Congress we had a conference in Denmark on dairy produce: we have since had a conference in Sardinia on wine, as a result of which there is a closer link between the two sides; also a conference in London on tea, coffee and cocoa, at which the consumers' representatives emphasised the value of this close personal contact with the production side, represented not only by the British Wholesale Societies but also by representatives from developing countries.

I feel I must again stress the lack of real practical connection between the Agricultural Committee and the member organisations generally, and my feeling, based on many years' experience, that the members of the Central Committee and Executive have no real link with agricultural work. Because of this, the Agricultural Committee has had rather to limit itself to the more general organisational side of agricultural work. I hope this situation will change and that there will be a greater participation in the work of the Committee.

Now that I am leaving the Committee I am only too well aware that the inheritance I am passing on is a very poor one because of the circumstances of the work inside the Committee, and I would like to appeal to Congress not to overlook the "agricultural corner" of the Alliance.

**Mr. A. Pagnanelli, Italy:** One of the most serious problems affecting agriculture is that since the market is dominated by the big monopolistic groups, the bargaining power of agricultural production tends to diminish, which is to the disadvantage of the consumers. This is specially serious for the under-developed countries, because their economy is mainly based on agriculture. The case is the same in Italy, particularly in the southern region, where the growth of the economy is retarded. The position of both farmers and consumers would be greatly strengthened if the Co-operative Movement could establish permanent inter-co-operative relations and exchanges within a framework of common action against the financial groups which control the production and distribution of agricultural products.

In view of the lack of balance between the agricultural and other economic sectors we hope that the I.C.A. and its Agricultural Committee will endeavour to promote inter-co-operative exchanges between the national movements, the need for which has not been adequately realised hitherto. We would underline, in this connection, the inadequate representation of the I.C.A., especially in the agricultural field, in the organs of the EEC. Italy, for instance, is not represented by any organisation connected with I.C.A.

Co-operation can play an effective rôle in economic relations between all countries, but effective and constant I.C.A. action is necessary for the development of agricultural co-operation all over the world, particularly in the under-developed countries, hence the need for the Auxiliary Committee on Agriculture to represent all the national co-operative movements and to play a more active rôle.

**Mr. F. S. Owen, U.S.A.:** The Agricultural Conference last week placed great emphasis on a closer working relationship between producer and consumer co-operatives. I happen to be a farmer, and as such I am a producer as well as a consumer. Our feeling in the Co-operative League is that much more progress should be made in the sphere of co-operative integration. The League is an example of integration, representing as it does co-operative groups in the fields of health, housing, credit, insurance, retail consumer marketing, agricultural production, agricultural marketing and many others. Any study of the business done would indicate that integration of production, processing and distribution both of raw materials and of consumer goods is taking place at an increasingly rapid rate.

If our co-operatives are to serve our membership, integration between producers' and consumers' organisations must increase. There are certainly many problems too numerous to mention but most of them are common to our urban friends—problems of health, education, transportation and taxes, as well as the whole problem of peace in the world today.

In conclusion, I would stress our very great concern that this philosophy of integration within co-operation be put into practice wherever possible, especially in those areas now forming their co-operative structures.

**Mr. K. Probasco, U.S.A.:** Because of the keen interest of the United States delegation and of the Alliance in agricultural co-operatives, we think Congress may be interested in a few comments on our co-operative farm credit system.

We believe very strongly that farm co-operatives should be free and independent from domination or control by governments, but we realise that there are times when a government can render a real service to the people by furnishing capital to farm co-operatives, but in such cases the government justly exercises some control of them so long as this capital is outstanding.

Let me illustrate this point by a few brief comments on the co-operative farm credit system, which is made up of hundreds of credit co-operatives serving the farmers. In the great depression of the 1930s, when farmers went broke by the thousand, the Government made millions of dollars available as capital to these farm credit co-operatives. These co-operative banks had three main functions: first, through the farm loan associations and land banks they lent money to farmers on their land; secondly, through intermediate credit banks they lent money to farmers for operating and production purposes; thirdly, through the banks for co-operatives they lent money to co-operatives that sold farm products and furnished farm supplies to farmers.

Most of these credit co-operatives have now paid back the original government capital and thus have become free and independent, controlled only by the members. This example demonstrates how governments can help co-operatives to get started successfully and we think that the governments in the developing countries could use our pattern of farm credit systems to further credit co-operatives. But where government capital is involved the repayment of such capital should be a definite part of the long-range goal of the co-operatives.

**Mr. A. Mayr, Italy:** It is my pleasant task, on behalf of Confederazione Cooperativa Italiana, to express our heartfelt thanks to the retiring Chairman of the Agricultural Committee for his outstanding work.

The Agricultural Co-operative Movement is of great importance within the I.C.A. and I do not think I need mention that it is the farmer, above all, who upholds the principles of the pioneers of Rochdale. Yet he is the poorest among us; he has only one harvest a year and, therefore, can renew his capital only once a year. It is regrettable that so few agricultural co-operatives are represented in the Alliance. Particular attention should be paid to agricultural co-operatives, and I would suggest that a round-table conference with agricultural organisations should be organised to try to strengthen the agricultural sector within the I.C.A.

**Dr. P. S. Deshmukh, India:** To those from India and some other agricultural countries like India, co-operation means one thing more than any other, and that is agricultural co-operation. Curiously enough our agricultural population during the last ten years has increased to a proportion in the neighbourhood of 80 to 82 per cent. This aspect of co-operation, therefore, is more urgent and more important than any other from the point of view of a country such as India.

Most of our co-operatives are credit organisations; there is very little diversification of the co-operative movement in spite of efforts made in various directions. To us an international co-operative bank has only one significance, and that is for the development of agriculture. There should be no question about investigating the need for an international co-operative bank—the only investigation required is how to proceed, what are the financial difficulties, what are the foreign exchange difficulties, what are the rules and regulations of the various finance ministers in the different countries which will affect it?

I heartily support previous speakers who emphasised that the agricultural sector of co-operation must receive more attention than in the past. I also support the idea of teamwork between producer and consumer co-operatives. Mr. Murray

Lincoln has preached this gospel, that there need be no quarrel between producer and consumer. I am an advocate of this idea because the producers, especially the farmers, are the biggest consumers in India and everywhere else, and I want to promote homogeneity and unity of purpose. It has been said that the bargaining power of the farmers is very low. I should like to correct that contention, because in my view the farmers have no bargaining power whatever, at least in my country, and are the victims of forces absolutely beyond their control. Unless we develop agricultural co-operatives they will never have even a semblance of bargaining power.

**The President:** Before passing to the next question I wish to pay tribute to the work which Mr. Drejer has performed over a great number of years. We thank him very much.

### **International Co-operative Housing Committee**

**Mr. S. Kypengren, Chairman of the Housing Committee:** The Report of the International Co-operative Housing Committee clearly shows that its work has been considerably extended since the last Congress; its constitution has been revised and adjusted to deal with the new tasks to be undertaken, and the character of these new tasks has necessitated the establishment of a special secretariat which is located at Stockholm within H.S.B. The number of organisations participating in our work is steadily increasing. The interest shown for co-operative methods in the supply of housing is everywhere becoming larger and larger, which is very encouraging for us, and this is especially the case in the developing countries.

The organs concerned with housing in the United Nations have on many occasions recommended co-operative housing as a way of tackling the enormous economic and social problems which housing constitutes in all countries. Our Committee is aware of the paramount problem of satisfying the most modest needs of today, and for this reason the longer-term aspects, including the growth of population, convince us that the housing problem is as serious as the problem of hunger.

The provision of housing is a complicated matter calling for special methods of co-operation, and this has naturally been reflected in the work of our Committee. On several occasions we have discussed the promotion of co-operative housing, and at the Conference last week the problem of housing in an expanding society and economy was discussed, with special reference to the provision of long-term finance, the difficulties of land acquisition, the necessity for close collaboration with the State and local authorities. The Conference also discussed problems peculiar to co-operative organisations, such as democratic control and effective management. The question of co-operative housing has two sides, the production of new houses and the administration of existing housing. Inter-collaboration with co-operative organisations in other fields, the necessity of education and training are also important.

The Conference received a report on collaboration with the United Nations. While the I.C.A. has emphasised the right of every man to have a decent home, it has realised that this cannot be accomplished in the developing countries without massive assistance from the developed countries, and it has urged the creation of a United Nations special housing agency. In a resolution which was unanimously endorsed, the Conference pledged itself to support the work of the I.C.A. and the United Nations, and the individual delegates promised to try to influence their national governments in this direction. The Committee is aware of its responsibilities and future tasks, especially as regards collaboration with the new United

Nations Committee; housing will be of growing importance, and the work of assisting the developing countries will have to be further planned; at the same time the exchange of information and experience between the existing housing co-operative organisations is necessary to stimulate the work.

In conclusion, I would like to take this opportunity of conveying to the I.C.A. Secretariat, particularly to Miss Polley and Mr. Watkins, the most sincere thanks of the Committee for their able assistance, and especially for the personal interest which they have shown during all these years in the work of the Housing Committee.

#### **Co-operative Wholesale Committee**

**Mr. H. Meins**, Chairman of the Co-operative Wholesale Committee : I would like to give Congress some information on the work of the Committee in addition to that contained in our report. Consideration has been given to the question of an international co-operative wholesale society, but none of the members was prepared to repeat the earlier unsuccessful attempts in this field without having some well-founded hope that a new effort might lead to success. The situation, however, has not yet changed, and I realise this will be a great disappointment to our friends from Pakistan.

A number of permanent working groups have met as well as *ad hoc* committees, and in this way the members of the Committee have been able to learn from each other's experience. Our work has been valuable in the field of production as well as that of trade, and I think I can say that mutual understanding and mutual readiness for collaboration have increased among the members. Conditions in the various countries and the repercussions of integration, the Common Market and EFTA have compelled us to increase our efforts, and for that reason it was decided at a meeting of the Committee last week to strengthen and to intensify collaboration among wholesale co-operatives in the fields of trade and production. If in the future the Committee does not engage in commercial activity of its own, it will nevertheless make recommendations to its member societies, and they have promised to do their utmost to assure that such recommendations will be implemented in their respective organisations. The C.W.C. is taking over the economic secretariat of the Scandinavian Wholesale Society on a basis of complete understanding with the Scandinavian organisation, and I would like to express my gratitude to the Society.

Dr. Keler, who has been Secretary to the Committee for many years, is about to retire and I take this opportunity of expressing our sincere thanks for his work. We have decided to appoint a new Secretary in the person of Mr. Eholm, the Manager of the Scandinavian Wholesale Society, which post he will continue to hold. This new arrangement will mean that we shall be working towards effective collaboration among our member societies, and we hope that we shall be able to learn from the practical experience of the Scandinavian organisation.

I would also like to refer briefly to the discussion which took place earlier concerning trade with co-operative organisations in the developing countries. The organisations members of the C.W.C. fully realise that this trade should be promoted, and that by doing so we should make a considerable contribution towards co-operative development in those countries. We discussed this question here in Bournemouth and came to the conclusion that there are restrictions on international trade in general, including international co-operative trade, which prevent our wholesales from acting entirely on their own initiative. The restrictions are imposed by our own countries and the wholesales can only try to assure that

they are reduced in favour of world-wide international trade. But we must also realise that difficulties are being created by the governments of the developing countries: there may be a marketing board to deal with trade exchanges, which means that an exchange of commodities cannot take place between co-operatives and it is entirely out of our province to change this.

It is vitally important that products offered by the under-developed countries should be up to the normal standards of international trade, but sometimes this is not so. Sometimes our efforts have failed because contracts were not adhered to, because the products were not available at the right time, or for other reasons. As regards price, I think we should say frankly that it is our task to supply our members on the most favourable terms. We must not quote prices which are not in accordance with the ruling market prices, or we would not be able to compete, and this would not help anybody, least of all our friends in the developing countries. Trade relationships between co-operative societies in the developing countries and our co-operative societies are not merely desirable but absolutely essential, but they have to develop organically. Experiments have to be made by both partners in order to secure mutually satisfactory conditions, and only if the supplier always tries to supply his customers according to the ruling market conditions will both sides be truly satisfied.

I repeat, on behalf of the C.W.C., that we shall do our utmost and I think at a later date I shall be in a position to report success.

#### **International Co-operative Petroleum Association**

**Dr. H. A. Cowden**, Chairman of I.C.P.A. : I am very happy to make a brief report and to have the opportunity to express my very great appreciation to the I.C.A. and especially to Miss Polley and Mr. Watkins, for the support they have given I.C.P.A. during the seventeen years of its existence. I thank them both, and the I.C.A. in general, very sincerely. Without the support of the Alliance the I.C.P.A. could not have accomplished what it has accomplished in these seventeen years.

Since the Lausanne Congress it has continued to make progress, not only for itself but in helping co-operatives in various countries to start in the petroleum business. It now has 33 members located in 24 different countries, some of which are very large and powerful organisations doing a tremendous amount of petroleum business. Our report, submitted to the annual meeting last weekend, showed that for the year past, as compared with the year before, the volume of trade was up 300 per cent, but what is perhaps more important is that the figure for savings, or profit, was up 400 per cent. This great progress has been possible for two reasons. First, we have had an increase in membership, but there are still some co-operative petroleum associations not in membership. I appeal to them to join hands with us, we need them and I think in time they will need us if they do not do so now. The other reason for this progress is the beginning made in the manufacture of lubricating oils. Some of the delegates here were at Dordrecht last May when we raised the rainbow flag over the first co-operative oil plant operated on an international basis. To me this was an historic event; a dream coming true, the dream that the consumers of the world might unite as consumers in the refining of crude oil and its processing all the way through to the consumers' automobiles and other vehicles using the oil. The plant in Holland,

where we blend all kinds of lubricating oil, is large enough to supply the present member co-operatives of Western Europe and, though a new plant, it is operating very efficiently and almost at capacity.

Many of us have thought that the big international oil companies were so large and so well financed and staffed that we small people could not do very much about it, but that is not true. In many cases, now, co-operative oil associations are handling more petroleum products in their respective areas than any one of the international oil companies.

We are now negotiating with the Indian oil company, looking towards the establishment of a blending plant in India; we are also negotiating with our friends in Pakistan and Egypt, looking towards the construction of blending plants in those countries. One of the purposes of these plants will be to realise what delegates from developing countries have been talking about in the past few days, the need of help from some of the older co-operative movements. Well, here is one tool which they can use. The I.C.P.A. is fairly well financed and staffed and in a position to sell its lubricants anywhere on a very competitive basis. Besides that, it has paid a patronage refund in each of the seventeen years that it has been in existence. Last Saturday, in the Town Hall here, at a quiet little meeting of 40 to 50 people, we declared a patronage refund that went to 24 countries and meant 66,000 dollars to Egypt and 42,000 dollars to Ceylon. This shows how developing countries can help themselves by associating with I.C.P.A. Three years ago we spoke of getting concessions in North Africa and setting up an organisation to prospect and drill, and eventually to produce. We have set up the organisation; it is well financed, and has been functioning for some months. We have done a great deal of geological work and we hope by the end of this calendar year to have concessions on which we can begin to drill.

Recently we have become more interested in fertilisers, and we are now in a position to furnish technical help in the development of fertiliser manufacturing plants as well as in the distribution of agricultural chemicals.

We need more capital. We are getting it gradually and the I.C.P.A. is now in such a position that investment should bear a good rate of return. We should like to involve in this some of the great financial institutions represented in this Congress. In passing, I might mention that the board of directors of Nationwide Insurance Company decided three weeks ago to put 500,000 dollars in I.C.P.A. to help out with some of the projects of which I have been speaking. I hope that other wealthy organisations looking for somewhere to invest will give consideration to I.C.P.A.

I should not like to leave Congress with the thought that the I.C.P.A. can be measured by its present balance sheet and operating statement. The most important thing we have done so far is to encourage the organisation of local and national petroleum co-operatives of consumers and to give them technical help. Some of them have grown very large and render great service to the people of their countries. Next to food, oil is the greatest source of energy for the people of the world. If the members of the I.C.A. organise together and pool their resources they can control the energy and the price of the energy, get the energy which they need so badly, and this can be of great importance to the people of the developing countries.

## Press and Education Conference

**The President :** Mr. Barbier has asked to speak about the Press and Education Conference and in view of the importance of this question I think he should have time for a short statement.

**Mr. Ch.-H. Barbier, Switzerland :** Having just listened to a speech about a great force, petroleum, I am going to speak of another great force, the press. Unfortunately, the co-operative press has not yet realised that it is a great force, or, perhaps more exactly, our co-operatives have not yet understood that their press is a great force.

At the two-day Press and Education Conference last week, although we had simultaneous interpreting, we were not able to complete our agenda. We realised, however, what was the present message of the co-operative press and how we could convey it to the public, but we were not able to consider all the changes that had come about in recent years, that the public of today is not the public to which we addressed ourselves previously, and that the methods of approach must naturally be different. One of the fundamental questions which the Conference examined was how to know to what extent efficiency is compatible with democracy. To what extent can our movements be efficient and, at the same time, can democratic control by the members be assured? This is most important in the message we have to put before our co-operators. I am happy to tell Congress that we unanimously reached the conclusion that if democratisation may at times seem to be a handicap within our society, a democracy properly understood and evaluated, wisely exploited can, on the contrary, be the trump card of our society and of our co-operative message in the press.



# Resolution on the Report of the Central Committee

## Peace

**The President:** I have now the pleasure to submit the resolution of the Central Committee on disarmament and peace:—

**The 22nd Congress of the International Co-operative Alliance** declares its belief that one of the most urgent problems of today is to establish lasting peace and security on earth, a world without arms and without wars, and to create among the peoples confidence in their own future and in the future of generations to come.

The Rules of the I.C.A. state, as one of its principal aims, that it will contribute to the establishment of such a world. This corresponds entirely to the interests and aspirations of all co-operators in all countries, who, like all mankind, demand to be liberated from the horrors of war which still threaten them.

The Congress observes with satisfaction that efforts made at the present time to prevent thermo-nuclear war, to reach general and complete disarmament, and to establish world peace, have attained unprecedented scope in all corners of our planet and form the essence of the life and activity of peace-loving people.

Every step towards this lofty goal is warmly welcomed by the peoples of the world, who, like millions of co-operators, whole-heartedly welcomed the Treaty banning nuclear tests in the atmosphere, under the ocean and in outer space, an historic document signed by over 100 nations. The peoples see in this Treaty a real opportunity to ease international tension and to stop the arms race which imposes a heavy strain on their resources. The Treaty will undoubtedly serve as a positive factor in the fight for peace and as a bulwark against the threat of a new war. It is the first step towards the complete banning of tests, production, storage and use of atomic weapons.

The Congress expresses its hearty approval of the Treaty and calls upon all the co-operators of the world to work for general and complete disarmament. It looks forward with confidence to the time when the productive resources now devoted to armaments and warlike preparations will be applied to the constructive tasks of banishing hunger, want and economic insecurity from the world.

The resolution comes to Congress with the unanimous recommendation of the Central Committee that it be adopted, and it will be seconded by Mr. Klimov and Mr. Southern, the Vice-Presidents of the Alliance.

Mr. Brot will then move an amendment.

**Mr. A. P. Klimov, U.S.S.R.:** I have much pleasure in seconding this resolution. All men of goodwill are happy that a Treaty to ban nuclear tests has been concluded, because it is regarded as a very important factor to removing the threat which nuclear tests represent. The Treaty is an excellent opening to a new era and shows the way for the solution of international problems through negotiations. It also shows clearly what can be achieved by progressive forces which are in favour of peace and co-existence. Millions of co-operators throughout the world have made their contributions to this end, believing that peaceful co-existence of countries of different economic and social systems will continue to develop. Today, when the world is divided into two camps, such an attitude is of the utmost importance and meets the requirements of the whole world.

We must continue to work to promote further collaboration for disarmament. The banning of nuclear tests shows that with goodwill all problems can be solved, and I believe the problem of complete and general disarmament can be solved in the same way. The resolution calls on all co-operators to express themselves in favour of general and complete disarmament under effective and practical

international control and that is why I am in full agreement with the desire of the Central Committee that this resolution should be adopted unanimously.

**Mr. R. Southern, Great Britain :** It is not without significance that this resolution has been moved by the President, seconded by one Vice-President and supported by the other, because it comes before Congress on the unanimous vote of the Central Committee and we have no doubt that it will be adopted unanimously.

In an assembly of co-operators there can surely be no difference of opinion about the terms and aspirations of this resolution. Therefore, it does not need any extended advocacy to commend itself to us or to our members, or indeed to all people of goodwill wherever they may be. The resolution is entirely in accord with our co-operative policies and with our co-operative desires for universal peace. It completely identifies this Congress with the sentiments and fervent hopes that the efforts and resources of nations shall become increasingly devoted to constructive pursuits instead of to preparations in fear of war. As this fear recedes, the prospects of a better life for all become increasingly possible of realisation. That is what we want and what the resolution says, and I have pleasure in commending it to the unanimous adoption of Congress.

**Mr. M. Brot, France:** When we proposed an amendment it was because compulsory control is not mentioned. In our opinion if existing nuclear stocks are not destroyed we shall in the end consolidate the existing position—that peace will rest on the mutual terror which two large blocs impose upon the world. Since it is so important to have unanimity upon the resolution, we will withdraw our amendment, but only on condition that it is noted that we only support the resolution if, in effect, reciprocity leads to the destruction of nuclear stocks.

**The President :** I understand that Mr. Brot does not want a formal amendment to the resolution but wishes that it shall be interpreted in the light of his speech.

Mr. Brot agreed.

**Mr. J. J. A. Charbo, Holland :** I formally move that the question be now put.

The motion having been seconded by several delegates the President put it to the vote, in accordance with Standing Orders, and declared it carried.

**The resolution was put to the vote and was carried unanimously.**

## **Amendments to the Rules of the I.C.A.**

### **Amendments Proposed by the Central Committee**

#### **Article 35. Present text. The Director and the General Secretary**

*The Director shall be responsible for the necessary action to give effect to the decisions of the Congress, the Central Committee and the Executive, and for the control of the affairs of the I.C.A. in the intervals between meetings of the Executive.*

*In particular he shall have the following duties and obligations—*

- a. To take part in the meetings of the Authorities of the I.C.A. with power to give advice but without a vote.*
- b. To represent the I.C.A. whenever the Executive may so decide at meetings of the United Nations Organisations and of other Voluntary and non-Governmental Organisations with which the I.C.A. shall have established relations.*
- c. To maintain relations between the I.C.A. and its members, to undertake such visits to National Movements, affiliated and non-affiliated, as the Executive may determine.*
- d. To edit the publications of the I.C.A.*

*The General Secretary shall have the following duties—*

- a. To carry out the duties of the Director in his absence.*
- b. To conduct the general work of the Secretariat.*
- c. To take part in the meetings of the Authorities of the I.C.A. with power to give advice but without a vote, and to prepare the Minutes of all meetings.*
- d. To manage the funds according to the budget, and having regard to the decisions of the Central Committee and the Executive.*

#### **Article 35. Proposed Amendment. The Director**

The Director shall be responsible for the necessary action to give effect to the decisions of the Congress, the Central Committee and the Executive, and for the control of the affairs of the I.C.A. in the intervals between meetings of the Executive.

In particular he shall have the following duties and obligations—

- a. To control the use of the finances, according to the provisions of the budget, the work of the personnel, the establishments and the activities of the Alliance.*
- b. To take part in the meetings of the Authorities with power to give advice but without a vote.*
- c. To arrange and prepare documentation for the Congress and meetings of the Committees of the I.C.A.*

Also to participate in such ways as the policy of the I.C.A. may require in the work of the Auxiliary Committees and Working Parties.

- d. To represent the I.C.A. whenever the Executives may so decide at meetings of the United Nations Organisations and of Voluntary and Non-Governmental Organisations with which the I.C.A. shall have established relations.
- e. To maintain relations between the I.C.A. and its members, to undertake such visits to National Movements, affiliated and non-affiliated, as the Executive may determine.

Articles 9, 14, 19, 20, 25, 29 amended texts to read "the Director" instead of "the General Secretary."

**The President :** May I take it that Congress is prepared to vote on these amendments as a whole?

Congress having agreed—**The amendments were adopted.**

**Amendments proposed by Société Générale Coopérative, Brussels**

**Article 8. Eligibility. Present text**

*Associations of persons or Co-operative Organisations which observe the Aims of the I.C.A. and the Policy laid down by its Congress shall be eligible for membership of the I.C.A.*

*Any Association of persons, irrespective of its legal constitution, shall be recognised as a Co-operative Society provided that it has for its object the economic and social betterment of its members by means of the exploitation of an enterprise based upon mutual aid, and that it conforms to the Principles of Rochdale, particularly as regards—*

*Voluntary Membership;*

*Democratic Control assured by the election of the administrative organs of the Association by the members freely and on the basis of equality;*

*The Distribution of the Surplus to the members, in proportion to their participation in the social transactions or in the social services of the Association;*

*Limited Interest on Capital.*

*Subject to compliance with these conditions, the types of Associations eligible for membership shall include the following—*

- a. *National Unions or Federations of Co-operative Societies of the types mentioned in f, g, h, i, j.*
- b. *National Federations of Co-operative Unions.*
- c. *Regional Unions of Co-operative Societies.*
- d. *Consumers' or Agricultural Co-operative Wholesale Societies.*
- e. *Co-operative Banks and Co-operative Insurance Societies.*
- f. *Consumers' Co-operative Societies.*
- g. *Co-operative Societies of Industrial Producers or Artisanal Co-operatives.*
- h. *Agricultural or Fishery Co-operative Societies.*
- i. *Co-operative Credit Societies.*
- j. *Housing and Building Societies.*
- k. *Other Associations of persons or Associations which have as their aim the Promotion of Co-operation.*

### **Proposed Amendment**

Paragraph 2, line 1, insert, " physical or moral," after the word " persons ".  
Clause k, insert, " physical or moral," after the word " persons ".

**Mr. W. Serwy, Belgium:** In introducing the amendment we propose to Article 8 I would first remind Congress of the old text, then explain the words which it is convenient to add according to our amendment: " Any Association of persons, irrespective of its legal constitution, shall be recognised as a Co-operative Society provided that it has for its object the economic and social betterment of its members. . . . "

Because of difficulties in applying the rules to the admission of certain members, we ask for the insertion of the words " physical or moral ". The text would then read as follows:—

" Any Association of persons physical or moral irrespective of its legal constitution, shall be recognised as a Co-operative Society provided that it has for its object. . . . "

The situation is sometimes difficult to grasp. When co-operators, physical persons, form a primary co-operative society, it is obvious that these physical persons lose their status of moral persons. But when it is a question of co-operative banks, co-operative insurance societies, wholesale societies, building societies, it happens that the national laws are in a way an obstacle to the admission, within the Alliance, of certain persons who belong to organisations of two categories. We, therefore, wish to add the words " physical or moral," in order to avoid any confusion.

**Mr. R. Southern, Great Britain:** I would suggest that if this amendment is adopted care must be taken with the translation into English. The English text before us contains the words " Any association of persons, physical or moral," but the words " physical and moral " have no meaning in the English language. I understand the reason for the amendment; it is because in countries whose laws are based on the old Roman code these expressions are quite significant, but in Great Britain and the U.S.A. our laws are based mainly on the Common Law. These expressions are, therefore, quite alien to us, and a careful translation will be necessary when the Rules are printed.

**The President:** After what Mr. Southern has said, I will first take the consensus of Congress on the substance of Mr. Serwy's proposal.

After a vote taken by show of hands the President **declared the proposal carried** and said: We shall request the Secretariat to assure an appropriate text in English.

### **Article 14. Associate Membership. Present text**

*Co-operative Organisations of any of the types mentioned in Article 8, which through their aims and activity promote the development of co-operation in conformity with the objects of the Alliance, but which, by reason of the fact that in their early stages of development they are receiving outside support, have not yet complete control of their affairs, shall be eligible for Associate Membership as a transitional stage towards full membership.*

*Organisations desirous of becoming Associates shall apply to the Executive on the form supplied by the General Secretary, sending with their applications two copies of their Rules (or a translation in one of the official languages of the I.C.A.), last Annual Report and Balance Sheet.*

### **Proposed Amendment**

At the end of Paragraph 1, add the words—" and shall be reviewed periodically by the Executive."

**Mr. W. Serwy, Belgium:** This proposed amendment seems important to us. It is obvious that an associate member in the first phase of development receives assistance from public authorities to a greater or lesser extent, which may create a certain obstacle to its full liberty. But we must admit that if it is a temporary position, there are two alternatives: either the organisation becomes gradually more free regarding its decisions and may even become completely free, or it remains for ever in this position, perhaps even vanishes because of unexpected circumstances. In our opinion, these temporary circumstances in the position of associate members must be closely followed by the Executive.

Therefore, we propose to give more precision to the phrase at the end of the first paragraph which would then read "... as a transitional stage towards full membership and shall be reviewed periodically by the Executive."

**Mr. C. Pedersen, Denmark:** With regard to Article 14, also the amendment to Article 8 which has just been adopted, I suggest that Congress should know the opinion of the Executive and Central Committee on these proposals as it is very difficult for us to understand the implications of the amendments.

**The President:** As far as Article 8 is concerned it is merely a technical change to enable some organisations, which under the present wording would not be eligible under Clause (k), to be admitted.

As regards the amendment to Article 14, Mr. Serwy has explained very clearly that in his opinion the Executive should be entitled to review the situation to ascertain whether the status of an Associate Member has changed. The Executive has the duty to review membership problems as a whole, but it may be more expedient to provide for this in the rules.

As there are other amendments proposed to Article 14 it might be practicable to discuss them now to avoid repetition.

### **Amendment proposed by Centrosoyus, Moscow, and Ustredni Rada Drustev, Prague**

That Article 14, Associate Membership, be deleted.

**Mr. J. Nepomucky, Czechoslovakia:** I wish to state that the Czechoslovak delegation support the suppression of Article 14.

**Mr. C. T. Mateesco, Roumania:** I will confine myself to a very brief statement of our opinion; we are in favour of deleting Article 14.

**Mr. Tolino, Italy:** Lega Nazionale delle Cooperative supports the suppression of Associate Membership in order to be faithful to the principles of Co-operation on which the International Co-operative Alliance is founded.

**Mr. V. Janjic, Yugoslavia:** Many new co-operative movements are coming into existence today and it seems to me quite unjustifiable, morally and ethically, that we should not welcome them into the Alliance as further links in the world chain of Co-operation. Associate membership gives no rights and associate members may not take part in the making of decisions. That is not only bad for them but also for the Alliance. For these reasons I am in favour of the Centrosoyus proposal.

**The President:** I think it would be appropriate to remind Congress of the background to the decision of the authorities of the Alliance, the Executive, the Central Committee and the Congress, to adopt the Article on Associate Membership.

While we wish to admit as many co-operative movements as possible from the developing countries, in certain countries there is so much state control in the initial stage of their economic development that there may be a majority of state officials on the boards of co-operative institutions; in such cases it would not be possible to accept such organisations into membership with full rights, but in a number of cases this extent of control is merely for a transitional stage. If it is the policy and the intention of a government that the organisation shall gradually be converted into a voluntary body, then it would be quite proper to give the organisation concerned the possibility to participate in the organs of the Alliance in the more restricted way which is provided under Article 14.

With that explanation may we now proceed to take a card vote on whether Article 14 on Associate Membership should be deleted or not.

A card vote was taken, the result of which announced by the President was 122 votes for the amendment, 355 votes against.

**The amendment was, therefore, declared to be rejected.**

**The President:** We will take a vote on the Belgian amendment to add the words "and shall be reviewed periodically by the Executive" at the end of the present text.

A vote taken by show of hands showed only one vote against the amendment.

**The President, therefore, declared the amendment carried.**

**Amendments proposed by Ustredni Rada Druzstev, Prague, and Centrosoyus, Moscow, to Article 18—Rate of Subscription, Article 23—Representation at Congress, Article 29—Duties of the Central Committee, Article 32—Executive, Article 35—The Director and the General Secretary.**

**Mr. J. Nepomucky, Czechoslovakia:** During the discussion on the Central Committee Report and on other occasions we stated that we do not agree with the existence of several categories of membership which carry different rights. Therefore, we came to an agreement with the Soviet representatives to present a joint proposal on the unification of membership, that is to say, the creation of a single membership category. But, since it has been decided that Article 14 is to be retained in the Rules, we withdraw the whole of our proposals.

## Resolutions of Affiliated Organisations

### Promotion of Consumer and Processing Industries in Developing Countries

The Congress calls upon the Co-operatives of the developed countries to collaborate with similar Organisations in the developing countries in setting up consumer and processing industries in those fields in which the Co-operatives of the developed countries have made headway and gained experience, by providing capital and technical know-how.

To this end, the I.C.A. should find out from the Co-operatives of the developed countries the areas in which they are interested to collaborate and the extent of capital and technical know-how they could provide for the purpose.

The I.C.A. Asian Regional Office should undertake a survey for ascertaining the specific fields in which such collaboration is desirable from the point of view of the economics of the industry, the growth of local demand and supply position of the goods and the possibilities of exports.

**The President:** Mr. Brahm Perkash will propose the resolution submitted by the National Co-operative Union of India.

✓ **Mr. Brahm Perkash:** That there is a great need from many points of view to enlarge the scope of operation of co-operatives in developing countries has been stressed by delegates from those countries and the question is how we should start to do this. Mr. Watkins, in his paper, said that "The acid test of international co-operation as an economic system lies not in the ideal but in the commercial sphere." He uses this sentence, no doubt, in a somewhat different context; he wants education and a better atmosphere for education, but ultimately co-operation is a series of economic institutions, and it has to be built on commercial and economic activities. It is very necessary, therefore, that something concrete should be done.

No doubt the resolution I am proposing is very mild. Much more is needed, but, as is said in the resolution, it is necessary that the developed countries should start thinking about this question, also that the I.C.A. authorities should consider how the developed countries can collaborate in the field of industry by the provision of know-how and technical assistance, as well as the capital which is necessary to the extent that foreign exchange requirements are concerned. Although a little capital would be available in most countries, particularly India, there are payments which the developing countries could not make in the currency of the country in which they have to be made, and to that extent foreign exchange would be needed.

To emphasise the need, let me take the example of India where co-operation is the readiest means of building a democratic and socialist society. We do not want the state sector to be all-pervading, but at the same time we do not want the private sector to become powerful. The politicians are fighting for certain other ends, but the capitalists are free and are going ahead. Capital comes to India from Britain, the United States, Germany, Japan and other countries, but co-operatives cannot take advantage of this, because so far as the state sector is concerned most of the basic and key industries have been developed. We do not want our key industries—the big electrical works, the big communication works, mining and steel plants and machinery-producing plants—to be in the hands of capitalists and cartels, so our Government decided that they will be in the state sector. We are borrowing money from all the friendly countries and borrowing know-how, and we are spending huge sums in building our key industries. We



are determined, at least, to double our standard of living by the end of 1976, so that a huge amount of capital is being invested in the economy, and we are seeking know-how as well as capital from friendly countries. What the western world has been able to achieve in the last hundred years we want to do in a very much shorter time. It is only through co-operation that the lessons of democracy can be taught, and, therefore, we want to establish a large number of consumer co-operative societies.

No doubt we can make the management of our co-operative organisations efficient and do many other things, but at present we have to obtain our goods from the capitalists, from private traders. We need to establish a large number of consumer industries and there are vast fields for this development. For that reason we suggest that the I.C.A. should ascertain from the co-operatives of the developed countries the areas in which they are interested to collaborate and the extent of capital and technical know-how which they can provide.

**Mr. A. A. Charchoglyan, U.S.S.R.:** The promotion of consumer industries in developing countries is of the utmost importance and we are all in favour of it. Colonialism left very heavy deficiencies in the economic, cultural and other sectors of these countries and one of the greatest obstacles to progress is the need for them to develop their own industries upon which their economic independence entirely depends. The I.C.A. should consider this problem very closely.

It is equally necessary to develop the Co-operative Movement and in this we must actively participate. Co-operatives in developing countries can play an important rôle, provided they receive the necessary assistance from the movements of other countries. This assistance can take different forms; some movements have given help in training, others in supplying machinery and equipment, others have made available experts on co-operation or sent books. It would be very useful if developing countries told the Alliance the kind of assistance they need, then the movements of the developed countries could say how far they could help. The Soviet Government helps the developing countries very considerably in establishing their national industries. In India enterprises have been established in the petroleum industry, in metallurgy and mining.

As regards the resolution, we feel it should be emphasised that the Regional Office does not cover Latin America and Africa. On the other hand, it would be useful for the development of the movement in Africa and Latin America if they would establish their own regional offices when they consider it necessary. They should decide what they want in this connection and it should be left to their own evaluations.

**The President:** As regards the last remarks of Mr. Charchoglyan, it should be quite obvious that the I.C.A. does not contemplate setting up regional offices or education centres in any part of the world without first knowing whether such institutions would be welcomed by the Co-operative Movement in the region concerned. I am anxious to dispel the fear which has been expressed that the I.C.A. might impose a regional office on a region where the co-operatives did not desire such collaboration.

**Mr. R. Ahmed, Pakistan:** I rise to express the wholehearted support of the Pakistan delegation for the resolution proposed by Mr. Brahm Perkash. The developing countries are in most cases dependent on agriculture as their main industry. Countries or populations which remain agricultural or depend mainly on agriculture will remain poor, because agriculture is not so profitable as manufacturing, and has to be subsidised even in advanced countries such as the U.S.A.

and Great Britain. It is essential that with the development of agriculture we should develop processing industries, not only to relieve pressure on the land but also to increase the income of the farmers. This development of agriculture should also be supported by industrial development in the consumer sector.

There are two reasons for asking for aid or collaboration in developing our consumer industries. The Co-operative Movement will make a much greater impact if it enters the towns, moreover the towns and cities have some rural population; also there will be an educational and propaganda value if we serve the consumers in the cities. Apart from that, particularly in India and Pakistan, exploitation now takes place more at manufacturing than at distribution level. The margin of profitability obtained by industrialists is much bigger than the margin of profit kept by the wholesaler or retailer, and because of this consumer distribution will not succeed unless it is backed by consumer production. That is why we think that the setting up of industries for the production of consumer goods is very important.

The developing countries are faced with two problems—the problem of rapid development and the problem of achieving social justice—which are sometimes contradictory. If we insist on rapid development, the aspect of social justice is apt to be suppressed, because the Government which has more confidence in the capitalist who has already made a success of his industry gives licences and facilities more readily to private enterprises which will be able to develop the industry concerned more quickly than a body of men in a co-operative. Thus the case of the co-operative goes by default. We are convinced that if the point of view of social justice is to be kept in mind, industry should be developed through co-operatives. Since all the necessary facilities are not available to co-operatives through governments, collaboration from other co-operative movements is essential in promoting industries. We must remember that even though governments may be very sympathetic to co-operation in the developing countries, they must work through the administrative machinery. While the top governmental people lend their support to co-operation, the bureaucrats sometimes place obstacles to the implementation of the policy of encouraging it. For these reasons, the Pakistan delegation gives strong support to the resolution and invites the movements in developed countries to extend a helping hand to the promotion of industries by co-operation in the developing countries.

I want to speak for a minute on a phrase in the first paragraph of the resolution which I wish had been omitted; it is “to collaborate . . . in those fields in which the co-operatives of the developed countries have made headway and gained experience.” I think that collaboration need not be so confined and that the movements in developed countries should collaborate in developing industries essential to developing countries. I do not propose an amendment, but if the mover of the resolution accepts this suggested change in the text well and good.

**The President:** I submit that if the decision on this resolution is favourable the resolution might be interpreted in the way suggested by Mr. Ahmed, without moving and accepting an amendment.

**Mr. W. Sandbach, U.S.A.:** The United States delegation wholeheartedly support this resolution and would like a broad interpretation of its wording. It speaks of “setting up consumer and processing industries.” We hear much about the importance of integration. Integration means integration not only at the beginning but at the end, and I would hope that these words could be interpreted to mean setting up adequate distribution of the products which are the result of this industry and processing.

We all know that in the last ten years we have had a revolution in our distributing system. first the supermarket and then the discount centre have shown where we are going. We have found in America, and I am sure it applies to many other countries. that if we just have control of the processing of the products it is like being in a bottle with the private traders controlling the cork. It is very important to develop a strong, modern distribution system, because if we leave distribution in the hands of the private traders our products will soon have no market. It is extremely important that we should give technical help to developing countries in the form of a modern distribution system, otherwise they will soon find themselves without a market. We urge, therefore, that the I.C.A. should make this study and give all possible technical help in implementing the resolution.

**Mr. J. Sen, Czechoslovakia:** The Czechoslovak delegation supports the two resolutions submitted by the Co-operative Union of India. We believe that in the process of industrial development the Co-operative Movement and co-operative principles can be introduced with advantage in developing countries, especially in establishing and expanding consumer and food processing industries. Considering the existing sources of raw materials, it will very often be a question of important local or regional enterprises which do not need exceptional investments. Organised on a co-operative basis, these enterprises can offer possibilities of employment and ensure the use of agricultural products inclined to deteriorate rapidly but which, after a certain treatment, stand transport better and thus can improve the food supplies of the people in the region.

**Mr. D. E. Hettiarachchi, Ceylon:** It is not necessary to speak at length on this resolution, because I think its acceptance is obvious, but I feel it is my duty to record that it has our wholehearted support. What Mr. Brahm Perkash and the delegate from Pakistan have so ably expressed applies also to Ceylon and most of the South-East Asian countries.

The Congress has devoted much time to the problems of the developing countries and I should like to underline a fact which the President brought to our notice in his address. He rightly said that prices of raw materials produced by the developing countries have dropped recently by 15 per cent, while prices of consumer goods which those countries import have risen by 25 per cent. That fact affords eloquent support for the resolution and the figures speak very clearly for the conditions prevailing in our countries, which have been described by more than one speaker.

There are countries which give us aid, but most of it, unfortunately, goes to capitalist concerns, because co-operatives are handicapped in taking the initiative to make industrial progress. In view of the wholehearted acceptance which we give to the resolution, I think that advocacy and eloquence are not necessary.

**Mr. A. J. L. Smaby, U.S.A.:** I should like to tell our friends from India and other developing countries, and Congress as a whole, that we in the U.S.A. are organising what we call the International Co-operative Development Association, the purposes of which are almost identical, I think, with what is being called for in this resolution. I should like to tell Congress about some of these purposes. The first is "on the job" training of potential managers and other supervisory personnel for the co-operatives in developing countries, to provide management and all the facilities incidental thereto for carrying on co-operative business; to encourage and develop ownership and participation on the part of the people of these countries jointly with co-operatives in the U.S.A.; to assist in the organisation of co-operatives for the manufacture of products that are needed; to aid in the development of enterprises in such a manner as to transfer the ownership to the

people of the developing countries and to promote international trade. The legal work concerned has been completed and we have already obtained as members some of our largest and strongest co-operatives. We are most happy to associate ourselves with the resolution in order to help to develop co-operative activity in the developing countries.

✓ **Mr. Brahm Perkash:** I will not take up much time in my reply, especially as most of the advanced countries have lent their support to the resolution. There has been a suggestion that its scope should be enlarged and, if the President agrees, I have no objection to amending the first paragraph to read: "The Congress calls upon the co-operatives of the developed countries to collaborate with similar organisations in the developing countries in setting up consumer, processing and other industries, by providing capital and technical know-how." That would meet the points made by Mr. Ahmed and Mr. Smaby. We might also amend the last paragraph so that it applies not only to the Asian Region but to all developing countries.

**The President:** I would ask Mr. Brahm Perkash and others who have suggested widening the scope of the resolution to consider that it is a little difficult to change the wording now. The remarks which have been made will be recorded in the verbatim report, and we can put on record also that the wording of the resolution should be interpreted liberally as suggested by Mr. Ahmed and others.

**Mr. Brahm Perkash** having agreed to this interpretation—**The resolution was adopted unanimously.**

#### Distribution of Co-operative Literature

The Congress directs the I.C.A. to compile and make available such literature as has already been published by the fully developed co-operative movements and considered useful in its efforts for promoting co-operation in the developing countries. The I.C.A. shall make available such literature to the national co-operative organisations of the developing countries with necessary finance for translation into national languages and distribution in the respective countries on an extensive scale, as part of its Technical Assistance Programme.

✓ **Mr. M. N. Kaka, India:** The context of this resolution has been appreciated I believe, for many years, so that we are only putting formally into words ideas which are generally acceptable. It would be a pity if the experiences gathered by western co-operators over a period of more than a hundred and twenty years were not made available to the developing countries, thus forcing them to go through the painful process of a trial and error method by making mistakes and learning from them. This resolution indicates a short cut, a wise and logical one, by which the experience of the western nations can be made available to the developing countries. Mr. Watkins in his paper emphasises the need for less haste to permit careful consideration and wise decisions. This policy could be implemented much more speedily and effectively if we had the experience and literature of the western nations translated into the languages which we understand and can read and study, so that we might make deductions from them.

I have pleasure in moving the resolution which I hope Congress will receive as kindly as in the case of the previous resolution.

**The President:** Mr. Pasquali will move the amendment standing in the name of the Lega Nazionale delle Co-operative—

**Mr. L. Pasquali, Italy:** While we agree with the resolution, we consider a mere, somewhat mechanical, sending of co-operative literature would not be useful

in view of the different conditions and experiences. Careful selection and adjustment is necessary to provide, in the national languages, literature which responds to the conditions and requirements of the co-operatives in developing countries.

Therefore, we propose to add, following the words "The I.C.A." in the second half of the text, "**after a careful selection made in close consultation with the interested National Organisations and in collaboration with its Auxiliary Committees.**"

**Mr. A. A. Charchoglyan, U.S.S.R.:** Education, the exchange of experiences and collaboration between co-operative organisations are of the utmost importance and mutual advantage, and one of the instruments is literature. The Soviet delegates fully support the proposal of the Indian Union that it is necessary for the literature of the advanced countries to be translated for the benefit of the developing countries. By studying such literature, the organisations in the developing countries will become acquainted with all sectors of co-operative life and also the experiences of the movements in the developed countries.

The Soviet delegates consider, however, that in selecting literature for translation and distribution in a given country, the I.C.A. should take into consideration the country of origin. National organisations should recommend to the I.C.A. literary works which they consider useful. The I.C.A. should not be limited in the selection of literature and funds for translation should be made available.

**Mr. J. Voorhis, U.S.A.:** The U.S.A. delegation strongly supports this resolution but suggests that the mere translation of documents already found useful in one country may not be sufficient. It may be necessary, as Mr. Watkins has pointed out, that in some cases material should be rewritten by somebody in the country where it is to be used.

✓ **Mr. R. Ahmed, Pakistan:** In supporting this resolution I want to underline its significance. There is an acute scarcity of information in our countries about the more developed co-operative movements. We are hungry for information and knowledge and we are prepared to pay for it. Literature embodying the experiences of the developed movements would be helpful, but unfortunately it is not everywhere available. I visited Germany in 1960, and when I asked for a list of publications about the 4,000 agricultural co-operative societies I was told that nothing existed in English, only in German. We wanted to know about the achievements during the last century in Canada, in Nova Scotia; about eighteen months ago we wrote to the Co-operative League for certain literature of the A.I.D. Perhaps these small requests from a tiny co-operative movement did not find a hearing since we did not receive any response. We have had support, however, from some developed co-operative organisations which regularly and automatically send us literature.

One of the principles of the Rochdale Pioneers was member education. Coming from a weak movement, I have a fraternal right to call for the assistance of the I.C.A. and the organisations in developed countries to enlighten me. Mr. Watkins in his paper lays great emphasis on the education of what he calls the front line workers. No co-operative organisation can be built up without front line workers. They, however, must be trained before they can train others, and behind the front line workers are the policy makers who also have to be educated. For the education of the front line workers we need to translate into vernacular languages the knowledge which exists in other countries. The cost should not

be very great and I do not think the organisations in the advanced countries would mind if the expenditure were borne by the ILO, FAO, Unesco and other United Nations Specialised Agencies who might pay for the translations to be undertaken in the country concerned. I suggest that the J.C.A. should co-ordinate the requirements of the movements in the developing countries.

**Mr. P. Padovani, Algeria:** I wish to speak very briefly, first because no one from Africa has yet spoken, also because in our young countries co-operation is the basis of the national life. I also wish to welcome the desire of our elder brothers in India to have on the Congress agenda the important question of the distribution of co-operative literature, particularly in developing countries, and, through it, knowledge of the experience acquired in other parts of the world. Indeed, in these developing regions, where the value of the men and, in particular, the quality of methods and of labour express their own experience, this is often much superior to the return that even big capital can give. We think, and the experience of several years' activity among the masses of population has shown, that their experience is essential and that as a ferment it can only be spread by means of literature.

I would, however, warn against a real danger. Very often in Africa, a continent where it is possible by the English, French and Arabic languages to contact the masses, we find a lot of literature which, obviously, is not in keeping with the standard of living of the people nor with local realities. Therefore, coming myself from the masses, I venture to tell Congress that literature distributed in bulk runs the risk of not reaching the co-operators. In the first place, translations should be made in the three languages mentioned, then it would be advisable, with the help of experienced people, to envisage the establishment of adaptation centres, because we must not forget that we address ourselves to a human mass, full of goodwill, for whom co-operation truly represents the form of the future which polarises the spirit of the peasants and workers and represents for the masses a form of re-adaptation to life.

We must not simply give the masses, in bulk, the written result of a century of experience in the industrialised countries. The translations must be preceded by a kind of adaptation. In my opinion, that is a very difficult task, which must be undertaken with great honesty, without bias, without trying to influence those who will read these works. Personally, we are willing to help, in particular for translations into a literary or a Mahgreb Arabic; essentially we offer you our goodwill, our thanks, our hopes in anticipation.

✓ **Mr. D. E. Hettiarachchi, Ceylon:** I wish to speak on two points concerning this resolution. Mr. Watkins has said he is confident that good results were obtained by European consumers visiting Great Britain many years ago and seeing for themselves the colossal structure built up in the form of the Co-operative Wholesale Society. That makes me think about the developing countries, because it is the countries from which we come which need that experience, but how few are privileged to have it! It is the knowledge and experience which could be acquired by visits to developed countries that is proposed in this resolution.

In some countries the movement is confined very much to the "have-nots." In our country, we are very anxious to spread the gospel to the middle classes, and one of the necessary tools for this is to make available literature and other information regarding the mighty co-operative structures which have been built in Europe. In our part of the world there is a serious lack of literature of educational value. Is it not reasonable to consider having a suitable film made,

giving information about the movements in the developed countries? There is a serious lack of films of educational value in my country.

**Mr. W. R. Kapinga, Tanganyika:** I support this resolution. The world today is becoming very small, but I feel that in the sense of the co-operative movement it is still big. The knowledge that exists in Africa, in Tanganyika particularly, about the Swiss movement, for example, is practically nil. I feel that the implementation of this resolution will enable us to bring movements much closer together and enable those in the developing countries to learn from the experiences of the developed movements. The problems which face Africa, Asia and Latin America today are not new; these same problems have been experienced by the developed co-operative movements, and their experience if made known to the developing countries would, I am sure, lessen the time gap about which we have talked. Our countries are racing against time, and it is a time-saving factor to learn from the experiences of others. It is in this belief that I support this resolution, in the hope that literature and other information from the developed countries will enable Africa and other regions of the world to develop more rapidly, as for them it will not be a question of invention, but rather of imitation.

Lastly, I would emphasise the need for building up co-operative libraries in the developing countries. I am particularly interested in this resolution, but my greatest problem has been from where to get books. This offers a quick way of helping the developing movements to build libraries for reference and for lending to their members.

**Mr. C. Pedersen, Denmark:** I am sure Congress is in full agreement on the essentials of this resolution. The co-operative organisations generally endeavour to produce literature which can be of use to other countries. The Danish organisations have tried to do this in a small way but it is more difficult in small countries, with languages of their own, to produce literature in the world languages than it is for countries using those languages. I agree that more action by the I.C.A. is desirable, but, in view of the financial implications and the necessity for co-ordination with I.C.A.'s general technical assistance programme, I should like to ask whether Congress would refer the question to the Executive to deal with it in a positive spirit and report back to Congress. If such a procedure is not possible I will support the resolution.

**The President:** On the question of procedure, I would point out to Mr. Pedersen that when a resolution has been approved by Congress it is the duty of the Central Committee and the Executive to consider ways and means of implementing it in the most practical manner.

I call upon Dr. Saxena, Regional Officer for South-East Asia, to make a few comments on this question in the light of experience gained in the region, after which Mr. Watkins will add a footnote.

**Dr. S. K. Saxena:** All the speakers have emphasised the inadequacy of the literature existing in under-developed countries and there can be no two opinions about that. It might be refreshing, however, to hear about the modest efforts we are making to attack this problem.

In the Regional Office we maintain a distribution list of 500 to 600 co-operative organisations to which literature is regularly sent, and this list is up-dated from time to time. Our second important activity is that the bulk of the material produced by the Regional Office consists of reports of the various conferences and seminars which we organise, approximately four regional and four national

seminars each year. We are now taking a closer look at this material to see if any of it could perhaps be printed and distributed to those on the list which I mentioned. There are occasional publications arising from seminars such as the book on *Co-operative Leadership* and a memorandum submitted to the Government of India on co-operative education. We are now working on a publication on *Consumer Co-operation*, which will consist of papers from under-developed countries, also contributions from co-operators in developed countries.

We have taken stock of the existing material in the region in the form of a *Bibliography*, which lists publications in English and in the local vernaculars. We receive a number of requests from individuals and organisations for information about particular questions, such as the consumers' movement in Sweden or in Britain. In addition, we are collecting information about the various co-operative training colleges and institutes, teaching methods, and so on. Finally, we distribute the I.C.A. publications, which contain useful references to new books which have been published.

The resolution calls for the compilation of existing literature. In this connection we should remember that a number of bibliographies have been issued by FAO, ILO and other bodies. As regards the question of translation, the multiplicity of languages is a factor which must be considered and, finally, there is the important problem of getting people to read the literature which is produced.

**The Director:** What I have to add to Dr. Saxena's remarks is just by way of advertising. First, the library service of the I.C.A. is at the disposal of organisations and individuals at any time for inquiries about books, and if copies are available specimens can be supplied. About twice a year the Library offers gratis surplus copies of books, giving priority to co-operative libraries in the developing countries. The second advertisement concerns Mr. Cheesmar's book on *Co-operative Organisation* recently published by the I.C.A.'s associated member, the Central Co-operative Agricultural Union of Jordan, in Arabic. Something like three or four thousand copies have been ordered and there will be a surplus for those who are interested. Thirdly, the life of Frederick William Raiffeisen, told in the form of a novel and published in English by the Credit Union National Association of the U.S.A., is expected in London within the next few days and the Publication Section of the Alliance will be very glad to receive orders.

**The President:** In asking Mr. Kaka to reply, I would ask him if he thinks the amendment to the resolution proposed by Lega Nazionale is acceptable?

✓ **Mr. M. N. Kaka:** No particular reply is necessary to the discussion, but I hope the suggestion made by Mr. Voorhis will be noted in the Congress records. While in substance we find the amendment proposed by Lega Nazionale acceptable, I would suggest that the wording might be slightly changed by agreement between the mover and the I.C.A. secretariat as I think there is scope for some slight improvement in the phrase "after a careful selection made in close consultation with the interested National Organisations and in collaboration with its Auxiliary Committees"—"its" refers to the I.C.A. and not to the National Organisations. I thank the delegates for the support extended to this resolution.

**The resolution, with the Italian amendment revised as suggested, was adopted unanimously.**



## **The Duties of the Co-operative Movement Towards Young People**

The 22nd Congress of the I.C.A. emphasises the great importance, at the present time, of educating the younger generations in order to attract them to the principles and ideals of Co-operation.

The profound changes in the world of today, in the economic and social structures of science and techniques, have brought great changes in the way of life, the ideals, the cultural interests and the vocational tendencies of the younger generations.

The efforts of co-operative organisations to adapt themselves to this new reality, in accordance with the recommendations of the Lausanne Congress, inevitably affect the problems which condition their ideal and practical influence on youth and, consequently, on the future of co-operation in the world.

In particular, the necessity is recognised of renewing and adapting the content and form of propaganda and of the education of young people to win their support for the ideal and practical function of co-operation as a movement which demands and works for a higher social order in the interests of humanity.

Youth must be encouraged to take part in co-operative activity and also, after suitable preparation, to accept positions of responsibility in co-operative organisations.

To achieve these ideal and practical aims of attracting young people to co-operation, national organisations are urged to develop their own specific initiatives as regards the problems of youth, and the particular needs of youth in education and vocational training, as well as in cultural and recreational activities.

To create a co-operative consciousness among young people the promotion of contacts between young co-operators of different countries, thus contributing to the cause of friendship and peace, is of great importance.

The 22nd Congress, therefore, with a view to organised and well-oriented co-operative youth work emphasises the desirability of creating Permanent Committees for Youth Activity within the National Movements.

**The President:** This resolution, submitted by Lega Nazionale delle Co-operative, will be moved by Mr. Vigone.

**Mr. L. Vigone:** The reasons which moved the Lega Nazionale delle Cooperative to submit this resolution will be of interest to the members of the I.C.A. Many national movements in the past have concerned themselves with the problems of the rising generations, but we think the time has come to urge the movements in all countries to regard this question as a vitally important one. In a word, the ability of co-operative organisations to adapt their action and structure to the changes of a world in evolution—using the words of the Lausanne Congress—depends, to a great extent, on the way they are able to reflect the requirements of the new generations, and exercise a strong idealistic hold upon them, while establishing practical links.

In the first place, because of the profound economic and social changes and of scientific discoveries and progress—which in our time justify the term “historical turning-point of human society”—the young generations, free from past hypotheses, can best adapt to the effects of these changes in the needs and way of life. There is no question of opposing the young generations to the old, but in our opinion the great effort of adaptation and change which co-operative organisations are called to make is on a par with a process of rejuvenation which must affect different aspects and stages of their activity, ideals and practices. Particularly, we have in mind the problem of the promotion of young people to managerial posts at all levels. This implies the definition of a policy which will attract young people and encourage them to take part in co-operative activities.

In presenting this resolution, we have been stimulated by the profound conviction that the possibility for co-operation to extol its great educative function in the promotion of understanding, friendship and peace among the nations will largely depend on its capacity to establish strong links with the younger generation. In our opinion the importance and urgency of a special effort towards the younger generations is a problem which affects the co-operative organisations of the whole world, irrespective of the different systems and conditions in which they are developing. Finally, we think that the approval by Congress of the spirit and motives of this resolution imposes for the authorities of the I.C.A. the problem of the creation of a Permanent Youth Committee, also the nomination of a specialist in the problems of young people.

**Dr. H. Dietiker, Switzerland:** I am impressed by the usefulness of this resolution, and I should like briefly, but with great emphasis, to support it on behalf of the Swiss delegation. All the recommendations are of great value, although I do not think it will be possible to put all of them into effect. The decisive point is that the resolution refers to problems and tasks which are important and significant. It sounds like a mere platitude to say that those who have youth have the future before them, but there is an element of truth in it, and it has all the more weight because in a number of countries a large number of our members are perhaps rather elderly. I believe that a grain of youthfulness, a grain of daring, will do our Movement good. It is important that we should safeguard the interests of youth, for the sake of youth.

I do not need to emphasise the educational values we can offer to youth by way of ideology. On the other hand, the Co-operative Movement needs the collaboration of youth and will benefit from it. How youth is to participate is, I think, almost a matter of secondary importance, whether we proceed in the British way, of an independent youth organisation, or whether we adopt the Swedish method. The method to be adopted must be decided according to national and regional conditions. But what is of the greatest importance is that we should not lose our contact with youth. Finally, I should mention that important work is already being performed in the Youth Movement in Switzerland.

**Mr. C. T. Mateesco, Roumania:** The problem of educating the younger generation is of great importance for the co-operative movement which includes a very large number of young people who must be given all possible assistance. The movement's future development will largely depend upon whether the national organisations are able to attract the younger generation. The education and the training of the younger generation must be directed against militarism and hatred, so that they will understand that in our times war is not necessary, that it should be excluded from our lives, but that we have to fight for disarmament. Through publications, radio, television and other media the ideas of peace, humanity, freedom and mutual understanding should be disseminated. There should be understanding between people in spite of different socio-economic systems and racial origin.

The 17th Session of the General Assembly of the United Nations discussed how the idea of peace and mutual understanding should be promoted among the younger generation and there was general agreement on this important concept. The Roumanian Government presented a draft declaration on the subject which will be dealt with at the 18th Session. The Conference of Unesco at its 11th Session adopted a resolution with a similar content. In 1961 the secretariat of

Unesco invited the national committees, the specialised agencies and non-governmental organisations to present their comments and proposals concerning measures in this field, but from the Report of Unesco we see that the I.C.A. did not respond.

I am in full agreement with the resolution but wish to suggest a slight amendment in the following words: "The 22nd Congress of the I.C.A. considers that the implementation of all measures concerning co-operative education is closely related to the general education of the younger generation in the spirit of peace and mutual understanding among nations."

**The President:** I regret that it is impossible to admit any amendment which has not been announced according to rules and Standing Orders.

**Dr. A. Vukovich, Austria:** The Austrian delegation most cordially supports this resolution. The attitude of the co-operative movement to youth and youth's contacts with the movement are very topical and in this respect the movements in the developed countries may be regarded as under-developed. At the Press and Education Conference last week, Mr. Marshall emphasised that co-operative education must start sufficiently early to ensure that when the time comes there will be well-educated co-operators ready to play their part in the movement.

In Great Britain and some other countries there are separate youth movements. After the second world war, youth organisations were set up in several other countries, including Austria, which collaborated at international level and established the International Federation of Co-operative Youth.

The resolution recommends national organisations to form youth committees and this we think is very necessary and important. The mover stressed the value of youth work at international level. There are already tendencies for creating closer contacts between the youth organisations and the I.C.A., but the first need is the promotion of youth activity within the national movements. The I.C.A. should encourage the establishment of separate youth departments, and methods which have been applied successfully for making contact with youth at schools should be made known. International youth seminars, holiday camps, tours, etc., should be organised, and there should be intensive collaboration with the I.C.A. as regards aid for co-operative youth work in developing countries.

**Miss A. D. Presnova, U.S.S.R.:** The introduction of the younger generation to the co-operative movement is wise and necessary because they must eventually take over from the older generation. It is also necessary to train the most talented of the young people for managerial posts.

Soviet youth participates fully in the economic and social life and has wide possibilities for studying, also for learning how to apply its knowledge for the good of the country. Youth plays an important part in all sectors of the economy, including consumers' co-operation. Of the total membership, which has increased by 12.3 million during the last five years, about one-quarter are below the age of 25. Young people are entitled to become members of consumer societies at the age of 16 and all members participate in the voting and the work of the co-operatives. In this way young people learn about the management of co-operative economy and the conduct of public affairs. Co-operative ideas are also propagated through social organisations, Komsomol organisations and schools; in the higher grade schools co-operation is a special study. Large sums of money are spent on the training of young people and of the two million employees in the movement hundreds of thousands have been recruited from the ranks of the young people. Young people bring a breath of fresh air into the movement.

**Mr. R. Kerinec, France:** The problem of youth is an old problem, well known to all co-operative movements, a problem of which they have spoken for a very long time, but to which the recent demographic evolution has, we believe, given a character of emergency.

At many Congresses, the French movement has studied this important question, on which its future depends, and has taken certain initiatives. I would like quickly to speak of some of them. In the field of education and training the movement has a close and permanent collaboration with the school co-operatives which are very numerous in France—35,000 societies with a million and a half young co-operators. It also collaborates with the Central Office for Co-operation at School, which it helped to create soon after the first world war. If time permitted, this point would well merit a special intervention, but I must proceed. As the Central Office is concerned mainly with primary schools, we created an Institute for Co-operative Studies, an inter-co-operative institute which caters for students. In addition, we have a school for management training, a school for the training of young experts going to under-developed countries. All of this concerns the field of education.

But we believe it is equally necessary to consider the problem of youth in other fields. By trying to respond to the needs of young people, the Co-operative Movement comes into direct contact with youth, and for this reason French co-operators many years ago created a National Committee of Leisure. A Co-operative Domestic Credit Union was also created to help young married couples to furnish their homes at the lowest cost and to avoid being victims of those who would take advantage of their youth to make them pay very dearly for credit. Again, the movement directed its commercial activity towards domains which interest youth, for example, records, books, camping, and it now envisages a co-operative journal especially conceived for adolescents. Naturally, all these actions are co-ordinated by our national federation, which directs its propaganda towards young people and endeavours to present the old co-operative message in new terms.

All this I have said in order to support very warmly the resolution of our Italian friends and in the hope that the International Co-operative Alliance will create more contacts between young co-operators.

**Mr. M. Marik, Czechoslovakia:** We also consider that the participation of youth in the co-operative movement and the education of youth is a fundamental problem, and we greatly appreciate the initiative of the Lega Nazionale delle Cooperative in presenting a resolution which recommends practical action. We must realise that the co-operative movement depends on youth's response to the co-operative idea and the efforts of the co-operatives themselves to win young people as members or officials or as employees. Inseparably linked to this is the question of revising, in consultation with the younger generation, the old working methods; of introducing modern methods and forms of working which attract young people. The Czechoslovak delegation supports the resolution.

**Mr. L. Vigone, Italy:** I will reply briefly to the points raised in the discussion. As the Swiss delegate said, it is not a question of fixing organisational formulæ, but that Co-operation must exert its influence upon the new generations. In other words, co-operative action must respond to the present interests of youth.

We would have no difficulty in accepting the amendment of Centrocoop, but we would remind our Roumanian friends that the question they raise is already in the text of the resolution, especially in the penultimate paragraph—"To create

a co-operative consciousness among young people, the promotion of contacts between young co-operators of different countries, thus contributing to the cause of friendship and peace, is of great importance." We agree with the ideas submitted by the Austrian co-operators as a recommendation to the authorities of the Alliance.

Finally, we thank the speakers from the Soviet Union, France and Czechoslovakia, who supported our resolution by informing Congress of the important initiatives which have been taken in their respective countries.

**The resolution was adopted.**

#### **Establishment of an Investigation Committee for Membership Eligibility inside the Central Committee**

**That an ad hoc Committee for Membership Eligibility be established, consisting of at least three members of the Central Committee;**

**That any organisation whose application for membership has been rejected by the Executive shall give all possible assistance to the ad hoc Committee enquiring in its country;**

**That the ad hoc Committee shall report its observations to the Executive and Central Committee.**

**The President:** This resolution will be moved by Mr. Nakabayashi, on behalf of the Central Union of Japanese Consumers' Co-operative Societies.

**Mr. S. Nakabayashi:** Our proposal for the establishment of an investigation committee for membership within the Central Committee has been implemented to some extent by the decision at the Committee at Stuttgart to send an inquiry committee to Poland in connection with the application of the Union of Peasant Self-Aid Co-operatives. I hope a similar committee will be set up on every occasion when an appeal is made against the rejection of an application for membership.

In moving the adoption of our resolution, we desire to say that we are willing to accept the amendment of Lega Nazionale of Italy to **replace the words "of the Central Committee" at the end of the first paragraph by "appointed in each case by the Central Committee."**

**Mr. N. P. Sai, U.S.S.R.:** The Soviet delegation supports this resolution in the belief that the appointment of such committees would be a good solution of the problem of membership eligibility. The Committees should consist of representatives from different countries and of different social and economic systems.

**Mr. M. N. Kaka, India:** I support the idea of this resolution but I think its framing could be improved. In the second paragraph I would suggest to replace the words "has been rejected" by "is not immediately acceptable;" and the words "inquiring in its country" by "to gather further material". As regards the amendment of the Lega Nazionale, I do not think that this would be desirable, because if a committee has to be appointed by the Central Committee it might mean a delay of a year.

**The President:** The amendment of the Lega Nazionale has not been formally moved, as no member of the delegation is present. Mr. Kaka has suggested some textual changes which involve redrafting the resolution. I should like to ask if the Japanese delegates and Congress would agree, having regard to the point of view expressed by Mr. Nakabayashi, that the resolution be referred, for further

study and implementation, to the Central Committee, taking into account the amendment of Lega Nazionale and the suggestions of Mr. Kaka.

The Japanese delegation having agreed, Congress approved the procedure proposed by the President.

**Organisation of Discussion Meetings and Seminars for Strengthening the Co-operative Movement against International Monopolies**

**That a special Committee be set up within the I.C.A. to examine the present monopoly situation and support or initiate efficient anti-monopoly action: also,**

**The organisation of discussion groups and seminars on the subject is recommended.**

**The President:** Mr. Nakabayashi will move this resolution on behalf of the Japanese Consumers' Co-operative Union.

**Mr. S. Nakabayashi:** This proposal is closely related to Mr. Odhe's paper in which he points out that the monopolistic powers have recently been strengthened in the capitalist countries and consequently the co-operatives suffer from their influence. We propose that a committee be set up within the I.C.A. to take effective action against monopolies and we regard this as an urgent task.

**Mr. M. M. Denisov, U.S.S.R.:** The Soviet delegation supports this proposal. It will be remembered that the question of Co-operation and Monopolies was on the Congress agenda in 1951 and that a resolution was adopted pointing to the dangers of monopolies—such as increasing unemployment, economic stagnation, increased prices and a lowering in the standard of living, also calling for the mobilisation of international forces against monopolies. Since 1951, the impact of monopolies has become much greater, and they exploit the toiling masses more and more. Can the co-operative movement remain indifferent to this menace?

**Mr. C. C. Job, Great Britain:** In tabling this resolution, the Japanese Union has focused attention on a very serious problem which faces the movement in Britain, where in the last ten years we have seen very big strides towards monopoly. One of the leading financial papers has published figures which show that by the end of 1961 the top ten incorporated companies together held 78 per cent of the net assets of all incorporated companies engaged in retailing, a concentration of financial control only exceeded by the chemical industry.

For a number of years we have had multiple groups of stores organised in a vertical chain of manufacturer, wholesaler and retailer, but what is new is the rapid growth of supermarket chains and departmental store groupings. One company which has over 2,500 shops with a turnover of £200 million a year now owns supermarket chains in Germany and France. Many of the British chains are making serious inroads into co-operative trade and have substantial foreign capital invested in them, and now some American chains are opening here. The object of these groups is clearly to extract maximum profits from the consumer: their expansion is a great threat to the expansion of the co-operative movement and the welfare of the working people generally. We, as a movement, have the responsibility of challenging monopolies in the field of trade by wholesaling and retailing in the most efficient manner; we have also the task of explaining to the working people the menace of monopolies.

I want to pay tribute to the fine work of the I.C.A. through *Cartel*, which gives first-class information, but as it appears only quarterly it is completely inadequate in the present circumstances. I would appeal to national organisations

to examine the growth of monopolies in their own countries and to publish information exposing this threat.

**Mr. J. Voorhis, U.S.A.:** The United States delegation wholeheartedly support this resolution. We recognise that monopoly in all its forms is the enemy of co-operation, that without freedom to operate within an economy co-operatives cannot develop as they should, and we believe that co-operatives are the best instruments to combat the danger of monopolies. We know something of the problem which the Japanese co-operators face in their country; we know the great things which have been done by the co-operatives in Sweden in combating monopolies, and some things have been done by co-operatives in my country. The proposed study of this question and its implications with regard to all sorts of monopoly would be extremely helpful.

**Mr. L. Smrcka, Czechoslovakia:** In supporting this resolution, the Czechoslovak delegation stress that it is not sufficient to adopt a resolution, no matter how excellent it is, still less a resolution against monopolies, unless we organise a vast anti-monopoly campaign.

**Mr. R. Southern, Great Britain:** It is necessary to recommend Congress not to adopt this resolution in its present form and I should like to pursue the point made by Mr. Job that there is a duty upon us all to explain to our members the curse of monopoly and cartel growth. We cannot escape that duty by placing it upon the I.C.A.

My second point is that the resolution asks the I.C.A. to initiate efficient anti-monopoly action. The Alliance has no resources for initiating such action; moreover, this type of action belongs almost entirely to the economic sphere as we know from experiences in Britain, Scandinavia and elsewhere, where large co-operative enterprises have come into being to combat monopolies or prevent monopoly conditions arising.

Thirdly, I do not think we need a special committee. The answer lies in each movement undertaking the task of information and education, supplemented by the excellent work of the I.C.A. through its publications and in other ways.

I suggest that Congress should commend this resolution to the member organisations for effective action.

**The President:** As a footnote to what Mr. Southern has said, I wish to inform Congress that in the statement which the I.C.A. will submit to the U.N. International Trade and Development Conference next year we shall urge that the question of international monopolies be taken up in connection with efforts for freer world trade, which otherwise can be greatly hampered. What we are concerned with is that swift and effective action, in whatever way is possible, shall be taken by the Alliance.

I ask the Japanese delegates if they will agree that the basic idea of their resolution should be approved by Congress on the understanding that the authorities of the Alliance should do their utmost, having regard to resources, to implement the idea without setting up a special committee.

The Japanese delegates having agreed to this proposal, the procedure suggested by the President was approved by Congress.

## **Strengthening Unity and Collaboration in the International Co-operative Movement**

**The 22nd Congress of the I.C.A.—considering**

**That, during the last years, serious changes have occurred in the world, which find expression in the creation of states with different socio-economic systems, determining the nature and direction of activity of the Co-operative Organisations;**

**That, without an analysis of these changes, it is impossible to determine the aims and methods of the Co-operative Movement under present conditions;**

**That the Co-operatives in different countries face their own problems;**

**That under the conditions of the present tense international situation, continuing armament race and nuclear tests, threatening the health and the life of the people, it is particularly important to achieve the unity and collaboration of all peace-loving forces in the struggle for the preservation and strengthening of peace and mutual understanding between all the people—**

**Recognises the important rôle of the Co-operative Movement under the conditions of all existing socio-economic systems;**

**Considers that though there are differences, the Co-operative Organisations of all countries have possibilities for fruitful collaboration in a number of problems both in the economic sphere and in such problems as the development of the Co-operative Movement, improvement of the welfare of the population, actions to defend peace, support of the national independence movement of the peoples and other problems, in which the whole humanity is interested:**

**That collaboration on these problems between the Co-operatives of countries with different public order is possible and necessary for the co-operatives and the peoples of the whole world;**

**That the whole activity of the I.C.A. should be directed to the strengthening of the unity of the International Co-operative Movement and collaboration between National Co-operative Organisations developing under different socio-economic conditions, to providing joint action of the co-operative movement with other peoples organisations of the toiling masses—**

**Decides—**

**1. To recommend to all National Co-operative Organisations to display a spirit of collaboration and mutual understanding, to strengthen and develop friendly and business relations on the basis of mutuality.**

**2. To approve the activity of the National Co-operative Organisations, rendering assistance to the Co-operatives of the economically under-developed countries without any political and economic conditions.**

**The 22nd Congress of the I.C.A. expresses the confidence that the National Co-operative Organisations and the authorities of the I.C.A. will use all ways and means to create an atmosphere of mutual confidence between the co-operatives and to contribute to the working out of mutually agreed decisions and joint actions in the struggle for peace and security of the people, for complete universal and controlled disarmament, for the liquidation of the remnants of colonialism in every form, as well as in the basic problems of the international co-operative movement.**

**The President:** This resolution will be moved by Mr. Klimov in the name of Centrosoyus.

**Mr A. P. Klimov:** Having regard to the policy of peaceful co-existence and economic co-operation for the good of mankind, also the spirit of the Alliance, I commend this resolution which calls on all co-operative movements to strengthen their international collaboration. Co-operative movements are of great importance in all countries, regardless of different economic systems, and they have the possibility to collaborate fruitfully in all fields. In the economic field they collaborate in improving the conditions of the working masses and in their common fight for peace; they collaborate also in assisting the newly independent countries to maintain their economic and political independence.



The first paragraph of the resolution recommends that all national co-operative organisations display a spirit of collaboration to strengthen and develop friendly and business relations; the second paragraph emphasises that co-operative organisations which give assistance to co-operatives in less developed countries should do so without any political or economic conditions. The resolution further suggests that Congress shall ask the authorities of the Alliance to promote by all possible means mutual understanding between co-operatives, so that they may work together in trying to assure world peace and total disarmament and to abolish all vestiges of colonialism.

I appeal to Congress to adopt this resolution unanimously, remembering that the first object of the co-operative movement is to serve the needs of mankind, remembering also the repeated declarations of our Congresses that we believe in mutual understanding among the nations. I think all co-operators should be united behind this idea, all the more so since the Moscow Agreement has opened up new possibilities for collaboration between nations.

**A small change should be made in the resolution due to the fact that it was prepared before the signing of the treaty banning atomic tests. In the fourth paragraph the words "... present tense international situation" and "... and nuclear tests, threatening the health and the life of the people" should be deleted.**

**Mr. M. Capek, Czechoslovakia:** It is fitting that Congress should pay so much attention to problems of the international co-operative movement. This enhances the prestige of the I.C.A. and has an effect upon the problems of membership of, and relations between, co-operative organisations, thus helping to create an atmosphere of understanding and mutual collaboration. We heartily support this resolution.

**Mr. C. T. Mateesco, Roumania:** We consider that the strengthening of unity and collaboration in the international co-operative movement demands full attention, also that the conditions and development of the co-operative movement in countries with different economic systems should be studied. Notwithstanding the different conditions in which the movements work they have many things in common, for instance, working for a higher standard of living, for peaceful co-existence and collaboration among the nations. To promote these ideas we must create a feeling of unity in the I.C.A., increase our collaboration and our knowledge of each other. In this way we shall make a very important contribution to peace and peaceful co-existence, while strengthening the unity of the co-operative movement. Our delegation supports the resolution.

**Mr. G. Cerreti, Italy:** This resolution, which I support, deals with the problems of practical and ideal collaboration between movements which work under different historical, economic and social conditions. It is a question of the tasks of the short and long term programmes of each organisation and we do not see how Congress could allow this opportunity to pass without stressing that we are united in a common purpose, in a spirit of mutual tolerance, to promote co-operation and our ideals of solidarity, justice, freedom and fraternal collaboration beyond frontiers.

But beside this common aim, in our research and analyses of facts we must more and more apply the historical criticism, in order to grasp the nature of modern society, the profound changes which take place, the position of the workers and, in general, of the forces which strive for progress. This means that, over and above the dominant "practicism" in our co-operative societies, it is from the level of the historical moment in which we live that we must approach

the problems which concern human life, the increasing needs of our society members and the place accorded to co-operation by the structure of the state or by governments.

Let us have the courage to say that many of us are still prisoners in a conservatism, sometimes practical, sometimes mental, which causes delay in bringing our economic programmes up to date, in the modernisation of our postulates and means of expression, and of propaganda. But there is perhaps more. We often make abstractions of realities and we pretend to judge and decide by force accepted ideas and rules which can only lead to mistakes and injustices.

Co-operation, as Dr. Bonow has stressed, has to face new and complex problems, to envisage new solutions and developments as regards Asia, Africa and Latin America, problems which ten years ago hardly one of us could have imagined. Moreover, it is not difficult to foresee today that, sooner or later, every national movement will have to revise its traditional attitude towards the state because, whether we wish it or not, the state will intervene more and more in economic and social life, either to regulate it democratically, or to favour more and more the advance of capitalist monopolies, which would be in opposition to our aims and social interests. In my opinion, co-operation must take its courage in both hands and make a critical examination of its present weaknesses.

In conclusion, I want to stress that, by submitting this resolution, Centrosoyus has contributed to clarifying the new element in the international climate which begins to appear on the horizon.

**Mr. R. Ahmed, Pakistan:** This resolution, which I support, contains two basic ideas: first, the need to recognise that different countries have different social and economic systems; secondly, that the peoples of these countries, and the co-operative movements, in spite of differences in social, economic and political patterns, collaborate for the well-being of humanity. In the preamble, there are certain observations on which there may be differences of opinion. But the substance of the resolution is highly desirable, and I suggest that we should not attach importance to the preamble.

Co-operation has its own philosophy and its own religion. Its religion is the service of humanity and its political philosophy is peace. I hope the time will come when this philosophy and this religion will supersede all others, when we shall transcend national considerations and national boundaries and think in terms of humanity as a whole rather than in terms of nations.

**Mr. F. F. Rondeau, U.S.A.:** The American delegation will abstain from voting on this resolution. The last speaker suggested that we should not pay too much attention to the preamble, but it contains statements of alleged fact with which we do not feel we can associate ourselves. I will not take up time by listing them all but will cite one or two.

There is a reference to one national co-operative organisation in Italy, but I believe there are two; there is a reference to one organisation in Japan, but I believe there are two others, one of which is larger than the one mentioned. There are many other statements of alleged fact with which we cannot associate ourselves, and even though we are in tune with the spirit behind the resolution we feel we must abstain from voting for it.

**The President:** I understand Mr. Klimov would delete in the fourth paragraph of the resolution the words "the present tense international situation," also "and nuclear tests, threatening the health and life of the people," and in the second paragraph after "Decides" would replace the word "activity" by "principle."

I also want to stress that we are concerned with the wording of the resolution, and not the points of view in the motivation.

**The resolution as amended was adopted with no votes against.**

The delegates from Argentina, France, Italy—Confederazione Cooperative Italiana—and the U.S.A. asked for their abstention from the vote to be recorded.

### **Reformulation of the Fundamental Principles of the Co-operative Movement**

**The Central Committee recommends the Congress—**

**To constitute an authoritative commission to formulate the fundamental principles of activity of co-operation under modern conditions;**

**To empower the Commission to study which of the principles of the Rochdale Pioneers have retained their importance to the present time; which of them should be changed, and how, in order to contribute in the best manner to the fulfilment of the tasks of the Co-operative Movement and, finally, which of them have lost their importance and should be substituted by others;**

**To empower the Commission to formulate new principles of co-operative activity;**

**To include in the Agenda of the 23rd Congress of the Alliance consideration of new principles for the activity of the Co-operative Movement;**

**To empower the Executive to request the National Co-operative Organisations, members of the I.C.A., to send their proposals on this subject;**

**To ask the Central Committee to consider the proposals of the National Co-operative Organisations and those of the Commission at a meeting preceeding the 23rd Congress and to submit its opinion to the Congress.**

**The President:** This resolution will be moved by Mr. Klimov on behalf of Centrosoyus.

**Mr. A. P. Klimov, U.S.S.R.:** The principles of the Co-operative Movement drawn up by the Rochdale Pioneers more than a century ago were excellently suited to the conditions of developing capitalism, but since that time many important changes have taken place. It was impossible then to compete with producers and the Pioneers had to recognise the necessity of adaptation to existing capitalist conditions. The distribution of dividend was devised to attract and retain members. At first the co-operative dealt only in certain foodstuffs which was the only way in which it could operate.

We have great respect for the ideas of the Rochdale Pioneers. The principles they established have played, and continue to play, an important part in the development of Co-operation, but they are not universal for all the types of co-operation which exist today. The movement has developed according to the conditions prevailing in a given country and even as regards consumers' societies different systems have developed. That the Rochdale principles do not apply to all types of co-operatives has long been recognised. The problem was studied by a special Committee following the I.C.A. Congress in 1930, when it was found that not all organisations applied the principles to the same extent. Today it would be hard to name a country where, for instance, credit trading does not exist. I think these facts are sufficient to prove that the principles of the Rochdale Pioneers are no longer universal, neither are they applied universally. At the same time, some of them retain their validity or importance and are still applied—I refer to democratic control, open membership and the right to leave a co-operative; other principles are now applicable only in certain economic systems.

The Centrosoyus delegation considers that the time has come to formulate the fundamental principles of the Co-operative Movement under modern conditions, having regard to its development in different economic systems, and we ask Congress to support our resolution.

I would point out that the opening words of the resolution should read: **“The 22nd Congress requests the Central Committee.”\***

**Mr. M. Brot, France:** As Mr. Klimov has recalled, the question now before Congress was raised earlier, actually on the initiative of the French delegation at the Vienna Congress in 1930. But he omitted to mention that, following a very thorough study, the London Congress, in 1934, received an excellent report concerning the application of the Rochdale principles in the various countries. He also forgot to recall something really essential, that the 1937 Congress demarcated what are in fact the principles of Rochdale and what are Rochdale methods. His criticisms do not concern the principles themselves, but the methods. In effect, the principles are those which are inscribed in the Rules of the Alliance, namely: voluntary membership, democratic control, distribution of the surplus, limited interest on capital. As for neutrality, cash trading and the promotion of education, they are methods and conformity with them is not compulsory for the purposes of I.C.A. membership.

It is obvious that we cannot unite all the co-operatives in the world on the basis of the Rochdale Principles, but if there is a desire to play with the principles, I formally declare that it would be a serious mistake. There is one principle on which we must insist, it is the principle of democratic control. The day when there is no longer democratic control, there will be no longer Co-operation. Respect of the principles is necessary for everybody, including co-operatives we admit as associate members, because they have the will to become democratic organisations.

These affirmations are equally necessary for the organisations of the west, because as they become more powerful, the technicians they employ become more and more important. It is advisable to remind our technicians that practical methods must be adapted to the principles of Co-operation.

That is what I wished to say. Without going into further detail, I do not accept the preamble to the resolution, and the criticisms regarding cash trading have no foundation. The pioneers admitted this practice and it is still valid for sales of foodstuffs. Moreover, it is the plague of developing countries to be tied to the moneylenders who exploit the small producers.

**Mr. S. Matejka, Czechoslovakia:** The Czechoslovak delegation support the resolution but we do not belittle the work of the Rochdale Pioneers, because at the time it undoubtedly constituted a step forward in an effort to protect the people against capitalist exploitation. We cannot, however, disregard the fact that since the formulation of the Rochdale principles far reaching changes have taken place in the world, also as regards the concept of co-operative principles. In our opinion, therefore, this resolution is fully justified.

**Mr. C. Schumacher, Germany:** We German delegates associate ourselves entirely with the remarks of Mr. Brot and we do not wish to make any further statement.

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\* This textual change involves the deletion of the words “To ask the Central Committee” in the last paragraph of the resolution.—ED.

**Mr. J. J. A. Charbo**, Holland: In general terms the delegation of the Netherlands agree with the resolution but we do not agree entirely with the motivation. Taking the question of dividend, in our opinion the principle should not be abolished simply because some co-operatives are no longer able to pay a dividend.

Although I am expressing the support of the Netherlands delegation, I want to suggest that we should be cautious in case we be led into a position of trying to abolish as much as possible of a set of principles laid down a long time ago by those who established the first co-operative society. In our opinion we should stick to those principles as much as possible, but we would agree to changing, deleting from or adding to them, according to obvious necessity or urgent desirability.

**Mr. R. S. Staples**, Canada: Formally moved "that the question be now put."

The motion having been seconded, **The President** put it to the vote and declared it accepted. He then invited **Mr. Klimov** to reply to the discussion.

**Mr. Klimov**: Since there was so little discussion my reply will be very short. **Mr. Brot** stressed the importance of democratic control. I quite agree and I do not propose any change. As for the preamble, that represents my personal opinion and indicates why I submitted the resolution.

After a vote taken by show of hands **The President** declared the resolution carried with an overwhelming majority.

**Mr. Brot** asked it to be recorded that he did not accept the preamble to the resolution.

### **The World Housing Situation and the Rôle of Co-operation**

**The 22nd Congress of the International Co-operative Alliance**—having regard to the fact, which it deeply deplures, that according to reliable estimates over one half of the world's population is under-housed, also to the foreseeable rapid growth of population and the constant movement of peoples from place to place and country to country—declares that adequate provision of housing is a basic task which should be assigned a higher priority than at present in all countries, especially in the newly developing countries to which more abundant financial and technical aid should be made available.

**The Congress** welcomes, as a measure helpful to the achievement of this basic task, the establishment by the United Nations of the Standing Committee on Housing, Building and Planning together with its counterparts under the Regional Economic Commissions, but reiterates the belief of the International Co-operative Alliance that only the creation of a Special Agency of the United Nations for Housing will ensure that the world's housing problems are grappled with on an adequate scale and that the non-profit non-governmental organisations have an essential rôle in their solution.

**The Congress** appeals most strongly to the affiliated Organisations to seek every opportunity of demonstrating to their home Governments—

The invaluable contribution which the application of co-operative methods can make to the provision of housing, to the growth of savings, to the improvement of planning and design, and to education in social responsibility; also

The urgent necessity of enforcing control of land-use and land-values so that Co-operative and non-profit undertakings may have equal opportunity, in competition with profit-making enterprise, of showing their potential advantages in supplying the housing needs of the community.

**The President:** At their meeting on the eve of Congress, the Central Committee endorsed the resolution submitted by the Swedish Housing Association, HSB, on "The World Housing Situation and the Rôle of Co-operation," which will be moved by Mr. Kypengren.

**Mr. S. Kypengren, Sweden:** All who are concerned with housing have, naturally, followed with great anxiety the housing situation in the world. During the last decade co-operative housing organisations have been preoccupied with the problem of the enormous shortage of accommodation as a result of war devastation. At international level the I.C.A. directly, and through its Housing Committee, has repeatedly stressed the need for assistance and the help given by the Housing Committee of the Economic Commission for Europe has been most gratifying.

At the commencement of the Development Decade of the United Nations, the Housing Committee made a further study of the situation and found that, in spite of all the efforts at international level, and of assistance through U.N.-bodies, housing was still a serious, if not the most serious, social problem in many countries. On the one hand, the Committee was strongly of opinion that assistance at international level should be increased and speeded up; on the other hand, that in developed as well as developing countries there was a greater understanding as regards the urgency of a solution of the problem. The I.C.A., therefore, took the initiative to recommend the creation of a special United Nations Agency to give guidance in the housing field, and to make available finance from international sources.

From the Housing Committee's report to Congress, delegates will know that the efforts of the Alliance have been successful to the extent that an International Committee for Housing, Building and Planning has been established within the Economic and Social Council. While we regard this with satisfaction, we still believe that the solution of the problem not only deserves but demands an even bigger approach, and, therefore, we maintain our original demand for a Special Agency of the United Nations for Housing.

It is also realised amongst specialists and far-sighted people concerned with the housing problem that its solution will call for a far greater application of the principles of co-operation. On many occasions co-operative methods have been recommended, especially in developing countries. This is, in itself, very encouraging, but co-operation in housing is one of the most difficult forms to plan and to carry out. Land speculation, combined with the shortage of land for housing, everywhere constitutes a most difficult problem, and co-operatives, being non-speculative, face special difficulties in the acquisition of land at reasonable costs. Land speculation is the subject of studies nationally and internationally, but so far the results as regards facilitating housing co-operation have been very small. In most quarters the principle that land at reasonable cost should be made available for non-profit housing organisations is basically recognised, and the Housing Committee will continue to stress this aspect of the problem.

The seriousness of the present housing situation throughout the world and the need for its solution, as well as the fact that proper housing is a basic human right, makes the provision of housing a fundamental task of society. This is the background to the resolution, which I now move, and which I hope Congress will adopt.

**Mr. W. Ruf, Switzerland:** I think we are all in agreement about this problem so that there is no need to speak at length. The resolution contains an appeal to affiliated organisations to demonstrate to their respective governments the value of co-operative methods in the provision of housing. We do not want preferential treatment, but in a number of countries, as stated in the second part of the resolution, there is a growing tendency on the part of governments to neglect co-operative housing organisations.

We are convinced that by promoting co-operative housing we are taking an essential step in the interests of the co-operative movement as a whole, and I have pleasure in supporting the resolution.

**Mr. D. Townsend, U.S.A.:** Our delegation associates itself with this resolution. There are three points of prime interest. We believe one of the best ways to demonstrate the advantages of co-operative housing is by the pilot project procedure, and I submit that the I.C.A. and its Housing Committee are the only group in the world with the facilities, the know-how and the technical experience to make such a venture successful. It is important that we be permitted to offer the best experience and the proven methods to the developing countries and if we get a chance to put on a pilot project we would hope that some international funds might be available. I hope that through the actions we take and have taken in the past, and the passing of this resolution which we will communicate to United Nations, with our continued interest and urgent concern to keep the housing problem in the forefront, the staff of the Social Commission might be enlarged sufficiently to do the kind of job we have a right to expect from United Nations.

I hope Congress will give this resolution unanimous support.

**The resolution was adopted unanimously.**

# **Paper on Long-Term Programmes of Co-operative Promotion and the Conditions of their Realisation**

**By Mr. W. P. Watkins, Director, I.C.A.**

The 22nd Congress of the International Co-operative Alliance is the third to devote two of its sessions to the promotion of Co-operation in the newly-developing regions. The debate at the Lausanne Congress in 1960 terminated with the presentation by President Marcel Brot of the Long-Term Programme which had been drawn up by the Technical Assistance Sub-Committee of the Executive. As its title indicates, the present paper re-opens discussion where the preceding discussion concluded.

The International Co-operative Alliance through its Sub-Committee on Technical Assistance has been playing an active rôle in the promotion of Co-operation in Africa, Asia, Central and South America and the Middle East for nearly nine years. At the outset of its work the Sub-Committee advisedly refrained from drafting a long-term programme because it was aware that to do so successfully required a broader groundwork of experience and deeper knowledge of the varying conditions of the several regions than it then possessed. The only major long-term operation initiated at an early stage was the exploration of the co-operative situation in the regions, one by one, beginning with South-East Asia, in order to gather the necessary knowledge and establish links with National Co-operative Movements and their leaders as an essential basis for mutual confidence and collaboration. This work of enquiry and exploration was later extended to other regions and is still going forward.

For somewhat longer, within the framework of the Expanded Programme of Technical Assistance, the United Nations and certain of its Specialised Agencies have been helping co-operative development through governmental channels. For the past three years the most important International Organisations, Governmental and Non-Governmental, concerned with the promotion of Co-operation have been holding annual joint meetings for the exchange of information on plans and programmes as well as of views on common problems. Among them all, as their experience has broadened and lengthened, the opinion is growing in acceptance that the development of co-operation, if it is to result in the establishment of vigorous and enduring Co-operative Movements, needs to be conceived and planned henceforward in terms of longer periods of time.

## **The Necessity of Long-Term Planning**

One general assumption underlying the present paper is that a proper appreciation of the time factor is indispensable to any solid, constructive achievement in the co-operative field. Such appreciation implies, not haste, but its very opposite, namely, the recognition that a certain lapse of time is inevitable between the sowing of the seed of Co-operation and the harvest of its fruits. The essential is to ensure the full and proper utilisation of time through the choice of the right methods of promotion and their application with courage, patience and persistence.



It is a fallacy to reject correct methods of promotion on the ground that there is insufficient time to apply them. To apply wrong or inferior methods is not to gain time, but to waste it—also energy and money into the bargain.

The reasons for this are to be found in the character of Co-operation as a technique of economic and social organisation, in its dependence on processes of education and in the structures through which it normally finds expression. The structure and growth of the Co-operative Movement may be compared to those of living organisms. Life, with its functions of nutrition and reproduction, manifests itself in the cell. Normally, in the Co-operative Movement life first appears in the primary society of producers or consumers who came together out of a sense of common interest in order to work for common ends. The Movement grows as a tree grows, through multiplication of such primary cells and their grouping for various specialised purposes, not as a modern steel frame building is erected. The International Co-operative Movement may be compared to a banyan tree, which throws out branches and may ultimately grow into a wood as extensions from the branches reach down to the soil and themselves take root.

Of course, the analogy should not be pressed too far, but it is valid at least to this extent, that laws of growth whether biological or sociological must be respected. They cannot be infringed with impunity, they determine the periods required by vital processes and these periods, as a rule, can be shortened only at the cost of impairing the final result. In other words, early success in hastening co-operative development has very often to be paid for by weakness or inefficiency at a later stage.

The necessity of taking time is no less evident from the standpoint of the Co-operative Movement's dependence on education and training of more than one kind. There can be no Co-operation worthy of the name without Co-operators, that is, men and women who possess the minimum of knowledge, the social techniques and the moral qualities which Co-operation demands from members and leaders alike. Co-operators are mostly not born but made by a process of education which implies, in the developing countries and elsewhere, learning from fresh experience, adoption of novel ideas, adjustment to new methods and habits, acceptance of new loyalties and standards of behaviour on the part of both individuals and groups. There is no magic which can change self-interested individualists into Co-operators overnight. That is why attempts to launch Co-operative Movements by legislative, administrative or propagandist methods alone, while omitting or short-circuiting the indispensable educational work, have resulted in notorious failures in advanced, as well as in newly-developing, countries.

Yet another consideration points to the need for long-sighted planning and the avoidance of over-hasty action. In hardly any country is Co-operation the only progressive movement. In many it is an element in a many-sided endeavour to promote social welfare for which Community Development has become the commonly accepted term. In this field state-help and self-help are frequently combined. The self-help, of course, may range from simple mutual aid, such as the mobilisation of the whole labour force of a village for some special task like road-making or drainage, to the organisation of a permanent service as a co-operative enterprise. No hard and fast dividing lines can be laid down, but it is evident that co-operative and community development activities are bound to act and react upon each other and should, therefore, be co-ordinated on the local, regional and national planes. Again, there is a similar need for a co-ordination between

co-operative enterprise and the efforts of Government to improve the technique and productivity of agriculture or to relieve the widespread lack of capital amongst agriculturists. Effort and resources have been wasted in the past because the problems of rural welfare, in the transition from traditional to modern agricultural economy, have been tackled over-hastily or piecemeal, instead of being studied as a complex whole requiring co-ordinated and concerted effort by both governmental and non-governmental institutions.

### **National Co-operative Planning**

The Long-Term Programme announced at Lausanne was not a list of things to be achieved so much as a plan of continuing action along lines which earlier experience had indicated as necessary or desirable. The exploration of the developing regions will one day be complete, but afterwards it will be indispensable for the I.C.A. to keep in touch with the changing situation and the progress of the Movement in these regions. Experience in South-East Asia proves that exploration leads, as was inevitable and was, in any case, intended, to the I.C.A. becoming more and more deeply concerned with the activities of Co-operative Organisations in the region, particularly through research and the promotion of education at all levels and in all desirable forms.

Speaking broadly, at the stage the promotion of Co-operation has now reached the effectiveness of the aid provided from outside by International Organisations, governmental or non-governmental, depends mainly upon the ability of the co-operative and governmental authorities within the individual countries to frame and carry out long-term programmes of co-operative development. These programmes cannot be provided ready-made by external agencies. They can be properly drawn up only by those who know a given country, its people and their aspirations from the inside. The International Organisations can give help and advice on particular points, but the co-operative programme of any nation should be the work of its own nationals who understand intuitively its genius and its needs.

Another important consideration, however, is the need for continuity. In more than one country the help provided by International Organisations has not yielded the utmost benefit which could be expected of it because it was not persistently followed up. Examples could even be cited of countries in which, a few years after an expert mission had been carried out, there remained no visible sign that an expert had ever been there. Granted that lack of continuity may be caused by extraneous factors (of which more will be said later) it can and does sometimes result from failure in the very beginning to define and clearly envisage long-term objectives and the conditions necessary for their attainment. Granted, again, that in the past international aid has often been restricted in time by budgeting considerations, that was an additional reason for forward thinking on how to conserve the momentum of the action when the external aid and advice came to an end.

On the whole very little co-operative organisation of enduring value and usefulness has resulted from attempts to create a co-operative system to relieve an emergency, such as a rapid rise in prices and profiteering, consequent on the outbreak of war. The hundreds of Consumers' Co-operatives set up with government encouragement in the different continents during the latter years of the second world war for the most part did not survive the return to more normal trading conditions. A healthy, well-established Consumers' Co-operative Movement, if it is already in existence, can be of great assistance under emergency

conditions as a price-regulator and a fair and reliable distributor of commodities in short supply. Under emergency conditions, however, it is seldom possible to lay the educational foundations on which an enduring Consumers' Co-operative Movement can be established—and the Societies, which may have sprung up like mushrooms, disappear with equal rapidity. The causes are nearly always incompetent management and an unenlightened, uninterested membership. The task of eliminating inefficiency and profiteering from the distributive system of any national economy is a long-term operation. If Consumers' Co-operation is the chosen method, it must also be given time to develop its competitive power and gather the intelligent support and loyalty of consumers who are fully aware of what is at stake.

In the developing countries the construction of long-term programmes requires, first, the determination of the best starting point and the form of Co-operative Association which is to act as pioneer; second, the elaboration of a strategy and plans which will enable different types of Co-operation to be introduced in the most advantageous order; third, the proper correlation of co-operative development with the progress made in the private and governmental sectors of the economy; fourth, the early establishment of permanent institutions primarily concerned with improving the quality and qualifications of the personnel engaged in co-operative activity at every level.

It is common ground that the developing countries, at their stage of economic evolution, are primarily concerned with agriculture and the well-being of the rural population, usually by far their largest demographic element. Very often this population is in transition from a subsistence to a market economy, that is, from a natural to a money economy. The choice of starting point for co-operative organisation lies mostly between Co-operation in the work of cultivation (co-operative farming) and Co-operation in exchange operations. The latter divides, again, according to whether the exchange operations are concerned with money (credit) or goods (marketing, supply). In other words, the starting point may be co-operative cultivation, or thrift and credit, or sale and purchase, which of the three appears in the light of all the circumstances to offer the greatest advantage or the most urgently needed relief. The cultivator's income can be increased by reducing his costs or increasing his returns, perhaps ultimately by both at once. Neither the advantage nor the relief should be reckoned in purely economic or material terms. The educational aspect is no less important. The novice in Co-operation must not merely learn to save money but understand why he should do so and why Co-operation enables him to do so. He must not only get a fairer price for his product but understand why co-operative selling yields him in the long run higher return than selling privately. To every type of co-operative enterprise, its proper educational lesson.

The object throughout should be, in the words of Pandit Nehru, "to catch the mind of the villager," and, having caught it, to hold it and nourish it with sound ideas and exercise it on real problems concerned with the economy and social needs of his family, his neighbours and himself. If the members are to play an intelligent rôle in their Societies they must begin to learn how to employ money and how to follow the mutual reactions of supply, demand and prices in respect of the products in which they are interested. The same principles apply, of course, to the introduction of Co-operation to urban dwellers whose wants are to be supplied by Consumers' or Housing or Credit Co-operatives. They no less require to learn about markets and the purchasing power of money and the

rôle of saving and investment, in order to become conscious of the economic power they can acquire through Co-operation and to employ it effectively.

Assuming that Co-operation can be firmly planted in the economy and the social outlook of the people, the next consideration is the manner of its growth and development. There are limits to the extent to which patterns of growth can be imposed by external authority on Co-operative Movements without impairing their life and character. It is better to plan and work in harmony with those ways of growing which may be called natural to Co-operation, because to do so is to ensure greater strength and toughness in the Movement's Institutions. Co-operative Movements grow extensively, especially in their early stages, by imitation and by the multiplication of Primary Societies. At a later stage they may, of course, grow intensively by integration and the amalgamation of Societies. Again, they grow by federation or the establishment of Secondary Institutions, by which they often break through from retail into wholesale trade and production, or from simple marketing into processing and exportation, or from trade into banking and insurance. These Secondary Institutions come into existence to serve and support the Primary Societies and enable them to fulfil their various purposes, but they also facilitate the extension of the Movement into successive stages of production and distribution, a process which economists long ago called vertical integration. It is important to bear in mind that federal structures are natural to Co-operation because they represent the further application of basic co-operative principles of association, economy and democracy already practised in the Primary Societies. They spring up in any economic and social system where the Movement is free to develop according to the needs and aspirations of its members. Long-term programmes of co-operative development should take constantly into account the capacity of genuine Co-operative Movements to grow in this fashion in virtue of the energy and economic power they generate within themselves.

What obviously requires careful thought is the direction of co-operative growth and the sequence in which co-operative enterprise is extended to fresh fields of activity, or in which the various forms of Co-operation are introduced. Problems of priority are bound to arise and few general rules can be laid down for their solution, except perhaps that no form of Co-operation, no matter how desirable, has much chance of success unless it answers to a widespread need strongly felt by the people who are being encouraged to co-operate. The relative urgency of different needs is a rough and ready guide to priority. On the other hand, the complexity or technical difficulty of any form of Co-operation is a consideration pointing to a low priority, or at least to the need for waiting until the necessary knowledge and skill are available among the co-operators. The considerations which bear on this problem may be illustrated by reference to the introduction of Consumers' Co-operation into the developing countries. Very rarely is it suitable as what may be called a "pioneer" form, that is, for introducing the Co-operative Idea to simple, unsophisticated village folk. Thrift or Credit or straightforward Marketing Societies are more likely to be within their capacity to begin with. Consumers' Co-operation involves complicated problems of buying, selling, stock-keeping, price-fixing, book-keeping which are not to be mastered without trained management. (It will be remembered that the Rochdale Pioneers simplified their problems by stocking only four articles at first, and by paying cash down). It may well be that rural populations are shamefully exploited by village shop-keepers, but the latter are usually too well entrenched to be dislodged by inexperienced co-operators. Alternative ideas, based on large-scale operations and combined wholesaling and retailing, have been adopted in certain countries, but their success has not yet been conclusively demonstrated.

An illustration from a rather broader viewpoint is furnished by Danish co-operative history. Consumers' Co-operation on the Rochdale pattern was started in Denmark in 1866. For thirty years it made only slow progress. In that interval the Danish farmers developed their systems of co-operative marketing and processing for butter, bacon and eggs, and by the end of the 19th century were earning a steady money income from these sources. It was then that they turned their attention to possible economies in the spending of this income and Consumers' Co-operatives began to multiply and expand their trade in Danish villages. In a number of the developing countries the situation suggests that they may need to follow the Danish example and wait until their Co-operative Marketing Organisations are working effectively before attempting a difficult kind of co-operative enterprise in a different economic field. Somewhat similar considerations apply to the introduction of such services as insurance. The Insurance Committee of the I.C.A., which has some years of experience of technical assistance in its special field, expressed the opinion, in the course of its Conference at New York in 1959, that insurance on co-operative lines had the best hopes of success when it could be started with the support of some other branch of the Movement already firmly established.

It is self-evident that the promotion of Co-operation cannot and will not proceed in a vacuum. Its aims and strategy are bound to be affected by what happens in other sectors of the economy, more especially the governmental sector. Many Governments, with or without international assistance, draw and execute more or less ambitious plans of agricultural, industrial or commercial development. Reform of the land system, irrigation or drainage, hydro-electric schemes, road, railway and harbour construction are characteristic examples. Co-operative development can sometimes be co-ordinated with them, possibly as a complement or extension or continuation. Conversely, the execution of government schemes of land reform may provide opportunities for co-operative organisation. As mentioned earlier, it may lead to co-operative farming, especially if big units of expropriated land are kept intact. On the other hand, if land reform increases the number of small peasant holdings, the new proprietors will be economically helpless, as they were in Europe in Raiffeisen's day, without the support of Co-operation for credit, marketing, supply and other purposes besides. Or again, the generation of electric power on a large scale is futile without a system for distributing the current to users—a function which it is well-known Co-operative Societies can discharge efficiently and economically from the user's standpoint.

Industrialisation, whether promoted by private or government enterprise, tends to concentrate populations, giving rise to urban development, and to increase the numbers of people depending for the necessities of life on the purchasing power of wages or salaries. The introduction of co-operative distribution or co-operative housing can mitigate or prevent the worst evils of industrialisation. The working classes of the newly-developing countries need not inevitably suffer the same disabilities as those of Europe did in the industrial revolutions of the 19th century. Co-operative development should have its proper place in the plans of all the countries now working their way towards the "welfare state". The important consideration is that the planners should not set targets or timetables which are unreasonable or impossible, having regard to the nature of Co-operation as a Movement of free men and women and as a technique which can be employed with success only by those who have been schooled to understand it.

The possibility of achieving any planned development of Co-operation is in direct ratio to the amount and quality of the available education. Education

should, of course, be included in the plans and precede the introduction of any new branch of the Movement or type of co-operative enterprise. Of the highest importance is the presentation of Co-operation to people to whom it is an entirely novel idea, and those who undertake this task, the extension or field workers, are the most valuable corps of co-operative educators in the world. They constitute the front line of the co-operative advance. Their recruitment, training, organisation, together with the supply to them of literature, audio-visual material and other aids to learning, are the fundamental educational tasks too often neglected in every continent. They are neglected, more often than not, because of over-anxiety to produce economic results or achieve statistical targets which look well on paper and make a good impression on parliaments or the public. There is less excuse for this neglect since FAO published Dr. Laidlaw's excellent handbook for extension workers and the I.C.A. issued in book form the papers and recommendations of its Delhi Seminar on Co-operative Leadership.

For the inauguration of a system of co-operative education, the operative agencies should be a department of government, special association or institution (e.g. Pellervo in Finland) or an international organisation or any combination of these. The first objective should be the training of a corps of field workers skilled in the art of provoking fruitful discussion amongst prospective members of Co-operatives and advising them on the practical problems of forming and running their Societies. Next in order comes the training of those displaying the qualities of democratic leaders or talent for administration and management. As the Movement grows, the educational system will develop more specialised kinds of training, and distinguish between what education may be centralised in a college and what must be localised in order to be within every co-operator's reach. It will take the form of a network covering the whole country. It will provide the means for greatly improved selection and preparation of the relatively very small number who need and benefit from study abroad, whether in the form of specialised training in co-operative enterprises or attendance at one of the well-known international centres of advanced co-operative studies and research. It is only then that the full benefit will be gathered from the travelling fellowships provided under the UN Expanded Programme of Technical Assistance and by the I.C.A. from its Development Fund.

#### **Conditions Favourable to Co-operative Development**

Co-operation, in the sense of a living social organism, is bound to be affected by the economic, social and political climate of its environment. In the following paragraphs are mentioned some of the most important factors of a climate favourable to co-operative growth.

The first is inevitably education, that is, the general educational level of the population and, in particular, the liveliness and effectiveness of adult education. There is a correspondence, amounting almost to a scientific law, between the level of the co-operative achievement in any country and the standard of its adult education. The campaign waged by many newly independent States, with UNESCO backing, to reduce illiteracy is bound to yield results favourable to Co-operation by increasing the numbers of people and the proportion in their populations who can read, write and calculate. At the same time, however, it is important not to neglect out-of-school education and the use of visual and auditory aids to learning among those who may never achieve full literacy. Allied to education are the spread of technical training and interest in science and technology, the growth of the press and the extension of the media of mass communication. In short, all the influences which open up people's minds, which extend their

view of the world and enlarge their ideas of what progress is possible for themselves and all mankind, help to create a milieu favourable to the reception and application of co-operative ideas.

The second is the respect in which elementary human rights and civil liberty are held. What we have in mind here goes much farther than constitutional principles and legal enactments. Modern constitutions may provide for adult suffrage and equality before the law but may have little immediate effect on the substance of social relations, especially where social stratification persists. The obvious example is the position of women in many of the developing countries (and even in countries claiming to be advanced). Women may be enfranchised in the political sense, but continue indefinitely, because of immemorial social custom, to suffer economic, educational and other disabilities which condemn them to an all too passive rôle in the progress of their nation towards modern standards of welfare and enlightenment. The Co-operative Movement can become one of the instruments of women's liberation from ignorance, poverty, drudgery and social inferiority. It can reinforce its own action by harnessing their energies and idealism to its constructive efforts. But it also stands to gain enormously if other women's movements can be made aware of its aims and potentialities. It is for this reason that the I.C.A., with the support of UNESCO, organised the Seminar in New Delhi in November 1962, which is reported on pages 35 and 36 of the Report of the Central Committee.

The Co-operative Movement stands to benefit, however, from an atmosphere in which freedom of thought and expression of opinion are valued and encouraged, rather than feared and suppressed. If the Movement is to be really dynamic, its members must keep abreast of contemporary thought, discovery and invention in the world at large. One of the chief safeguards of freedom of thought and expression is the rule of law, under which no citizen can be made to suffer in person or property except for offences proved against him in the ordinary courts. It may take considerable time to establish this, but it would make a great difference to co-operative development if the rule of law were accepted as a goal to be striven for in the evolution of national legal systems.

Allied to it is another element of even greater and more immediate practical importance for the Co-operative Movement, so long as it is dependent upon promotion by governments, and that is the ideal of efficiency and integrity in public administration. Many of the newly-constituted independent states have had to assume the responsibilities of government with inadequate administrative cadres. The fact has been recognised by the United Nations and a number of them have been helped by expert advice and by training provided under the Expanded Programme of Technical Assistance. In some countries the lack of experienced administrators has obliged the government to call upon the services of leaders and officials of Co-operative Organisations, thereby temporarily weakening the Movement, until effective replacements could be selected and trained. But the establishment of high standards of professional conduct and devotion to the public welfare is likely to take even longer because it implies a break with old methods and customs and the elimination of vested interests. A process of re-education of both officials and the public is necessary and will take time. In any event, public officials responsible for promoting Co-operation cannot teach efficient administration to co-operators unless they themselves embody efficiency.

One of the great difficulties in many countries at the present stage of their national evolution is to disentangle economic and social progress, which is the aim of Co-operation, from politics, and particularly party politics. This is easily

understandable because of the essential rôle played by parties and political doctrine and agitation in movements for national liberation. It is no more than natural that the people should expect those who have led them out of bondage to continue to lead them towards the promised land of the Welfare State. But the problems of self-government and social development are not the problems of insurrection and transfer of power. Their solution requires different methods and different qualities in the statesmen who have to solve them.

So far as Co-operation is concerned, its progress and development can be helped effectively if a country's political leaders are willing to recognise that it is primarily not political. Its essence consists in the will to associate for economic and social advantage, not in the acquisition and exercise of power—in agreement, not compulsion. This is not to claim that Co-operation can be entirely separated from or remain unaffected by politics, but rather that it should not be involved in politics in such a manner or to such an extent that the performance of its economic and social tasks is impaired. This particularly applies to Co-operative Movements in their early stages where the will to associate is relatively weak, the necessity of unity imperfectly understood and the sentiment of loyalty not yet engendered. From the Rochdale Pioneers to the co-operators who drafted the Rules of the I.C.A., the danger to Co-operative Societies and their Federations from tensions among their members arising from differences of political and religious doctrine has always been recognised and guarded against by wise leadership. The wise policy is, on the one hand, not to import into co-operative activities and deliberations political questions on which the membership will sooner or later split; on the other, to strive for such widespread recognition of Co-operation as a good thing in itself that it need not become a matter of party political contention. Not only the unity of the Movement but continuity of government policy in relation to it is here at stake. If the policy and the personnel of the Co-operative Ministry or Department are to be altered with every change of government, the Movement's progress is liable to become nothing more than a succession of false starts. There are other dangers resulting from political influence or interference in co-operative affairs which need not be specified here, as they are obvious.

The last of the "climate" factors to be mentioned in this section of the paper is economic growth and expansion. A government which is intent on the development of the natural resources of its territory, and the improvement of productivity in every branch of its national economy, will find the Co-operative Movement one of the most useful channels through which it can awaken the intelligent interest of the common people in what it is attempting to do. It can never achieve real economic independence unless it finds ways of carrying the people with it and securing their whole-hearted participation. The Movement, in so far as it performs its proper educational functions, diffuses a better understanding of the national economy, its situation and prospects, as well as the necessity of hard work and the sacrifice of present enjoyments for future benefits. But the Movement also gains in vigour and enthusiasm if the members can visualise it as one aspect of the national resurgence and a means whereby they can actively contribute to it.

The rate of economic growth of the developing countries, however, is dependent to a greater or lesser extent on the expansion of international exchange and the progressive liberalisation of the trade and tariff policies of the industrialised countries. A shift in the terms of trade to the disadvantage of the developing countries cancels much of the direct benefit of technical assistance. Technical assistance should not be the perpetuation of dependence under another name.



Its true aims, which are the independence of those assisted and the interdependence of all on an equal footing, should not be allowed to be frustrated by trade policies which tend to maintain or even increase the disparity between the less-developed and the industrialised nations. It is high time that the latter squarely faced this issue.

### **The Rôle of International Aid**

The argument of this paper has been based on the premise that Co-operation in any nation or community must be promoted from within it. If it is not promoted from within, it cannot be promoted from without. If people are not willing to help themselves, they cannot in the long run be helped by their neighbours. On the international level this means that external aid is, properly speaking, ancillary to national effort and should not attempt to do for any group of co-operators what they can be fairly expected, having regard to their experience and resources, to do, and will in any case benefit from doing, for themselves. Technical assistance is not largesse. Gifts are of real value only to those who are skilled enough to use them to the best advantage.

The sources of external aid for co-operative promotion may be broadly classified as governmental and non-governmental. The former class consists of the United Nations and the Specialised Agencies: Regional Commissions such as those for the Caribbean and the South Pacific; particular inter-governmental arrangements like the Colombo Plan, and national governments acting independently, often through special committees, departments or foundations for technical assistance to the developing countries. Non-governmental sources include the International Co-operative Alliance, the International Federation of Agricultural Producers, other voluntary associations and various private foundations.

Merely to enumerate these different types of organisations suggests that there is considerable dispersion of effort and that their work would be more effective if it were better co-ordinated. The annual joint meetings of inter-governmental and non-governmental organisations mentioned on page 129 are evidence that the need for co-ordination is widely recognised. The attempt is made at these meetings, through the exchange of plans and programmes for twelve months or even longer ahead, to avoid duplication and by pointing out some generally-felt deficiency to remedy it by collaboration and division of labour. It would be over-optimistic, however, to expect co-ordination to be very close or far-reaching as yet. All the organisations are restricted by the available finance and personnel, or subject to constitutional limitations which oblige them to use certain procedures or channels and prevent them from using others.

Nevertheless, co-ordination between the international organisations may prove to be easier than the co-ordination of aid on a bilateral basis. This complex problem has recently become more complicated through the rapid establishment, notably in Africa, of a large number of independent states which have been requesting assistance simultaneously from any and every possible source. On the other side, there has been a corresponding tendency to action without international consultation on the part of governments and other agencies offering aid. The dangers and disadvantages of this kind of bilateralism, which may not always be disinterested and may aim at something ulterior to the development of the receiving country, lie beyond the scope of this paper. All that need be said is, that where in any country a coherent programme of co-operative promotion is being implemented it becomes easier to attract the right kind of external aid and to co-ordinate.

within the country concerned, the different kinds of outside help available. Perhaps most of the agencies can lay claim to the negative virtue that they usually take pains to avoid overlapping and often succeed because the field is so wide.

What it is appropriate to discuss in this paper, however, is the co-ordination of technical assistance between the I.C.A. and its affiliated Organisations. This problem results from several factors. One is undoubtedly the I.C.A.'s own limitations in finance and personnel which restrict the scale and the speed of its operations. The growth of the Development Fund in nearly ten years to a total of £68,000 is not impressive beside the amounts collected by some other non-governmental organisations. Another factor is that it is on the whole easier to arouse sympathy and raise money for particular projects or well-defined groups than for general causes. People are always readier to give help when they can visualise the men, women and children who need it. There are, therefore, powerful reasons for the adoption of particular countries and schemes as objects for appeals for funds like those made at various times during the last few years by the I.C.A.'s affiliated Organisations in Sweden, Germany, Holland, Austria, Switzerland, the U.S.A., Great Britain, etc. It was fortunate that K.F.'s educational project in India could be linked at an early stage with the establishment by the I.C.A. of its Regional Office for South-East Asia, because the Office and the Education Centre at New Delhi reinforce each other and their combined impact on the region is felt far beyond the field of operation of the National Co-operative Organisations with which they work most closely. Incidentally, it was made clear by the Government of India at an early stage that it preferred, and it was so agreed, that projects proposed by National Co-operative Movements in donor countries should be submitted for its consideration by and through the I.C.A. Alternatively the I.C.A. is sometimes asked to suggest projects based on its knowledge of the needs of this or that organisation. Whichever way the question is approached, it is obvious that it is easier to choose the right or the best project if each National Movement or Organisation requiring assistance has previously drawn up a clearly articulated plan of development such as exists, for example, for Dahomey and the aid provided by the Swiss Co-operative Union, V.S.K.

Another problem of co-ordination springs from the establishment, in various parts of the world, of educational institutions which deliberately attract students from many nations and more than one continent. The Co-operative College at Loughborough in England, the Coady Institute at Antigonish in Canada, the Afro-Asian Institute at Tel-Aviv, the Co-operative Institute at Puerto Rico, the Collège Coopératif and Centre National de la Coopération Agricole in Paris, have provided, for several years past, an invaluable training through long-period courses of several months' duration or even longer. To them may be added the newer foundations, the Co-operative Training Centre at the University of Wisconsin, the Asian Institute for the Development of Agricultural Co-operatives at Tokyo, and the Swedish K.F.-S.L. Seminar. Almost all of these admirable institutions would be more effective if their work were more closely linked with the Co-operative Schools and with co-operative educational work as a whole in the developing countries. The proper selection of students with the requisite qualities and ground-work for international training is still largely an unsolved problem because co-operative education on the national level, and below, is still in an early stage of development. As it expands and diversifies, however, it will serve more and more for both the preparation and the screening of candidates for the international institutes. On the other hand, the international institutes themselves can perform vitally important functions by supplying fully-trained staff for the National Co-

operative Schools, especially now that UNESCO grants are available to facilitate the travel of tutors and leaders in adult education from continent to continent.

A related but different function which these Institutes may be able in time to discharge more adequately is the training of the various types of expert adviser required for co-operative promotion in the developing countries. The difficulties in the way of a fully satisfactory solution of the problems of selecting, preparing and briefing otherwise well-qualified persons for service on technical assistance missions have been discussed more than once in joint meetings between the members of the I.C.A. Technical Assistance Sub-Committee and the competent officers of the International Labour Office. As the co-operative economic activities and institutions of the developing countries increase in diversity, the greater their need, in their initial stages, of experienced guidance. Experts must, therefore, be recruited to an increasing extent from the technically-trained and experienced managing staffs of co-operative trading, manufacturing, financing and insurance undertakings. The request for help of this kind, whether it comes from ILO, FAO, I.C.A., or elsewhere, immediately raises delicate questions, even if there are capable persons available. Can they be released by their organisation? Dare they interrupt their careers and imperil their prospects of later promotion, or risk unemployment on the conclusion of their mission? Can they be given adequate training in the non-technical aspects of their mission before they enter upon it? These are only a few of the questions which arise and for which it may be impossible to find fully satisfactory answers. In the Federal German Republic the four Co-operative Apex Unions, through their Joint Committee, in collaboration with the Government initiated in 1962 a training course of economic, sociological, linguistic and co-operative studies which aims at building up a corps of experts who will hold themselves available for technical assistance missions for a period of five years. By this means it may be possible to reduce the shortage of advisers which has become acute in recent years, but it is too early yet for a full assessment of the results of this training and, therefore, to say if it can be regarded as a long-term solution.

There is still room, and need, for further experiment in training courses and methods on the part of the Institutes already mentioned, as well as for a continuous exchange of ideas and experience between them. Although they differ among themselves in social background, philosophy and outlook, they have fundamentally the same problems of educational method to solve, for example, in the content and planning of courses, the correlation of theoretical studies with practical work and observation in the field, as well as the organisation of group work of various kinds. They should all be contributing to, and drawing from, a common intellectual pool. The I.C.A. Education Centre at New Delhi which, although an institution of a different kind, has already done useful work and will no doubt do more in the future in diffusing knowledge of up-to-date educational methods and stimulating their introduction, should also be a partner in these exchanges.

Occasions occur, though they are not yet numerous, when continuity of development can best be assured by one international organisation taking over from another. For example, technical improvements in fishing, which are being promoted by FAO in several parts of the world, need for their widespread application the organisation of Co-operatives among fishermen. If boats are to be power-driven and nets or gear purchased at economical prices, fishermen must combine in Co-operative Credit and Supply Societies in order to acquire them. Or, if they are to sell their increased catches at fair prices they must join in a Marketing Organisation which prevents their exploitation by middlemen. The work of the

co-operative expert is thus the complement of the work of the technical expert whom he should in due time succeed as adviser. Looking ahead, one might expect as the promotional functions of government tend to diminish with the growing economic power and independence of Co-operative Movements, that the I.C.A. would take over an increasing number of projects initiated originally by one or other of the inter-governmental organisations.

### **The Immediate Future**

To conclude this paper, we may perhaps look again at the I.C.A.'s Long-Term Programme and consider it in the light of the needs of the immediate future.

So far as the exploration of the various under-developed regions is concerned, this task should be completed as soon as possible and, in any case, before the 23rd Congress of the Alliance. The constitution at Montevideo in February 1963, of a regional confederation, the Organisation of Co-operatives of America, with its seat at Puerto Rico, offers an opportunity for the Alliance to define its ideas about possible collaboration and take an early opportunity of establishing constant liaison through a Regional Office in the same location. The formation in November 1962 of the African Co-operative Alliance, even if it is regarded as premature in the light of the recent initiation and consequent immaturity of Co-operative Movements in many African countries, is a sign of the times and points to real needs which the I.C.A. should be able to supply. The I.C.A. should not delay to affirm its presence in Africa, not merely by sending an expert representative on tour, but also by establishing a Permanent Office in the most suitable centre. There remain the Middle East, where the I.C.A. already has members, and the Pacific where, apart from Australia, it has no members but a number of contacts and correspondents. The former region hardly needs exploration, but the organisations could be helped by a Regional Office. The latter needs, first of all, a closer liaison between the I.C.A. and its Australian member and, secondly, so far as the distant archipelagos are concerned, exploration and a development programme worked out in collaboration with the South Pacific Commission.

Coming to the second point in the Programme, intensive research, this is admittedly a field in which progress has not been satisfactory so far. To a certain extent this results from the lack of personnel due to budgetary limitations. A certain amount is being accomplished and more will be undertaken by the Regional Office and Education Centre at New Delhi. To an even greater extent, the development of systematic research must wait for the completion of the exploration programme mentioned above and the establishment of Regional Centres from which the research can be directed. It has been recognised, ever since the Conference at Kuala Lumpur, that research is indispensable in order that a closer grip can be taken of the difficulties in the way of speedier and surer progress by the principal forms of Co-operation. It is chiefly through a comparison of the problems and solutions sought or adopted by the Movements of neighbouring countries in the same region that the most effective methods of surmounting these difficulties can be worked out. The I.C.A. has always envisaged collaboration in research with other International Organisations. These, however, are hindered, like the I.C.A. itself, by being under-staffed and under-financed for the work demanded of them. Research has had to yield priority, if only temporarily, to practical tasks of co-operative promotion.

The third point, promotion of education at all levels, has been largely dealt with in preceding sections of this paper. There is still, however, a lack of manuals

and text-books suitable for training purposes in the developing countries. Many, possibly most, of these must be written by co-operative teachers in the countries themselves. Only a few works are capable of an international circulation without considerable adaptation. The rôle of the I.C.A. would seem to be in the main to finance the production of teaching manuals when the National Co-operative Unions can recruit the writers and arrange for publishing.

Collaboration with United Nations Agencies and other Agencies is involved more or less in every point of the I.C.A. Programme, but there is one specific need which can only be satisfied on an adequate scale by combined action. That is the production in sufficient quantities of co-operative films and other visual aids. The Movement's total output of films is in any case small, but the output of films suitable for teaching and propaganda in developing countries is derisory. To be effective, such films need to be produced in the country, or at least in the region, where they are to be shown. The idea of a combined project on a large scale worthy of the consideration of the United Nations' Special Fund has been mooted. What could be done, given adequate finance, by competent producers has been brilliantly demonstrated by a series of the films, produced in India by Mr. A. W. Ackland under the Colombo Plan, and described by him in the *Review of International Co-operation* for May 1963.

The fifth point of the Programme is concerned with the promotion and expansion of Inter-Co-operative Trade and the establishment of Co-operative Banking, Insurance and Credit Institutions. Admittedly, more progress has been made so far in the fields of insurance and finance, thanks to the energy of the Reinsurance Bureau of the I.C.A. Co-operative Insurance Committee and the interest in establishing central banks displayed by some of the developing countries. In order to make progress in trade the I.C.A. is obviously obliged to appeal to the enlightened interest and enterprise of its affiliated trading organisations. What the I.C.A. can usefully do to bring co-operative importers and exporters round the same table was proved by the Conference on Tea, Coffee and Cocoa held in London in September 1962. It is a considerable step forward when buyers and sellers can discuss together the difficulties which prevent them from doing more business. But the I.C.A. cannot do business for them. It can only wait with hope and patience while they learn to disentangle themselves from old habits, prejudices and trade connections and resolve to give preference to the co-operative market or source of supply when prices are competitive and other conditions satisfactory. No greater encouragement could be given to Co-operators engaged in building up marketing and export societies in developing countries than the assurance that, when they can attain proper standards of product and business competence, a co-operative market exists willing to give them an opportunity. The same holds good for Co-operators engaged in distribution whose main hope of circumventing monopolies and restrictive practices is to find co-operative sources of supply abroad. The acid test of International Co-operation as an economic system lies not in the ideal, but in the commercial sphere.

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The immediate aim of the present paper is practical, namely, to increase the effectiveness of the work undertaken by the I.C.A. to promote, in every developing region of the world, powerful Co-operative Movements capable of taking their economic destinies in their own hands. Of necessity much has been said about organisations, governmental and non-governmental plans, programmes, methods and machinery, because these are the tools for the job in hand. But the efficacy of

any tool depends upon the workman handling it. The tools we employ in technical assistance will produce little of permanent value unless they are wielded by Co-operators with creative imagination, fired by the fundamental principles and lofty ideals of our Movement. The work, therefore, demands the dedication to it of some of the finest minds among the rising generation of Co-operators, carefully selected and thoroughly trained for their mission. Yet even they cannot accomplish what is necessary unless they are given the whole-hearted support and understanding, not merely of the Authorities of the Alliance, but also of its affiliated Organisations, right down to the individual members of their Societies. If the right appeal is made to the members, experience has shown they will respond.

Really the term and concept of Technical Assistance are too narrow. They express only the means we employ, not the great ends we should keep in view or the spirit in which we should pursue them, the spirit of human solidarity and brotherhood which embraces all mankind. The Promotion of Co-operation is probably a better term, provided that we mean by that aid and encouragement to our fellow Co-operators in the developing countries in their efforts, first of all, to co-operate amongst themselves and, secondly, to play their part in that great orchestration of co-operative activity on a world scale which is the ultimate goal of the International Co-operative Movement.

### **Resolution**

#### **The 22nd Congress of the International Co-operative Alliance—**

**noting the progress made since the Congress of Lausanne in implementing the I.C.A. Long-Term Programme of Technical Assistance,**

**but also taking account of the rapidly increasing demand for expert advice and guidance for the promotion of co-operation resulting from the creation of new independent states and the execution of their plans for economic and social development—**

#### **Appeals to the affiliated organisations of the Alliance—**

- (i) To arouse and maintain among their own members a well-informed interest in co-operation in the newly-developing regions by multiplying their friendly and economic contacts with co-operative organisations in these regions;**
- (ii) To adopt projects and programmes of technical assistance in developing countries for which they will take responsibility while co-ordinating them with the Long-Term Programme of the Alliance;**
- (iii) To assist in making good the shortage of co-operative experts by taking all possible steps to recruit and train co-operators suited by character and experience and to make them available to serve as experts in various branches of technical assistance;**
- (iv) To provide the I.C.A. with adequate resources for co-operative promotion by continuing to augment its Development Fund.**

The Congress, while noting with gratification that the Inter-Governmental Organisations chiefly concerned with the promotion of co-operation contemplate increases in the personnel of their appropriate departments, expresses the hope that these increases will be adequate, both for the discharge of present and future operational tasks and for the regular collection, analysis and publication of co-operative information from which co-operative workers throughout the world may, as in the past, derive inestimable guidance in solving vital problems of development.

## Discussion on the Paper

**The President:** I have the pleasure to ask Mr. Watkins to introduce his Paper, and also to move the resolution on behalf of the Central Committee.

**The Director:** It is a great pleasure for me to move the resolution on the promotion of Co-operation in the developing countries on behalf of the Central Committee, and to say a few words about my paper, all the more so because of all the branches of co-operative work at the present time I find this the most fascinating and the most absorbing.

First, let me call attention to the resolution, which is in three parts—a preamble; then four points directed expressly to the affiliated organisations suggesting a number of things which they might do immediately, if they are not already doing them; finally, a paragraph addressed to inter-governmental organisations responsible for the promotion of co-operation in developing countries, whose aid we appreciate very much and whose resources for this work we would like to see very greatly increased.

So far as the paper is concerned, I have tried more or less to articulate it in five sections. Apart from the introductory paragraphs, which more or less recapitulate the situation, it begins with what I think is a fundamental consideration—the necessity of planning co-operative development for longer periods ahead than has been done hitherto in many countries. The necessity for this arises from the fact that co-operation and the growth of co-operative institutions, the promotion of co-operative development, is itself a time-requiring, a time-using, process. Had I time I would prove that both positively and negatively, but if you look around at the co-operative world today you can see for yourselves the unhappy consequences which sometimes arise from an attempt to promote Co-operation without proper consideration of time. Sometimes this can be done, but experience in general shows that unless you are prepared to take the necessary time you cannot build up institutions which will endure. It is not a question of achieving something once and for all within a short time, but of setting going, amongst the common people, certain currents of thought and certain modes of action which are likely to serve them at least for a generation.

A celebrated English banker of the 19th century said that the essence of banking was to know the difference between a mortgage and a bill of exchange. I would say that, in matters of co-operative development, it is necessary to understand the difference between a garden and a display of flowers. It is possible to produce a display of flowers very quickly by cutting the blooms but if you are to have a garden which will bear flowers and fruit for a long time you have to begin at the very beginning by preparing the soil and tending it over a long period. What is important is that co-operative institutions should be recognised as things which have a capacity to grow from within by their own morally self-generated power and do not depend too much on impulses from without. If you are to create co-operative institutions which have that inherent power of growth, and which go on growing, you have to start with the task which Mr. Barbier pointed out yesterday, the formation, the training and education of the people who are to perform various functions within the co-operative system.

In all co-operative problems we come back to the fact that co-operative societies consist of people, and that their problems are concerned with the mutual relations of people. There is a constant action and interaction between the kind

of men and women who are good co-operators and the power of the institutions in which they work. The institutions react on the people and the people on the institutions. In the beginning, however, we must have the people, the co-operators, who are prepared to observe the principles and to practice the various skills and techniques involved in co-operative development.

From there we pass fairly logically to the condition that if we are to lay our foundations on something really firm we must have planning, but the planning must be done to a large extent by the people whose co-operative development is to be assisted. One of the weaknesses at present, and one thing which handicaps us, is the absence, only too often, of coherent national plans of co-operative development. Here again my observation and experience show that plans are most effective when they are the result of ideas and thought by the people of the countries themselves.

This ties up again with that fundamental co-operative idea that there is in all Co-operation an essential element of self-help, and the beginning of self-help in our sphere of reference is the endeavour to think out a plan of development which will lead from the foundation of individual primary co-operative societies to the growth, in each national economy, of that system of institutions which we are accustomed to call a co-operative movement. This is not saying, of course, that sympathetic and knowledgeable outsiders cannot contribute ideas and thought to the development of national plans. They certainly can and have done so, but the peoples of the countries concerned and their governments must take the responsibility. They have to discharge their tasks and to contribute—what no outsider can contribute so well—an intimate acquaintance with the genius of the people, the conditions of the country, and all the intangible factors which govern the modes of action which can be employed. In a sense, in each national economy the co-operative movement has to be born and to grow up according to the traditions of the country. This does not in any way derogate from our accepted co-operative principles, but shows their flexibility and adaptability when they are rightly understood, because the actual form and spirit of co-operative movements are infinitely variable.

I would point to the work which has to be undertaken by co-operators, and by their governments when they are sympathetic to co-operation. First, you have to decide where you are going to start and with what type of co-operative. The question of the starting point is enormously important, because it leads on to the second feature which is the setting up of a kind of chain reaction in co-operative development, so that the achievement of one particular aim, which may be to plant firmly one particular type of organisation, leads practically and logically to the introduction of another. In a number of Asian and African countries in course of development, the choice seems to be between two things: either you aim at credit organisations in order to add to the cultivator's capital resources, economising his outgoings in respect of interest and teaching him the art of saving and the general management of money, or you aim at something like an immediate increase in his income by helping him to market his produce at less cost and at higher prices. You can continue one particular line, perhaps, a little too long without supporting it by others, but that is a problem of timing which only those on the spot can solve in a satisfactory way. The mere fact that a particular form of co-operation is badly needed in a country is not conclusive for its adoption as the pioneer type. One thinks, in particular, of the attempts made again and again to establish consumer co-operatives. Generalising from the experience of recent years, it would seem that under emergency conditions societies may be formed which are likely to disappear when the emergency no longer exists. Usually work done in an



emergency is done hastily, without the training and the assembly of the important human factors concerned, without explaining to the membership what is really expected of it, and without adequate resources of trained personnel.

All these are, of course, issues involved in planning, and executing plans of co-operative development, but there is one factor which is essential at every stage: it is education and training. The principle of education is so deeply embedded in co-operation that almost every new co-operative venture, and certainly the introduction of every new co-operative type, needs a special educational preparation, and not just education once for all but education and re-education with the changes in development and circumstances. Therefore, I have pointed out the need for the introduction of an appropriate educational system by government, by special bodies, with international aid at the beginning, and the expansion of the system stage by stage as the needs of the movement grow. But you cannot depend on the execution of any plan, however well drawn up, unless you have the people capable of doing the jobs that you require.

Then comes the third section, which is rather of the nature of a digression. It is concerned with certain conditions which, if present, undoubtedly favour co-operative development. Of course, the reverse is also true that the absence of these conditions can be a very grave hindrance to development—the absence of a certain degree of personal freedom, of a certain level of general education, of efficiency and honesty in public administration, the presence of a certain laziness in general economic development, or of inefficiency, are all hindrances to development.

The fourth section is concerned with the rôle of international aid. In this Congress there is enough experience for us to say fairly safely that most kinds of international aid, certainly in the early stages, fall into one of two categories and are related to the question of the personal qualifications of co-operators, and the growth of the institutions. In other words, international aid has been shown again and again to be capable of making an immense contribution to the provision of the cadre of co-operative leaders needed for development. This is being done by an increasing number of agencies, and the fact that they are increasing is evidence of a growing problem of co-ordination, so that under the general head of imparting knowhow there is, and must be for a long time to come, considerable scope for international aid. On the other hand, there is that kind of international aid which can be called "the tools for the job". The co-operative unions of Western and Eastern Nigeria have received from the I.C.A. useful tools in the shape of mobile audio-visual film units; printing presses are other essential tools which young co-operative unions need.

But there is something more. Education through co-operative institutes is of only limited value unless it is supplemented by practical work which demonstrates the efficacy of the education. The most powerful educational instrument which the Movement possesses is this demonstration that the Co-operative Movement works and delivers what the people want. That performance is absolutely essential, but it cannot be aided very much by intergovernmental organisations, or even by the I.C.A.; it is a task for the economic institutions, those engaged in industry and trade, whose job it is, in short, to form trade connections which are profitable and fructify between the developing and the industrialised countries.

What I have endeavoured to do in the paper is to indicate, in a more or less consecutive fashion, where we go from here. Three years ago at Lausanne the President of the Alliance, Mr. Marcel Brot, gave Congress the Long-Term Programme of Technical Assistance. To a certain extent we have made progress along

those lines, but not to the extent which in many ways we desired. The personal element is always there to be overcome, but before the next Congress meets it should be possible for the Alliance to complete that preliminary exploration of the developing regions which was planned as long ago as 1954. It will be more difficult, however, to carry out the necessary research. It is not that we do not know about conditions in the developing countries, but what we know is not sufficiently systematic and has not been analysed sufficiently to enable us to make firm judgements on the policy which can be developed. For instance, due to one difficulty and another it has been possible only in recent months for some of the research work planned at the Kuala Lumpur Conference in 1957 to be undertaken in the Regional Office in Delhi. Similar research will have to be carried out in other regions, and the resources will have to be found.

Since Lausanne an important factor in international co-operative education has appeared above the horizon—although it was visible even earlier. We have only to think of the steady contribution made over many years by the Co-operative College at Loughborough to realise that this is something of enormous importance which has been done quietly, the full value of which is now beginning to be apparent in the newly independent countries. But I am thinking particularly of newer institutions with an international body of students such as are being established in Japan and at Tel Aviv. They are a very important factor which provide a necessary element beyond a certain point in the training of co-operative personnel. There are many things which co-operators in training can, and indeed must, learn in their own countries and continents, but there comes a time when they must become acquainted with other standards than those with which they are familiar, be given a shock and a stimulus, fresh ideas to be worked for and attained. We Europeans, can look back on incidents in our own co-operative history which illustrate this. For example, at the end of the 19th century the German consumer co-operators obtained immense inspiration by visits which they paid to England and Scotland, and their direct observation of the two great wholesale organisations in those countries. A similar kind of educational instrument must be used more and more, and those who are to be subjected to the shock of these instruments must be selected with infinitely greater care than in the past.

Then there is the big problem that advisers, demonstrators and experts from the countries of old co-operative experience will be needed in greater numbers as time passes. This is a problem which cannot be satisfactorily solved on the national level, though a number of national movements in Europe and America are making a gallant attempt to tackle it. It is a problem which the I.C.A., IFAP and other interested non-governmental institutions must take up, on which they must consult and work with the governmental institutions. The demand is less and less for those who have been accustomed to administer co-operation to different people, and more and more for those who have been trained and have proved their skill in co-operative work in the older movements. While everybody recognises that this problem must be solved, the solution is fraught with practical difficulties. But expert advisers and demonstrators in adequate numbers must be found for the present lack of them is undoubtedly one of the greatest hindrances to progress.

Finally, I come back to the question of economic relations. The national co-operative movements in the developing regions do not aspire to be self-contained, but to the individual and spiritual links which already exist between them, and between them and the International Co-operative Alliance, must be added the practical demonstration that co-operation is not simply a beautiful idea but a very

tough practical system which is capable, in the material economic sphere, of giving better results than some other economic systems. It is that demonstration which is needed more and more and which we look to the Movement's economic institutions in the realm of trade and finance to fulfil—and all through, in every stage and in every branch of co-operative activity, there must be the one pervading thought, that we are all in it, developed or less developed, in a spirit of complete solidarity and on a footing of equality and mutual respect for one another.

**Dr. Y. Hasumi, Japan:** I would like to take this opportunity to comment on the promotion of agricultural co-operatives in Asia. The object of co-operation is to bring happiness to all mankind and to assure a peaceful life all over the world. To attain this object it is primarily important not only to promote economic conditions but also to promote mutual understanding and fraternal relationships between all nations. Co-operatives are organised voluntarily on the concept of mutual help and prosperity, but of course the stage of co-operative development differs in different countries according to their economic and social conditions and cultural standards. In the light of these facts, the older movements should assist the younger, and the younger should learn from the experiences of the older, so that the world Co-operative Movement may be promoted on the basis of mutual help.

Agriculture, in particular, depends so largely upon natural conditions that mutual collaboration amongst co-operatives on a regional basis is absolutely necessary. I think, therefore, that we must have a programme of great importance to meet the conditions which exist and to establish institutions for the development of co-operation.

Agriculture is the most important industry for all Asian nations, and in Japan it plays a very important rôle in the economy. That is why we have held three Asian Co-operative Conferences in Tokyo to promote the movement in the region. At a Conference in April 1963, at which the co-operative organisations of sixteen countries and four international organisations were represented, resolutions were adopted on the mutual collaboration of co-operatives in Asia, the promotion of international co-operative trade, the establishment of international co-operative institutions and of an institute for the development of agricultural co-operation. We have been applying ourselves to the realisation of these resolutions, and as the first step we have established the institute for the development of agricultural co-operation. The activities of this institute will be programmed and carried out in consultation with a board of trustees and advisers, consisting of co-operative leaders in the region. Facilities for training and accommodation are now under construction and will be completed in a few months. We are very happy to know that the establishment of this institution is appreciated by the I.C.A., by Dr. Bonow, Mr. Watkins, Miss Polley and others. In the programme of the I.C.A. there should be great emphasis on helping and encouraging such institutions, but at the same time the institutions must exert themselves to attain the maximum efficiency by co-ordinating their efforts.

Finally, I wish to say that it will give us great pleasure if we can make a contribution to the development of co-operation in Asia, and the world, in closer collaboration with the I.C.A. and the leaders of co-operation in Asia. I hope that with the spiritual and material support to be extended to the work of these institutions we shall succeed.

**Mr. G. Tolino, Italy:** I would first congratulate Mr. Watkins, and thank him for leaving with us a complete and very interesting study, in which he has examined

all the aspects of an extremely important problem. His paper also has the merit of lending itself to further study and observation and it gives me an opportunity to mention as an example a fact related to the region where I live. It may be that within the same country we find regions which have reached the stage of maturity and others which, for historical reasons, are still in the embryonic stage. The characteristics of the latter are immobility and a certain impossibility of self-government. The great progress of science and technology increases these difficulties so that there is the risk of the distance between the different types of regions increasing. Local energies are not sufficient to remedy such a situation; there must be assistance from outside.

I will not unduly stress the necessity of balanced action in the different branches of economic activity, agriculture, industry and distribution, in order to avoid a serious crisis in agriculture, which may find itself without sufficient labour, because the workers have emigrated or gone over to industry, and with only old-fashioned production and distribution techniques available. We all know that several countries have undergone and still undergo such a painful experience. I shall rather speak of external assistance. That the promotion of education, the training of technicians and the formation of cadres are essential elements, it will be sufficient to recall the conclusions of the Congress of the International Committee of Scientific Organisation, in Rome in 1962, which asserted that—we must promote in the countries concerned a mentality and habits adapted to the system we wish to introduce; schools must give young people technical and practical training which, in the long run, will be superior to professional courses.

But this is still not sufficient. Without the creation of an efficient co-operative movement, the technicians and cadres so trained will not be able to apply the skills they have acquired and will be obliged to resort to enterprises alien to Co-operation in order to find work and the means of existence. We who live in southern Italy have experienced this. What is the remedy? It is a question of creating possibilities of financial collaboration between the most powerful co-operative institutions in the progressive countries and local co-operatives. It is not only a question of credit but also of long-term investments, and for this purpose the action of the banks is not enough. Such collaboration would safeguard the security of invested capital and the new co-operative organisations could maintain their existence. Switzerland, Sweden and the United States of America have had such experiences and it is for us to follow their examples and to multiply them.

**Mr. I. Guelfat, Israel:** I would like to associate myself with the tribute paid to Mr. Watkins, whose statement, verbal as well as written, is indeed masterly and very instructive. It is not difficult to discern his sincere and deep concern about the economic and social growth of developing countries for he has dealt with almost every aspect of the problem. I would like, however, to draw his special attention, also the attention of Congress, to one of the most important aspects of the problem. It is the industrialisation of developing countries, industrialisation in its broadest sense. This problem is not ignored but, in my opinion, it is not sufficiently stressed. I want to suggest that the authorities of the International Co-operative Alliance must seriously consider this problem, because we now find ourselves in what I would call an "historical impatience" concerning industrialisation. This impatience is perhaps at times exaggerated, perhaps too hasty, but it concerns a fact which can no longer be ignored, as the economy and social life of these countries depend, first of all, upon industrialisation. We have already studied the question a little. On the one hand there is a state initiative, on the other

hand, a foreign initiative, whereas Co-operation is, in fact, very weak in this most important field.

This historical impatience must, however, be somewhat restrained and canalised. It may be necessary to stop this gigantism which is very characteristic in countries developing industrially. But if we must fight against exaggerated impatience, we must equally avoid delays. By this I mean that I believe co-operators of all tendencies will be more or less in agreement in recognising that the traditional formula of autonomous productive co-operatives cannot solve the problem of industrialisation and of the co-operative movement's participation in developing countries. We must think of another formula, which perhaps must be sought in agricultural co-operation, which will accumulate capital. This industrialisation will, therefore, begin with agriculture and will then go beyond the limits and cadres of agriculture to industrialisation properly so-called.

**Mr. H. Hirschfeld, France:** I would like, very quickly, to make some observations about the very interesting paper of Mr. Watkins. First of all, I think he was right to speak of the co-ordination of technical assistance, for very often when we arrive in a country as advisers we realise that other advisers have preceded us, maybe to study problems related to other fields, but including co-operation. Some have spent several weeks travelling through the country and working seriously, others have acted in a different way, but all have presented recommendations and prepared reports.

I wonder how those responsible in the co-operative movement proceed to use these reports and apply these recommendations? At times I am inclined to think of a patient over whom many doctors have bent. I have no wish to criticise the doctors but personally I am not certain that the patient will be cured. In my opinion co-ordination is necessary and the I.C.A. has an important part to play in this delicate matter.

I would also like to draw the attention of Congress to the problem of the training, outside their own countries, of the future leaders of co-operative movements which are just emerging, because of the danger of removing them from their surroundings. There is also a danger in showing a man, who is hardly free from the problems of his own existence, co-operative achievements which are far beyond the level of the problems he will have to solve in the future and of his technical knowledge, which too often is rudimentary.

Training at two stages is, therefore, necessary; first, by means of schools, of methods of organisation and, as far as possible, of teaching. Such schools do exist. I visited some myself in Africa. Then, but only then, higher education abroad, for the students who at local level have shown their capacity to benefit most from it. Such a method presents the advantage of saving much money and also of avoiding painful disillusionings.

**Mr. Brahm Perkash, India:** I join with others who have paid tribute to Mr. Watkins for his excellent paper. I appreciate that as he is first and last a teacher he is urging caution on us all, but let me tell him that we are like rowdy students, impatient to go ahead and to go quickly! Therefore, whatever the recommendations, and whatever is being done, the matter of speed is very important.

We know the tremendous work which the I.C.A. Education Centre, with the help of fellow co-operators in Sweden, is doing in South East Asia, and we are grateful for the help of the Co-operative League of the U.S.A. in establishing an office in New Delhi. We appreciate also the help in training and education given by Great Britain, the U.S.S.R., Czechoslovakia, Poland and Israel.

Whatever the pre-conditions that Mr. Watkins has laid down for the proper "atmosphere" for co-operation. I want to say that these already exist in full measure in India. India is all for co-operation; our goal is the building of a socialist society; our Prime Minister is all for co-operation. We know there are in the world today extreme ideologies but we want to build a democratic socialist society where human beings can live with dignity and honour and self-respect. Our five-year plans have given a place in the economy for a co-operative sector. We have established a large number of co-operative institutions, a Co-operative College and Institute helping other subordinate colleges. We have about 66 schools for co-operation and about 600 teams travelling round the villages teaching co-operation. We have made co-operation a necessary subject in our schools and colleges. So whatever conditions Mr. Watkins wants to have, and whatever atmosphere he wants to see created, we have all of them in India, and yet still we feel that we cannot go far because we are limited by external forces. In spite of all this what is happening? The rich are getting richer, and while I will not say that the poor are getting poorer their living standards are not improving as we would wish. We believe that only through true co-operation can we give the 50 million people in our far-flung villages what they need today. Therefore, we want swift action in building economic institutions and in giving technical help. These things are most vital if we are to give real meaning to the word co-operation.

**Mr. M. M. Denisov, U.S.S.R.:** The problem of assistance to the co-operative movements in developing countries is of great interest and demands the serious attention of Congress. Soviet co-operators are very happy that this problem is being discussed and we do not doubt the excellent intentions of Mr. Watkins in throwing light on the subject. Certain parts of the paper will undoubtedly be endorsed by the whole Congress, but we must draw attention to certain omissions. There are references to the assistance given to the less developed countries and to the training of staff by the co-operative unions of Great Britain, Canada, France and other countries, but nothing is said about the great efforts made by the co-operatives of socialist countries.

Mr. Watkins is undoubtedly informed about the seminars which were conducted in the Soviet Union with the participation of co-operators from 35 countries of Asia, Africa and Latin America; also that the institutions of Centrosoyus are carrying out education programmes for students from co-operative centres in Asia and Africa. The Moscow co-operative institute alone has more than 100 students at present. Moreover, in the last three years the Soviet Union has received 26 delegations from less developed countries, who were informed in detail about the co-operative movement and were shown everything; at the same time Soviet co-operators have visited India, Ghana, Togoland, etc. All this proves that the co-operatives of the Soviet Union and of other socialist countries are giving the co-operators of developing countries no less assistance than capitalist countries are giving, and in my opinion Mr. Watkins should have told Congress about our assistance.

The paper pays great attention to the organisation of regional offices. We agree that the Alliance should support such offices, but in our opinion they should not only be created from above but should also come from grass root level.

**Dr. A. K. Ahsan, Pakistan:** It is most heart-warming to find such emphatic and unambiguous stress on education in Mr. Watkins' paper. He has said that in developing countries the particular form should first be chosen, then the strategy should be planned, after which it should be correlated to other developments, and

that last comes education. The significance of time has to be recognised, but there is a great impatience among the people, and a restlessness amongst policy-makers, in developing countries. If we wait too long we shall be brushed aside in the path of progress by less desirable systems or methods for improving the conditions of the people. For this reason the time involved in co-operative education must be reduced.

I would invite the attention of the I.C.A. to the results achieved in a remote corner of East Pakistan, where co-operatives have been organised in 130 villages. The great emphasis is on education, along with other forms of co-operative development, and we have continuous round-the-clock education; organisers, accountants, supervisors, auditors and co-operators are trained and educated ceaselessly night and day. It is not appropriate for me to say much about Mr. Watkins' paper but I would request the I.C.A. to make an objective evaluation of the achievement to which I have referred.

**Mr. D. H. Scull, U.S.A.:** Although I have to take friendly issue with Mr. Watkins in an important respect, this in no way lessens my admiration for one whose knowledge of the co-operative movement is only equalled by his devotion to it. Without denying the need for fundamental education and structures my point is that in the newly developing countries we cannot depend solely on starting with very simple co-operatives for which we can find the technical and managerial skills within the co-operative ranks, nor on developing those skills by education alone, without at the same time starting prototype examples of the actual co-operative enterprises themselves. This statement is based on first-hand observations in a number of countries, especially two years ago when I was chairman of the Nationwide study team which spent a month in India.

My attitude is strengthened by the resolution submitted by the Indian delegation on the promotion of consumer and processing industries, and by remarks made by delegates from India, Pakistan, Nigeria, Israel and elsewhere. I suggest that if we are to engage the mind of the villager, to quote Mr. Nehru, it may be essential to demonstrate to him operations for refining his sugar cane, for churning his cream into butter, for drying his rice. Co-operatives of this kind were among the most successful we saw. Merely to buy and sell, without adding economic value to the product, may not have either popular or economic appeal, especially if the co-operative is not working at a significantly more efficient level than that prevailing in the locality. It may also be that an operation which appears too simple will make the members feel they have no need to hire technically competent management. We may also find, if we set our sights too low, that by the time we are ready to move up to more technical or complex operations, either impatient government, or private companies smelling profit, have already moved in and occupied a key place in the economy, so that we have raised expectations which it becomes impossible to fulfil. Time is not on our side; it is on the side of those with large and mobile resources.

To overcome the obvious difficulties I suggest that we in the more industrialised countries have to do much more than just assist with classroom education facilities. A school can only answer questions which people know they need to ask; a school for store or wholesale or factory managers is only realistic if there is at least one efficient and successful store or wholesale or factory for them to come from and to go back to. We desperately need successful demonstrations in each country or region of each important type of co-operative activity. Co-operators from other countries with practical experience must help to ensure

responsible management until the problems of adapting foreign experience to local situations have been worked out and local staff adequately trained on the job. This, of course, also means that money must often be found. Let me emphasise that this means co-operatives large enough to hire managers as good as private managers, and as efficient and modern and of as high a standard as capitalist business would employ. Co-operatives must not be thought of as social welfare organisations but as socially motivated businesses aiming to build financial reserves and to attract the best young men and women to co-operative careers, and growing into organisations which their members will be proud to claim as their own.

**Mr. M. N. Kaka, India:** The paper before Congress is a project typical of its author, providing a lot of thought and material, correctly highlighting trends and forecasting events before their time.

One notable feature to which I would draw attention is the emphasis on internal self-help, inasmuch as it is contended that the people of the locality and country can best understand and analyse, and effectively produce remedies for, difficulties and problems. This is quite correct, but this emphasis must not overshadow the fact that developing countries will require assistance from the developed countries very much in the years to come. There is a warning that speed may deter rather than achieve the objectives at which we all aim; but, as my friend from Pakistan and the leader of our delegation have already indicated, there is a tremendous impatience in the developing countries at the pace of progress. Probably mistakes will be made, and there will be failures, but these will be comparatively less risky than delay. There cannot be delay. The representative of Unesco gave some figures to show that the improvement in the standard of living in the developing countries is so slow that it is really shocking, and that at the present rate of progress it is impossible to estimate today whether it will take 150 or 200 years to bring them up to the standard of living now enjoyed in the developed countries. With this rate of progress can we imagine that we can still further slow down the development? Absolutely not. In my own country in the last ten years we have developed our credit programme 300 per cent and still we cover only 18 per cent of the country. You can see at once the need for speed.

Another thing which should be said is that there is a lot of emphasis on education. I believe that theoretical education is very important, but there is the other aspect, the technological aspect, which we require more in the developing countries, such as the techniques of bakeries and canneries. I would request the I.C.A. to keep this in mind as a very important aspect, because the future is in the technological age and not in theories of co-operation, which I believe have already taken root in the developing countries. Then there is emphasis, at times, on certain aspects of the movement, credit, marketing and so on. If you neglect any one sector at the cost of another then all-round development is impossible, and the sector which is not developed will drag and hold back the sector which is developing.

**Mr. N. Verlinsky, Israel:** The excellent paper presented by Mr. Watkins has convinced us of the need for the long-term planning of co-operative activity, and I would support his conclusions. I believe that such planning should take place in a period of five years or perhaps even longer, but each stage must be considered independently with definite aims to be accomplished as part of the whole programme. For this purpose the movement of each country must determine the facts as regards national co-operative development, the financial, organisational and professional resources needed to accomplish short-term programmes which together will make up the whole plan.



As regards the rôle of international assistance to the co-operative movements of developing countries, Mr. Watkins rightly stressed the importance of technical and educational aid, and emphasised the value of educational projects in several countries which provide students from developing countries with the opportunity of studying for some months or even longer. I think it would be proper for the I.C.A. to initiate a meeting of representatives of the educational institutes to exchange information on their work, and I propose that this be referred to the Executive. Among the existing educational establishments, Mr. Watkins referred to the Afro-Asian Institute in Tel-Aviv, which is our most important educational institution, but not the only one for training students from foreign countries. All establishments are connected in one way or another with the Co-operative Movement of Israel.

It seems to me of interest to outline three main guiding principles of educational training in Israel which I would suggest contribute to its success. The first is speed of action. The training establishments appreciate the urgency of the problems confronting the new states and the need to speed up the training of personnel, and they act accordingly. Secondly, the training programmes are directed towards the immediate needs of the developing countries; they give priority to specialised training, even at the expense of other important spheres, in which training would not yield immediate results; and in both technical and theoretical studies the stress is on practical training associated with field work. Thirdly, there is the educational effect of the Israeli setting. Among all the values which the Institute and other establishments are able to transmit to the students from many countries, the most important is certainly the dignity of labour. The association of the Afro-Asian Institute with the Histadrut, the organisation which represents the working people and the predominant Co-operative Movement of the country, the high regard shown by the whole population to those who work the land—these are fundamental concepts which cannot be taught in a formal way but can be absorbed from the social atmosphere.

It would be fair to state that co-operation has maintained its place in the great economic expansion during the last decade but, despite this, it faces very difficult problems. To raise the movement to a higher stage of effectiveness we need greater efficiency, but at the same time greater ideological impetus, to strengthen the consciousness of social values in the Co-operative Movement, and to deepen the co-operative ideology.

**Mr. E. Ferri, Italy:** I am pleased to express the broad agreement of Lega Nazionale delle Cooperative on the general theme of Mr. Watkins' paper, but I would like to make some observations. While we agree that all co-operative movements must have a national character, it seems to us necessary for three reasons to accelerate the development of the movement in under-developed countries

First, the recently formed co-operative movement can benefit by the experience the European co-operative movements have acquired during many years without repeating the errors which they have made, provided the international movement, in other words, the I.C.A., can give the necessary help. Secondly, because the movement has its beginning in countries economically and socially in formation, where the fight between the social classes to govern the affairs of the country often breaks out suddenly and in startling circumstances. Thirdly, the rapid growth of the movement is one of the essential conditions for opposing the intervention of private and monopolistic capital concentrated in the Afro-Asian and Latin-American countries in forms of neo-colonialism.

We would stress the fact that any policy of social and economic progress supported by national governments must, in order to have concrete results, consider the co-operative movement as the permanent, modern and progressive expression of a civilised society, more particularly as the democratic expression of the working classes, which must be strengthened and helped if the country is to progress effectively. The movement must, therefore, define its rôle in the country's social and economic development and also help in planning the development.

Finally, we desire to submit another point to be added to the four which are proposed in the resolution.

It is correct to assert that the guarantee of an open inter-co-operative market is a very important economic and psychological factor for the creation of the co-operative movement, but for its realisation within the framework of the present situation two facts must be examined. First, the movement must be in a position to intervene effectively in external trade, which at present is not possible in Italy and other European countries with an integrated economy, in fact, one of the tendencies today in these countries is control by private monopolies over imports and exports and, at the same time, over financial and monetary policy; second, the development by the international co-operative movement of tripartite activities between the co-operatives of socialist, capitalist and developing countries as the basis of an eventual inter-co-operative market.

From these points of view, we feel it necessary to propose that, in the near future, I.C.A. activity shall be directed towards meetings and conferences for tripartite exchanges with the participation of interested co-operative organisations and the governmental and social institutions in each country. These considerations are submitted as a contribution to Mr. Watkins' paper.

Mr. D. Stanfield, U.S.A.: I want to pay my respects to Mr. Watkins for the clarity and comprehensiveness of his statement. He has spoken of co-ordination between co-operative enterprise and government. We have had one principle in our country that might be of some interest to other co-operators. In the early thirties Congress set up the R.E.A. (Rural Electric Administration) which provided funds at 2 per cent interest to farmers to enable them to establish rural electric co-operatives to electrify our rural areas. About 99 per cent of the farms in my state and about 97.2 per cent of farms in the U.S.A. have been electrified. This low cost electric power has been an important factor in improving agricultural productivity and farm living. Our rural electric co-operatives are now building in Ohio a 107 million dollar generating plant. I would like to think that this R.E.A. principle, as we call it, illustrates a proper rule for government and a way by which government can help people to help themselves. The members of R.E.A. own and control their source of power, and in most cases the co-operatives are ahead in the repayment of their loans. I hope this principle might be of some help to co-operators in other countries.

Mr. J. Podlipny, Czechoslovakia: I wish to speak on the sections of the paper which deal with conditions favourable to co-operative development and international aid. Education is said to be essential to co-operative development. In Czechoslovakia this year, we have received more than a hundred workers from developing countries for study periods of six months. We have also organised two co-operative seminars and intend to continue these arrangements.

Without underestimating the importance of education, I would however stress that the decisive factor for co-operative development is the social régime of the countries concerned. Most of these countries choose a capitalist form of develop-

ment, but their co-operative movement shows a tendency towards a movement of the people resulting from the desire of the large masses of the population for the creation of a non-capitalist society. It is, therefore, impossible in such countries to separate political and economic developments.

Everybody should be on guard against neo-colonialist abuses, for instance to use subsidies given for the development of the co-operative movement as an instrument for the prolongation of economic and political dependence. Mr. Watkins mentions the danger of prolonging this dependence under the mere pretext of assistance, but he does not stress sufficiently the danger and consequences of neo-colonialism.

In conclusion, I would like to suggest that consideration be given to changing the practice by which Congress papers are the work of a single rapporteur. In my opinion, it would be more normal that a paper should be presented in the name of the authorities of the Alliance. In this way, all points of view could be given and the quality and objectivity of the papers would be considerably improved.

**Mr. Ch.-H. Barbier, Switzerland:** On behalf of the Swiss delegation, I want to thank Mr. Watkins for his paper—with the clarity of view, the wisdom and the thorough study of the problem which are so characteristic of him. As in discussing the rôle of international aid he mentions the work of the Swiss Union in Dahomey, I may perhaps give some information on the development of this project. We have passed from the preparatory stage, at which we were at the time of the Lausanne Congress, into the working stage. Seven agricultural co-operatives are in full activity and by the end of the year we expect three more. We also have contacts with several other co-operatives which I think will number fifteen by the end of 1965. Some of these co-operatives have been functioning for three years, some for two years, others for one year. They have increased considerably the cultivated areas and their output has been good. At present we grow mainly cotton and ground-nuts, later we shall also grow maize and castor-oil plants.

Although the project is still very modest, it has brought a better standard of living to men, women and children in several villages. In the region of Nicky, a hundred and fifty peasants shared a million CFA (the currency of Dahomey) in proportion to their efforts in their society. Such a thing never happened before and the result is that throughout Dahomey the authorities and the whole population are caught up in a kind of co-operative excitement. We have had some unfortunate experiences but, today, confidence in Co-operation is completely restored.

The results of the project are also very important in Switzerland. We had the immense satisfaction of a visit by the Chief of Dahomey, who came to see the young farmers of his country at work in our agricultural co-operatives, and this made a tremendous impression on the Swiss people. The Vice-President of Dahomey inaugurated a mobile exhibition which showed our people the daily life of the people of Dahomey. Three ministers have also visited us and quite recently two women co-operators from Dahomey spoke about the life of women in Africa to our co-operatives and a very large public. I feel, therefore, that this co-operation, which is our essential aim, is giving some very encouraging results.

The project gives much work to our co-operatives, for they must maintain close contact with their members who are the main support of the project. Actually through these efforts a number of former members have come back to their societies, and I regard this as not the least valuable result of the project.

Through the effort of our members we were able, last year, to send £7,000 to the I.C.A. Development Fund. We sincerely hope that this will be a first step, and an example which many other movements will follow.

**Mr. L. L. Lloyd, Canada:** As Mr. Watkins has dealt so ably with education I hope my remarks will be in order. To some extent I feel that we have been overlooking a very vital principle, the principle of co-ordination. There are many agencies working to assist the developing countries; all of them mean well and all are spending a certain amount of money; all have their workers in the field, but it seems to me that there should be much more co-ordination among the workers. To achieve this I would suggest that a conference be convened of directors of training institutes and other agencies concerned in developing these countries.

In Canada the co-operatives have existed much longer in some parts than in others because, from the very start, as we built our stores, our bulk stations, our service stations, our grain elevators and our refineries, and as we acquired sawmills and coal mines, we also by education "built" people. As time passed we found that we must change our methods; methods I used as a young man to put our message across to the people will not work today.

The prairie provinces that I come from have been divided into districts in which we have district federations, and in the federations one or more co-operative field men are working: I know it is not altogether new in some parts of the world to use men in the field but I am very strongly in favour of this method because, in my opinion, co-operators are not "built" sitting in a plush office; someone has to go out and work in the field among the people. These federations are autonomous; co-operators control them, they elect the board of directors who direct the educational work which is carried on by the Public Relations Officer. We say to the Officers that they must first teach the people citizenship, the philosophy of working together, doing things for themselves; they co-ordinate the work and efforts of all co-operative field men, whether they represent consumer, producer or finance co-operatives, and they work with our women's guilds. The main principle that we urge on them is to put into effect co-ordination; they co-ordinate the work of all co-operative workers in the federations, and through co-ordination we are teaching co-operators to co-operate with each other.

✓ **Mr. R. Ahmed, Pakistan:** I will not praise Mr. Watkins' paper because there cannot be two points of view on its excellence, but I wish to make some observations in the light of my own experience of working in the field for a number of years. The question of internal resources and government support has been a little over-emphasised. Internal resources in developing countries are not large; owing to the shortage of trained manpower even planning is difficult, and, so far as government support is concerned, it is not always constant and reliable. Sometimes the objectives of government are not very clearly stated, and even if they are a change of government sometimes means a change in policy as regards the achievement of the objectives. There are at least four countries in South East Asia in which co-operative development programmes have received very serious setbacks on account of changes of government. I, therefore, would say that external moral and material support is necessary, even in the matter of planning, and, in particular, in pursuing the policies of development.

With regard to priority, I think emphasis on production, credit, supply or marketing is not enough. A more integrated programme of co-operative development is desirable which should include processing, because with greater production

of agricultural produce prices tend to fall, and the problem of increasing his income then faces the farmer. Unless processing can be combined with marketing the farmer will not gain by greater production.

My last point concerns education. Ideally speaking, what Mr. Watkins says is extremely sound, but, as some of my friends have already stated, the problem with us is one of time. We are racing against time. Can we wait until people are educated? Should education precede co-operation or should co-operation precede education? In a country where more than 90 per cent of the people in rural areas are uneducated what hope is there of first implementing an educational programme and then introducing co-operative development? I think that education before co-operation and co-operation before education should both be tried, for experience has shown that both have been successful.

**Mr. C. Pedersen, Denmark:** There is a point I should like to emphasise in connection with the resolution and it is in line with what Mr. Bo said earlier on the subject of the I.C.A. Development Fund. The Danish delegation fully agree with the draft resolution, but we have discussed whether we should suggest an addition. We have decided not to make such a formal move but we wish to place on record that we believe the essence of our point is included in the text and that the authors of the resolution will be in agreement with us. The point is that the national co-operative organisations should not only take action themselves and support the actions of the I.C.A., but should also support and participate in the co-operative development schemes of governments and inter-governmental organisations. This is necessary to get the maximum effect, efficiency and co-ordination. After all, governments and inter-governmental organisations have more money for these purposes than we shall ever have; they are not enemies, they are not dangerous competitors; they are, on the whole, democratic organisations, like the co-operative societies. So we understand the resolution in essence to imply an appeal to the national co-operative organisations that they should support official actions in the co-operative field. If this interpretation is not justified I should be grateful for a word from the Chair.

**The President:** In reply to Mr. Pedersen's question, Mr. Watkins and I entirely agree that his interpretation is quite correct, and it will be recorded in the Congress report.

**Dr. E. Hasselmann, Germany:** On behalf of the whole German delegation, I express our gratitude to Mr. Watkins for his paper, which gives an excellent survey of the problems concerning aid to developing countries.

I wish particularly to refer to the problem of the time factor to which a number of speakers have referred. Mr. Watkins warns us against over-hasty action, but emphasises the necessity to act quickly. This necessity was mentioned in the President's Inaugural Address when he spoke of the population problem, which involves speeding up of food production. Thus one problem demands quick action, while as regards another we are warned against acting too quickly. I think the point is that speed is necessary, but that too speedy action is dangerous. I would refer to the time factor in a very special context. FAO, ILO and other governmental organisations, non-governmental international organisations and national organisations have, for a long time, been sending experts to developing countries, where they help to organise the co-operative movement. The time available to these experts is, as a rule, very short, sometimes a year, sometimes more, sometimes less. Although they are experts they are nearly always faced with the necessity of getting accustomed to quite strange conditions, and I know from

discussions I have had with experts that this process of acclimatisation takes up much of the time allowed for their tasks. What can be done to shorten this period of acclimatisation?

In this context I would speak briefly about a training programme in the German Federal Republic, under which a few dozen people from the linguistic field are being trained in seminars very intensively and very specifically both as regards co-operative practice and theory, and are also being familiarised, as far as this is possible, with the general problems of the developing countries. I think this is a good method and it is being backed by all the co-operative organisations in the Federal Republic. The Government is making available large financial resources, and I think collaboration of this type between co-operative movement and government can be highly commended. Very soon the first of those trainees will be going out to developing countries. We have great hopes of this programme, although naturally we cannot yet give a final verdict.

As regards the resolution, we support it fully.

**Dr. L. Valko, U.S.A.:** My few remarks will be related to the section of the paper dealing with education and training. Co-operators in the U.S.A. are greatly interested in educational and training programmes to promote co-operation. We realise that co-operatives are practical, economic institutions, but at the same time we believe that their future success and progress depends largely on educational work, on how we can impress people, co-operators and non-co-operators, with what co-operation really means, what is its rôle in the economic and social programme of mankind.

After several years of effort, the Co-operative League succeeded in establishing a centre to promote co-operative education and training which is attached to the University of Wisconsin. I had the privilege to attend the first two courses as guest professor and I was delighted to see that the institute is an integral part of the University which assures that the teaching and training programme will operate on a scientific level. On the other hand, the practical co-operative movement is represented by the Co-operative League which has a voice in the work and programme of the institute. The third partner is the Federal Government, which provides financial assistance for the trainees coming from many countries, mainly those of Africa, Asia and Latin America. I would also mention briefly another important institute which is working in the scientific field to promote the progressive ideas of co-operation. Three weeks ago, at the International Conference of Co-operative Scientists held under the auspices of the University of Vienna, more than 400 co-operators, mainly theorists and research workers, discussed the problem of relations between the State and co-operatives. The I.C.A. was represented by Mr. Watkins, who presided at the first meeting. This international forum, which meets every three years, is assisting the important work of the Alliance.

**Dr. P. S. Deshmukh, India:** Since Mr. Watkins is a Britisher, it is quite understandable that his attitude is one of conservatism, caution and prudence. There is no doubt that he has dealt with the subject with tremendous ability, and all the precautions and requirements he lays down deserve attention. But there should be no confusion that this is not a programme but only the prerequisites for a programme. The programme is yet to come. I can understand that before undertaking any very rapid development in the co-operative field certain precautions should be observed, but after noting them-all we must go ahead in the spirit of the times.

It has been mentioned by several previous speakers, and especially by Mr. Ahmed, that, constituted as we are, we cannot wait for the degree of education which Mr. Watkins contemplates. We should take some steps by which we can contribute to the dynamic development of co-operatives in the development countries, and I have a concrete suggestion to make.

It is very good that various international agencies attend these congresses; their representatives make fine speeches and give messages from their Director-General, but when they go away everything is forgotten because there is no co-ordination. I wholeheartedly support what the Canadian delegate said about lack of co-ordination. He probably referred to co-ordination between countries which are out to give aid to the development of co-operation, but I refer to co-ordination between the various agencies which talk about co-operation and are anxious to develop it, but which come together only for a few hours in a year. I suggest that there should be a joint board for all the agencies which talk about co-operation, I.C.A., IFAP, FAO, Unesco and any others in this field. This board should meet every three months to enable the organisations to co-ordinate their efforts and learn what the others are trying to do. Unless there is something like this no answer will be given to the cravings of the developing countries for rapid development. I put the question of economic development before education, because it is on the basis of the economic development of co-operatives that greater education is likely to come.

✓ **Mr. J. H. Shirazee, Pakistan:** I associate myself with the tributes paid to Mr. Watkins for his thought-provoking paper. Most of the points that I intended to emphasise have been covered by previous speakers, particularly those from India and Israel and the leader of our delegation, Mr. Ahmed, but I feel that I should be failing in my duty if I did not stress that we, in the developing countries, cannot tarry and wait. We are passing through critical circumstances and want to develop very fast.

As a concrete instance of rapid development I should like to tell you that in Karachi before partition, about 15 years ago, there were two housing co-operatives; today we have more than a hundred co-operative housing societies, most of which work in a very satisfactory manner. Similarly, in other fields of Co-operation we have progressed very rapidly. Mr. Watkins has given us the example of the banyan tree, but I would point out that the experts have now found that certain other species of trees will grow much faster than the banyan tree and give the same shade which we need by the roadside.

Some types of co-operative require considerable planning and time to develop, but others can be organised in a shorter time. For instance, in the agricultural sector, where most of the people are uneducated, we have made experiments in which we set the ball rolling and the people, having faith in co-operation, are progressing very well.

Another point I wish to mention is education. Everybody here will agree that education is a life-long problem, we have to learn and learn and learn, but if we wait to learn certain fundamentals in theory before starting to practice, it is going to take a long time and we may miss the bus. Let us start with theory and practice simultaneously. There are organisations which serve as beacon lights to us, such as the English C.W.S. What they have achieved in 100 years we plan to achieve in 50 years or less, because we have beacon lights to guide us in our progress.

My third point concerns international aid. The aid we require is more in the shape of technical know-how, as pointed out by Mr. Kaka. The principles of Co-operation are there, in fact if we had not imbibed them we should not be here today and our movement would not be represented in the Alliance.

Fourthly, in his concluding remarks Mr. Watkins mentioned economic relations. Spiritual and moral links have been established between the co-operatives of the developing countries and those of the more developed countries through the International Co-operative Alliance, but the material links have yet to come. May those material links be expedited!

**Mr. H. Hjalmarsson, Sweden:** My first point is to emphasise what Mr. Watkins has said about the need for integration of assistance with existing promotional programmes in the developing countries themselves. It is, as I understand it, a crucial problem, particularly in the case of demonstrations or pilot projects. One of the real difficulties in the developing countries is the lack of a spreading effect of technical assistance. We have seen a number of well conceived assistance projects which remain isolated because there is no spreading effect. This is due to a large number of factors which it would take too long to discuss here, but it is absolutely clear that for us to achieve this kind of spreading effect we must see that our assistance is integrated into development programmes drawn up by the developing countries themselves. Technical assistance must not be conceived as an alternative solution to what is done by the developing countries.

That leads to my second point, the position of the foreign expert. I think this problem can be formulated in this way: the foreign technician needs freedom of action, but freedom of action within defined limits. The problem of how to combine these two requirements requires very careful attention in each individual project. The time taken in planning to achieve this freedom of action within defined limits is always well spent in technical assistance projects, but Mr. Ahmed has referred to the difficulty which arises from the fact that there are often rapid changes in co-operative policy in developing countries. This means for the countries which offer the technical assistance that, before a project is started, there must be a very thorough knowledge of the actual position of the co-operative movement to be assisted, so that it is possible to achieve for the project such a position that it stands aloof from sudden political changes. This would help us to define the areas in which we can give assistance and to define the position of the experts in the country in which they are to function.

It is very easy for us to say that we need to recruit experts, but the actual problems as we see them when we work in the technical assistance field are different. At present we have no clear knowledge of what kind of people we need to send out and how to recruit them; we have not assessed carefully the personnel needs of the developing countries and used that knowledge in the selection of technical assistance experts.

Finally, to refer to "developing" and "developed" countries is a convenient terminology, but only a convenient terminology, because for each technical assistance project it is necessary to ascertain the very specialised factors which will tend to shape the project. There is no such thing as developing countries in general, but always a particular developing country, and therefore there is no general approach.

**The Hon. Frank Meakes, Canada:** Many of the things which I might have said have already been said by delegates from India, Pakistan, Israel and other



countries and I will not waste the time of Congress by repeating them. I want, however, to add my appreciation of the paper of Mr. Watkins.

With regard to national co-operative planning, our experience in Canada, especially in Saskatchewan from where I come, may be of interest. We have experience in educating the native people in the northern parts of our country, who in the last 10 years or so are having to face the 20th century, and we have found a great need for constant and strong supervision and advice, for lack of which some co-operatives have failed. We have found that, where possible, it is better to start with productive co-operatives.

In our educational programme two main needs have emerged: improvement of the economic base of these people, and money management. I do not know which is the more important; both are necessary and interwoven. It takes a great deal of time and effort to teach these lessons, and makes more important the need for guidance and supervision. We have tried to use the co-operative movement as an instrument in our rehabilitation and education, but to wait until an adequate educational programme is completed would mean waiting for years, so that at times it seems to me that co-operatives must be formed even though the full educational programme is not finished, and the educational programme must be accompanied by strong and constant supervision. I emphasise the importance of this strong educational supervision.

**Mr. G. J. Nijhof, Holland:** We could talk for a long time on the various points raised by Mr. Watkins. This is a vast problem, and if we men and women of today do not find a solution for it I do not know where the world will move. One possibility of solving the problem in the developing countries is no doubt the promotion of the co-operative movement. The resolution attached to the paper summarises what should be done in the view of the Central Committee, and we, the Dutch delegates, in our own country will take up these four points and see what we can do.

I should like to refer to the third point, that the help of co-operators is very greatly needed. The discussion has made it evident, particularly what has been said by delegates from developing countries, that their help is needed. I listened with great interest to Mr. Mathsson, of Sweden, who is an expert and who gave us a clear outline of the problems; I also listened with great interest to Dr. Hasselmann and was interested to hear that in the German Federal Republic young people are being trained to be sent to the developing countries. I think the young people of today, especially young co-operators, take a great interest in the problems of the developing countries, and that perhaps we do not consider this sufficiently; we should see that sufficient young people are trained to go to these countries.

I agree with Mr. Watkins that the whole concept of technical assistance is too narrow and that, in fact, it concerns not only technical aid but human problems. He also says that we have tasks to carry out in the commercial sphere where we are faced with great difficulties, as Mr. Meins made clear to us. If we are not able within the co-operative movement to solve that problem we shall not be able to promote the co-operative spirit in other ways.

✓ **Dr. S. K. Saxena, Regional Officer, South East Asia:** My remarks will be brief, as part of the ground I wished to cover has been covered by previous speakers. The problem of co-ordination has been raised: it has been discussed at international level, also at national level in the paper of Mr. Watkins. What I am particularly concerned with in my day-to-day work is co-ordination of the

activities of experts at the ground level, which is an exceedingly important part of our task. The resources of the Alliance are very limited and the problems of the developing countries are very large, but I think there are a few lines on which such co-ordination should and could be achieved.

The problem of the orientation of experts was mentioned by Dr. Hasselmann, who outlined the efforts made in the German Federal Republic. It is exceedingly important for this orientation to be done at ground level, but it should be done also through the agencies which operate in the field, and it should be quite possible for the organs of the Alliance operating in the area to help.

The second area of co-ordination is in the field of educational activities, and this has been rightly emphasised by Mr. Watkins. A number of international organisations, including our own, organise educational activities, but there are a limited number of technically competent lecturers and speakers. I suggest that it should be possible to draw upon the experts who operate at the field level in the country concerned.

The third area in which co-ordination is possible at ground level is the programming of fellows. It has been pointed out that the developing countries include a number of countries with a wide variety of social structure and levels of co-operative development, and there is now an increasing tendency for a co-operator from one country to go to another country in the same region. It should be possible in such cases for the I.C.A. Regional Office to offer help so far as the programming of such fellows is concerned. This is particularly important because in many cases the needs of the co-operatives are highly individual, so that a programme must be worked out accordingly.

The fourth field in which co-ordination should be achieved, and in which it is essential, is in the supply of information on on-going projects. This is particularly important because the nature of the research which has been carried out in the field of Co-operation in the developing countries has not been on a micro basis. There are books and studies on co-operation in India, Pakistan and Ceylon, but the sectors for on-going projects have not been studied individually. If we are going to do that, the on-going projects must be reported on fairly regularly, with the problems encountered and suggested solutions. This may give rise to certain formal problems, but it is essential that co-ordination should be achieved irrespective of formal obstacles.

**The President:** Mr. Watkins will now reply to the discussion.

**The Director:** The reply from my point of view is a fairly easy matter. You have kindly refrained from asking difficult questions and, for the most part, the discussion has been an amplification of, rather than an objection to, the main thesis in my paper. Possibly the question on which there may be some misunderstanding is that of time and speed. I should like to make it clear that I have no objection to speed, but speed is not equivalent to haste; indeed, haste can be the very opposite of speed, and that one may observe as being true in many respects of co-operative development. Again, from another aspect there is no objection to speed provided that the driver is competent and safe, the important thing from this point of view being the proper training, education and competence of the people who have certain functions to discharge.

On the other hand, of course, it is important that time shall not be wasted. Time given to careful planning, to careful projection, results in the long run in a gain of time and not in a waste of time. Candidly, and quite objectively, I think

that many of you who know the history of co-operative movements in certain newly developing countries will admit that over-hastiness can lead the Movement at times to run into blind alleys from which it has to come out. This, of course, is not peculiar to the less developed countries of this generation; a study of the older co-operative movements of fifty to a hundred years ago discloses a number of false starts which have had to be washed out in favour of a new beginning. Inevitably, to some extent, that is so, because where Co-operation is started in new circumstances, whether due to lapse of time or different geographical location, there is bound to be an element of trial and error, of new experiment for which there is no precedent. All these things signify progress. What is important is not in haste to overlook certain essential things, with the result of running into disaster.

It was very gratifying, indeed, in the course of the discussion to find how many speakers realise the necessity for co-ordination between the different agencies, governmental and non-governmental. That is, undoubtedly, of enormous importance if we are to save our limited resources, including time, and use them to the greatest possible effect; but I should like to emphasise, once again, that the basis of this co-ordination is really effective, clear, competent and well-judged planning within the national economies.

Before leaving this subject I wish to remind Dr. Deshmukh, with whom I am entirely in agreement, that something like three years ago we took up this idea of consultation which he has put forward. Thanks to the initiative of Mr. Henry of FAO, the principal international organisations, governmental and non-governmental, began to meet together. It is very likely that but for this Congress and the work in its preparation absorbing all the energies of the I.C.A. we should have held a meeting this year, as we have done in the previous three years. At the same time, I would emphasise that it is the general desire on the part of all our organisations that these meetings should be held not annually but more frequently, and it may be that that greater frequency will lead more or less inevitably to some kind of permanent board such as Dr. Deshmukh envisages. In any case, for the moment I would emphasise that one result of these meetings of overwhelming importance is the conclusion on all sides that we simply have not got enough manpower to do the jobs which we realise ought to be done. In particular, in certain important branches of co-operation there are surveys of world scope which urgently need to be undertaken. The co-operative departments in the ILO and FAO, which have contributed enormously to co-operative promotion, are at present almost completely submerged in operational work, and when they want to do a survey they have to go outside their own secretariat to find competent people to do the job.

We must all wake up to the fact that co-operation is a very much bigger thing and of very much greater potential importance than we have been accustomed to think. In particular, it is essential that the intergovernmental bodies should reshape their budgets so that their co-operative departments may have a larger personnel and be able to continue and expand this important work of surveying the co-operative position, either in the world as a whole or in different widespread branches of Co-operation, in order that we shall be able to tap this information whenever necessary. Here is something which the intergovernmental bodies, because of their widespread membership in terms of countries, are more suited to do than the I.C.A., whose membership and contacts necessarily grow more slowly. That is the reason why we consider it essential that the final paragraph of this resolution should be inserted.

I was delighted to hear Dr. Guelfat mention the importance of various forms of industrial co-operation. There again we, in the western world, are liable to fall into the error of making certain unconscious assumptions. For the most part the western world has been interested in what may be called labour-saving machinery, devices and contrivances and industrial organisation, but for the most part that is not important at this stage in labour-rich economies, where there is partial unemployment on a widespread scale and in which there are enormous unsatisfied demands for consumer goods. The direct jump from a hand economy into a completely power-machine economy is unwise, simply because while it tends to be labour saving it adds to unemployment which is, in many respects, desperate. There are intermediate industrialising forms of Co-operation which could bridge the gap and ease the transition, which is exceedingly important at the present time.

Again, I was glad to have the support of Mr. Lloyd for my plea for more attention to, and more careful training for, what I am inclined always to call the front line troops of the co-operative army. I am thinking more particularly of the field workers, people who have extremely onerous and complicated jobs to do in getting on terms with the people in the villages, and the hand workers, people who need co-operative forms of organisation more than any others. These are the people who can convey co-operative ideas and co-operative suggestions and get people's minds moving out of traditional grooves and along lines of progress and improvement, who can stimulate the appetite for change instead of a kind of resigned apathy of tradition. These men are enormously important. Their work, effectively done, sets standards of competence in the primary societies, and to that extent strengthens the real democratic basis of the Movement. It, therefore, seems to me enormously important that the numbers of these co-operative workers should be greatly increased. Shakespeare somewhere talks of single spies instead of battalions. In a number of the developing countries I fear that the field workers are rather single spies, whereas we need battalions. Education is not so slow as a method of progress when there are adequate numbers of trained people conducting it.

In less developed and more fully developed co-operative movements alike the educational organisations are still insufficient and undermanned, and are still undervalued. They are undervalued because sometimes the short-term advantages of co-operation of a material kind are overvalued in comparison with the long-term advantages of the creation of thoroughly competent and convinced co-operators. If we are thinking in terms of generations instead of the more usual terms of a five-year plan it is a question of the numbers of people competent in co-operation. The young people who will grow up in co-operative techniques are of supreme importance. Not only is education itself a much more rapid business when the right means are used and really valuable people effectively trained, but by that very fact it is possible to avoid time-wasting errors in policy, if not actual disasters which spoil the soil for co-operation for a long time.

I do not want to particularise as it may have the effect of pillorying certain co-operative organisations and certain governments of co-operative countries, but there are co-operators in this Congress who have most difficult and complicated tasks simply because of past mistakes, possibly 25 to 30 years ago. They have in front of them a terrible task of clearing the ground not merely of paper co-operatives but of all sorts of bad habits and wrong ideas about the Movement, and they have to do this before they can begin to create co-operative institutions which are really effective. It was because of my consciousness of that, and my knowledge of the tough time that these co-operative movements and their leaders have, that I

insisted so much on the necessity of taking all the time that is really needed. If it is possible to bring into use quicker growing but equally satisfactory co-operative institutions as, apparently, the Indians have discovered a quicker growing banyan tree, so much the better, but it is necessary to remember that according to the nature of the growth is the time necessary for it to bear fruit.

That, I think, covers the main points on which I wish to comment, but there is one remark, by way of qualification, which I desire to make. There was no time for me in this paper to launch out on a subject in which I have taken all my life a very great interest, the question of educational method, but I want it to be perfectly clear that when I talk about education I do not necessarily mean classrooms. In fact, being myself a professional teacher, I can say that, on the whole, I hate classrooms just as much as Walt Whitman did. Education is not necessarily there. It is possible to get knowledge and information and to receive ideas in classrooms but the basis of Co-operation and the end of Co-operation are practical. We learn it in and through and by practice, and we apply it to practice in the end. If we have fewer confusions about that and realise that we want more and more co-operators and more and more practice, we shall have a useful outcome of this discussion.

**The President:** It is my privilege to thank you most sincerely, Mr. Watkins, on behalf of Congress for the excellent paper which you have produced, and for your very interesting reply to the discussion.

We shall now proceed to take a vote on the resolution. I submit to Congress that, as there has been no dissention expressed during the discussion, the resolution should be approved unanimously and with acclamation.

**The resolution was carried unanimously.**

# Paper on Economic Integration and Co-operative Development

By Mr. Thorsten Odhe, Sweden

Ever since its creation, the world embracing Co-operative Movement has worked within the framework of the whole economic, technical and social development "in a changing world".

It was against the background of these changing international conditions that my compatriot, Dr. Mauritz Bonow, the present President of the Alliance, in his paper presented to the 21st I.C.A. Congress at Lausanne, dealt in great detail with the external environment in which the Co-operative Movement has to work and solve new problems. This environment is characterised, according to Dr. Bonow, by the great expansion and growing strength of the democratic form of society, by the development of a new economic system, totalitarian state socialism and its growth in a large part of the world, and by the appearance on the international economic scene of the hitherto economically backward states, the development countries, and their growing demands for united international collaboration to bring about an improvement in their material conditions "in our time".

My principal tasks in this paper are to endeavour to describe the forms in which international economic collaboration is being carried on to bring about a more effective international division of labour and a more generous supply of goods; the prospects for the Co-operative Movement to quicken its development in various spheres of activities in the great common markets created by zonal integration, and the influence it can bring to bear on the fundamental character and forms of the zonal economic collaboration; the possibilities of co-operation between the two main regions in the world in which collaboration for economic purposes exists according to different principles.

## The Changed Conditions for International Economic Collaboration

It has often been maintained that the greatest desire of world economy is as great a volume of free trade between the sovereign states of the world as possible, also between interchanging countries or economic zones, and a consequent increase in the number of international trading contacts, measured by statistical yardsticks.

Free international trade and an increase in its volume are the **means**, not the **end**, however. The end is to achieve international division of labour of a kind that will make possible such an exploitation of natural resources and other means of production as will lead to a more rapid increase of world production. The main importance of free trade is that it removes the obstacles to a division of labour that help to preserve an artificial disintegration of production in the world, owing to lack of the will and capacity to collaborate that is a feature of national units and supra-national economic communities at their present stage.

It is clear that a greater, statistically measurable volume of international trade need not mean an equivalent degree of efficient international division of labour. The exchange of goods between the national units and the supra-national communities depends on the numbers of units and the degree of specialisation and

autarchy within them. Lack of equilibrium between specialisation and autarchy may work either in the direction of an increase or a decrease in international trade, according to which tendency—towards specialisation or towards autarchy—dominates. In complete freedom of trade in an economically co-operating world, "international" trade would disappear completely. In the opposite case, a disintegration of the world into more and more national units without collaboration of any kind would create a strong tendency towards a relative increase in the volume of goods in international trade.

Efficient international division of labour in the world is thus conditioned, in the first place, by the obstacles preventing the means for this division—the exchange of goods between countries—from functioning as well as is desired, and by what is done to remove the obstacles. Since World War I in particular, and to an even greater extent since the Second World War, profound changes have taken place in world economy, which counteract the realisation of this primary condition of international economic collaboration.

### **Repercussions of the World Wars**

Before the First World War, an automatically progressing development towards a more differentiated and efficient division of labour was discernible in the growing part of the world in which industrialisation had reached a high level of development, or had at least progressed a reasonable distance from the primary stages. Agricultural countries and regions dependent on industrialised areas were also involved in this development. Tariffs and other direct or indirect obstacles to trade were intended primarily to create a certain equilibrium between self-sufficiency and adaptation to international trade without preventing international economic collaboration. Equilibrium between balance of trade and balance of payments was regulated by the gold standard, which also became internationally accepted to a steadily increasing degree. The rise in the value of international trade ran parallel to the steady increase in specialisation taking place in industry, agriculture and other branches of production.

This course of development was interrupted by World War I. Wartime economy and the financial demands of the war led to an increase in the different kinds of quantitative obstacles, while tariff barriers played their part in preventing foreign trade, though relatively with less effect. Attempts made to re-establish the gold standard during the early inter-war years were doomed to failure.

The international economic crisis caused partly by these attempts gave rise to a new economic policy which, it was hoped, by an economy based on rising production and improved productivity in individual countries which had formerly belonged to the gold standard group, would overcome the crisis. The intention was to create greater scope for the satisfaction of the common collective demands and thereby increase employment and production in the separate national economies.

The measures employed were mainly autonomous currency, investment and budgetary policies to meet the needs of each country. This meant, roughly, that no attempts could be made to restore and preserve stability of currency and international currency relations. Commercial and tariff policies had to serve the same purpose. Barriers to trade became higher and stronger and more extensive, and the endeavours made to achieve freer trade by international agreements never got beyond the recommendation stage.

World War II caused still more profound dislocation of the prospects of restoring international economic collaboration, in the first place in Europe. During the years immediately before the outbreak of war, the trends towards autarchy grew in strength as a factor in the economic preparation for war. Nazi and fascist states in Europe, intensified their policies aiming at, by wars, conquest or permanent occupation, creating greater economic regions, *Grossraumwirtschaften*.

The means of production were very seriously damaged in Europe during the war. International trade was made subordinate to the demands of war, and became more and more limited. The repercussions on international trade of the improvised war economy in most belligerent countries, or countries greatly affected by the war, made difficult the restoration of trade and economic collaboration to the extent required for the reconstruction of Europe and other regions devastated by war.

Endeavours to solve these problems have been co-ordinated in regional, integrated economic communities and in more universal multilateral agreements aiming at the successive removal of barriers to trade to a far greater and more effective degree than during the early post-war years. The fundamental principles of these common efforts and the various ways for their complete realisation will be dealt with later.

The dislocation of the international economic contacts caused by the two wars has led to very great and widespread difficulties, both in the urgent, short-term problem of overcoming national and other rivalries, and for the task of extending endeavours to establish economic collaboration, of the kind suggested here, outside their present total area. This forms only one part of the problems affecting international economy.

### **The Expansion of the "State Socialist" Sector**

The outbreak of the First World War divided Russia from the western world. With its possessions in Asia, the Russian state controlled a very large part of the natural resources of Eurasia. Industrialisation was handicapped by a corrupt government, and this natural wealth could not by far be exploited, which prevented Russia from joining in the international economic development to an extent that would have been justified by her great economic potential.

Since the Revolution of 1917 this separation has had an ideological character. A new economic system, based on the theories of Marx and Lenin, has been introduced since the Soviet Union was constituted. The state took over—with the brief interruption made for tactical reasons, and now known as the N.E.P. period—the means of production in industry, and collectivised the land and agriculture. State socialist planned economy took the place of free price-fixing as the driving force and regulating factor in industrial production.

Production in industry and agriculture is planned in programmes drawn up centrally, to be realised according to a definite time-table. This was done in the Soviet Union with the specific purpose of hastening industrialisation and the general increase in production by means of central allotment of investments in new enterprises—for a rapid general increase of the national real capital—with consequent restrictions in current consumption, varying with the programme periods. Foreign trade was included in the production plans as a complementary factor; the definite objective, however, was to attain complete self-sufficiency.

When the circle of new communist states in Eastern Europe was widened, the necessity of reconstruction after the ravages of war caused each to draw up a



central programme for production, mainly on the pattern of the Soviet Union plan. Development, therefore, led to the creation of parallel economic structures, each with the rapid reconstruction of the national economy, in principle on the basis of self-sufficiency, as its immediate goal.

For a considerable time, economic interchange between the Soviet Union and the new states consisted mainly of reconstruction loans from the Soviet Union (chiefly in the form of the export of machines, production equipment and other real capital). The one-sided direction of the collaboration could not neutralise the great differences in production volume and productivity as between the various communist states in Eastern Europe.

The common organisation, Comecon, established in 1949, and which in the middle 1950's drew the lines of demarcation between its separate spheres of activities, aims at a more complete co-ordination of the planning of production in the member countries and, accordingly, the most appropriate use of natural resources and labour within the block.

The creation and continued consolidation of the state socialist sector of international economy has split the world into two halves, "a market economy" half with, in principle, free prices as the guiding element of production, and a "planned economy" half based on central planning of production and centrally fixed prices or delegated price-fixing, in reality, a screen in front of the intentional omission of the planned economy to function according to the rules of the game of supply and demand.

Total state regulation of prices with the aim of guiding production has no equivalent in countries with market economy. The main purpose of statutory price fixing, to which resort is made in these countries in times of war and crisis, has been to protect consumers from temporary exploitation in the market or to retard growing monopolistic tendencies to dominate the market.

Price fixing and similar measures in agriculture have been used less with the intention to regulate production than to influence the distribution of incomes in favour of farmers and agricultural workers who have lagged behind in this respect.

Industrialisation has been rapid from the usually low initial situation in the state socialist part of the world. It has been made possible by the great natural resources and the energy applied to raise the level of popular elementary and adult education and of general technical education. The state socialist sector, both as regards total population and natural resources, has a share in the world economy that will soon be comparable with that of the market economy sector. It is, as will be shown later, mainly aimed at self-sufficiency, and commercial and economic contacts with the market economy sector by the fundamental construction of the system have been comparatively restricted.

### **The "Third Sector"—Development Countries**

The third great change in world economy is the emergence of the development countries as a conscious and, in their demands and aims, unified factor in world economy.

While world economy—of the planned economy sector and the market economy sector, called here the "free" sector—has thus become divided, the economically under-developed countries in the world are urgently demanding an economic development that will give them a position and standard of living equal to those of other, more highly advanced, countries. The generally accepted definition of

development countries is "countries and regions with insufficiently developed or wholly undeveloped natural resources, technically backward, with a rapidly increasing population and a consequent low, in most cases extremely low, standard of living; they lack the social and cultural amenities that are a feature of highly industrialised and socially developed countries".

This group of development countries is extremely heterogeneous. It includes, besides some under-developed areas in Europe, former colonies, now politically independent states with primitive economic systems; old nationally consolidated states with characteristic, often high-standing civilisations, but sharply defined social inequalities, so that the culture is restricted to the few people forming the "upper class", even where the system of government is formally democratic; feudal states, where the ruling classes cling to their traditional privileges; countries with a formally democratic structure, where race segregation places democratic rights out of the reach of the majority of the population.

Common to most development countries is the growing consciousness of the peoples of the decisive difference between "rich" and "poor" countries—and in most countries also the difference between "rich" and "poor" people. Political and social unrest, therefore, characterise many countries in this group.

The majority of the development countries are agricultural and are dependent on the export of agricultural and other products, e.g., textile raw materials and mineral oils, to finance their industrialisation. The low price elasticity of these exportable agricultural products and raw materials accounts, partly, for the persisting lower price-level of them in comparison with that of the industrial products which the countries have to import. This situation has proved a great handicap, particularly to countries depending on monocultures but it also affects other development countries. Most of their export goods go to the "free" sector. Further, the inadequate organisation of their export activities, also the infiltration of foreign monopolistic enterprises into the export trade of these countries, have made their terms of trade extremely and permanently unfavourable. In this respect the development countries are still to a great extent being exploited by the "rich" countries.

The conditions for their inclusion in the world economy on the same terms as the "rich" countries are as rapid as possible an industrialisation and a rise in agricultural production and productivity to satisfy the most urgent need—the supply of food to their growing populations, which are increasing faster than those in the rich countries. In the first place, therefore, their industrialisation must serve agriculture, but the first great handicap to industrialisation is their extreme lack of capital.

These urgent needs of the development countries create an exceptional situation for this "third sector" in the world economy. It is obvious that their gradual incorporation into the world economy cannot be realised on the same pattern as for the more developed countries, by endeavours to create free trade by the successive elimination of tariffs and other means of protection for the growing industry. The technical aid and, to a smaller extent, investments organised by the United Nations, groups of countries and individual states, including countries in the "planned economy sector", is a first manifestation of economic collaboration on an international scale.

This can by no means completely satisfy the enormous and urgent need of assistance in the development countries. It must be complemented by an elimination of trade barriers, which must first, and for a long time to come, be one-sided:

the removal of tariffs and other obstacles to exports from the development countries, also other restrictions, consumption taxes imposed on goods from the development countries in international trade, and, in the industrialised countries, the subsidised production of substitutes for the natural exports from the development countries. One example is the continued production of beet sugar in countries of both the free sector and the planned economy sector at the expense of other branches of production.

The need for a world-wide mitigation, and ultimate abolition, of these direct and indirect hindrances to the export trade of these countries—among the main causes for their strikingly unfavourable terms of trade—was in the limelight already in the inter-war period. The World Economic Conference at Geneva, 1927, and in London, 1933, included in their recommendations the abolition of tariffs and other hindrances to imports of foods and raw materials competing with similar products, or substitutes, produced in the importing countries.

The World Conference on Trade and Employment in Havana, 1947-48, also included in the Statutes of the World Trade Organisation to be set up provisions for inter-governmental commodity agreements with a view, under the joint control of producers and consumers, to stabilising prices on the foods and raw material markets at price-levels sufficiently high to provide a reasonable subsistence level for the producers. These Statutes, as is well known, were not wholly implemented. On the road to complete freedom of international trade and economic world solidarity such agreements should be a valuable instrument for promoting the economic emancipation of the development countries without seriously detrimental effects on the consumers' interest, considering their, generally, more prosperous situation in most import countries.

#### **Freer Exchange of Goods Between Countries, and more Permanent Economic Co-operation by Zonal Integration—Europe**

Probably the earliest attempt to create an integrated economic zone in Europe was in 1818, when the first steps were taken towards the commercial union of the German states; the German customs union, *Zollverein*, then completed the economic union of Germany before political unity was achieved after the Franco-German war 1870-71. A number of other tariff unions, though smaller in extent, saw light in the Europe of the nineteenth century.

The creation of the United States of America and the early victory of federalism led to the development of what has been, right up to recent times, the greatest example of economic integration in the world.

The imperial preference policy pursued by the British Commonwealth is an expression of the same endeavours in countries in different continents.

During the inter-war period, suggestions were made for the integration of Europe as a remedy for the effects of the world-wide economic depression on Europe. The Council of Europe was formed in 1949. Marshall Aid from the United States had been started even earlier. This help was offered to all countries in both West and East, but when the latter declined it the split in Europe between the free economy and the planned economy states came fully into the limelight, and this strengthened the idea of economic collaboration in west Europe.

The way from the Organisation for European Economic Co-operation (OEEC) to the establishment of the European Economic Community (EEC), which took only eight years after the constitution of the Council of Europe, and the less comprehensive parallel organisation, the European Free Trade Association (EFTA), two years later, is well known and need not be recapitulated here.

The objective, accepted by the great majority of the states belonging to the organisation, is European unity, which it has not yet been possible to realise. The different commercial policies, world political liaisons and attitudes of the various countries, which are the main reasons why different ways have been chosen, need not be insurmountable difficulties to co-operation between the two European zones, whose fundamental aims and methods coincide so closely.

At the time of writing—immediately after the failure of the efforts to achieve greater unity in western Europe by individual EFTA states joining the EEC—new endeavours are already being made on both sides to bring about collaboration between the two zones.

Without going into details of the type and extent of this collaboration, which is still in the future, a survey of the general lines of European economic co-operation up to now may serve as a basis on which to assess the prospects of continued collaboration.

Co-operation had progressed a long way before the EEC and EFTA were established. The “liberalisation” of trade between countries within the framework of the OEEC—abolition of quantitative restrictions—was practically finished. Work on the stabilisation of currencies by the independent European Payments Union had proceeded so far that mutual convertibility was on the verge of being fully realised.

Detail investigations have been made of the natural resources and potential power supply of Western Europe, and of the structure of industry, to serve as a starting point in the rational division of labour. The prospects of an all-embracing European collaboration, created by the results of the investigations, are still of great importance for the accomplishment of European unity when the present obstacles have been overcome, or perhaps have crumbled.

In their present form and extent, both the EEC and EFTA are zonal integrations in character, though at different levels of development. Since the populations of the six member countries and Greece, the only country associated hitherto, are together almost as great as the population of the United States—178 million, and 179 million, respectively—the EEC market is almost as big as that of the U.S.A. If the populations of the community regions outside Europe—included in the gradual abolition of tariffs, but allowed to retain their present or to introduce new import tariffs so far as they are necessary for their economic development and industrialisation—are also counted, the total population of total EEC territory exceeds that of the United States. The populations of the seven EFTA states and Finland, which is associated, amount to 95 million people. The countries included in Comecon—the Soviet Union, Poland, Roumania, Bulgaria, Hungary and East Germany—have a total population of 290 million. The People's Republic of China, which is outside Comecon, but collaborates with it to a certain extent, has a population estimated at 670 million.

The principles of the two zonal integrations in the “free” sector in Europe are partly the same. The abolition of internal tariffs in the EEC should be

completed, according to the Treaty of Rome, within 12 to 15 years from 1957 by linear reductions expressed in percentages of the initial imposts, but has been hastened so that half the way has already been passed. Tariff reductions cover the whole industrial area, with modifications for certain branches of industry, while the integration of agriculture will be achieved by comprehensive marketing regulations covering the whole area.

The EFTA plan for the abolition of internal tariffs was designed on the pattern of the EEC plan. The linear tariff reductions were to be completed by 1970 at the latest, but development has been speeded up to keep pace with the EEC, and is now two years ahead of the original schedule.\*

Integration in the EFTA, on the other hand, does not include agriculture. There are EFTA countries, otherwise industrialised, for which the export of agricultural produce plays an important, in some cases a dominant, rôle. The unwillingness of other EFTA countries to grant preferential treatment to imports from countries exporting agricultural produce led to the decision on this question.

Regulations regarding legislation against restrictions on competition which may handicap the exchange of goods between the member countries by monopolistic enterprises and combinations of enterprises, also regarding the final abolition of quantitative restrictions on mutual trade are, in principle, common to all.

On the other hand, the EEC has established a far more fundamental integration than has the EFTA zone. It is much more than a customs union. The Treaty of Rome contains stipulations relating to freedom for current payments and the free circulation of capital and labour within the Community; to a European Investments Bank; to the uniformity of corporation laws and mutual rights of free entry into business, and other economic legislation, including legislation pertaining to foodstuffs; to mutual rights to acquire real estate and other means of production on the same terms as the inhabitants of the countries; to the realisation of a progressive social policy for the members of the Community; to the abolition of consumption excises and taxes that handicap trade between the members; to uniformity of purchase tax in the member states; to common rules for transportation within the zone and for transit traffic; also other regulations aimed at consolidating the integration.

The supra-national authority, vested in a Parliamentary Assembly, a Council of Ministers, an Executive Commission and a Supreme Court to settle conflicts that may arise, is an efficient instrument of integration. The agreement, codified in the Treaty of Rome, is non-terminable.

The commercial policy with reference to outside countries ("third" countries) must be pursued in common.

The EEC Treaty, in the whole of its design, is very reminiscent of the federal economic legislation of the United States, and of its impact on the federal states.

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\* Since this was written the EFTA states at the Conference in Lisbon in May decided to speed up the reduction of the internal tariffs at a pace to effect their total abolition at the beginning of 1967. This date coincides exactly with the hastened scheme of internal tariff reduction of the EEC. The decision in theory envisages a closer collaboration between, or even merger of, the two integrated European zones in a near future.

### **Zonal Integration in Other Continents**

Endeavours to establish zonal integration have been made in other parts of the world.

As long ago as 1889 the Organisation of American States was founded, having as one of its main objectives economic integration of the whole continent. A proposal was made early to form a customs union between the Latin American states and the United States, but had no realistic background. After World War II the idea was actively supported by the United Nations Regional Commission, the Economic Commission for Latin America (ECLA), and has since been realised.

The Latin American states may be characterised as development countries, or countries which have reached a higher level of development in relatively recent times and need urgently to accelerate their industrialisation, which implies that they must protect their industries.

They are still mainly agricultural countries with a corresponding dependency on the export of their agricultural produce. Their markets in the "free" sector have diminished, however, since the production of their principal export goods has increased in other parts of the world, with a corresponding growth of export from these areas. Between 1929 and 1958, the total export from Latin America had fallen from 11 to 8 per cent of the total world export.

Export is concentrated upon a few articles—most of them sensitive to conjunctural price fluctuations—for which they still represent a high percentage of total world export: coffee, 80 per cent; sugar, 75 per cent; bananas, 68 per cent; frozen meat, 67 per cent.

Since the establishment of the EEC, the Latin American states have been much disturbed by the preferential treatment granted by the Treaty of Rome to the extra-European regions attached to the EEC countries. By the construction of the external customs barriers of the EEC, imposts on the key products of Latin America were raised. In some of the greatest coffee consumption areas, import duties in 1961 were increased from zero to 16 per cent; Germany raised the import tariff on bananas from zero to 20 per cent and on sugar from 37 to 80 per cent. To these must be added the special consumption taxes on these and other articles, e.g., cocoa, in most western European countries.

Thus one of the main objectives of the integration zones that have been formed is to safeguard the export interests of Latin America. The first of these was the Central American common market, established in 1958 as a free trade zone, and given its present status in 1960. It includes a number of the smaller Central American states with a total population of 20 million, and besides protecting their export interests, has the task of hastening the still insignificant industrialisation of the region.

Of far greater importance is the Latin American Free Trade Association, LAFTA, created on the initiative of the most highly-developed "ABC" states (Argentina, Brazil and Chile) by the Treaty of Montevideo in 1960. The Treaty stipulates a mutual abolition of customs duties during a period of twelve years, co-ordination of credits and circulation of capital, and the establishment of a multi-lateral system of payments patterned on the EPU. The free trade zone, with a more profound integration than that of the EFTA, now comprises most

of the South American states and Mexico, and has a total population of almost 160 million.

Its tasks, side by side with a commercial political union—though without supra-national government—are to develop the rich natural resources by means of a growing industry and modernised agricultural methods, and thereby to extend the interzonal trade, which now represents only a few per cent of total foreign trade.

A large number of zonal integrations have been or are being created in Africa in different, partly overlapping, combinations. The attempts are made difficult by the preferential treatment of exports from the colonial areas and new independent states attached to the EEC in the capacity of "foreign trade areas" and the economic interests this implies; in certain colonies and protectorates by ties with European countries outside the EEC—Great Britain and Portugal—and by the still very uncertain political development in large parts of the continent of Africa.

Skeleton organisations, at least, have been formed in the Middle East for economic integration in conjunction with pan-Arab political aspirations and for other reasons. Similar efforts are being made in South-East Asia.

To appreciate the strivings in Europe and other continents for zonal integration it should be fully understood that economic communities and free trade zones should be only **transitory steps towards the full freedom of international trade and the accomplishment of full international economic solidarity**. If they should become permanent they would have very much the effects of large protectionist blocks aiming at economic autarchy within the blocks, thus barring the road to the ultimate goal—the most rational division of labour at a truly international level.

As already mentioned in connection with zonal development in Europe, the next step contemplated is the gradual reduction of the outer tariff walls by mutual concessions. There seem to be hopes that this step should include also the integrated market of the United States of America where a useful implement has been put into the hands of the President by the authority given to him to effect far-going tariff reductions at his own discretion on the basis of reciprocity.

To a not too optimistic mind prospects are looming that it should not take a considerably longer time to make a good start on the way of successive tariff reductions and abolition of other obstacles to trade interchange at a wider international level than it has taken to build up the present integrated zones, in Europe and elsewhere.

### **The Effects of Zonal Integration: Great Markets**

For a long time, fundamental and comprehensive changes in many important respects have been taking place in the many countries in the "free" sector of world economy. In countries with a highly developed democratic structure, an economic policy of a new type is being applied within the framework of market economy. Its objective is a national welfare economy, which implies a considerable degree of state supervision, with a view to ensuring a high and constant degree of employment; a more equitable distribution of incomes; social reforms of a far-reaching character; other measures to ensure economic security; and,

as a foundation for social progress, increasing productivity with consequent corrections of monopolism.

By concentrations in industry, also partly in other branches of production, the number of independent enterprises being steadily reduced by mergers and amalgamations has declined continuously and now includes a much smaller proportion of the population than formerly. Wage-earners have become by far the greater section of the population in all social groups, and they are, so to say, blazing the trail to what might be called a dominant wage-earner economy. The efforts in this direction are due mainly to the trade union movement, which is one of the strongest politically influential forces in some countries, and also influences the formation of opinions in various political parties, both workers' parties and others. Even in countries where monopolistic powers attempt to influence decisively the parliamentary system in various back-stairs ways, labour interests are becoming stronger and are offering an increasingly effective counterbalance.

The monopolistic resistance to the social market economy is very vigorous, however, and its strength should not be underestimated. The present concentration within all branches of production and distribution, conditioned by the great technical progress, creates many advantages for monopolistic dominance in the great markets brought into existence by the zonal integrations.

Every integration of the markets of several countries into a "great market," i.e., a market larger than each of the individual national markets, is naturally bound to have wide repercussions on competition in the market. The fact that a larger number of enterprises in production and distribution with a "great market" can direct their efforts towards a larger geographical demand area should, theoretically, have the effect of causing the enterprises on the supply side—both large and small—to compete more keenly to the advantage of the consumers. Such effects might also be expected from the looser form of integration represented by free trade areas, and still more within the framework of a customs union and more complete economic collaboration.

### **The Monopolistic Risks of Enterprise Integration**

During the relatively short time that the most intimately united integration zone in Europe, the EEC, has functioned, it has proved that this ideal picture of the effects of free competition in a wider market may be sullied, and from two directions. The supra-national integration in the sphere of commercially or politically united, and other stages and kinds of, economic communities within the integration zones has, naturally, been accompanied, on the one hand, by a growing tendency towards enterprise integration and financial concentration in the area. On the other hand, the associated great market, protected by a common customs barrier, has begun to attract capital from third countries on a large scale. The capital transfers are, to a large extent, being made with a view to establishing affiliated enterprises inside the EEC. From both directions big business enterprises representing tendencies to establish or reinforce monopoly dominance have been the outstanding factors in this development. Generally speaking, the integration of enterprises in the EEC and other integration zones is prompted by the fact that the greater market, with its prospects of larger sales, makes possible a more extensive employment of modern technically highly developed mass-



**production** with consequent lower costs. This refers to the "frame" enterprises, or combines, as well as to individual units of production and commerce.

In principle, modern technology can be exploited also in small national markets, in favourable cases, to a strikingly high degree. Mass production in smaller countries on the basis of up-to-date techniques and overall high productivity presupposes, however, that they can sell in a wider market than the national one. Within an integrated zone, industrial mass production need not necessarily be located in the larger countries.

The cost-reducing effect may be achieved by the integration of production and distribution stages within the same enterprises—where it is possible and expedient—from the production of the raw materials to retail trade and other direct sales to the buyer-consumers. This vertical concentration may be accomplished by a single business and according to the modern system of sub-contractors.\*

"Horizontal" integration, the combination of firms in the same branch of production and commerce united in larger and larger enterprises, or the collaboration of independent firms in the same line of business in trade associations and cartels for specialisation and other rationalisation measures, which is claimed to be their purpose, leads to the same results.

"Conglomerate" combines—effected by piling up enterprises in separate, incoherent lines of business—directed by powerful centres of finance, have the dangerous effect of forming effective points of attack, in particular, on new entries into business. Strong financial concentration, allied with "big business," performs a valuable service to these interests by withholding the investment capital needed to get competitive new enterprise started in the lines they want to dominate.

Ultimately it is the desire to improve the profitability of enterprises or, expressed more simply, the natural impulse of private enterprises, in accordance with the aims of their business, to get the best possible returns on the capital invested, that is behind both the vertical and, more especially, the horizontal concentrations. Thus all forms of business integration include an active monopolistic element.

The prospects of attaining a completely monopolistic position vary; they are naturally particularly favourable in "horizontal" integration, but best of all in a combination of "horizontal" and "vertical" integration. There are combinations of big firms working together in trusts and cartels in Europe, where, even before zonal economic integration was started, they reached a very high level of monopolistic dominance—in the markets of their own and other countries—and are now preparing to increase their power with the help of the opportunities offered by the common market.

Zonal economic integration, in principle and practice, opens the way to very great savings in production costs and a correspondingly larger uniform area of distribution, where marketing can be carried on without the friction and trouble formerly caused by customs duties and quantitative restrictions at national boundaries, and by legislation governing marketing conditions generally. The

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\* The sub-contractor system is most highly developed in the United States, the earliest great consolidated industrial market. Data referring to the largest combines contain lists of tens of thousands of sub-contractors for each combine.

irremissible precondition is, however, that monopoly dominance should be held in check.

The attraction of capital investments and the establishment of subsidiaries in integrated supra-national great markets for private enterprise in a third country, has its roots in the same motives as has the integration of enterprises within these markets. International combines and cartels have always preferred to concentrate their expansion either in large countries or countries effectively protected by customs barriers regardless of size, or, most preferably, countries in which risks are smallest. The purpose of a freer international circulation of capital, to serve a better international division of labour, therefore runs the risk of becoming more or less distorted.

When the European great market, best manifested in the EEC, was established, these monopolistic risks were borne in mind. The market economy of the democratic countries also having as one of its main objectives social progress and welfare, could not but set its mark on the general aims of the Treaty of Rome. The preamble to the Treaty lays down that the contracting powers have decided to ensure common economic and social progress, and consider a continued improvement in the standard of living and the employment of the people as a common goal.

Special legislation, aiming to restrict the power of monopolies in the economic life and to prevent them hampering economic progress, has been introduced in all the member states. In this connection it was expressly stated to what a great extent monopolies directly counteract full employment and retard a rise in the standard of living. The Treaty of Rome, however, did not consider that national legislation preventing the restriction of competition was adequate or could be applied with reference to the effects of monopolies and cartels, national or spread over the whole region, on what, in the first place, was to be promoted and accomplished, namely unhampered trade interchange within the Community.

The EEC regulations, therefore, were given a nucleus of clauses to control all the restrictions of competition that might arise to take advantage of the size of the common market and the common external customs barrier. Without going into details of the structure of these control clauses (see Articles 85-90 of the Treaty of Rome and the rules for their application in the "European Cartel Regulations" of 1962) and how they can be effectively applied, it must be fully understood that they were intended to be taken seriously, and that they occupy a central position in the Statutes of the Common Market.

Nor should it be forgotten that the long-term purpose of the common external tariff is to create a starting-point for mutual reductions of import duties between the Euromarket and other zonal organisations for economic integration and individual countries. It was hoped in this way to ensure a degree of international competition great enough to dominate international monopolistic trends in the "free" sector of world economy.

"Competition rules," implying control of the restrictions of competition, have also been formulated for the European Free Trade Association and included in the regulations. Unlike the EEC, the EFTA is not supra-national, and competition rules in the regulations lack the authority vested in the EEC by the permanent supervisory body, which forms both the "court" and the executive authority. While the competition rules in the EEC are in the nature of laws, which may

be enforced in face of the opposition of member states, and which presume that the contracting powers bring their internal anti-monopoly legislation in line with that of the EEC regulations so effectively that it does not restrict or impair the trade of the Community. rules of the EFTA leave to the member states the task of applying the general regulations as regards legislation and jurisdiction.

The aim of the competition rules in both groups is to lead the integration of enterprises in the European market in the direction of rationalisation of production and trade to reduce costs, and an adaptation of prices and services to benefit the buyers and consumers. The transfer of international capital to the integration zones will, by the competition rules, be used for other purposes than the one that seems to be mainly favoured at present, viz., the exploitation of the protection for investments provided by the temporary external customs' barriers, favoured further by the extent of the market protected by these tariffs.

### **The Countervailing Powers**

Legislation in the integration zone, with the purpose of ensuring a high, if possible a total, degree of free competition, has to be based on the undeniable fact that no law can, by coercion, compel enterprises that have found the easier ways of obtaining great returns on capital investments by restricting competition to change their ways of business and re-enter competition.

The most legislation can do in a single country, or in an integration zone, to support the principle of, and encourage, free competition is always to be on guard not to restrict it. Restriction may be caused by lack of correlation with other branches of legislation, e.g., corporation laws and laws regulating new entries into business, laws governing the import and export of capital, patents legislation, laws regulating banking and credits, even prescriptions for civil orders governing retail trade.

Economic policies pursued by a state which does not take into account the common interests of society may lead to the same result.

The legal and technical difficulties of drawing up legislation to cover all the essential ways of restricting competition are obvious. Great spheres of monopolistic influence on prices are beyond the scope of the schematic classification of the misuses of monopoly power on which anti-monopoly legislation is based and which is the foundation of the legal application of the legislation.

Even where legislation is as embracing and efficient as possible, and the goals of the economic policy for the harmonising of the common interests of society are realised, there is still a need for competitive powers willing to make efforts to counteract the monopolistic integration of enterprises. J. K. Galbraith, the American economist, has formulated the theory that "countervailing powers" are not only needed but are already in effective action to maintain a reasonable degree of free competition necessary for economic progress, in fact this theory merits the modification that it can be demonstrated in practice to be applicable only in countries and zones where freedom prevails for the forms of competing enterprises not based on private profit, "non-profit" enterprises. Chief among these are the Consumers' Co-operatives and numerous other forms of Co-operative Organisations for practical economic activities, and, side by side with them, other collective forms of enterprise, including state and municipal undertakings that

fulfil important functions in the market economy and are not monopolies in themselves in their respective fields of activity as public utilities.

The monopolistic manifestations of the increasing integration of undertakings in the private sector cannot, however, be counter-balanced by the "countervailing power" of Co-operative Movements retaining the structure and methods that characterised different co-operative enterprise in its emergence and first development stages in a radically economic atmosphere. Where this is the case the Co-operative Movement must adapt itself to the general tendency towards integration of enterprises which, as long as it is proceeding mainly in the profit-making sector of the economy, makes these enterprises strain all their efforts to force co-operation out of its "magnetic field," the members' market, both inside and outside the common markets.

"Competition" tends, to an increasing extent, to become less active within the generally accepted framework of free competition, but rather a struggle between those who wish to weaken and restrict the possibilities of free competition, on the one hand, and, on the other, those who strive to defend, maintain and extend competition.

The integration of enterprises in the private sector has a temporary but considerable advantage owing to the fact that, thanks to centralised planning and right of decision, steps can be taken more quickly when plans for further expansion are to be realised.

There are also other circumstances that favour the expansion of big monopolistic combinations within the integrated zones. They can enlist in their service, competent, ambitious business experts—regardless of costs—lawyers specialised in legislation affecting restrictive practices, always ready to turn the law to their masters' advantage, and use all kinds of "disguised" monopolistic methods—for example, advertising and publicity directed to lead consumer-buyers astray in the increasingly larger forest of branded articles. They can appeal to "loyalty in business" but, when needed, avail themselves of cut-throat prices to keep emerging competitors out of the market.

Also in the spheres of production and trade, in which obvious monopolistic efforts to gain power have not yet appeared, and where concentration of private enterprise has mainly the character of enforced rationalisation in the struggle for advantages in the great markets, the Co-operative Movement cannot disown its social character and goals by neglecting the opportunities for continued expansion and greater influence on the economic development in the interest of society and the economically weak sectors of the population.

Its task of preventing monopolistic tendencies to increase in extent and strength by integration of undertakings in the private sector as a whole makes it the duty of the co-operatively organised economy to gain a footing in all the important branches of economic activity that affect the immediate needs of consumers and small producers, their interests in maintaining and increasing their incomes, and in maintaining and improving their standards of living.

The Co-operative Movement has urgent problems to solve and difficulties to overcome, which must be studied from the angle of the great markets.

## The Changed Position of Co-operation in

### General Economic Development

The position of the Co-operative Movement in modern economic development has changed considerably since its creation and the early years of its history. The Consumers' Co-operative Movement, when a pioneering movement in industrial countries, saw as its task the provision, by its unity and ideological principles, of as great a degree of self-sufficiency as possible in the supply of the most necessary goods, mainly foodstuffs. Since it functioned to an increasing extent as a large economic unit in relation to the mainly small units in private trade, it could gain greater economic advantages in its practical economic activities.

These advantages were the cause of the rapid expansion of co-operation in many countries. It was, and still is, bound to the market economy in the "free" sector of the world. With the growing, now dominant, trend towards larger economic units, and the simultaneous rise in the standard of living in the countries where Consumers' Co-operation first became established, these ties with market economy have become still more obvious.

Needs have expanded and become differentiated to an extent that the first generation of co-operators could never have imagined. Many of the members of Co-operative Societies, in order to supply a growing proportion of their demands, have been enticed—or compelled when Consumer Co-operatives have been unable to keep pace with private enterprise—to turn to the private trade sector to satisfy their new needs. Even with regard to foodstuffs and other necessities, by the sale of which the Consumers' Movement began, the private enterprise sector has made encroachments by such methods as, mass suggestion in advertising, very effective open or masked publicity, and attractive—actual or imaginary—services.

The disintegration of the purchasing power of the co-operative members caused by the competition, by fair and unfair means, of private, mostly large-scale, distributive trade, and the neglect or delay of consumers' co-operative trade to provide for the increasingly diversified needs of the members, are beginning to have their repercussions on co-operative solidarity in the concrete sense of the word. A clear **disintegration** of co-operative solidarity round the distribution of goods is becoming more marked in several countries.

The Co-operative Movement has naturally had access to the same primary means—though severely restricted in their use owing to its ideological principles—of preventing the dissolution of co-operative unity. It has, for obvious reasons, adapted itself in its trade to the methods applied in the private sector. From being a mainly closed necessity economic organisation it has advanced a long way along the road towards becoming an important—though independent—factor in market competition.

In countries where the demands for increased enterprise integration have been realised clearly in the modern economic development, steps have already been taken to create effective integration by expanding own production, and endeavours to carry out a vertical sales integration by more intimate and efficient collaboration between the Central Co-operative Organisations, Wholesale Societies, and the local Co-operative Societies.

Growing co-operative production has been faced with demands of large-scale industry on optimal production units, usually large ones. Thus factories and

plants have had to be started on a larger scale than necessary to supply the co-operative market inside the country, thereby stressing further the relations with competition in the market.

Continual attention to **costs** has proved to be of growing importance in the practical economic activities of the Consumers' Co-operative Movement. Competition in the market has, from the view point of Consumers' Co-operation, stressed the necessity of **costs competition**. In countries where insight into this problem and the need for a modification of organisational and practical methods has been gained only slowly, there are great risks that the consumers' co-operative sector will lag behind in market competition, which is steadily becoming much keener in the great common markets.

On the whole, the same compulsion is felt in the Marketing Co-operatives in agriculture and elsewhere. There has been a general endeavour to meet it by deliberate improvements in quality, and by standardisation in order to satisfy the greater and more differentiated demands of the market. The pioneer countries in the realm of Agricultural Co-operation have made great progress towards integration by centralisation at both the production (collecting and processing) stage and the marketing stage. The general impression in the European countries where both types of co-operation are to be found is that co-operative marketing has progressed much farther in this respect than consumers' co-operation.

### **Co-operation and the Great Markets—Structural Reforms**

In order to preserve, in the keener market competition, the vitality and the possibility of functioning as a "countervailing power" against the monopolistic tendencies of private enterprise in the world, both from the social and economic aspects, attention must be paid to the following problems:

1. To achieve such reforms in structure as will make possible further rationalisation on the costs side, thereby maintaining and increasing the competitive power of co-operation in the markets of the individual countries inside and outside the great markets, and making the Movement as a whole more efficient;
2. To bring about practical economic collaboration between the Co-operative Movements in the respective great markets and between them and outside countries;
3. To organise this collaboration so that it can serve co-operative and economic development in the development countries in the most effective way;
4. To realise these reforms and new organisational tasks so that the character of the co-operative undertakings as self-governing, democratic organisations is preserved and strengthened, and the Movement's fundamental social goal is kept intact.

The **structural reforms** intended to accelerate technical and organisational rationalisation of economic activities in the National Movements must, of course, be made and perfected in the Consumer Co-operative Movements of the individual countries. The international collaboration that may take place is restricted to the exchange of experience and, where possible, an exchange of patterns of organisation. This limited collaboration may be of the greatest value and help in

the rapid solution of this problem, in spite of the fact that the economic and social conditions of the various countries may differ widely.

The dominant tendency in most European Co-operative Movements is in the direction of more rapid integration, although in different ways. In the most highly industrialised countries with a population structure of the urban type, there have long been "large societies" with many members and consequent local or regional integration. But there are a number of small, even very small, local Societies that cling to their traditional independence, which prevents their amalgamation with larger units, and also makes it difficult for them to become integrated in more intimate and efficient collaboration with the central, "business," organisations.

In many countries, the Scandinavian for instance, the task of realising "horizontal-vertical" integration has been attacked vigorously: on one hand an amalgamation of local societies into larger, optimal-sized societies, and, on the other, nation-wide collaboration within the framework of the central organisation and with its economic and organisational apparatus as starting point and base. It has been possible, in this way, to extend the business activities to other branches of distribution, besides those traditionally concerned with foodstuffs and other essential wares—department stores with practically the same assortment of foods as modern, private department stores and big supermarkets—and more active support has been given to the industrial production of the Consumers' Co-operative Movement.

One thing must always be borne in mind, and that is the very great differentiated demands now made by the younger generation. For an older generation, brought up in poorer circumstances, it may seem a breach of the social principles of co-operation when the Movement extends its activities to "luxury" or at least inessential goods. When the Movement has its roots in one particular social class, mainly the working class, the elimination of social distinctions now proceeding is often overlooked, but this elimination has caused an increased recruitment of members from other strata of the population than industrial workers and other wage-earners.

There is now an extremely far-reaching differentiation of needs, something quite unknown to an older generation. Twenty years ago, for instance, a private car identified its owner as a member of the "upper" or "middle class," while the average motorist of today in some Western European countries, if an investigation were made, would probably be found to belong to the working class or equivalent strata of the population. The rising standard of living is rapidly bringing Western European countries into the category "affluent societies," and consumer co-operation must take this into consideration in areas where it has preserved its traditional isolation.

The difficulties that will be met with in the realisation of national structural reforms to break down this isolation, and to work effectively within the framework of modern differentiated demands, are in two fundamentally different spheres.

The large private trading enterprises, against which co-operation must struggle in market competition, have tactical advantages in their character of profit-making undertakings under centralised leadership. In countries with a mainly urban population they can aim at establishing large retail units in urban centres—often with greater possibilities of reducing costs than the Co-operative Societies—of adapting prices to costs, and "to skim the cream" of the purchasing power of the urban

population in all strata of society. The growing marginal profit can then be employed for continued expansion mainly in the urban areas. This is already the most prominent feature of these great enterprises.

The consumer co-operative form of enterprise, on the other hand, in accordance with its fundamental social character, must provide as diversified a supply of goods as possible in both densely and sparsely populated areas, also for different levels of purchasing power. It cannot, therefore, as a rule, establish quite such retail units with the same costs-reducing effect on the local level as those of private enterprises. Large and small shops of varying costs structure may be assumed in future to exist side by side.

There are great difficulties to be overcome on the way to differentiated price-fixing, corresponding to the differences in costs for the different co-operative retail units—as long as costs cannot be levelled off by the amalgamation of large and small Societies into large local or regional units working in both densely and sparsely populated areas.

As already mentioned, private distributive trade has a further advantage in that a rational vertical integration can be more rapidly effected in all stages of trade, and in some cases in production. It may be assumed that this advantage will become much greater in the great markets.

To bring about both a horizontal and a vertical integration in the National Co-operative Movements requires a more centralised planning and a more rapid realisation of decisions. Here the second important difficulty must be considered. There is, in rather wide circles of the members of Co-operative Societies that uphold the ideological conviction of co-operation, particularly in the small Societies, a marked mistrust of all forms of centralisation. The traditional view is held that fundamental democratic self-government is intimately connected with the independence of the local Societies and the right of self-determination in the economic activities on the local plane without "interference" from the central organisation, although they themselves have created and developed the central organisation.

The mistrust of centralisation is often connected with a more or less openly expressed fear that the delegation of executive power to the "officials"—who themselves are usually full members of the Movement—which has become necessary in modern, highly developed and complicated commodity distribution, and which, in case of centralisation, may become further accentuated, may lead to bureaucratism. In addition to a small, but active group of members supporting the traditional ideology, there are great numbers of passive members who may easily be persuaded to share these views.

The opposition to both horizontal and vertical integration, which may be a consequence of this mistrust, is probably the smaller of the two difficulties. In the long run, those members who are conscious of responsibility to their own enterprises cannot remain blind to the fact that a similar distribution of decisive administrative and executive power and authority in the modern democratic state and municipality, based on salaried servants, is the fundamental method of organisation in a political democracy.

In so far as this opposition to integration exists on both the levels mentioned—of different intensity in different countries—it may be overcome by ideological and practical methodical information. This may also counteract the disintegration of the circle of members as buyers which, as mentioned, has been caused by the reticence of the Co-operative Movement to take part in the competition in the



greater market. In the countries where integration has progressed farthest, adequate forms of parliamentary control are to be, or have been, drawn up. These give the members at least as much influence as in the early days of the Consumers' Co-operative Movement—perhaps even more, although at a modernised organisational level.

What has been said about the Consumers' Movement is true in all essentials about other types of co-operative enterprise. Producers' Co-operatives, in agriculture and other branches of the economy, have, as mentioned, often found it easier to bring about structural reforms that favour integration. Producer interests have usually proved to have more driving force than consumer interests. In all forms of agricultural co-operation—buying, marketing and credit—where the nucleus consists of small farmers relying mainly on the fruits of their own labour for their material conditions, a more direct community of interests, as in modern trade unions, has counteracted the disintegration caused in consumers' co-operation by unwillingness to take part in competition in the market. In many cases agricultural co-operation, by far-reaching integration, horizontal and vertical, has attained such a position that it now dominates the national market in important branches of produce.

As a whole agricultural co-operation plays a most important part in shaping the new market structure at the national and international level. In the Scandinavian countries the highly developed centralised Agricultural Marketing Organisations by eliminating middlemen give Consumers' Co-operative Organisations all facilities to establish direct, cost-saving contacts, on an equal footing with private distributors, which was formerly not the case. In their own stages of distribution—mostly wholesaling—Agricultural Marketing Organisations are constantly reducing their costs and leaving Consumers' Co-operatives to follow up at the retail stage.

At international level, for example, the big North American Marketing Organisations—for fruit, vegetables, grain, tobacco—likewise create wide facilities for direct contacts with National Consumers' Co-operative Wholesales, some of them with gigantic purchasing power, like the British Co-operative Wholesales, C.W.S. and S.C.W.S., together the largest consumers' co-operative buyers in the world, or with joint consumers' co-operative purchasing agencies, like the Scandinavian Co-operative Wholesale Society. Middlemen are thus being constantly eliminated and the capacity of consumers' co-operation to act as a price regulating force in the national markets steadily increased.

#### **Practical Economic Co-operative Collaboration "Across Boundaries" Development Hitherto**

Integration within the private, "capitalist," sector of the great markets stresses as strongly as possible the need for the augmentation of co-operative integration in the separate countries inside and outside the great markets, and its strengthening by integration over national boundaries.

The promotion of practical economic international co-operative collaboration within and between the different types of co-operative has been one of the tasks of the I.C.A. since its foundation. It was discussed at the first I.C.A. Congress in 1895, but no attempts were made to apply it practically, nor could such attempts be made in undeveloped and disunited Co-operative Movements. The problem was discussed at many later Congresses, and resulted in a number of resolutions and general recommendations of wider and better organised business contacts

between the Consumers' Wholesale Societies, and the establishment of jointly owned and operated productive enterprises. Some resolutions both during the period 1900-14 and later, drew attention to the importance of closer business contacts between the Consumers' and Producers' Movements (Agricultural Marketing Societies, Workers' Co-operative Productive Societies) on national and international levels.

The idea was taken up on more practical lines after World War I, particularly after the Scandinavian Wholesale Societies had formed the common buying society, **Nordisk Andelsforbund** (Scandinavian Co-operative Wholesale Society). In earlier discussions, the difficulties due to existing customs barriers and other obstacles to inter-co-operative trade had been exaggerated, as had the threats by great international trusts and cartels to co-operative production.

Customs barriers remained and were strengthened after World War I, and integration in the private enterprise sector in the form of cartel agreements and the growth of trusts increased perhaps even more rapidly, and affected more goods and branches of trade than before the war. Successful defence actions by the Consumers' Movements of some countries against national and international cartels and monopolies revived the faltering faith of the Co-operative Movement in its ability to defend consumer interests. A special organisation, the International Co-operative Wholesale Society, established in the Alliance to serve as a study, research and planning organisation, concentrated its efforts upon joint purchases from Co-operative Wholesale Societies in Europe.

In spite of the difficulties then revealed, due to the great differences between countries as regards economic development and general ways of life, differences in consumption habits and in actual ability, and willingness to take action in the individual Movements, the work of the I.C.W.S. led to a proposal to solve the problem on a "universal" basis by the establishment of an **International Trading Agency**—at first inter-European. The Agency (**ICTA**) was formed in 1937. Its early work suffered greatly by the economic preparations for war, accompanied by sharpened restrictions upon international trade, and shortly afterwards by the outbreak of the Second World War. The far too wide frame of work hindered its real purpose; its work, which was never great, was diverted into other channels and finally discontinued.

The present development towards integration in great markets has given the Co-operative Movements, mainly those in Europe, new hopes of organising the co-operative exchange of goods, and integration on the production side, on a more realistic basis. Expectations of a successive levelling of the discrepancies between national economies, a general rise in the standard of living, and a gradual "unidirection" of consumption through the EEC particularly by its expansion to embrace the greater part of the co-operatively active countries of Europe, have been taken as the starting point.

This important expansion of the sphere of co-operative collaboration is still in its offing, but has been made the foundation of the general programme of work within the research and planning body, the International Co-operative Wholesale Committee (C.W.C.) ever since the plans for a European integration zone began to take definite form. Shortly after the Common Market had been established, an independent Co-operative EEC Secretariat was established, with its headquarters in Brussels, its chief task being to represent the interests of the Co-operative Movement in relations with the EEC authorities and to maintain contacts with them.

In 1962 an EEC **Consumers' Co-operative Wholesale Society Committee** was constituted with the purpose of maintaining permanent representation in the EEC. Its tasks are much more far-reaching, however — to prepare an organised exchange of goods between the Wholesale Societies and to investigate the prospects of common co-operative production within the zone. The first step will be to put into effect an effective specialisation of co-operative production in EEC states, but the Committee has been awaiting the results of the negotiations begun first in 1961 by Great Britain and later by other countries, also members of the EFTA, for membership of the EEC.

A few years earlier, after the EFTA agreement came into force, co-operative collaboration groups were established in two areas in Europe to investigate and prepare for practical economic collaboration in the exchange and production of goods. In 1959 a special Secretariat, **Nordisk Okonomisk Sekretariat** (Scandinavian Economic Secretariat), with its headquarters in Copenhagen, was established in the collaborating co-operative trade organisations in the Scandinavian countries, **Nordisk Andelsforbund/Nordisk Andels-Eksport** (Scandinavian Co-operative Wholesale Society/Scandinavian Co-operative Export Society), to plan economic collaboration in other spheres than joint purchasing, mainly the co-ordination and specialisation of the productions of the Scandinavian Consumers' Movements.

The Secretariat was to continue the preparations for Scandinavian co-operative collaboration in a wider sphere, which was begun at the beginning of the 1950's. The idea of a Scandinavian customs union was advanced and, after it had been taken over at government level, became the object of intensive research and preparation; a convention was drafted and final negotiations held when the rapid British-Swedish initiative for the formation of the EFTA caused the idea to be postponed. The Co-operative Movements were among those which supported most enthusiastically, and most actively furthered, the planning of the Scandinavian customs union, which in its intended form was very similar to the economic community brought into being in the EEC.

In connection with the Congress at Lausanne in 1960, the Consumers' Co-operative Wholesale Societies represented formed a collaboration group for all the EFTA states, the **Co-operative EFTA Working Group**. Its study and research secretariat has its headquarters at **Nordisk Okonomisk Sekretariat** in Copenhagen, and is availing itself of the research staff there.

### The Tasks of International Co-operative Integration

International co-operative economic collaboration in the free sector of world economy has hitherto been on a very small scale in relation to the total size and strength of the Consumers' Co-operative Wholesale Societies. Integration on the buying side has been established between two European regional organisations, however. Since 1918 **Nordisk Andelsforbund** has increased its purchases of trans-oceanic and other products for the Scandinavian Wholesale Societies to the equivalent, assessed in 1955, of 40 per cent of the members' total imports of goods.\*

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\* It should be observed that a considerable proportion of these imports consists of articles that **Nordisk Andelsforbund** cannot yet import at all, or only in very small quantities, e.g., textiles and millinery, household machines and other durable goods, machines, and industrial equipment for co-operative production.

The limitation of the tasks of **Nordisk Andelsforbund** to joint purchasing was not originally intended. When it was established, Denmark was the only country where a Co-operative Society with members of other nationalities than the home country could be legally domiciled. On the other hand, certain stipulations in Danish Law prevented such an organisation from taking up other activities than joint purchasing on the sole behalf of the member wholesales, and it was not allowed to effect sales on account of its members. It was because of this legal hindrance that, later on, the Scandinavian Co-operative Export Society, **Nordisk Andels-Eksport**, was founded.

Under present circumstances there are, however, full facilities to change the special legal co-operative character of **Nordisk Andelsforbund** to enable it to include also sales activities.

During the whole period of its existence **Nordisk Andelsforbund** has been of the utmost value for its member Wholesales and for the Scandinavian Consumers' Co-operative Movement as a whole. An assessment of the aggregate value of the purchases made during its first 40 years (1918-58) amounts to 6 billion Danish crowns in the money value of 1958. The dividends paid to the member Wholesales during this period were 58 million. This sum, however, only represents part of the savings made by the elimination of middlemen in its international trade, as considerable sums have been set aside in funds.

Very considerable savings have been attained as a result of the direct contacts gradually established with the producer-sellers. The large purchase volumes, in addition, made it possible, in many cases, to negotiate lower export prices. **Nordisk Andelsforbund**, to take only one example, is the largest single coffee-importing firm in Europe.

Its activities have a very wide international scope. In one recent year it made business transactions with firms in 56 countries in all five continents. It has branch offices in London; in Santos, Brazil; in Valencia, Spain; and at San Francisco, California, U.S.A.

The business experience gathered and the wide and close survey of world commodity markets acquired during its existence have been of inestimable value, also for other purchasing departments of the member Wholesales than those in which the organisation is mainly engaged.

**Nordisk Andelsforbund's** sister organisation, **Nordisk Andels-Eksport**, which began functioning in 1955, was founded, as already mentioned, as a complement to the former organisation. Its purpose is to act as an intermediary in exports to different countries, partly of the surplus production of the Scandinavian Wholesale Societies not sold through their own channels and agents abroad, and of produce from the producers' co-operatives (chiefly agricultural), in this case, too, only as far as sales are not arranged through foreign marketing organisations and commercial connections. It also arranges imports from various countries to Co-operative Organisations in regions outside the area covered by Nordisk Andelsforbund, up to the present only in western Europe. Its activities have grown steadily in spite of the still modest size of its central commercial organisation.

The organisational frame of **Nordisk Andels-Eksport** seems to me particularly well suited for a future expansion of international, in the first place inter-European, co-operative trade exchange and of the increasing volume of "outside trading" by Co-operative Organisations. With the development of greater integrated markets, the organic commercial relations of co-operation, not least

of consumers' co-operation, with other sections of economic activities—state-owned, other collective and also private—are likely to grow in volume and diversification, and a co-ordination of these relations at international level, wherever practicable, should be of obvious use for strengthening its competitive power.

Organisations of the "double-sided" type, like the **Nordisk Andels-Eksport**, are also apt to serve directly the establishment of mutual trade interchange with overseas Co-operative Marketing and Purchasing Organisations, particularly in development countries. Such interchange is already taking place, but to a great extent by the intermediary of middlemen in the private channels of international trade. Organisations including facilities for direct mutual interchange could also find new trade openings and utilise them to the advantage of both parties. There are wide possibilities ahead in this important field of intensified international co-operative trading.

I have been dwelling upon the Scandinavian Co-operative Organisations as regards collaboration in the practical-economic field, not only because they are more closely within my personal range of view, but because they seem to me to offer striking examples of how such collaboration can be brought about when the immaterial hindrances of national prestige and obstacles of other emotional character will have been removed and, in place of them, the substantial economic advantages of co-operative collaboration "across the borders" steadily kept in sight.

There is only one other Consumers' Co-operative Organisation of this kind in existence in Europe—it is the **English and Scottish Joint Co-operative Wholesale Society**, founded in 1923. While tea trading is its main concern, it has other important activities, notably the preparation and sale of coffee, cocoa and chocolate. The Society owns tea estates in India, Ceylon, and Tanganyika.

Its activities are, rather naturally, facilitated by the fact that the two Wholesale Societies, partners, operate within the same national boundaries.

The only joint co-operative undertaking in the wider international sphere so far created, the **International Co-operative Petroleum Association**, represents a keen attempt to come to grips with one of the strongest monopolistic enterprise sections in the world, the international combines in the oil industry. While fighting out spectacular battles on the possession of the world's oil deposits these combines unite in cartels in the national markets to establish and maintain powerful sales monopolies, extracting, in many cases, sensational profits from oil consumers of all categories.

The oil consumers in the United States, in particular the farmers in the Middle West, began long ago to organise Co-operative Societies to secure their oil supply independently from the big combines. In the course of years, they succeeded in building up a powerful vertical organisation of their own, extending to oil wells, pipe-lines and refineries. The International Co-operative Petroleum Association was established in 1947 on the joint initiative of the American co-operative leader **Howard A. Cowden**, and the "grand old man" of Swedish and Scandinavian co-operation, **Albin Johansson**. A comprehensive presentation of the birth and rise of American and Swedish "oil co-operation" was given in the paper of Mr. Johansson to the I.C.A. Congress at Stockholm in 1957.

The I.C.P.A. has, as its main objectives, to promote the establishment of national co-operative "oil organisations;" to secure their supply of oil and oil

products at reasonable prices, when needed independently from the big oil companies; to reinforce and widen their radius of action by going into production and refining, jointly and at national or regional levels.

The I.C.P.A. is carrying on its activities with increasing success, and National Organisations in all the five continents are affiliated to it. In the United States in 1957, co-operative oil associations were stated to control 20 per cent of the oil supply in the main farming states. In Sweden the affiliated Organisation, "O.K." founded by an alliance of co-operative organisations of all co-operative categories, covers about the same percentage of national imports and forms the backbone of a joint Scandinavian organisation comprising co-operative oil associations in Denmark, Norway and Sweden.

The fundamental basis of the monopolistic power of the international oil combines is their possession of the greater part of oil deposits in the "free" sector of world economy. In several cases they have come into possession of oil fields of abundant richness by concessions granted to them by feudal rulers sharing the profits with the concessionaires and, mostly, using their share to create a luxurious privileged isle in the midst of an extremely poor population. Most of these oil-bearing countries are typical development countries. The initiative of the I.C.A. to establish international joint producer-consumer control over the world's oil resources, also to remedy these abnormally detrimental repercussions, brought before the United Nations in 1947 and onwards, has so far not materialised but political developments in the countries affected are bringing these conflicts to a climax.

International re-insurance business between the Co-operative Insurance Societies members of the Insurance Committee of the I.C.A., and to a certain extent the International Co-operative Bank at Basel, are other manifestations of the will towards international integration within the Co-operative Movement in different parts of the world. Re-insurance in particular has shown a remarkably progressive tendency both in its expansion and scope, and has been a useful support for the development of co-operative insurance in countries where it is relatively new.

The prospects of bringing about international collaboration by the integration of the commercial and productive activities of the Consumers' Co-operative Wholesale Societies, in the first place on a European scale and for the time being within the framework of the EEC and EFTA, do not exist only in the relatively great extent of organised consumers' markets—in the EEC zone 9.7 million members and 17.5 million in the EFTA zone (equivalent with family members to approximately 20-25 million people, or 65-70 per cent of the population of the zones). The disintegration of the total purchasing power of families, which is brought about by the reticence of consumers' co-operation fully to enter competition in the market, probably puts much of this purchasing power beyond the reach of the effects of the integration in the Consumers' Co-operative Movement for some time to come. The Consumers' Co-operative Movements in the various countries are, as already pointed out, to a widely varying degree engaged in providing their members' necessities to their full extent. In many countries activities are still restricted mainly to foodstuffs and other ordinary daily household necessities.

The integration of the Wholesale Societies, which will be made more necessary by enterprise integration in the private sector in the great markets, must, therefore, aim at a continuous expansion of production to cover the demands of a larger

**diversity** within the co-operative sector. In addition to the provision of essential goods—foodstuffs and household articles—it must meet the growing demands for categories of “new” commodities, also, when needed, by joint production in sufficiently large units, respectively, by a specialisation of the already existing national productive undertakings and an efficiently organised exchange of their products. By integration on the buying side it must reduce the costs of imports of both raw materials for co-operative industry and of consumption goods.

The difficulties in the way of integration which must be overcome in order to perform these tasks, are manifest. There are difficulties due to particular features of the national characters, or special circumstances that affect groups of countries or regions, such as language barriers, cultural traditions, average standard of living, and consumption habits. Inherent unconscious feelings of antagonism within one group against other national groups, religious differences, dominant political and social convictions and other antagonisms have led to schisms in the Movement in some countries which may lead to organisations in the divided Movement being unwilling to collaborate also in a wider sphere.

If we look upon these differences and antagonisms as the lesser evil—which will also affect enterprise integration in the private sector, but to which the private sector can adapt itself more smoothly, for example, by nationally coloured affiliated enterprises, differentiated and disguised to suit all shades of dissenting religions and political creeds—special difficulties arise, conditioned by the general development of the great markets.

The common markets will be built up gradually by successive reductions of tariffs during a period now stretching seven to eight years ahead so far as the European integration zones are concerned. This means that greater obstacles in the form of tariff differences and surviving quantitative restrictions will handicap co-operative exchange of goods and the establishment of common undertakings during the earlier phase of the tariff-reducing periods than during the later phase. Thus it will be necessary to introduce the element of “timing” into common co-operative action in the markets. From this point of view the situation for such co-operative action is more favourable now than when the EEC was established five years ago. The individual tariffs also differ greatly. In principle, actions referring to low-tariff commodities are possible earlier than for high-tariff goods.

Further, there are still great differences in the spheres of general social policy and social welfare, also as regards the general conditions in the labour market. These will influence the localisation of common production. Where specialisation of co-operative production requires the closing down of undertakings, difficulties may arise in the transfer of labour to other occupations. The removal of social differences, which is presumed in the EEC treaty, will probably take a comparatively long time.

In the two European common market zones, there are also great differences in the legislation pertaining to the establishment of new businesses and in the legal status of businesses; in laws governing standardisation and normalisation; in sanitary legislation and in legislation referring to trade in foodstuffs. These differences are not only of a technical nature, but may also involve real problems of localisation of common undertakings and their market orientation. A future standardisation of these and other branches of legislation is included in the EEC treaty, but not in the EFTA agreement.

## The Organisational Forms of International Co-operative Integration

In the choice of forms of organisation, consideration must obviously be paid to the circumstances referred to earlier, and to the fundamental position of co-operation in the market economy. The differences just mentioned may influence the choice somewhat, for instance, between either a skeleton organisation for complete integration tasks within each zone with subordinate organisations for all special purposes, or one organisation for both integration zones with subordinate organisations for the special tasks that can be performed, and others for those tasks which can only be solved in each of the respective EEC and EFTA zones.

The position of the co-operative form of enterprise and its connection with the market economy may also exert decisive influence on the specialisation of the tasks in the skeleton organisations to make the integration as effective and comprehensive as possible.

It is obvious that new establishments, the specialisation of production and business transactions of different kinds which are among the practical tasks included in an integration programme, with emphasis on the consumer co-operative spheres of enterprise, include far-reaching permanent contacts with the private sector. Just as the Agricultural Co-operatives and Workers' Co-operative Production and Marketing Societies do not count only upon Consumer Co-operatives as buyers, but must, in most countries, sell, in many cases, the greater part of their produce in the private trade sector, consumers' co-operative production must also sell its surplus in the private sector as well as to other co-operative and collective buying organisations. On the purchase side, and more especially the import side, the Co-operative Wholesale Societies are very largely compelled to buy from sellers in the private sector.

Common consumer co-operative production in the great markets is, right from the beginning, subjected by competition to the same necessity as private enterprise of reducing costs as far as possible by rational operations. This may demand larger units of production with a capacity that, at first, exceeds the ability of the co-operatively organised market to absorb their products. Sales to non-co-operative "private" buyers must be presumed on the terms of market competition. This may mean that the Co-operative Movement, in its most highly integrated form—like the national movements—must count on "outside trading" to a much greater degree than formerly on both the direct trade and production sides.

The gradual expansion of an organised consumers' market within a great market—which is the principal aim of integrated co-operative production—may, however, in time become the mainstay of newly established or specialised consumer co-operative productive undertakings. Consideration of this course of development seems to necessitate the choice of a form of organisation of common production that will not raise obstacles in the way of a more extensive market orientation, or of a wider and stronger co-operative influence of competition in the market.

The initial prospects of industrial specialisation in the consumer co-operative sector are best in the EFTA countries. Specialisation will be the first task of an integration on the production side, which is allowed for in the plans being drawn up at present in the *Nordisk Okonomisk Sekretariat* for integration in the Co-operative Movements of Scandinavia. After the establishment of the group a preliminary survey was made of the total extent and differentiation of co-operative production in all the EFTA countries, which showed that it embraces 53 groups of goods according to the United Nations International Standard of



Industrial Classification, Divisions 2-3. Several of these are collective groups, however, including closely related industries, whose products are often manufactured in separate factories. Thus differentiation is much greater than is implied in the number 53.

The preliminary survey is tabulated below—

	Number of undertakings	Value of production £	Number of employees
"West" (England and Scotland) .....	199	173,837,000	40,652
"South" (Switzerland and Austria) .....	32	19,604,000	4,369
"North" (Scandinavian countries) .....	63	86,803,000	15,577
<b>Total</b> .....	<b>294</b>	<b>280,244,000</b>	<b>60,598</b>

As only the larger industrial plants have been included, the total value of production is greater than £281,000,000, given in the table. Nor are enterprises included in which the Wholesale Societies have larger or smaller interests as partners.

A preliminary survey of the corresponding co-operatively owned and operated industrial establishments owned by Co-operative Wholesale Societies in four EEC countries, based on special information for this paper, is shown below—

	Number of Enterprises	Value of Production £	Employees
<b>Belgium</b>			
Société Générale Coopérative .....	31	4,641,000	847
Fédération Nationale des Coopératives Chrétiennes .....	1	935,700	85
<b>France</b>			
Société Générale des Coopératives de Consommation .....	20	12,600,000	1,100
<b>Germany</b>			
Grosseinkaufsgesellschaft deutscher Konsumgenossenschaften .....	83	60,420,000	8,342
<b>The Netherlands</b>			
Coop Nederland .....	18	4,825,000	812
<b>Total</b> .....	<b>153</b>	<b>83,421,700</b>	<b>11,186</b>

— The effect of co-operative integration on competition in the market, in which both co-operative and private enterprise participate in the production stage, contributes towards reaching the "consumer-favourable" goal which is the final objective of the whole great market. The head of the EEC Secretariat, **Willy Serwy**, has stressed this community of purpose between the common market in the EEC and the European co-operative efforts towards integration as follows (1956):

" . . . if Co-operators seriously consider the intention behind European integration and the principles with which it is imbued, they will welcome this new type of economic organisation. Indeed, its objective, just as in the Co-operative Movement, is the progressive improvement of the standard of living of the consumers by bringing about a reduction in production and

distribution costs, and, ultimately, of the retail prices of all those products and services which they need or which they would use if prices were brought within their reach."

The growing collaboration between the Wholesale Societies on the **buying—mainly import—side** gives rise to complicated problems of organisation. Common undertakings within the respective skeleton organisations, specialised one-sidedly on buying (mainly import) may naturally lead to good results just by this concentration. Buying from the whole international market requires a wide and detailed knowledge of the markets for all the different products, which implies a far-reaching specialisation among the leaders of the daily work. International trade, however, requires double-sided contacts. Common trading undertakings in which import and export are combined, and thereby establish contacts with both kinds of co-operative enterprise and the private enterprise sector in the exporting countries, may, it seems, have to be considered seriously.

Both a common, special co-operative buying organisation and a double-sided import/export organisation, whichever may be considered, have the advantage that they need not restrict the participating Wholesale Societies to only one of the common markets. A considerable part—probably the greater—of its activities will be concerned with "third countries," those outside the common markets. It may be assumed that both types of organisation will attract the Wholesale Societies, particularly in the highly-developed Movements, and common undertakings can then begin with a high degree of activity right from the start.

#### **Co-operative Integration and the Development Countries**

The intimate connection of the co-operative form of enterprise to market economy, and the contacts with the private enterprise sector, do not imply, naturally, that the primary task will not be to establish economic contacts on the buyer-seller sides preferably with organisations representing different types of co-operation. A high degree of integration has been reached in agricultural co-operation in Europe, the United States, Canada and some other countries, with consequent advantages over private trading enterprises competing in the market. It is quite feasible that farmers' co-operation in Europe, particularly in the EEC countries, will be able to bring about integration over national boundaries in several important branches of processing and marketing.

As previously mentioned, the co-operative organisations of agricultural production and marketing in the development countries are only in their initial stages, and where they have progressed farther have serious shortcomings in their economic organisation both in the collecting stage and in the efficient co-ordination of export in international trade. It has, generally speaking, not emerged from the ways followed by private enterprise in international export and import trade: traditional middlemen from the collecting stage and onwards, many with wholly unproductive functions and, consequently, higher costs than in more direct connections.

There are, however, great prospects, at long sight, for Co-operative Organisations in the development countries engaged in export of tropical and other agricultural produce to improve their terms of trade by direct contacts with Co-operative Wholesale Societies in the industrialised importing countries. As co-operative integration in the importing countries consolidates the co-operatively organised market, and conquers new ones, direct connections with the development countries

may increase and thus become a re-organising factor in international trade through private import/export channels.

The very great importance of rapid economic progress in the development countries makes it necessary to pay great attention to the interest of these countries in a direct exchange of goods when co-operative integration in the common markets is being realised and when problems of organisation are being solved.

### **Other International Co-operative Commercial Contacts in the "Free" Sector**

It should be possible to increase international collaboration between Co-operative Organisations within the framework of the common markets to include more direct contacts between integrated Consumers' Co-operative Organisations and Agricultural Marketing Organisations. When the common market of the EEC has been completely established it will be much easier to make contacts on a large scale.

Collaboration between Co-operative Movements could be established in the free-trade zones and communities now being developed outside Europe for common buying of industrial products. This should be especially valuable to agricultural co-operative buying societies as the trends toward co-operative organisation in these regions increase. This may be the subject of investigation in the near future.

It must be presumed that problems of the type now facing the Co-operative Movement in the common European markets will have to be solved. Differences in language, religion, political creeds and other immaterial factors are usually greater in the regions outside Europe.

As co-operative integration is established, it will be one of the most important tasks of its leaders to report the experiences gained to the Co-operative Movements of other countries.

### **Ultimate Goals of Economic Integration—The Freedom of Action of the Co-operative Movement Necessary to Attain Them**

The zonal economic integrations would, if they were intended to be permanent, get the same character as protectionist blocs, aimed at self-sufficiency, and selling their export surplus by means of a bilateral commercial policy of bargaining with the outer world. They are, however, as mentioned earlier, to be regarded only as a **transitional stage** on the way to free, multilateral world trade. The ultimate goal of this is to encompass all peoples and, if possible, different economic systems.

As the outer tariffs of the "free" sector are reduced by mutual concessions, or models are created for collaboration between the integration zones, on which reductions of tariffs have no effect, the world can successively and, we hope, rapidly reach this goal. In the Rome Treaty, which is the model treaty, the goal is formulated in Article 18, which says that the member states declare their willingness to negotiate contracts on the basis of reciprocity, aiming at a reduction of tariffs below the outer customs barrier allowed to the Community in its capacity of a customs union by the GATT regulations.

To level the way to free world trade with the object of realising as efficient an international division of labour as possible, it is an **indispensable requirement**

that in every country and zone full freedom of action is given to all the powers that counteract the development of all forms of monopoly. The Co-operative Movement is one of the most important of these powers. In many countries in the "free" sector the Movement is handicapped by many direct and indirect obstacles in legislation and by other relations to the state. It is still more intimately bound to the state directed economy in the planned economy sector. Co-operative Organisations there can count on the support that can be given by the International Movement when they demand more freedom to collaborate with Co-operative Organisations in other countries in order to keep world trade free from the influence of monopolistic tendencies encroaching upon the free character of the market economy sector in world production and trade.

### The Prospects of a United World Economy

The planned economy sector of the world is very large, as regards population and natural resources. It comprises one-quarter of the earth's surface and one-third of the world's population. According to a Russian economist, A. Klimov,\* the share of the "socialist" countries (Eastern Europe, China and the other Asiatic communist countries) in world production is as follows:

	Per cent		Per cent
Electricity .....	19.0	Steel .....	30.9
Petroleum .....	15.0	Cement .....	35.0
Coal (converted to steam coal) .....	49.9	Cereals .....	47.0
Iron (pig-iron, ingots) .....	35.5	Cotton .....	40.0

Klimov adds that, with the rapid rate of industrialisation in the "socialist" sector of world economy, it may be presumed that by 1965 the "socialist" sector will be responsible for more than half of total world production. The struggle for world peace is, according to a statement by Klimov, a struggle to realise the principle of peaceful co-existence.

The prime objective of Comecon is, rather naturally, to strengthen the economic potential within the group of communist states at the present stage in Eastern Europe, the ultimate aim being to attain economic autarchy. Within Comecon every state will enjoy full economic sovereignty and the right to draw up national plans for economic progress; but the main task will be to co-ordinate the economic planning of the member countries. The ultimate goal of the organisation is stated to be an intimate integration of the economies of the economic system based on Marxist-Leninist ideologies which is fully established in some of the affiliated countries, and is being realised in others. The integration will aim at an all-round increase of productivity in the economies of all affiliated countries by intimate collaboration in scientific and technical research, by specialisation of production, and by other available means. The programme also includes mutual help with loans, joint execution of large economic projects, and the encouragement of mutual trading relations.

The general principles for industrial co-operation are that plants should be located, wherever possible, in the countries and places best suited from the aspects of natural resources, labour, skill and ability to provide management—as a whole according to the "principles of international division of labour" as expressed in a declaration of the organisation of 17th June, 1962.

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\* A. Klimov, article in *Aus der internationalen Arbeiterbewegung*, 1961.

The organisational structure has been built up on the principle of equality. It implies that voting rights in the Council are equal; that all decisions shall be taken unanimously. The decisions are binding only when the corresponding formal agreement has been signed. The Secretariat is in Moscow; the General Secretary is a Soviet citizen, with two deputies representing other industrialised member countries.

The methods of work mainly developed since 1956, comprise a number of specialised commissions (17) with their headquarters in different Comecon countries for the co-ordination of the work in various economic spheres, techniques and research.

The task of Comecon with regard to international trade in a wider sense, and the possibilities of this quite special integration zone to collaborate with the integration zones in the market economy sector, will be to some extent elucidated also by the general development of the economic policy of the Eastern bloc since the end of the world war.

The general economic objective of the Eastern states was at first reconstruction by their own efforts and co-ordination was hardly attempted. The main task for each of them was to repair the great damage inflicted during the war and nazi occupation. When industrialisation was begun, the intention was to create an economy within Comecon in principle isolated from the rest of the world, but not without the intention of seeking commercial contacts outside the restricted zone.

Shortly before his death, J. Stalin wrote in *The Communist bloc in World Trade* :\*

“The disintegration of the single, all-embracing world market must be regarded as the most important economic sequel of the Second World War . . . so that we have two parallel world markets confronting one another. It may be confidently said that with the rapid pace of industrial development within the bloc, it will soon come to pass that our countries will not only be in no need of imports from capitalist countries, but will themselves feel the necessity of finding an outside market for their surplus products.”

Export without corresponding import is self-evidently inconceivable. In a later phase of industrialisation both N. Khrushchev and representatives of the Eastern states in the U.N. Regional Commission for Europe, the Economic Commission for Europe, have stressed the wish of the Eastern bloc to open and widen trading and other economic negotiations with the market economy countries.

The desirability of economic collaboration with the Eastern bloc, which would encourage tendencies toward world-wide integration, is obvious, but the fundamental obstacles in the way are equally obvious. Collaboration between Comecon and the integration zones in other parts of the world on the basis of reductions of customs duties are not practicable, owing to the fundamental differences between the two economic systems.

In principle, and practice, tariffs are meaningless as a means of regulating foreign trade in a country where all trading decisions are taken by a single administrative body—a state trading agency.

Mutual reductions of tariffs have obviously quite another aim and quite different effects when it is a question of agreements to lower tariffs between

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\* Quoted from the American periodical, *Current History*.

countries or zones of integration in the market economy sector, and between the countries with state controlled economy.

A reduction of tariffs in a planned economy country or zone cannot cause a greater demand for its products, or an increase of exports from a market economy country or zone, unless it happens to be part of the total plan of the planned economy zone.

Nor can a reduction of tariffs in a market economy country or zone have the effect that imports from the planned economy zone increase automatically.

An undertaking by a planned economy zone to abolish quantitative restrictions to the same extent as has taken place by, for example, liberalisation in the OEEC in Europe, does not have reciprocal effects.

The state-directed planning carried out in the Eastern states, which includes a corresponding planning for foreign trade, has a similar restrictive effect, though to an incomparably greater extent, on their import as the sum of the quantitative restrictions by the licensing and quota system that the Western states were compelled to apply in their emergency situation during the world wars.

The possibilities, which are still theoretically feasible, of economic collaboration between the two zones are mainly an exchange of technical experience, common scientific research and possibly a freer circulation of labour, in the first place highly qualified people—scientists, technicians and other experts—between the two regions. A general condition for such an exchange is, however, much more confidence in the relations between the two groups than exists at present.

The exchange of goods that has taken place hitherto between the planned economy states and the "free" sector has been mainly in the nature of transactions dictated by temporary self-interest at short sight. It has become so comparatively large, however, that exports from the market economy sector to the Eastern bloc accounted for about one-third of the total foreign trade of the bloc in 1960.

The total value and distribution of trade in the Eastern bloc is shown in table form—

Eastern bloc foreign trade, 1960*				
(in million \$ and % of total)				
	Export		Import	
		%		%
With whole world .....	7,657.0	100.0	7,829.4	100.0
U.S.S.R. - China - East European bloc .....	5,385.6	70.0	5,455.6	69.0
Whereof—				
U.S.S.R. ....	2,838.8	37.0	2,980.4	38.0
Other eastern bloc states .....	2,128.2	27.8	2,120.3	27.1
People's Republic of China .....	343.4	4.5	328.6	4.2
Other communist states .....	75.2	1.0	46.3	0.6
"The Western World" .....	2,271.4	29.7	2,353.8	30.1
Whereof—				
Industrial countries .....	1,458.5	19.1	1,629.0	20.8
Development countries .....	565.5	7.4	522.9	6.7
Unclassified .....	247.4	3.2	201.9	2.6

\* Compiled by *Current History* on the basis of available trade statistics of the various East European States, China and other communist states outside Europe, as well as statistics of foreign trade published by the States in the market economy sector.

Thus the "western world" contributed nearly one-third of the foreign trade of the Eastern bloc, two-thirds of which came from the industrial countries.

The extent of Comecon's mutual exchange of goods is shown mainly by the figures in the table for the trade of the Soviet Union with the "Eastern bloc states." The exchange of goods between the latter is not shown.

Compared with world trade as a whole, the foreign trade of the Eastern bloc must be regarded as insignificant. In 1960, it comprised, according to other American sources, 12 per cent of the total value of world trade. The whole eastern bloc (including China) contributed the same year by somewhat more than 4 per cent to the foreign trade of the western states. The total export of the largest state, the Soviet Union, to western countries was less than \$1,500 million, or about as much as the value of Denmark's export in the same year.

These figures illustrate the actual extent of the present schism between the eastern bloc and the "free" sector.

The transactions, of a casual character, which have hitherto been the main foundation of the eastern bloc trade with the "free" world may naturally be extended as the export capacity of the planned economy group increases. To this, bilateral mutual delivery and credit agreements may also contribute. Such an agreement was made between Sweden and the Soviet Union after the close of World War II; a very comprehensive contract for Swedish conditions. Trade agreements with large countries within the market economy sector may be negotiated on a larger scale than hitherto after the political tensions are eased.

The International Conference on International Trade in relation to the development countries, to be convened by the U.N. Economic and Social Council in 1964, may be expected to contribute towards elucidating the prospects of a widening exchange of goods between west and east. Both eastern countries, primarily the Soviet Union, and western countries are represented in the Commission appointed to plan the Conference.

To sum up—

Foreign trade of the eastern bloc, in contrast to that within the market economy sector, does not present the picture of permanent foreign trade relations tying all countries engaged therein firmly together on the basis of international division of labour on a universal scale.

It has been subjected to central planning and direction in accordance with the aim of the bloc to attain economic autarchy, that is to say, complete independence of the outer world with regard to the material prerequisites for production and economic development as a whole.

Commercial connections of the bloc with the outer world are consequently mainly based on bilateral trade agreements. Commercial exchange on this basis, credit and mutual delivery agreements, are bound to show an increasing trend as industrial and agricultural expansion makes further progress and the bloc produces growing "genuine" export surpluses.

The effects on international division of labour of this widening economic collaboration between planned economy and market economy sectors will not be equal to the effects of co-operation between the market economy zones now in progress and with prospects of continual expansion. This, however, is no reason why the western countries should hamper its development or handicap it.

## **Commercial Connections between Co-operative Organisations in the Two Sectors**

The Co-operative Movement in the countries of the eastern bloc is, in principle, voluntary in that no compulsory membership is stipulated in the legislation of any of the countries. Other state regulations and provisions, such as the division of activities among different branches of trade, between town and country or in conjunction with rationing food and other commodities may, however, considerably restrict its formal voluntary character. Such regulations, for instance, may stand in the way of the establishment of societies based on voluntary affiliation in certain areas or certain fields of economic activity, or induce affiliation to societies for other reasons than those inherent in the pursuance of purely co-operative objectives.

The possibilities for the Movement to work and expand freely—in the same sense as in western countries—are clearly extremely restricted by the fact that it is bound to the state planned economy as a whole. Where the communist system is not yet fully realised there is possibly still, to some extent, a free field for co-operative activities. It will, however, diminish as the system becomes more developed and stabilised in all sectors of the national economy.

The positive part played by the Co-operative Movement in state planned economies may, however, become a useful contribution to the promotion of efficiency within the economic system as a whole. As regards Consumers' Co-operatives, for example, active and widespread member participation—regardless of the functioning in reality of formal democratic control, where such exists—may lead to closer insight into, and critical observation of, the practical activities of the Societies and of the Co-operative Organisations at a higher level with which they are connected. By thus keeping watch on the consumers' co-operative set-up, the opinion of the members may influence efficiency also in the state organised industrial production units and distributive network and thus introduce an element of cost competition into this sector. Similar effects may be assumed as regards Co-operative Organisations in the agricultural and other sectors of the economy.

Structural integration within Co-operative Movements of different categories in the state planned economies can, of course, be greatly speeded up by the influence of dispositions taken by the state, since the practical activities of the Movement are co-ordinated within the framework of the central planning of production and trade. It will appear from statements available that co-operative integration is rather far advanced in the Soviet Union and other countries of the eastern bloc, conforming to the general ideas underlying centralised planning.

Co-operative Organisations, like state enterprise, are engaged in negotiating commercial transactions with buyers in countries outside the eastern bloc. It is rather obvious that in this context their attention is drawn, in the first place, to co-operative buying organisations, and the same applies when they have to buy from abroad.

In practice such co-operative business is transacted along the same lines as other transactions in the field of foreign trade. Co-operative agencies are authorised by the foreign trade monopolies on the same conditions as state agencies for import and export, and transact business with co-operative and other partners abroad.



Economic collaboration between Co-operative Organisations on a larger scale in both sectors may be established and extended by commercial agreements referring to special groups of goods. Central Co-operative Organisations in the eastern countries, in the first place **Centrosoyus**, have made a number of agreements, some of them rather far-reaching, for deliveries to Consumers' Co-operative Wholesale Societies in the "free" sector\*; deliveries have also been made in the opposite direction.

The exchange of goods has thus gradually become mutual, and it should be possible to extend it considerably more across the boundaries of the integrated economic zones in the west, to the benefit of both parties. From the aspect of international co-operation it is important that advantage should be taken of all opportunities offered to intensify and extend such agreements to help to bring about a greater degree of international co-operative integration than is possible at present.

### **Conclusions: General Prospects for Co-operative Development**

The Co-operative Movement in its different forms, during its more than century-long history, has manifested an unparalleled ability to spread its fundamental principles and practice among great sections of the population of the world.

Its development has run side by side with, and has been a strong support for, the democratic form of society. There is no reason to fear that the progress of co-operation will cease with, or be handicapped by, the radical changes in world economy that have taken place since the world wars and have now led to extensive integrations in different zones of world economy and world trade. On the contrary, this organisation of world economy will further encourage and accelerate the development of the Co-operative Movement in those regions where it has not yet made such great progress as in the economically highly developed countries.

There is every reason to expect that the progress of zonal integration will have markedly favourable effects on the expansion and strengthening of the co-operative economy in both industrialised and development countries. The increase of production that is to be expected—first and most strikingly in the industrialised countries—also provides facilities for them to allot a much greater share of their material resources for effective assistance to the development countries. The Co-operative Movements in industrialised countries should mobilise all their influence to guide integration development in this direction.

It would evidently be a misdirection of the efforts for widening zonal integration if its gains should be reserved only for the populations of the "rich" countries. Zonal integration, followed up by radical reduction of the outer tariffs of the zones, implies in its direct effects on international trade considerably improved prospects for an expansion of the exports of development countries and for a re-adjustment of their terms of trade. The rising prosperity of the already "rich" countries should, however, also impose positive obligations upon them to assist the development countries to a much greater extent than hitherto with what

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\* As long ago as 1955-56 such agreements were made between Centrosoyus and the Scottish C.W.S. and Co-operative Organisations in Japan. Still more have been made since. The Swedish Wholesale Society's transactions with co-operative and other trade organisations in the Soviet Union account for not less than 4.2 per cent of total Swedish exports from, and 8.2 per cent of total Swedish exports to the Soviet Union.

they most urgently need—investment capital for their basic economic development.\*

The Movements in the countries included in the common markets are now passing through a period of transition, which demands rapid adaptation to the great possibilities inherent in the common markets for extending the provision of the necessities of life through the consumers' co-operative enterprise sector. There are also substantial prospects for making the influence of the Movement felt more decisively to the benefit of both consumers and the neglected classes of independent producers whose main capital is their own labour, and who are dependent on the yield of this capital for an improvement in their material conditions.

It should be possible, for example, within the framework of the free circulation of capital that is to be realised in the EEC, to organise collaboration for the raising of capital for the central organisations in the various spheres of the activities of Credit Co-operation in the small producers' co-operative sectors.

Agricultural Marketing Co-operatives in most European countries are not bound to the national markets. The practical possibility of realising the common market system for agriculture in the EEC can be furthered by collaboration between the Agricultural Co-operative Marketing Organisations.

Integration of the Agricultural Co-operative Buying Organisations will increase their efficiency. It will also improve the prospects of establishing own production on a larger scale, when it becomes possible to apply mass-production methods, e.g., in the agricultural machine industry, the fertiliser and fodder industries.

The obstacles that may be met with here should be easier to overcome on the basis of the direct economic producer interests of the farmers. National differences exist regarding the use and marketing of various types of agricultural necessities, but large groups of articles, such as the highly important item, fertilisers, can be sold in the whole or the greater part of the market area. Large common productive undertakings in such branches can also look forward to co-operative markets outside the zonal regions.

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The objectives of the integration of Consumers' Co-operative Movements which must be realised at the earliest possible opportunity include—as must be stressed again—the expansion of the provision of necessities to the “new” spheres. This will require increasing and intensified activities on the production side. Integrated co-operative economy must be so organised as to embrace now only the “new” branches in which private trade and production are already active; common research should also be one goal of the integration. Inventions and the technical experience they may lead to will then be employed in the first place in co-operative production and trade with immediate and great advantages for the members.

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\* According to the statistics of the OECD, governmental bilateral and multilateral aid to the development countries (financial and technical assistance) in the five years 1955-1960 amounted to \$20 billion and private capital investments and credits to \$15 billion. However imposing these amounts may appear in absolute figures they are only equal to a very small share of the aggregate national income of the countries rendering assistance.

The Patents Institute was intended originally as a fair assessment of the sacrifices and work of independent inventors. In private enterprise, however, it tends more and more to be exploited as a basis for new monopolistic attacks. Patents cartels are also more inaccessible to state anti-monopoly legislation, since the Patents Institute in all countries in the "free" sector is protected by law. The independent inventor has also been replaced, to an increasing extent, by the laboratories of the great private industrial combines, and the results achieved in the laboratories are mostly exploited exclusively by the enterprises themselves with a view to extracting the greatest possible profits from them.

\* \* \* \* \*

Integration in the national co-operative markets on the distribution side will be in the form of a sales network, working with optimum operation units, large ones in densely populated areas, small ones in sparsely populated regions. This will make it easier to meet effectively the attacks of the great chain stores, which are largely conditioned by operational technical advantages. The "horizontal/vertical" integration now established—harmonious collaboration between efficient local societies and their central organisations on the distribution side—gives better prospects of increasing the production of the National Co-operative Movements. It is important, above all, to meet the threat from the monopolistic cartels and trusts at this stage.

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Certain circumstances, which favour the Co-operative Movement in the market competition should be observed. The advantages enjoyed by the private trade sector are far from the same everywhere. The still unintegrated smaller private traders dominate the commodity distribution of many countries at the retail stage. The integration of the Consumers' Co-operative Movement may here encourage the integration of small businesses. Where competition in the market is kept free it serves the purpose of consumers as a body. If the integration of small businesses—the voluntary commercial chains—shows monopolistic tendencies, the co-operative distribution of goods will gain advantages in the competition, which will favour its further expansion.

In countries where the centrally directed and managed large-scale enterprises in industry and commerce have already gained a strong position and have monopolistic features, inherent economic weaknesses will appear sooner or later. Where monopolies regard themselves as firmly established they are often accompanied by marked inertia in adaption to technical progress. A monopoly does not willingly take the risk of a complete renewal of real capital, which is often made necessary by new techniques of production, as long as it believes it can keep a firm hold on the market by its old methods. The larger a monopoly becomes, the more it inclines toward bureaucratism in management, which in its turn leads to overdimensional administration and an unproportional rise in fixed costs.

To maintain a monopoly position in production requires corresponding assistance from, and alliance with, independent links in distribution. This is obtained and maintained by granting high bonuses, which mean high retail prices. Co-operative intervention, even on a small scale, has been shown by experience in many countries, where Consumers' Co-operatives have carried out their initiatives

by the necessary strength and perseverance, to lead to the undermining of an artificially built up monopoly, and finally to its fall.

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Common co-operative productive enterprises of a size necessary for modern demands in a common market, or other integration zone, can have still more immediate effects if there exists an alliance with direct, rationalised co-operative distribution in all parts of the market. Where surplus co-operative products find their way to consumers by way of "outside trading"—with the private trade sector—this may radically affect market competition as a whole in the particular groups of goods, as the private traders will have to conform to co-operative pricing.

The desire for profit in the private enterprise sector, which has appeared in such competitive situations, is no divining-rod to show the way to hitherto untried paths in economic development.

Even the great capital resources of the monopolies need not, in the long run, cause co-operative reluctance to take part in competition in the market. By an efficient capital policy in countries where the average income of most of the members is increasing, and where the members represent a large portion of the population, a successive increase in the size of shares can mean a very considerable augmentation of capital. Such a policy of gradually increasing the size of the individual shares and a canalising of members' savings in various ways—which are also made possible by the effects of co-operative pricing on total family expenditure—into the co-operative sphere of investments will be to an increasing extent a natural necessity for the realisation of co-operative integration at different levels.

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The development towards uniform, integrated large markets shows co-operation the way to a more complete concentration of power than was possible in the early stages of its development. The necessity of transforming the historically conditioned forms of organisation and activities, which belonged to its early phases, but which now retard the adaptation of co-operation to prevailing trends toward large-scale operation and integration in the highly developed industrial countries, is now being recognised to a rapidly increasing extent in the Co-operative Movements of most countries. The steps taken toward adaptation to the demands of the great markets have given good and quick results.

On the threshold of a new economic epoch, co-operation, as a non-profit-making enterprise, backed up by mighty democratic people's movements, is in a position to contribute towards a continued dynamic moulding of the national and zonal economy. The International Co-operative Movement will certainly not fail to take advantage of these possibilities of setting its mark on the new forms of economic development in the various integration zones.

The fundamental aims of the Co-operative Movement are also among the most important objectives in aspirations to achieve international economic solidarity. When by striving for integration on a higher plane it seeks to find the most effective organisational forms, it is important for these forms to be chosen so that they also satisfy the interests of the **development countries** in establishing direct, reciprocal co-operative trade contacts.

Co-operative integration will, therefore, serve directly the development of co-operation in these countries. One of its principal tasks will be to contribute toward a successive improvement of the strikingly unfavourable terms of trade that handicap the development countries so much in their attempts to raise their material standards by self-help.

The Co-operative Movement unites all peoples and countries, and, in the changed forms to which world economy is now adapting itself, the bonds will be even tighter. In its world-wide activities Co-operation is eminently fitted, not only to maintain the peaceful co-existence of divergent economic systems, but also to contribute in the efforts required to change this co-existence into peaceful collaboration and to establish, step by step, international economic solidarity to the fullest extent.

### Resolution

#### The 22nd Congress of the International Co-operative Alliance—

considering the efforts to accomplish the freedom of international trade by zonal economic integration in Europe and elsewhere as a transitory stage in the development towards this end,

considering the prospects for expanding and strengthening co-operative integration at all levels entailed in this development, but also

the danger of the attempts by monopolistic cartels and combines to utilise the larger common markets and integrated economic zones at other stages of development for extending and widening their power—

#### Recommends the Member Organisations—

to accelerate by all means the accomplishment within the National Co-operative Movements of the structural reforms needed to attain an overall high level of efficiency in trade and production;

to direct their efforts to this end and, in particular, to expand their activities in all fields to the satisfaction of the increasingly diversified needs of the member Co-operatives;

to co-ordinate their efforts within the various zones by creating joint organisations of the National Wholesale Societies and other Central Organisations with the object of utilising the advantages of the larger markets in order to counteract the detrimental effects of monopolistic powers, and in other ways to serve the consumers and small producers;

to find appropriate organisational forms for such Organisations for joint purchases and sales, and for the establishment of joint productive enterprises to avail themselves of the advantages of large-scale production;

to strive to realise by these efforts, by means of mutual systematic trade interchange within and outside the zones, possibilities of assisting the development countries in their co-operative development and to contribute to improving the unfavourable terms of trade of these countries;

to provide, by shaping the organisational forms for more effective national structures and co-operative integration within the zones, for the full satisfaction of the fundamental co-operative principles of democratic control;

to bring, by concerted co-operative opinion, pressure to bear on zonal integrations at the developing stage to provide in their structure and fundamental lines of action for the complete freedom of action of the Co-operative Movement, to enable it to maintain effective market competition;

to keep in mind the ultimate goal for zonal economic integration, also within different economic systems: to bring about, in the end, the fully accomplished international economic solidarity needed to raise the material conditions and the living standards of all peoples of the world.

**The Congress Instructs the Central Committee—**

to support the implementation of these recommendations at all stages of the organisation of the International Co-operative Alliance, through its Auxiliary Committees and through the services of its Secretariat;

to ensure that in carrying out their plans and economic projects, the working groups of National Co-operative Organisations in the various integration zones employ such methods as will make possible concerted co-operative action on the widest international basis;

to work in close collaboration with the United Nations Organisation, its Specialised Agencies and Regional Economic Commissions, and with International Non-Governmental Organisations pursuing the same aims as the International Co-operative Alliance, to bring about the adaptation of zonal economic integration to the fulfilment of the recommendations of this Resolution and to widen universally the sphere of free international trade toward the accomplishment of a sound world economy.

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**Amendment to the above Resolution proposed by Lega Nazionale delle Cooperative e Mutue, Italy—**

*To add the following paragraph to the paragraphs under " Recommends the Member Organisations "—*

to develop a propaganda and education designed to enlighten public opinion as to the policy and practices of monopolies, also to place the Co-operative Movement in a position to exert sustained pressure on public authorities in favour of the adoption of a policy of control over investments, of a democratic policy of planned economic development and other effective measures designed to combat monopolies and their harmful consequences.

## Appendix L

### Reciprocal Tariff Reductions

Since our Paper was completed, new steps have been taken towards international tariff reduction, and abolition of other obstacles to international trade, along the main lines indicated.

At the Lisbon meeting of the EFTA states in May, an important decision was taken regarding the winding-up of the remaining 50 per cent of the member countries' mutual tariffs, by which reductions of 10 per cent will be effected on 1st January, 1964, 1965 and 1966, respectively, and the last 20 per cent on 1st January 1967. The reductions within the EFTA integrated zone will thus keep pace with the abolition of the inner tariffs of the EEC zone. From the beginning of 1967, if not earlier, it seems that the road to negotiations about a possible amalgamation of the two zones on the basis of fairly equal prerequisites will be reopened.

About a month after the Lisbon meeting, the first initiative of a radical reduction of tariffs on a global scale was taken, starting from the possibilities of wide tariff concessions implied in the American Trade Expansion Act authorising the President to concede tariff reductions of maximum 50 per cent on the basis of reciprocity. The initiative was brought before the May session of GATT at Geneva which, in approving the necessity of world-wide tariff reductions of a linear character, decided that comprehensive trade negotiations, on a most-favoured-nation basis and on the principle of reciprocity, shall be opened at Geneva in May, 1964, with the widest possible participation. The negotiations will deal not only with tariffs, but also with non-tariff barriers. To elaborate the plan, a Trade Negotiations Committee with a detailed specified assignment will be set up to start immediately on its tasks.

The decision was preceded by a thorough discussion between the main parties on the general principles of reciprocity to be applied as the basis of the negotiations and on the exceptions from the linear character of the reductions to be conceded. It was pointed out by representatives of the EEC that at the starting point of the negotiations the American tariffs are much higher than the outer tariffs of the EEC (as is the case also of the tariffs of several European countries outside the EEC). A cut by half of the tariffs on both sides would thus result in a remaining considerably high protection of the American market, but would mean a much lesser protection of the EEC market. The conflicting points of view in this respect were referred to the Meeting of Ministers which decided, with the consent of the U.S.A. representatives, that the problem of high and low tariff countries should be considered and proposals for its solution worked out in connection with the special rules for general and automatic application to be elaborated by the Trade Negotiations Committee.

It was also agreed that, in view of the limited results obtained in recent years from item-to-item negotiations within the framework of GATT, the negotiations shall be substantially based upon the linear approach with a bare minimum of exceptions; further, they shall cover all classes of products, including agricultural and primary products.

As far as the development areas are concerned, the meeting agreed that in the negotiations every effort shall be made to reduce barriers to exports of the less-developed countries, but that the developed countries cannot expect to receive reciprocity from the less-developed countries.

The preparatory Trade Negotiations Committee, which will consist of representatives of all participating countries, will no doubt have to overcome a multitude of difficulties when interpreting the general lines of tariff elimination agreed in principle as well as technical ones. Even a compromise solution of its tasks and the final outcome of the negotiations to follow, of the similar character of a compromise, should, however, carry the efforts to reduce the barriers on international trade an important step forward.

## **Appendix II.**

### **International Co-operative Re-insurance**

International collaboration within the I.C.A. Co-operative Insurance Committee, particularly within its Re-insurance Bureau, deserves mention in connection with our Paper.

The Insurance Committee dates back to the years before the promotion of co-operative insurance in development countries was considered. As the attention of the Alliance was increasingly directed to the promotion of co-operation in these countries, the need for co-operative insurance was discussed in the Insurance Committee, and was the principal item on the agenda of a Conference convened in New York in 1959.

The question was again considered at the Conference at Lausanne in 1960, when it was decided to set up a Research Sub-Committee to elaborate proposals for the promotion of co-operative insurance in development countries, for the exchange of personnel between Co-operative Insurance Organisations, and for investments in these countries.

The plan for the expansion of co-operative insurance in the development countries is a logical consequence of the activities of the Re-insurance Bureau which is a form of co-operative collaboration at international level.

From a modest beginning during its first four years when the exchange of re-insurance contracts slowly rose to £400,000, its activities now comprise a premium volume of about £3 million, and 32 Co-operative Insurance Societies in 20 countries participate in its activities.

The offer of the Bureau to member Societies to provide adequate cover for their re-insurance is particularly advantageous for economically weak Societies in lesser developed countries.

The Co-operative Insurance Committee and its Re-insurance Bureau are excellent examples of how international co-operative collaboration and assistance to Co-operative Organisations in development countries can be assured by comprehensive planning and its concrete execution.



## Discussion on the Paper

**The President:** I have very great pleasure in asking Mr. Thorsten Odhe to introduce the extremely important paper which he has prepared, on which I hope we shall have a very interesting discussion.

**Mr. Thorsten Odhe, Sweden:** When I was reminded that it was my duty to introduce my paper, my first thought was that it was unnecessary, because the whole paper is an introduction to a complex of very important world problems, some of them partially solved, some of them, perhaps, on the way to being solved, but most of them not yet solved. Furthermore, I regard my paper as being rather like one of those treatises which are pretentious enough to deal with everything in the world, and a few more in addition. I decided last night to prepare an introduction but this morning I found that my voice was slightly indisposed so my friend and colleague in K.F., Mr. Hjalmarsson, will read part of it. I hope at the end of the discussion I shall be able to reply to the criticisms of my paper and, perhaps, offer some criticisms of it myself.

**Mr. H. Hjalmarsson, Sweden:** After that introduction to the introduction to an introduction I need not emphasise that what I am going to read has been written by Thorsten Odhe.

The efforts made from the starting points of the various ideologies to achieve unity and economic solidarity in different regions can be traced far back in the history of the world. Since the co-operative movement has become an increasingly powerful factor in economic development, the achievement of economic solidarity has been on the agenda of almost every I.C.A. Congress. Resolutions have been passed and recommendations made for economic collaboration between nations on the basis of human affinity, regardless of race, colour and creed. Unfortunately, for a long time our own and other efforts to this end had very little effect on statesmen when coming down to the brass tacks of national egotism. The effects of two devastating world wars made economic collaboration, and the creation of economic communities, necessary to restore and preserve the relative prosperity in favoured parts of the world, firstly in Europe. But those parts are small compared with the enormous areas of population where acute poverty makes life scarcely worth living.

During the worst period of colonialism, the countries in what are now called developing areas were regarded essentially as objects for exploitation. It is very hard to judge when co-ordinated efforts were first made to relieve the conditions of the developing countries, also whether such efforts really implied an awakening of world conscience or were only an expression of insight into the fact that a continuance of this world-wide impoverishment was bound to react on the affluent societies in the favoured parts.

The first part of the paper sketches the endeavours made after the Second World War to create large zones for the liberation of trade, and thereby to increase the prospects of economic progress within them. It is, however, obvious that the creation of these independent zones, protected against the outer world by common external tariff walls or national customs duties and restrictions, cannot be the ultimate goal of the efforts to achieve an economic order which will make possible a rising standard of living for all peoples. The paper uses the terms "planned economy sector" and "free economy sector," but points out that economic planning is increasing in the free sector, most obviously in the growing

group of social welfare states. On the other hand, economic freedom in the free economy sector is constantly being subjected to serious strains from private interests, monopolistic cartels and other concerns. The co-operative movement and other democratic forces are combating them unceasingly and frequently with noticeable success. As is said in the paper, if by "socialism" is meant an economy guided by social responsibility, a sense of social justice and social solidarity, socialism is by no means a special prerogative of the socialist-communist economic system.

The second part of the paper deals with the very important task of the co-operative movement in connection with the zonal integrations already established, which open up wider fields of activity and, therefore, further progress in this field will result in more serious threats on the part of large monopolistic enterprises. While this subject is dealt with somewhat extensively, it is not stressed to the same extent in the introduction. The problems are already well known to all sectors of the movement, and not least to consumers. The structural reforms of which the author has tried to give a systematic survey are necessary to keep pace with the expansion of large-scale private enterprise and big agricultural concerns in commodity distribution as well as in industry, and to create possibilities for co-operative organisations to keep ahead of them in all fields. These reforms, as well as the rapid adoption of technical novelties, systematic research and control in the interests of consumers, are already subjects of lively debate and investigation, and have been put into practice in many movements, particularly in the most highly industrialised countries where the needs seem to be the greatest. Important steps in adaptation have led to the desired result, in some cases they have even exceeded expectations but they have required untiring efforts from active forces in the movement, and will continue to do so.

One of the important aspects of zonal integration is that it makes it possible, and even necessary, for national co-operative organisations to accept practical economic collaboration across national boundaries. This problem and its organisational aspects are dealt with at some length, but the author had not expected that steps to implement this project would be taken so soon by the re-organisation of the Co-operative Wholesale Committee, on which Mr. Meins has given Congress such an excellent report. Such activities can be undertaken only by intimate collaboration across national boundaries to ensure the most efficient division of labour and the best possible use of natural resources and labour to obtain rapid rises in productivity and production, and a free exchange of products between all parts of the world. Several elementary economic textbooks tell these plain truths, but there is a very long way between truth in theory and its application in practice. It is not going too far to say that, in spite of serious efforts to spread education in the really international aspects of this economic truth, not least by the co-operative movement, there is widespread apathy and artificially created resistance to applying this truth in practice, especially in countries with the highest standard of living.

The most serious handicap to progress in the development of world economy is caused by the world-wide division into what the paper calls the "free economy sector" and the great "planned economy sector" consisting of the socialist-communist states, which prevents the co-ordination of world resources and the division of labour on a universal scale. It cannot be contested that the socialist-communist states within the framework of their special state-directed economic systems have achieved great economic progress, particularly in accelerated industrialisation, and have attained a considerable improvement in their standards

of living. Their present share of world production is very good and covers nearly all the important branches of production, and a similar assessment of their combined share of the world's natural resources would probably show similar proportional figures. The organisation for economic collaboration within the planned economy sector has the same goals as those in the free economy sector, with a rational division of labour between the member states. It is much more than a platitude to say that much quicker and greater results would be obtained if co-ordination were extended to both sectors.

The author has attempted to analyse the most important obstacles to greater co-ordination, employing the same instruments of trade policy by which the western integrations have been, or are being, built up. He would be happy if it could be proved that he is wrong on this point. If not, we must rely on economists, and above all on statesmen of real goodwill, to find other means to transform peaceful political co-existence into peaceful economic co-ordination. It is important, in the first place, to remove the obstacles to what is called east-west trade, and there is no reason why the western countries should hamper the development and progress of trade with the eastern states. We all know such obstacles exist, and there is no reason why they should not be openly mentioned without leading us into the quagmire of international political tensions.

The participation of all the wholesale societies affiliated to the C.W.C. in the new organisation, and the statutory duties unanimously accepted by them, encourage the hope that at least a firm foundation has been laid for an all-European Consumers' Co-operative Society. So far, European consumers' co-operation has succeeded, where political forces have failed, to unite in a common framework both the EEC and the EFTA countries. The creation of this new organisation has also opened up prospects for direct trade interchange to be successfully developed between Europe and the developing countries. Powerful monopolies exert great pressure on the economy of the developing countries both on their exports and imports. The deficit in their terms of trade, calculated by the United Nations, has reached the enormous figure of 2.3 billion dollars, and during the last 20 years can safely be assumed to have exceeded the total value of economic aid given to them over the 10-year period.

Coming to the end of his introduction, the author wishes to emphasise that a great task confronts the delegates from all the countries represented to influence the development of their respective national trade policies in the right direction towards world economic and social solidarity. To reach the final goal, the solidarity of humanity and economic and social justice through the action of statesmen and parliaments is the aim.

**The President:** I would inform Congress that by agreement in the Central Committee Mr. Klimov will have fifteen minutes to present some points of view on Mr. Odhe's paper, and to propose amendments to the resolution which were approved by a majority vote of the Central Committee on the eve of Congress.

**Mr. A. P. Klimov, U.S.S.R.:** The problem of economic integration in relation to co-operative development is a very important and complex one; it concerns the most complex processes, as well as economic and political phenomena. I appreciate Mr. Odhe's work in preparing this paper but I wish to state my point of view on the difference in character of the economic integrations which exist in various regions of the world and the part they have to play. It is not possible to make one general evaluation of the importance of the different integrations as this would not correspond to the facts.

The statement about "the great possibilities" which are allegedly concealed for Co-operation, and the well-being of the working people, in an integration such as the Common Market is unrealistic. It is well known that the so-called Common Market is a state monopolistic integration, a new form of struggle by capitalistic monopolies for domination of the world market, and has nothing to do with the aims of freedom in world trade as affirmed in the resolution. The idea that the final purpose of all zonal economic integrations is to create economic solidarity is also wrong, and the conclusions reached are unfounded. Everybody here knows that the formation of any economic bloc in a capitalist system is always the result of competition between national or international monopolistic groups, a struggle for the world market. International state monopolistic organisations created under the slogans "integration," "easing of trade tension," "greater freedom in trade," etc., are merely a different form of the same struggle. The economic grouping of the six European states was conceived to counter-balance, on the one hand, the United States of America and, on the other, England with her Commonwealth of Nations, whereas the European Free Trade Association was created as a weapon against the European Economic Community. Does not the recent breakdown of the Brussels negotiations on the entry of England into the Common Market bear witness to this? That is exactly how international co-operation and many European co-operators assessed European integration. It is obvious that every economic union of monopolies always has its far-reaching political goals.

It is also necessary to stress the threat and the danger which are inherent in the Common Market for the developing countries. It is not by chance that the agenda of many Commissions of the European Economic Community include problems concerning the relations between Asian and African countries and the Common Market. What, then, has the European Economic Community to offer the developing countries? One of the fathers of the Common Market, Jean Monnet, frankly stated: "In the present international economic situation with so many highly developed countries Asia and Africa have no entry to international markets for the sale of their industrial products. They are only able to export traditional products. Therefore, it is of the greatest importance for them to develop monoculture—therein lies the solution of the problem of employment. It is easier for India to buy steel than to produce it at home. . . ." To keep the under-developed countries as a "world village" is one of the basic aims of the Common Market; on the one hand, to fix low monopoly prices for goods purchased and, on the other, high monopoly prices for goods sold. This is especially true in the case of commodities like cocoa.

Since the International Co-operative Alliance wishes to see the developing countries politically independent and economically self-supporting, it should support all action aimed at the expansion of economic co-operation with these countries and, in particular, it should support the economic organisations which are coming into existence in the Afro-Asian countries. It must be clear to everybody that there is only one basis for the healthy economic development of the co-operative movement in all countries—genuinely free, completely unrestricted economic activity and trade, including international trade, based on equal opportunities and mutual advantages—not on artificial barriers and closed blocs with their tariff restrictions. We should uphold the principle of equal rights and mutual advantages in trade relations which has long since proved itself as a universal principle in international trade. This is why the proposal to convene, under the aegis of the United Nations, an international conference on the promotion of world trade has been so widely acclaimed.

I will not take up time by referring to a number of other problems, but Mr. Odhe's allegation that co-operatives in socialist countries are restricted and lack freedom to enter into the field of international trade does not ring true. Soviet co-operation, for instance, plays an active part in the development of international co-operative trade. What restrictions in freedom in this field can one have in mind seeing that the foreign trade operations of *Centrosoyus* have increased nearly five times in the last five years, and that in the first six months of this year we have signed contracts for amounts exceeding the 1962 level by 50 per cent? Today efforts to develop international trade relations by co-operative organisations in both socialist and capitalist countries meet with various restrictions, artificial customs barriers, systems of licensing and restrictive measures dictated by monopolies.

Efforts which are being made towards economic integration should be mentioned in the resolution, but without assessing their final purpose, as since we are not unanimous on this point any evaluation would not be realistic. Co-operation is an integral part of any economic system and is compelled to comply in its economic activities with the economic laws of the given grouping. If Co-operation fails to comply with the conditions created by the Common Market, it will soon be destroyed by its competitors.

We are in agreement with that part of the resolution which deals with questions related to co-operative activity, but we wish to exclude the part concerning the evaluation of economic integration.

We would ask Congress to agree to the following amendments to the resolution—

In the first paragraph—*delete the words* “accomplish the freedom of international trade by” also “as a transitory stage in the development towards this end.”

In the eleventh paragraph *delete the words* “for zonal economic integration also.”

**Mr. A. Korp, Austria:** I had intended to use the time at my disposal to thank Mr. Odhe for his paper and to emphasise some of his comments, but I now feel compelled to deal solely with the Soviet amendment to the resolution and the reasons for which the Austrian delegation oppose it.

In the chapter of his paper on *The Monopolistic Risks of Enterprise Integration*, Mr. Odhe states quite plainly that we should evaluate integration in one definite way—“that zonal integration should be one step towards the restoration of international free trade” and that “economic integration internationally is a purely transitional phase”—in other words, we are in favour of zonal economic integration as long as this helps us to get closer to the ultimate purpose of international free trade. We do not want anything which leads to the setting up of blocs or causes further rifts.

When I listened to the Soviet amendment at the meeting of the Central Committee I thought it had been inspired by the philosophy of Comecon, but after listening to Mr. Klimov I must point out that if the words he proposes to delete were not already in the resolution his criticism of European integration would make us wish to incorporate them in the text. If his amendment were adopted European co-operators in the EEC and in EFTA would never be able to

collaborate, and the industrialised countries in Europe would never be able to give such aid to the developing countries as they have already given. I do not understand why we should make these deletions. With all respect to my colleagues in the Central Committee I think when they voted for this amendment they were victims of a misunderstanding. What is suggested seems to me to resemble a cosmetic operation to be performed so that the resolution may be approved everywhere, and I am reminded of the sort of cosmetic operation which a film actress undergoes so that her face may be admired all over the world. I think we should be careful here not to renounce our old tradition which has been affirmed and re-affirmed by resolutions at our International Congress. We stand for freedom of international trade. Therefore, these words must remain in the resolution, and we say, accordingly, that the existing forms of integration must be only transitional forms. In my opinion, this Congress has the duty to say to certain authorities in Europe who think they are the architects of a new Europe, "We warn you against erecting new walls. Leave the door wide open for world-wide economic collaboration and for the liberation of trade from the existing barriers."

I ask Congress to study Mr. Klimov's proposals carefully. In my opinion, he has not given any valid reasons for the amendment and I think when it was approved by the Central Committee there was great misunderstanding. The Austrian delegation will oppose the amendment, but we will support the resolution.

**Mr. M. Brot, France:** I have handed in a motion which puts in concrete form what Mr. Korp has just said. Moreover, he has insisted on an extremely important fact. There was obviously a misunderstanding within the Central Committee when the Soviet amendment was approved, because it is unthinkable that delegations which, until now, have supported freedom in trade—which we ourselves have always demanded, just as we have always demanded the free circulation of people and goods—should today suppress the final aim of this resolution which must be the aim of integration itself.

Mr. Klimov has completely shattered European integration. The best proof of its value is that the states which constitute the Common Market have seen their transactions with developing countries increase considerably, while agreements have just been signed with overseas countries which will assure to them the support of the Common Market. In any case, we cannot allow integrations to be considered as units which will isolate themselves from one another. On the contrary, they must constitute a step towards a greater liberalisation of exchange.

We, therefore, ask Congress to accept the resolution as it has been printed, without any amendment.

**Mr. C. Chiaraviglio, Italy:** Mr. Odhe's paper clearly defines the objectives and principles of the orientation of co-operative action to adapt its structure to the new conditions resulting from technical progress and the formation of integrated economic zones. From the general point of view, we can only congratulate him for giving us a complete theoretical basis as the starting point of initiatives to be taken to develop co-operative organisation at international level. From the practical point of view, we regard as essential the analysis of the consequences of the integration of enterprises and the danger of monopolies in the enlarged markets, which give greater importance to the forces of compensation represented by co-operative organisations, as they are defined in the paper.

The problem is recognised by the Rome Treaty, which prescribes measures in anticipation of this eventuality, but it does not, however, constitute an adequate protection unless legal defence measures are integrated by the co-operative organisation of independent producers and consumers. For the Italian co-operators, this necessity is quite obvious as regards agricultural products, particularly fruit and vegetables, where the difference between the very low prices paid to the producers and the excessively high prices asked from the consumers creates a problem for which we see no other possible solution than co-operative integration. At international level, it is shown that integration acquires prime importance as regards surplus production, that collaboration on a large scale could be developed and that, since countries complement one another, economically substantial advantages could be enjoyed after agreement between producer and consumer co-operatives. Another aspect of the problem arises from the fact that higher living standards followed by a greater consumption of processed foods—conserves, juices, frozen foods—lead to the development of food industries with powerful vertical concentrations linked to distribution systems and supported with intense publicity for influencing consumers' preference for branded goods. These business methods, which tend to create monopoly situations as regards mass consumption, have a direct impact on the cost of living.

Beside these increasingly important organisations, consumers and producers obviously find themselves in a position of inferiority from which Co-operation offers the only escape, and it is precisely in this situation that international co-operative integration offers vast possibilities of development through the dual interests of consumers and producers in foods of mass consumption, largely produced by small landowners and independent farmers. How by this duality of interests, through Co-operation, the middleman's costs are eliminated could not be more obvious, not only for the exchange of the fish and farm products of north European countries for the products of intensive cultivation in southern regions, but also in relation to the more advanced development of consumer co-operatives in northern countries with their system of distribution supported by a vast network of deep freeze depôts, means of transport and well equipped supermarkets. On the other hand, in southern countries, which have a lower level of consumption, co-operatives have attained a certain development for the manufacture of several agricultural products. In the same way that dairy and wine co-operatives have been developed, factories for preserving and processing fruit and vegetables according to standards required by consumer co-operatives could also be developed.

In this sector, co-operative integration can have an important development in the freezing of agricultural products, for which we envisage an increasing demand, at least through the exchange of information and the study of projects for implementing paragraph 4 of the resolution which recommends member organisations "to find appropriate organisational forms for such organisations for joint purchases and sales, and for the establishment of joint productive enterprises to avail themselves of the advantages of large-scale production."

In supporting this resolution the Associazione Generale delle Cooperative hopes that the principles which it affirms will be fully implemented.

**The President:** Mr. Thedin will speak on an amendment proposed by Mr. Albin Johansson at the meeting of the Central Committee.

**Mr. N. Thedin, Sweden:** At the Central Committee meeting Mr. Albin Johansson proposed to underline the urgency of creating favourable trade conditions for the developing countries by *adding the words* "especially stressing the

**vital importance of abolishing restrictions on imports from developing countries”** at the end of the resolution, and now asks me to inform Congress of his reasons for this amendment.

He first asks a question: “What does humanity aim at?” Of course, at peace and liberty for the people within their own countries and between people of different countries. We know that in countries where productive power has been effectively used, where mutual consideration exists between neighbours, and where the few have not been allowed to live abundantly while the mass suffer starvation, peace and liberty reign. The ethics applied by these nations clearly indicate how nations should co-operate in order to create a permanent peace.

The first condition for reaching this goal is that effective advantage be taken of the world's entire productive power. There are many proofs that this is not done. One example is a comparison between sugar beet and sugar cane: to obtain a given quantity of sugar the tropical sugar cane needs only half the area and half the labour required by the beet, but in spite of this we insist on cultivating beet in temperate zones contrary to a good world economy. The result is unemployment and starvation in less developed countries and a generally poorer living standard than would be the case if the soil were used for producing the crops best suited to it. The second condition for world peace, mutual consideration, is by no means fulfilled, as high customs barriers prove, nor is the third condition respected, that the few shall not live abundantly while the great majority is doomed to misery. Rich countries give arms to the destitute, the rich show charity to the poor but this does not bridge the gap between rich and poor. Not until the poor are given a chance to work and receive a well deserved share in the proceeds of their labour is a stable social order created. This same law is applicable internationally. According to climatic and other factors the people of the less developed countries should be permitted to take part in production to increase their own well-being and to build a secure basis for peace. To realise this all obstacles should be removed which prevent exports from the less developed to the more developed industrial countries.

For the promotion of the co-operative movement all over the world and for facilitating its international activities, it is indispensable that peace conditions such as I have outlined be realised.

**Mr. H. Meins, Germany:** I find myself in a somewhat curious situation. Mr. Klimov and I crossed swords once before when we were concerned with questions of the Common Market. At that time he fought strenuously against so-called integration. Today, if I understand him correctly, he asked for limits to zonal integration. He seemed to think there is a special danger of monopoly within the zonal integration areas, but I do not think he gave us any proof.

I want to speak about a different danger. We have always welcomed the formation of large markets if they are able to give economic benefits to the population as a whole, but on the basis of our experience we must say that there are certain dangers involved which do perhaps exist in a purely zonal integration. Therefore, we are doing our utmost to assure that the governments of the Common Market, including our own, take an international attitude. I think such an attitude should be the aim of the I.C.A. as a whole, including our Russian friends—to see that the necessary import gap exists so as to make it possible to engage in world-wide trade. There may be an opportunity to work in this direction, bearing in mind the GATT Conference next year, in which President Kennedy's Trade Expansion Act and other things may play a particular part.



I wish also to refer to the agricultural structure within a zonal area such as the Common Market. There is certainly a danger of a restrictive policy and we do not know how much it may hurt us. We must, therefore, counteract it because if it were to become a fact it would mean the end of world-wide trade which we as a co-operative organisation particularly need. May I ask you to consider whether, and to what extent, we can exert our influence on the GATT Conference?

We fully support Mr. Korp's views and are in favour of Mr. Odhe's resolution, but we are against the amendment suggested by Mr. Klimov.

**Dr. L. Malfettani, Italy:** We appreciate and endorse the observations of Mr. Korp and Mr. Brot by declaring that we shall vote against the amendment proposed by Mr. Klimov and in favour of the text presented by Mr. Odhe. I associate myself with the congratulations offered to Mr. Odhe for his splendid paper, which clearly defines the principle by which integration between neighbouring countries in each regional economic community produces the best results, particularly for promoting an effective international division of labour. The effectiveness of an international division of labour based on the spontaneous evaluation of co-operation in a system of liberalisation of trade on a concerted action of governments seeking to formulate national economic plans in process of realisation, and in prospect, depends mainly on an increasing growth of factory and group productivity. As regards the technical aspect, there seems no doubt about most industrial activities, but the various natural productions of agriculture and the variety of demands on the commercial and consumer level are, and will be for a long time, causes of friction. We consider that an international subdivision of labour of a productive nature must necessarily accompany international integration in the social sphere, of which we have the right to assert Co-operation represents a factor.

The difficulty for co-operation firmly to maintain a position of such great responsibility, nationally and internationally, cannot be concealed. It is precisely for this reason that co-operation, while being proud of its traditional freedom as regards economic and social initiative, must not be disdainful of the opportunity of finding a favourable intervention from governments and public authorities since it does not act in its own interest, but in the interest of the whole community. It is exactly in this sense, in the desire to promote a more balanced development of the economy of each country towards integration, that co-operation must not react against forms of general economic planning which, not being totalitarian in character and not excluding a certain freedom of private initiative, can constitute an element of strength for the co-operative idea and for supporters of co-operators.

I wished to make these observations because, in his general picture of the situation, Mr. Odhe has stated that the world is divided into two sectors: the market economy sector and the sector of the economy based on centralised planning of production. It is true that in his introduction he has stressed a greater preoccupation as regards social welfare, but I would not like his written statement to give the false impression that countries with a market economy cannot, and should not, achieve a certain programming which naturally would not be a rigid plannification leading to systematic price fixing of products, but would respond to the need of giving a certain order to public investments, of establishing priorities in state interventions, of determining the extent and the choice of assistance to be given for improving the conditions of under-developed regions, or individual countries, as regards economic freedom.

**Mr. H. Culbreth, U.S.A.:** I would first congratulate Mr. Thorsten Odhe on an excellent paper and for pointing out the need for integration in many fields. But as he did not deal with the need for comparable integration in the capital resources of co-operatives, I should like to say a few words on that. His only reference to the need of co-operatives to develop an integration of their capital resources was in these words: "Even the great capital resources of the monopolies need not, in the long run, cause co-operative reluctance to take part in competition in the market." While I enthusiastically agree with this point of view I would say that this offer, on the part of co-operatives, to meet competition will require a greater effort internationally to capitalise capital resources than the traditional methods which are largely national in scope. The traditional methods are listed, I think, quite well in the section of the paper dealing with members' savings and share capital, guarantee funds, mortgage bonds and investment funds; but if we are to move forward in terms of integration, as Mr Odhe suggested, it means establishing new methods, on an international basis, of obtaining funds from the so-called commercial market. This commercial market is not entirely unavailable to co-operatives even now; they are using it for short-term credits and some middle-term credits, but they are having great difficulty in obtaining long-term credits from the commercial market. I think we often overlook the fact that co-operatives in their various institutions are already sizable contributors to this so-called commercial market. For example, I noticed in reports which were before the Banking Conference last week that the co-operative banks members of the International Co-operative Banking Committee had assets of more than two billion dollars, while co-operative insurance companies members of the Assurance Committee had assets of well over three billion dollars. Local and wholesale societies also have assets invested in the commercial market. Of course, many assets of co-operatives are invested in other co-operatives, but many are invested in the commercial or non-co-operative market, and the question is often raised whether something should not be done to enable the co-operatives to obtain more of their long-term credit needs from their own organisations. I suggest that one approach to this is for the co-operatives themselves to move forward in establishing international methods of bringing together co-operative resources which could be used to tap the commercial market which operates on a commercial basis. I think if co-operatives move forward in this way they will be able to get much more of the funds and resources that are needed for long-term investments and for this reason I was very much impressed with the report of the Banking Committee.

**The President:** A representative of Lega Nazionale delle Cooperative will move the amendment standing in its name (see p. 210).

**Mr. G. Banchieri:** The principal reason why we proposed this amendment is that, in our opinion, there is a serious omission in the resolution. The paper and the resolution refer to the tasks for the co-operative movement in view of the new situations and contradictions arising from the creation of enlarged common markets and integrated economic regions, and recommend measures essential to the tasks of rationalisation within the Movement to attain greater economic efficiency and competitive capacity.

We do not underestimate these tasks or the effort of modernisation of productive and commercial co-operative enterprises, of collaboration and co-operative integration between the different sectors, and at international level, in fact, we fully agree with this part of the resolution. But, in our opinion,

these measures do not exhaust the tasks of the co-operative movements in general, and particularly as regards the conditions created by the process of economic integration, to define more precisely the social function of co-operation in our time.

We agree with the preamble of the resolution, particularly its demand that "the danger of the attempts by monopolistic cartels and combines to utilise the larger common markets and integrated economic zones at other stages of development for extending and widening their power" must be considered. We think that the tasks of economic initiative and resulting anti-monopolistic action cannot be limited to the adaptations of enterprises and large scale co-operative developments. This would mean to restrain the anti-monopoly function of Co-operation by evoking its possibility to rejoin a competitive efficiency which presents itself as quite problematical in the face of the reality of concentration processes on the part of monopolies and the great financial groups. On the contrary, we are of the opinion that while pursuing the effort of modernisation and rationalisation as recommended in the resolution, Co-operation can and must exert an anti-monopoly action, the efficiency of which surpasses its present economic influence. We have in mind the so-called external action directed to public opinion propaganda and education designed to exert pressure on public authorities to adopt anti-monopolistic measures and measures in favour of democratic solutions to problems of economic development.

Amongst the present day tasks of co-operation, in view of the conditions created by the process of integration, the effort for internal renewal must coincide with the development of external initiatives. This was well expressed in the Lausanne resolution on co-operation in a changing world. In the same range of ideas there were the recommendations for consumer education and protection in the Stockholm Congress resolution on Co-operation and Health, and the statements of the Garmisch Conference concerning action for enlightening public opinion and governments. The idea was also expressed in Mr. Brot's words at the F.N.C.C. Congress in Luchon that "in order to attract to its ranks men and women who desire to work for social progress, our movement must take a position on the great social and economic problems. Consumer protection cannot be conceived within the limits of retail distribution; it must be exerted up to the highest economic level."

Such are the reasons which moved the Lega Nazionale to propose its amendment, and if Congress accepts it we think the resolution will be more complete.

**Mr. J. Voorhis, U.S.A.:** International trade is important not only for its economic effects but because it is one of the greatest forces making for peace. This, I hope, makes it possible for me to assure Congress now, as I so much wished to do when the peace resolution was before us, of the unanimous and very deeply committed support which the U.S. delegation gives to that resolution, with all its implications. We agree not only with the thoughts expressed by the President and Mr. Southern, but also with those of Mr. Klimov. The Co-operative League made a great effort to secure ratification of the new test ban treaty, and we hope and believe that, marking as it does a new and vastly better turn in the relations between nations, it may be the beginning of a series of steps which will ultimately lead to a world truly at peace.

As to the question under discussion, while the U.S. members voted for the Soviet amendment when it was before the Central Committee, I want to say that

I think we did the wrong thing. It seems to me now that we cannot afford to delete the words proposed, for certainly it is true that the ultimate purpose of zonal economic integration is the promotion of broader and freer international trade. We, therefore, feel that we should support the position taken by Mr. Korp and other speakers, and this we shall do when the vote is taken.

Might I add one further thought, and that is that to us there are two kinds of monopoly, and we are against them both. They are the monopolies of huge capitalistic enterprises and monopolies enforced by the state. We believe that neither offers opportunity for the development of true co-operation and that both must be opposed by true co-operators.

**Mr. J. Van Netten, Holland:** I would like briefly to draw attention to a few aspects of the problems Mr. Odhe has put before us, but first, having reconsidered the position after Mr. Korp's intervention, the Dutch delegation shares the point of view of the Austrian delegates.

The organisational aspects of international co-operative integration seem to us to be rather important. May I give two examples? There will be practical difficulties as long as the EEC and EFTA zones are not united. For instance, margarine production in the EEC co-operative organisations is not feasible while we are dependent on raw materials from private sources, and in this respect we would urgently need the help of our Scandinavian friends. Furthermore, European co-operative integration will usually mean that the smaller countries will have to give up their own production, and particular care should be taken that when we do this our interests in regard to the specific conditions in our national markets are safeguarded. The second aspect is that of management. The key problem in structural reforms in retailing and wholesaling is to find managers with the very high qualifications which are necessary to run our new, larger units and our international trading operations. We shall have to buy the best people and also develop a long-term management training plan. In this respect I am happy to say that in Holland we have a personnel development officer who operates at national level, and we have also developed a national remuneration scheme for all our top executives.

Another aspect which I think is rather important, and which has been dealt with already by Mr. Odhe, is the capital aspect. I would like to ask him whether he has not been a little too optimistic about the capital requirements necessary for the remodelling of our distribution and production network. We notice already a capital shortage, which would be more urgent if we were to speed up our operations.

Lastly, I wish to mention the implementation aspect. In our opinion it is necessary to put the conclusions of Mr. Odhe's paper and the observations from the C.W.C. before our respective boards of directors as soon as possible, because the consequences are so far reaching that we need to make the policy decision before we can start on the time-absorbing work of the practical working out of the plans for the future.

My observations would not be complete if I did not pay tribute to the excellent service Mr. Odhe has performed.

**Mr. N. Verlinsky, Israel:** Mr. Odhe's paper raises in a most interesting and stimulating way the problems of co-operation in our days, and I would like to express my appreciation of the service he has rendered to Congress.

In this changing world agriculture faces a series of new problems. The rate of change, economic, social and technological, is constantly increasing, with the result that the problems become more and more urgent. The immediacy of agricultural problems is illustrated by two facts: three-fifths of the world's population live on agricultural holdings, the vast majority of them in the Far East and Africa, but even in Europe, apart from Russia, the farming population represents a third of the total. The second outstanding fact is the great gap between average agricultural earnings and earnings in other occupations. The gap is narrower in the industrialised countries but in the newly developing countries the agricultural population only receives a small fraction of the national income although it represents the great majority. This inequality seems even more evident when we remember that agriculture performs society's most vital functions. These two basic facts oblige the Co-operative Movement to pay much greater attention to agricultural problems, also to step up its efforts to expand agricultural co-operation, and this should find expression in the resolution.

Mr. Odbe's paper deals mainly with regional economic integration and the effect of great supra-national markets on the economic structure of member countries. But no less significant, possibly even more so, is the effect of supra-national organisations such as the EEC and EFTA on those countries outside their boundaries, whose economy is indissolubly linked with countries joining the market associations. This problem is vitally important for a number of developing and small countries, and as an example I will take my own country, Israel. Of our imports 55 per cent come from western Europe, 60 per cent of our exports go there, and almost half of this trade is with EEC countries; indeed, as regards agricultural exports, including citrus fruit, no less than 80 per cent of our total have been going to west European countries. In such a position it is virtually impossible to remain outside the framework of the EEC with its rapidly increasing customs barriers against those agricultural and industrial products which Israel vitally needs to export. The same applies to developing countries whose links with the EEC represent a factor of decisive importance in their national economies. The International Co-operative Alliance cannot stand aside from the discussions now in progress on so decisive a question affecting so many of its members; it should express its views as to a positive solution for the countries outside the zonal organisations whose economy depends, to a considerable degree, on their normal trade, without barriers, with the integrated countries.

Organisational questions undoubtedly represent one of the important problems of co-operative integration, for on their solution the direction of future development largely depends. Under modern conditions the concentration of economic activity in larger units is essential but efforts must be made to retain the co-operative image. It is essential to secure adequate powers for the elected bodies in determining basic policy and safeguarding the social character of the Movement.

The question is sometimes asked: What of the future of co-operation? Can it hold its own under the pressure of enormously powerful state and private enterprises? I believe co-operation has the inner power to make a valuable contribution to the development of society, both economically and socially, and should be allotted its rightful place in national and international schemes. It seems that if there is any hope at all of saving the world from the monolithic hegemony of enormous monopolies it can only be done by the development of co-operation.

**Mr. S. Nakabayashi, Japan:** I read with deep interest Mr. Odhe's paper which deals with economic integration and its position in relation to the co-operative movement and consumers. This oppressive tendency is also seen in Japan and Asia and I discussed it in the I.C.A. Review.

According to recent Government statistics, the cartels and the big monopolies are increasing rapidly. An anti-monopoly law was passed in Japan after the war but it has been frequently amended, and cartels of various kinds are widely authorised today. In March 1963 authorised cartels numbered 954 with 2,500 agreements covering 213 different kinds of business, mostly businesses with large output such as textiles, chemical products, foodstuffs and steel, thus seriously affecting the lives of consumers by means of control, price fixing and limitation of quantity. Medium and small enterprises are forming cartels, and consumers' prices are increasing enormously: by 3.8 per cent in 1960, 6.2 per cent in 1961, 7.4 per cent in 1962; from January to July this year by 9.1 per cent in Tokyo. These increases are due to the Government's policy of ignoring consumers' needs in the execution of its policy of economic development and trade liberalisation. The movement against rising prices is widespread, and consumers' co-operatives are initiating a campaign in collaboration with women's and labour organisations. A national conference against price raising is to be convened, of which I am a sponsor together with representatives of the General Council of Trade Unions and women's organisations.

As cartels increase, the anti-co-operative movement becomes stronger. While we plan to strengthen our movement by modernisation, bigger stores and structural reforms, we feel it is most important to fight effectively against monopolies so that the movement can develop in the interests of human life and world peace. A policy of anti-monopoly action is urgently needed, and I hope this will result from the discussion of Mr. Odhe's paper.

**Mr. W. Briganti, Italy:** Mr. Odhe's paper is imbued with a true spirit of collaboration between groups of countries, a spirit which my organisation and I fully share, particularly because we have always wished it and, as far as possible, have observed it. To adopt the best means and most appropriate action, it is essential to know what are the main objectives of this collaboration. They are two: increased total world revenue, and its better distribution. Is there a definite convergence between these two objectives?

The President rightly stated in his Inaugural Address that the gulf between the standards of living in the developed and the under-developed regions of the world is not diminishing but increasing, and that almost two-thirds of the people of the world remain in a state of misery. The most urgent problem is, therefore, the speediest possible development of backward countries, but this is absolutely impossible by relying solely upon the free play of market forces. For developing the structures of the backward countries and of the Co-operative Movement, an energetic intervention from the public authorities and a certain planning is essential in order to attain full employment, industrialisation, greater productivity and better terms of trade. Will the free circulation of goods and of capital attain these objectives? In some cases this would constitute an obstacle. For example, when a country has a reserve of unemployed labour, it risks perpetuating its state of under-employment if it specialises in products which are typical but non-essential to the general development of the country. Future specialisation

is unthinkable on the basis of the division of the world market between industrialised and agricultural countries. If we merely desire the free circulation of goods at world level, without adopting efficient control measures at national level, and even international level, we free the hands of powerful private financial groups and monopolies, which is contrary to the interest of consumers, small enterprises and of the co-operative movement itself.

Collaboration between all countries is, therefore, absolutely necessary, but it must not be associated with the ideology of *laissez-faire* and of liberalism at any price. On the contrary, a policy of state intervention, of planning and of monopoly control is demanded. In the fight against monopolies, co-operation has a part to play, and if it wants to play its part effectively it must implement the measures suggested by Mr. Odhe.

**Professor P. Lambert, Belgium:** In my turn I protest against the interpretation which Mr. Klimov has given of the Common Market and the Free Trade Zone. It is unfortunately true that, in part, it is a question of meetings of trusts and cartels aiming at monopolies, but it is more a question of meetings of men determined to break down monopolies.

I would like to stress a particularly important passage in Mr. Odhe's paper. He has explained that there is a distinct difference in meaning between the lowering of tariffs between the Comecon countries and the integration zones in other parts of the world. The Comecon countries having established a state monopoly of internal trade buy only what they want to buy, and it seems to be in conformity with objectivity to observe that, despite recent progress, the volume of goods bought from developing countries by Comecon countries is much smaller than that bought by the Common Market and free trade zone countries. If it is the duty of the developed countries to pay better for the products of countries of recent development, it seems to me that the Comecon countries have the duty to buy more of these products.

On behalf of the Belgian delegation, I support the proposals of Mr. Korp and Mr. Brot. It is not possible to consider the regional integration of today as the final realities. The final object must be the free circulation of men, services and goods in the whole world. Most certainly, as the previous speaker stated so well, it is not a question of wanting to establish free exchange, as it was conceived in 1860 in the form of *laissez-faire*. The resolution, as originally presented, must be fitted into the context of all the work of this Congress. The free circulation which we envisage for the future must obviously avoid competition which might jeopardise full employment, social justice and the fruits of labour.

Will it be a supra-national government or an international authority which will control the future movements of men, goods and services? We do not know, but what seems certain is that a considerable part of the task of maintaining equilibrium will be achieved by the co-operative movement having become bigger and more powerful and having developed its own international relations. The greater the achievement the less necessary will it be to have recourse to the intervention of public authorities. This is true on the national plane, it is also true on the international plane. It is not conceivable that in the long run peaceful

co-existence will mean to live side by side with one another; it must mean to live with one another.

**Dr. M. Boson, Switzerland:** I wish, first of all, to congratulate Mr. Odhe for the very great effort he has made to clarify and master such a vast and complex subject, and shall now limit myself to two very short remarks, of a practical nature, on the preamble and the last paragraph of the resolution.

At its 36th session from 2nd July to 2nd August, the United Nations Economic and Social Council unanimously decided to convene a conference on trade and development at Geneva from 23rd March to 15th June, 1964. It will be the largest economic conference ever convened. The International Co-operative Alliance will probably be invited to be represented by one or more observers, and it will certainly be advisable, in fact indispensable, for the Alliance to make known its point of view on this unique occasion. The Executive should, therefore, take all necessary steps to make the voice of the Alliance heard in this world forum.

My second remark concerns the recommendations in the resolution. These are of two kinds: some, particularly the first two, can be implemented individually by the member organisations; the others, on the contrary, require a concerted action which could perhaps be undertaken by the Auxiliary Committees. I am thinking more particularly of the Wholesale, Banking and Agricultural Committees which will thus have a new and excellent opportunity to prove their usefulness and efficiency.

**Mr. J. Nepomucky, Czechoslovakia:** Mr. Odhe limits himself to discussing economic problems, without mentioning their close relationship with political questions from which they are inseparable. A fundamental omission in the paper is that it conceals the existence of exploitation in capitalist countries, also the vast problems of the disintegration of colonialism and its consequences for the economic and political life of developing countries. It seems also to conceal, rather than to explain, the situation in socialist countries, in connection with the activities of the council for mutual economic assistance.

In his conclusion, Mr. Odhe offers no suggestion for remedying the present unfavourable situation, nor for fighting effectively against the subtle politics, so highly ramified, of neo-colonialism. Neither does he suggest any solution for the problem of industrialisation, which is in the early stage of being organised in developing countries. Again, he finds no solution for the programme of assistance based on economic and social conditions, which is mentioned in the Marshall Plan.

As regards the relations of the western economic groups with the developing countries, attention must be drawn to the intention to keep the developing countries economically and politically dependent upon the former colonialist powers, also upon other powers which strive to attain world domination. If co-operative organisations want to fulfill their mission honourably and to assist in removing the present difficulties of the developing countries, they will have to renounce collaboration with forces whose aim is diametrically opposed to the interests of the developing countries.



In the name of the Czechoslovak delegation, I fully support the amendment to the resolution presented by Mr. Klimov, in accordance with discussion at the Central Committee meeting on the eve of Congress.

**Dr. W. Ruf, Switzerland:** Mr. Odhe deserves our deep gratitude for his excellent exposition of difficult tasks. He has made suggestions on which we are since long in agreement. Hitherto, however, we could afford not to draw the necessary conclusions from our insights because progress had been on our side. I am convinced that that time has now passed. If we as a co-operative movement intend to accomplish the tasks demanded by our times then we must under no circumstances allow our, in so many respects, passive attitude to continue. The time has come to draw definite conclusions. The free capitalist market economy has brought into being what we have aimed at for a long time—collaboration beyond frontiers.

This brings me to my point. Mr. Odhe has recommended that, in order to increase their influence as a whole, our co-operative enterprises should participate with their products in the free market and also sell them outside the framework of our organisations. This idea gives us the possibility of a new and closer international co-operation and of bringing to a halt the increasing influence of profit-seeking monopolies. Within the co-operative movement alone we already possess a large market and without doubt also the capital for various important achievements. If we really intend to reach our aims nationally and internationally and to influence production and markets, then we shall certainly progress if we follow the road shown to us by Mr. Odhe.

We should further devote all our energies to the protection of the consumers, a task which is practically the same in all countries. The consumers have to be protected against exploitation by means of bad quality and high prices. Neither customs duties nor other measures by the State can prevent us from carrying out this task within the integration we are striving for. The research could be extended without difficulty internationally; we could establish excellently equipped joint laboratories and thus collaborate efficiently for the international protection of the consumers. This is the only way to do justice to the requirements of the future.

**The President:** I now have the pleasure to ask Mr. Odhe to reply to the discussion.

**Mr. Thorsten Odhe:** I must express my gratitude for the sympathetic attitude shown towards my paper. As there was so little criticism, I must criticise it myself. When reading it through six months after writing it I discovered that on some points I had been too pessimistic, on others too optimistic.

In Appendix I, I indicate a very great hope for reciprocal tariff reductions by means of the so-called Kennedy Round, but we all know those hopes have been frustrated, or fulfilled only up to 2 to 3 per cent. We know how international politics develop; there are two steps forward and one step backward. In that way we shall advance in this field even if it takes considerably longer than we anticipated.

I myself have great hopes of the forthcoming International Conference on Trade and Development, at which many of the important problems discussed here will be taken up in a positive way. I only hope that the results will not be like those of the Havana Conference or the International Conference on Trade and Employment, which resulted in recommendations requiring so many ratifications that they never came fully into force.

I devoted considerable space in my paper to the treatment of the problems of discrimination in favour of certain developing countries—ex-colonies and former dependencies—by privileges accorded by countries of the European Economic Community, pointing out that, of course, these favours implied discrimination against other developing countries, but the position has since changed. The agreement between the EEC countries and their ex-colonies and former dependencies has been replaced by another agreement which came into force this year whereby former privileges will be gradually withdrawn. Moreover, the countries of the EEC have already undertaken to revise the consumption taxes and other unfair burdens on the produce of the developing countries without giving privileges to any one of them. That is, of course, a very promising step, but we cannot be satisfied with it on the part of the co-operative movement, because what we want is not a reduction in those tariffs and consumption taxes, but their total abolition, in order to do away with all the absurd subsidy policies now encouraging the production of substitutes for tropical produce, such as Mr. Albin Johansson mentioned in arguing for his amendment.

I have some general reflections to make about the criticisms of the paper. Mr. Klimov put great emphasis on the monopolistic character of what he called the capitalist world. I pointed out clearly the dangers inherent in the integration zones, but my opinion is that we should neither over-estimate nor under-estimate them. I might have made some technical remarks about the control legislation in the EEC, which is a long way from being satisfactory but that would perhaps have led me a little too far. I appreciate very much the moderate way in which Mr. Klimov spoke about the general issues of my paper regarding the possibilities of the future extension of east-west trade.

As regards monopolies, I would say a few words on the Italian amendment, and point out to the Lega that the problem of education about cartels and of propaganda against monopolistic cartels is dealt with in the resolution in the penultimate paragraph of the recommendations, which reads "to bring, by concerted co-operative opinion, pressure to bear on zonal integrations at the developing stage to provide in their structure and fundamental lines of action for the complete freedom of action of the Co-operative Movement, to enable it to maintain effective market competition." The maintenance of effective market competition could not possibly imply anything but strict control by its own action, also by legislation on restrictive practices and monopolies of every kind adopted by parliaments and executed by governments, such as we have in Sweden. We could list a great number of misuses of monopolistic power, and also a great number of economic policies and other measures to be taken by governments and other authorities, but I am afraid, if we did so, the resolution would become too long. So far as I know, there is, however, no complete list of the various restrictive practices, nor of the economic policies employed in the various countries to counteract them.

I must also refer to the significance of my use of the word "planning" in connection with the so-called free market economy countries. I do not mean, and I have not said, that what I am driving at is central planning, but framework planning, such as is practised in Sweden and other Scandinavian countries. What is framework planning? It is a co-ordination of economic policies of all kinds with a view to promoting social progress, but it does not imply any centralised direction of the various forms of enterprise in the national economy as a whole.

I am very grateful to Mr. Culbreth for mentioning the need to increase our financial resources. He thinks I have been too optimistic in putting the emphasis on capital from shares subscribed by the members of co-operative organisations. I have made some calculations which I hope are reliable. The consumer co-operatives affiliated to the I.C.A. have about 80 million members; if each paid ten Swedish crowns for a share, we should have at our combined disposal 800 million Swedish crowns. This is, of course, only a theoretical exercise, but if the value of the share was raised to that prevailing in the Swedish Movement, 200 crowns, our combined resources would be about 16 billion Swedish crowns. In these calculations I have not taken into consideration the reserves piled up over long periods in many consumer movements. I welcome Mr. Culbreth's emphasis on the importance of creating an international co-operative promotional bank, also of having recourse to other means of increasing co-operative financial resources for further development. Let me give an example. The Treaty of Rome provides for free circulation of capital, also for the free issue of bonds within the area of the EEC. That opens up possibilities for credit co-operative societies in all the countries within the Common Market to issue bonds over the whole area, and this would certainly multiply their possibilities of obtaining sufficient resources to expand and develop.

I have now only to try to arrive at a conclusion, and to sum up my impressions of the debate, as well as the debate on Mr. Watkins' paper. In my opinion, there is an indissoluble connection between progressive trade problems all over the world in relation to co-operative development and the problem of aid to the developing countries. The problems are so closely connected that we cannot tackle one without tackling them all. We must consider the problem of aid as a question of mutual aid. The advantages resulting from aid to developing countries will be shared by the more developed countries, and even the affluent society countries, by increasing trade with rising prosperity on both sides. There will be advantages on the side of the recipient and on the side of the giver.

There has also been a good deal of talk about non-economic obstacles to the progress of the developing countries, about illiteracy and superstition, and things of that kind, which in the opinion of many people are obstacles to progress. I do not believe that, and I could quote some very illustrative examples. Take, for instance, the case of Russia, which at the time of the change of régime was not an under-developed country in the sense in which we use the word now, yet it was a country where illiteracy was very widespread at that time, but was completely exterminated in a couple of decades. I also think of the efforts in Japan in connection with the very rapid rise of industrialisation and the promotion of agriculture where wonders have been achieved in a period of only 10 to 15 years. Finally, I would point to Israel, where a modern and prosperous country has been built up during the very short space of 15 years, using all types of co-operative organisation, which now form the fundamental basis of the national economy.

Finally, let me say that I am an optimist, not a pessimist. I do not think that we need have a feeling of despair with regard to the developing countries and their incorporation into world economy; rather I think there are very great hopes of this which are underestimated. As a co-operator, I believe that the most effective instrument for the final solution of all these problems is the co-operative movement in all its forms, those which exist and others to be created, conditioned by national circumstances.

**The President:** I wish to thank Mr. Odhe for his paper and for all his outstanding services to the International Co-operative Movement.

We now come to the resolution on the paper, with the amendments proposed by Mr. Klimov, Mr. Brot and Mr. Johansson. These amendments will be referred to the Congress Committee in accordance with Standing Orders, and the Committee's decision will be reported later.

\* \* \*

The following morning the text of the resolution as proposed by the Congress Committee was circulated.

**The President,** after calling attention to the circulated text, said: As the Congress Committee has not dealt with the amendment to the resolution proposed by Lega Nazionale of Italy, which is in the printed agenda, it will be convenient to deal with that at this stage and I will call upon the mover of the amendment.

**Mr. G. Banchieri,** Italy: I need not speak at length, because I have already explained why the amendment was submitted.

In replying to the discussion, Mr. Odhe suggested that in a certain sense this amendment is unnecessary because its substance is referred to in the last but one of the recommendations in the resolution.

I agree that there is a reference to the problem of the freedom of action of the co-operative movement to enable it to maintain effective market competition, but our amendment is concerned with the external initiative of the movement as regards propaganda and the education of public opinion. It can be said that we had the opportunity, in Copenhagen and elsewhere, to study the question and propose resolutions. But, in our opinion, it would be opportune to indicate in the present resolution that the co-operative movement should not be concerned only with problems of modernisation and economic efficiency but also with external initiatives which are even more important.

Therefore, we maintain our opinion and consider the proposed amendment valid. It may be that its formulation gives rise to some reservations regarding the exact nature of certain tasks, for instance the phrase "in favour of the adoption of a policy of control over investments, of a democratic policy of planned economic development. . . ." To avoid any ambiguity, we are willing to suppress this part of the sentence and to retain only the words ". . . other effective measures designed to combat monopolies and their harmful consequences."

**The President:** I think a decision must be taken on the Italian amendment as it stands, because no other text has been considered by the Congress Committee. I might perhaps mention that at the meeting of the Committee it was pointed out to the representatives of Lega Nazionale that the subject of their amendment has been fully dealt with at earlier Congresses, including Lausanne, which decided, in much more detail, what action should be recommended to the I.C.A. and the national movements to counteract monopolies and cartels on the national, regional and international plane. The Congress Committee, therefore, felt that as far as policy is concerned this point of view has been clearly decided and is being implemented; further that the amendment is outside the framework of Mr. Odhe's resolution.

**Mr. R. Southern, Great Britain:** I think there should be an appeal to the Lega Nazionale to withdraw this amendment because, while it is entirely in accord with our practice and policy which has been determined so often, it is not directly related to the paper or to the resolution.

**The President:** May I ask the representatives of Lega Nazionale if they will accept the appeal made by Mr. Southern?

**Mr. G. Banchieri, Italy:** We very much regret that we cannot respond favourably to the appeal, but we confirm our willingness to delete the words "in favour of the adoption of a policy of control over investments, of a democratic policy of planned economic development."

**Mr. F. F. Rondeau, U.S.A.:** In the light of the discussion in the Congress Committee, I think it is very clear that this amendment does not belong to any part of the resolution and in order to facilitate the work of the Congress, in view of the fact that we have a unanimous recommendation of the Congress Committee on the resolution, I would like to propose that Congress be asked to express its opinion on the removal of this amendment as a part of the resolution, in order that a vote can be taken on the resolution and afterwards, if desired, a vote on the amendment.

Congress having shown its acceptance of this procedure—

**The President** put to the vote the resolution in the following text recommended by the Congress Committee, which contained the amendments proposed by Mr. Klimov, Mr. Brot and Mr. Albin Johansson, and declared it **carried unanimously**—

**The 22nd Congress of the International Co-operative Alliance—**

considering the efforts to create zonal economic integration in Europe and elsewhere,

considering the prospects for expanding and strengthening co-operative integration at all levels entailed in this development, but also

the danger of the attempts by monopolistic cartels and combines to utilise the larger common markets and integrated economic zones at other stages of development for extending and widening their power—

expresses the view that the process of regional zonal economic integration should be a transitional stage towards universal free trade—

**Recommends the member organisations—**

to accelerate by all means the accomplishment within the national co-operative movements of the structural reforms needed to attain an overall high level of efficiency in trade and production:

to direct their efforts to this end, and in particular to expand their activities in all fields to the satisfaction of the increasingly diversified needs of the member co-operatives;

to co-ordinate their efforts within the various zones by creating joint organisations of the national wholesale societies and other central organisations with the object of utilising the advantages of the larger markets in order to counteract the detrimental effects of monopolistic powers, and in other ways to serve the consumers and small producers;

to find appropriate organisational forms for such organisations for joint purchases and sales, and for the establishment of joint productive enterprises to avail themselves of the advantages of large-scale production;

to strive to realise by these efforts, by means of mutual systematic trade interchange within and outside the zones, possibilities of assisting the development countries in their co-operative development, and to contribute to improving the unfavourable terms of trade of these countries;

to provide, by shaping the organisational forms for more effective national structures and co-operative integration within the zones, for the full satisfaction of the fundamental co-operative principles of democratic control;

to bring, by concerted co-operative opinion, pressure to bear on zonal integrations at the developing stage to provide in their structure and fundamental lines of action for the complete freedom of action of the Co-operative Movement, to enable it to maintain effective market competition;

to keep in mind the ultimate goal within different economic systems: to bring about, in the end, the fully accomplished international economic solidarity needed to raise the material conditions and the living standards of all peoples of the world.

**The Congress instructs the Central Committee—**

to support the implementation of these recommendations at all stages of the organisation of the International Co-operative Alliance, through its Auxiliary Committees and through the services of its secretariat;

to ensure that in carrying out their plans and economic projects, the working groups of national co-operative organisations in the various integration zones employ such methods as will make possible concerted co-operative action on the widest international basis;

to work in close collaboration with the United Nations Organisation, its Specialised Agencies and Regional Economic Commissions, and with international non-governmental organisations pursuing the same aims as the International Co-operative Alliance, to bring about the adaptation of zonal economic integration to the fulfilment of the recommendations of this resolution, and to widen universally the sphere of free international trade toward the accomplishment of a sound world economy, especially stressing the vital importance of abolishing restrictions upon imports from newly developing countries.

Mr. G. Banchieri announced that, in view of the precise statements which had been made concerning its coherence with I.C.A. policy, the Lega Nazionale delegates had voted for the resolution as recommended by the Congress Committee and consequently they withdrew their amendment.

The President thanked the delegation of Lega Nazionale for this decision.

## Election of the Central Committee

The following representatives of member organisations whose nominations had been received in accordance with the rules were elected members of the Central Committee—

Argentina .....	E. U. C. Martinez.
Austria .....	A. Korp, A. Vukovich, L. Strobl, H. Kulhanek.
Belgium .....	H. Bertholet, P. Lambert, J. Papart, W. Serwy, J. Lambert.
Bulgaria .....	G. Jordanov.
Canada .....	A. F. Laidlaw, R. S. Staples. M. J. Légère.
Ceylon ✓.....	D. A. P. Kahawita.
Cyprus .....	R. N. Clerides, M. Eshref.
Czechoslovakia ...	M. Capek, J. Nepomucky, J. Podlipny, J. Sen, L. Smrcka, P. Tonhauser.
Denmark .....	P. N. Anderson, E. Groes, C. Pedersen, K. Nielsen, M. Efholm.
Finland .....	J. Jalava, P. Kuoppola, K. Peitsalo, U. Takki, L. Hietanen, V. Loppi, M. Mustonen, E. Särkkä.
France .....	M. Brot, F. Burette, M. Catelas, M. Degond, G. Gausse, G. Heitz, A. Charial, P. Reymond,
Germany .....	H. Fischer, W. Flüge, E. Hasselmann, W. Hesselbach, H. Meins, C. Schumacher, C. Wiederkehr, J. Brüggemann.
Great Britain .....	F. Abbotts, H. Afford, H. D. Brooks, W. Quincey, R. Southern, R. Taylor, T. Weir, P. M. Williams.
Greece .....	J. Afendakis.
Holland .....	J. J. A. Charbo, J. G. Nijhof.
Iceland .....	E. Einarsson.
India ✓.....	Brahm Perkash.
Israel .....	J. Efer, N. Verlinsky.
Italy .....	G. Banchieri, G. Cerreti, S. Paolietchi, G. Tolino, L. Vigone, L. Malfettani, V. Menghi, A. Rossini.
Japan ✓.....	Y. Hasumi, S. Nakabayashi, S. Katayanagi.
Malaysia ✓.....	I. A. Hourmain.
Nigeria .....	E. T. Latunde.
Norway .....	P. Soiland, R. Haugen.
Pakistan ✓.....	R. Ahmed, A. K. Ahsan, J. H. Shirazee.
Roumania .....	C. Mateesco.
Sweden .....	M. Bonow, C. Anderson, S. Apelqvist, G. Etzler, H. Hjalmarsson, N. Thedin, S. Kypengren, G. Blomqvist.
Switzerland .....	Ch.-H. Barbier, E. Debrunner, W. Gnaedinger, E. Herzog, H. Küng, A. Vuilleumier.
Tanganyika .....	W. R. Kapinga.
U.S.A. ....	H. A. Cowden, J. W. Koski, M. D. Lincoln, F. F. Rondeau, W. Sandbach, A. J. Smaby, D. Townsend, J. Voorhis.
U.S.S.R. ....	A. A. Charchoglian, M. M. Denisov, R. Iliashev, A. P. Klimov, I. A. Krumin, E. N. Nevskii, N. P. Sai, F. F. Voloshin.
Yugoslavia .....	V. Janjic.

**The President:** Will Congress empower the Central Committee from now until next Congress to co-opt additional members whose nominations are received in accordance with the rules?

**The Congress agreed.**

## I.C.A. Jubilee Triennial Prize

**The President:** Mr. Thedin, a member of the International Jury, will report the decision of the Jury on the Sixth Award.

**Mr. N. Thedin:** At five consecutive Congresses I have had the pleasure to announce the decision of the Jury and at the same time to make the presentation. This time I have only to communicate a decision. There were only two entries this time, and after careful consideration the Jury agreed not to recommend either of them for the Jubilee Triennial Prize. We consequently decided to recommend that the prize money be reserved for future occasions.

The Jury discussed the future of the Triennial Prize and reached the unanimous decision to recommend that, in future, the Librarians' Working Party be entrusted with the task of dealing with the Jubilee Triennial Prize. If this recommendation should be accepted, the national organisations would still be entitled to recommend books for the Prize, but the Librarians' Working Party would also be free to choose other books. The procedure would thus be that the Working Party of Librarians at future Congresses would recommend an outstanding work of co-operative literature for the Triennial Jubilee Prize. The Jury propose that this recommendation be referred to the Central Committee and Executive for consideration.

**The President:** Congress has received the report of the International Jury and the suggestion which has been made unanimously by its members will be considered in due course by the Executive and Central Committee.

## Date and Place of the 23rd Congress

**The President:** Mr. Korp has asked to speak.

**Mr. A. Korp:** On behalf of the Austrian delegation to this Congress I cordially invite the International Co-operative Alliance to hold the next Co-operative Congress in Vienna. Vienna has an old reputation as a good congress town, and those who participated at the I.C.A. Congress in 1930 will, I am sure, have very good memories of that big event in the history of the Alliance. We shall hope to see in Vienna, after the 35 years which will have elapsed since the last Congress there, as many as possible of our good friends from the so-called industrial countries, to whom we are so much indebted for their comradeship and assistance, also as many as possible of our new friends from the developing countries.

We invite you to Vienna also from a selfish point of view. What we need most urgently in the Austrian co-operative movement is an injection of new enthusiasm and inspiration, and we are sure that the holding of an I.C.A. Congress would assure an impetus for a new era of great achievement and progress for our whole movement.

**The President:** There is also an invitation from India, which Dr. Deshmukh will offer.



✓ **Dr. P. S. Deshmukh:** I have great pleasure in extending an invitation to the I.C.A. to hold its next Congress in India. Europe has been enjoying the monopoly of Congresses and it is time that the Congress moved to another continent. I would not like to compete with the Austrian co-operators but I can assure you that we will provide all the necessary amenities for Congress, as well as oriental hospitality.

I would like our invitation to be considered on its merits and, if possible, to be given priority.

**The President:** We have two very attractive invitations. May I suggest that we follow the procedure which is usual in such a case and leave the choice of venue to the Central Committee.

**The Congress agreed.**

## The Close of the Congress

**The President:** Before I declare the Congress closed I have the very agreeable task to thank all those who have contributed to its reception.

In the first place I express most sincere thanks to the British Movement for everything that has been done to make this Congress, in the beautiful town of Bournemouth, a great success. I ask our British friends to convey to the Civic Authorities of Bournemouth our deep appreciation for the welcome which was extended to Congress by the Mayor at the Opening Session and for all the amenities provided for the Congress.

**The votes of thanks were carried with acclamation.**

**The President:** With the close of this Congress changes will take place at the top of the I.C.A. Secretariat. The new Director will take over the responsibility for the practical work of our world organisation, and on behalf of the Congress I extend to Mr. Alexander our sincere good wishes for success in his very important work.

I also wish to use this opportunity to express, on behalf of Congress, our most sincere thanks to Miss Polley and Mr. Watkins. It is not possible to over-estimate the value of the services rendered to the Alliance and to the cause of international co-operation by Miss Polley during the greater part of her life. She has given long, painstaking and efficient service and during certain periods, I am especially thinking of the last war, she was faced with and overcame many financial and administrative difficulties. Her efficiency as organiser of the meetings of the various I.C.A. authorities is well known and appreciated within the whole international movement. But Miss Polley has also represented a continuity in the administration of our activities and she has—and I think this the greatest achievement a person can make—completely identified herself with our Alliance.

Mr. Watkins has also given a great part of his life to serving the international co-operative movement in various capacities. It is not possible on this occasion

to deal in detail with the outstanding services he has given during different periods. In the period immediately after the second world war he devoted several years to the important task of helping to re-establish and reconstruct the co-operative movement in Western Germany, and his great ability and his efforts to promote co-operative development in this part of Europe have received recognition from the German co-operators as well as from the Federal Republic. We all know what he has meant to the I.C.A. in recent years as Director, as educationalist, as editor, but one thing ought especially to be mentioned; at the Paris Congress in 1954 he presented a fundamental paper dealing with the promotion of co-operation in less developed countries. This paper marked a new phase in the activities of the I.C.A., and served as a basis for extended activities in a field which, for the Alliance and the world co-operative movement, is of paramount importance. At this Congress, Mr. Watkins has followed up that subject with another valuable paper.

Miss Polley and Mr. Watkins have accepted a request to assist the new Director in an advisory capacity and in other ways for a period after Congress. This is indeed a true indication of the devotion which our two principal officers have always shown to our Alliance.

We do not intend to bid Miss Polley and Mr. Watkins an official farewell today, but we plan to do this at our next Congress when we hope they will be present as very honoured guests. But I considered it proper in my concluding remarks to express, on behalf of Congress, our most sincere appreciation and gratitude to them both. I should like our thanks to be placed on record, and I am sure that Congress will wish to adopt this vote of thanks in the appropriate fashion.

**The vote of thanks was carried with acclamation.**

Mr. Brot congratulated the President on the excellent way in which he had conducted the proceedings and thanked him on behalf of all the delegates.

After Miss Polley and Mr. Watkins had briefly acknowledged the tributes paid to them by the President, and Mr. Southern had responded to the vote of thanks to the British host organisations—

**The President declared the closure of the 22nd Congress.**

**Appendices**  
to the  
**Report**  
of the  
**Central Committee**

**Reports of Auxiliary Committees—**

- I. International Assurance Committee.
- II. International Banking Committee.
- ✓III. Committee of Representatives of Workers' Productive and Artisanal Societies.
- ✓IV. International Committee on Agricultural Co-operation.
- ✓V. International Committee on Housing.
- ✓VI. Co-operative Wholesale Committee.
- VII. International Co-operative Petroleum Association.
- ✓VIII. Co-operation in a Changing World—Summary of Documentation prepared for the Implementation of the Lausanne Resolution.
- ✓IX. Organisations affiliated to the I.C.A.
- X. Membership Subscriptions for the years 1960, 1961, 1962.

## Report of the International Co-operative Insurance Committee

The Insurance Conference at Lausanne, on the occasion of the 21st Congress of the International Co-operative Alliance, was of outstanding interest.

In particular, it took the important decision to create a Sub-Committee, called the "Research Committee," to be assisted by a full-time Secretary for a minimum of one year. The Committee's mission was defined as follows—

"The Executive propose that a special Committee be created to study the future development of the Insurance Committee, especially as regards—

1. Technical assistance to newly developing countries, to assist them in the creation of Co-operative Societies which they do not as yet possess, without waiting for problematic requests from any particular group.
2. Joint investments of Co-operative Insurance Societies in some or other co-operative enterprises:
3. The exchange of personnel.

To enable the Executive to realise this programme, it should be empowered—

- a. To engage a full-time research officer for a period of one year.
- b. To appoint a committee of five or more members to collaborate with the research officer, to be responsible to the Executive for carrying out its task."

The appointment of this Committee took some time. It was necessary to give it a good geographical representation, and the Executive felt that, as far as possible, it was desirable to take new men.

Eventually it was composed of—

Two European delegates—Mr. Klas Back, Folksam, Stockholm; Mr. Benno Kalms, Raiffeisendienst, Germany.

Two American delegates—Mr. Robert A. Rennie, Nationwide, Columbus; Mr. Richard Schuurman, Self-Help Mutual Life Assurance Company, Chicago.

One Canadian representative—Mr. Alfred Rouleau, l'Assurance-Vie Desjardins, Lévis.

As regards the full-time Secretary, we at first considered the services of a member of the personnel of the International Labour Office (ILO) Geneva, or of the International Co-operative Alliance, but, in the end, the Executive chose Mr. William A. Hyde, an official of Nationwide, Columbus. It also asked one of its own members, Mr. Bowman Doss, to assure liaison with the Research Sub-Committee, and regular contacts have been maintained.

A report of nearly 200 pages has been written for the affiliated Insurance Societies, over the signatures of the members of the Executive and Research Sub-Committee.

We wish, here, to pay tribute to the members of the Sub-Committee and its Secretary for the quality and importance of their work; at the Conference at

Bournemouth, we will have the opportunity of publicly extending the thanks they merit.

Already we can say that the Sub-Committee has finished its task, and the Executive will propose its dissolution at the Conference.

On the other hand, in accordance with the conclusions of the report, the creation of an Office for the Development of Insurance will be proposed to continue, in the practical field, the task undertaken by the Sub-Committee.

### **Re-Insurance Bureau**

It is not without interest to recall that, for a long time, our Committee has had an extremely active Sub-Committee—the Re-insurance Bureau.

Since the constitution of the Committee, more than 40 years ago, the problem of international co-operative re-insurance has been constantly foremost in the minds of our members. The creation of an International Co-operative Re-insurance Society was contemplated, but, for a number of reasons, it was decided in 1949 to create instead a Co-operative Re-insurance Bureau, the aim of which would not be to accept re-insurance on its own account, but to organise the exchange of re-insurance between the affiliated Societies. After some time, moreover, its activities extended beyond this limit.

During many years, the Bureau has considered that one of its principal aims is to promote the creation of Co-operative Insurance Societies in countries where they do not exist, and to guide their first steps. This guidance generally takes the form of technical advice and the organisation of the Societies' re-insurance.

Since the last Congress, the Bureau has actively pursued its work of prospecting and has made two important journeys to newly developing countries.

In 1962, it visited Turkey, Pakistan, India, Burma, Thailand, Malaya, Indonesia, Australia, Taiwan, Japan. In 1963, it went to Africa, and visited Tunisia, Nigeria, Tanganyika, Uganda, Kenya, Mauritius.

The first practical results of these visits soon became apparent, and will be reported at the coming Conference.

It should also be mentioned that, in the sphere of technical organisation, a Conference of European Co-operative Re-insurers was held at Brussels in 1962, with a view to amalgamating and facilitating their work.

Delegates of the following Societies took part in the Conference—De Centrale, Holland; Samvinnutryggingar, Iceland; Wiener Stadtische Wechselseitige Versicherungsanstalt, Austria; Folksam, Sweden; La Sauvegarde, France; Rhein-Main Rückversicherungsgesellschaft, Germany; La Prévoyance Sociale, Belgium.

### **The Common Market**

A problem engaging the attention of our members is the organisation of the Common Market and its repercussions in the field of insurance.

The gradual suppression of customs barriers will result in Societies being able to go out of their own countries and to work in the other countries of the Common Market on an equal footing with the respective National Societies, without having, as at present, to fulfil a number of administrative formalities and to deposit funds, sometimes large.

Already, one observes that a number of capitalist societies are going beyond their natural boundaries and preparing their sphere of activity in several of the six present Common Market countries.

What will be the attitude of the Co-operative Insurance Societies?

Co-operation is opposed to capitalism. It has replaced competition and opposition of interests by collaboration and the suppression of the sources of conflict between men and nations.

What attitude shall we adopt towards the creation of the Common Market?

The Bournemouth Conference will be called upon to express an opinion on this question.

#### **Co-option of Members of the Executive**

At each Triennial Conference a new Executive Committee is elected and, nearly always, its constitution remains unchanged until the following Conference. But this time it is not so.

Of the seven members elected at Lausanne, two have left us—Mr. Mordechai Zilist of "Hassneh," Israel, who passed away to the great regret of everyone; Mr. Jack Midmore, Canada, who left the profession and, consequently, the Insurance Committee.

Such circumstances could, of course, occur again, but it is undesirable, between two Congresses, that the Executive might be considerably reduced in number. For this reason, the following amendment to the rules will be proposed to the Conference—

"In the event of one or several vacancies occurring on the Executive Committee as a result of death or termination of service with an affiliated Society, the remaining members shall have the power to co-opt a person, or persons, employed by one or more affiliated Societies to fill the vacancy, or vacancies, until the next Insurance Conference. The co-opted members need not necessarily be in the service of the same Society, or Societies, in which the members who have left the Committee were employed."

#### **Affiliated Societies**

Since the last Conference, we have had the pleasure to admit new Societies to membership, and our Committee now includes 54 Societies, representing 20 countries on four continents. Today, only Africa has not a Co-operative Insurance Society, but the recent visit of the Re-insurance Bureau encourages us to hope that this situation will be changed in the years to come.

From the statistical information received each year by the Secretariat and communicated to the members, we can state with great satisfaction that nearly all Co-operative Insurance Societies in the world are experiencing an encouraging expansion.

Premiums total £291 million or about 800 million dollars, and, according to the statistics of the International Co-operative Alliance, the Societies insure about 55 million persons.

The Bournemouth Conference promises to be extremely fruitful. We hope that the realisation will equal the promise.

HENRI LEMAIRE,  
Secretary.

## Appendix II

# Report of the International Co-operative Banking Committee

Since the Banking Conference at Lausanne on 7th October, 1960, two meetings of the Banking Committee have been held, at Stockholm on 7th July, 1961, and at Tel-Aviv, on 3rd October, 1962.

From the figures submitted by the Secretary it appears that in the period 1959-1961 the total assets of the eleven reporting Banks had increased from \$1,650 millions to \$2,158 millions, and from the figures so far available it is evident that there was a further substantial improvement in 1962. The turnover (activity) of these reporting Banks also increased substantially.

On the other hand, as regards the business transactions between the Banks over national boundaries, little improvement occurred, only about 10 per cent of the international financial transactions passing through co-operative channels.

In July, 1961, Mr. L. Cooke announced his resignation from the Committee, as a consequence of his appointment as President of the C.W.S. He was succeeded by Mr. W. Quincey.

At the meeting of the Committee at Tel-Aviv the view was strongly expressed that the time was ripe for the establishment of an International Co-operative Bank, and a Sub-Committee was appointed to discuss with the existing International Co-operative Bank at Basle the possibility of strengthening its capital structure and so permitting the extension of its activities. A number of meetings have been held and it is hoped that a decision will be reached shortly.

S. TYLDESLEY,  
Secretary.

## Appendix III

# Report of the International Committee of Representatives of Workers' Productive and Artisanal Co-operatives

### Meetings

During the three years since the Conference at Lausanne on the occasion of the 21st Congress of the I.C.A., the Committee has met at Stockholm, July 1961, Scheveningen, April 1962, and will meet again at Bournemouth.

### Workers' Productive and Artisanal Co-operatives and Developing Countries

In his Report to the Conference at Lausanne in 1960, Mr. Charial, Chairman of the Committee, stressed the problems of the development of Production Co-operation in countries which are in the course of acquiring a modern economy. He affirmed the need for action by our Committee in aid of new Co-operative Movements.

On the basis of the Chairman's statements, two decisions were taken—

The first, proposed by Mr. Beretta, concerned the publication of a compilation of the laws and rules which govern Workers' Productive Co-operatives in countries where they have attained a certain development in order to enable the youngest Movements to draw inspiration and guidance in choosing the system of legal regulation which most closely conforms to their needs and objectives.

The second, on the proposal of Mr. Lacour, concerned the publication—at irregular intervals—of a Bulletin intended primarily for the co-operators of countries in the course of economic development, to inform them of the most successful experiments and of the reasons for their success.

These two proposals have not been realised in spite of the efforts of the Secretary. As a matter of fact, with regard to the first, the insufficiency of available information precludes a publication of practical value, while the second demands resources beyond those at the Committee's disposal.

At the Stockholm meeting when the question was reconsidered, the General Confederation of Workers' Productive Societies of France agreed to undertake the preparation of a comparative legislative table. Since then the project has progressed a little, but not to a stage where the document could be published.

As regards the Bulletin, all we could do was to appeal to the I.C.A. Executive to take the idea into consideration and refer it to a competent sub-committee.

At the same meeting, on the proposal of Mr. Antoni, it was decided to prepare a pilot project to be put into effect in a country in the course of economic development and the Secretary of the Committee was instructed to draft a document to be submitted for I.C.A. approval. The General Secretary affirmed that everything possible would be done to assure that a representative of our Committee would be invited to collaborate with the Technical Assistance Sub-Committee and receive the necessary guidance.

Our Committee was, in fact, invited to participate in the meeting of the Technical Assistance Sub-Committee held at Scheveningen when the pilot project for Somalia was presented.

During our meeting at Scheveningen on 30th April, the Secretary reported his meeting with the Sub-Committee and the pilot project was approved. There, for the moment, the matter rests.

Meanwhile, the Technical Assistance Sub-Committee approached the I.C.A. Regional Office for South East Asia as regards the interest of Asiatic Movements in industrial Co-operation and, from the information received, it seemed that most of the new Movements in these countries are definitely interested.

Therefore, the General Confederation of Workers' Productive Societies of France has published a brochure on production co-operatives and the industrialisation of new nations, which contains a collection of lectures delivered on various occasions all of which are devoted to countries in the course of economic development.

The brochure, entitled "Productive Co-operation and the Industrialisation of Developing Countries" has a preface by Mr. Charial, our Chairman. It makes reference to the question of a concise study of comparative law, and will certainly be useful to Co-operative Movements in the process of being formed.



Finally, the Secretary of the Committee and certain affiliated Federations, the French, Israeli, Czechoslovak, have furnished information and advice direct to young Organisations in the course of formation.

The problem of the development of Workers' Productive and Artisanal Co-operation among new nations thus remains one of the principal objectives of our Committee.

#### **New Members**

No new affiliations have been received since the Conference at Lausanne, but participation in the work of our Committee will increase when the importance of, and the possibilities offered by, Workers' Productive and Artisanal Co-operation has been manifested to the newly created national Organisations.

#### **Monographs**

The publication of monographs dealing with particular trades continues. In 1960, the monograph concerned the leather, textile and clothing industries, and in 1961, the wood industry. The next monograph on Workers' Productive and Artisanal Co-operatives in the foodstuffs industry, a subject dealt with at Scheveningen, is being prepared. Another monograph will follow, on "Prospects of Co-operation in the Liberal Professions," a question which is on the Agenda for the Bournemouth Conference.

Already the collection of published monographs represents a valuable source of documentation for both new and old Organisations.

#### **Technical Problems of Building and Collaboration with the I.C.A. Housing Committee**

Since the problem of building houses is of equal importance to our Committee and the I.C.A. Housing Committee, experiences were exchanged at a meeting at Lausanne in October 1960 with the object of enabling the technicians of Workers' Productive Societies and technicians of Housing Co-operatives to compare the systems of low-cost house building employed in different countries, as well as the results of the different systems from the standpoint of the enterprise and that of the customer.

It has not been possible to arrange further meetings with the Housing Committee and consequently our Committee has continued its study of problems relating to the building industry independently.

At Stockholm, the principal subject under examination was "Limits of the possibilities of prefabrication in the building of houses and experiences of rationalising the diverse phases of building"; at Scheveningen, "The utilisation of different materials and the co-ordination of different building activities employed in housing" was studied with special attention to the "co-ordination of these activities with other industries."

The participation of highly qualified technicians in these discussions resulted in an interesting comparison between the methods employed in different countries, to the benefit of all participants, and, as a result of this collaboration, some important projects are actually in operation in certain European countries. It is hoped that, in the future, similar comparisons will be extended to other branches of industry in which Production Co-operatives exist.

**Exchange of Technicians and Experiences** has been continued in all sectors, of special importance being those between Italy, France, Sweden and Holland.

### **Relations of the Secretariat with Other Organisations**

Since the last Conference, close relations have been maintained between the Secretariat of the Committee and Organisations in France, Mexico, Israel, Chile, India, Switzerland, Sweden and Malta.

Cordial relations have also been established with Organisations in Federal Germany.

During a recent visit to Egypt, Mr. Mondini had an opportunity of making contact with Workers' Productive and Artisanal Co-operatives.

### **Statistical Data**

Following a decision at Scheveningen, the Secretary submitted statistical formulas for study by all the member Organisations, and the help of the I.C.A. is sought to obtain data of Organisations which no longer participate in our work. In this way we shall have a complete table of the activities of Workers' Productive and Artisanal Co-operatives throughout the world.

### **Current Problems**

Amongst numerous current matters or projects which have not yet come to fruition through lack of means, we would draw attention to the achievement of a pilot project and the establishment of regular relations with the Housing Committee.

In many countries where Workers' Productive Co-operation could render tremendous service, it is, in fact, non-existent. The Co-operators of the most advanced Movements still have not made the best possible use of their technical contacts and commercial potentialities. Fishery Co-operatives have scarcely begun to understand the food situation in the world of tomorrow. Co-operation among the disabled remains on the Agenda, no longer, we hope, as a means of temporary aid to those disabled in war or at work, but as a method of re-education and permanent rehabilitation of all social misfits. Therefore, in spite of the modest results achieved, our Committee should not consider its efforts wasted.

### **Conclusion**

Here must be mentioned the eternal question of resources. The Committee functions without a budget and, so far, all our activities—travelling, correspondence, publications or simple circulars—have been the charge of our President and Secretary. These resources are limited; moreover, in an international body it is not desirable for too great financial dependence to rest on any one Organisation.

Naturally, being limited in this way, we turn to the I.C.A. But we fully realise that, in spite of its complete sympathy, demonstrated on many occasions, the Alliance itself is so restricted in its own work that we must not expect too much help for our sector.

These facts must be recorded, without useless recriminations, and, at the same time, we must try to improve the situation.

When we decided, in 1952, to revive our Committee, virtually all that existed between Workers' Productive and Artisanal Co-operatives affiliated to the I.C.A. were friendly contacts at long intervals.

We have succeeded in amassing a fairly considerable documentation, in bringing about the regular exchange of views, in obtaining some exchanges of experiences and techniques and also some minor commercial results.

Compared with our ambitions, all this does not amount to much, but when compared with the means at our disposal it is considerable. With patience and the devotion of all concerned, we may hope to achieve far more.

E. MONDINI,  
Secretary.

#### Appendix IV

## Report of the International Committee on Agricultural Co-operation

The development of the activity of the Agricultural Committee as it was envisaged three years ago has not been wholly realised. There are several reasons for this disappointment.

Ever since the Committee was constituted, the need to enlarge its membership has been apparent, and this continues in spite of the growing importance of the agricultural sector within the I.C.A. Another reason has been the lack of continuity of participation in its work and in the meetings of the Committee.

The resignation in 1962 of Mr. G. Davidovic, appointed in 1957 as Secretary for Agriculture, has also impeded the work of the Committee, more particularly as up to the present time a new appointment has not been possible.

Following the Lausanne Congress, Mr. Davidovic prepared valuable Reports on—i. The Promotion of Co-operation in Lesser Developed Countries; ii. Co-operation in a Changing World from the Agricultural Standpoint and with Regard to the Resolution of the Lausanne Congress on this Subject; iii. Agricultural Credit and Co-operative Banking; iv. Financial Mobilisation for a Food Strategy.

The first and third of these Reports were published in the *Review of International Co-operation*.

The Report on Co-operation in a Changing World covered a very wide range of problems, including Credit Co-operatives, Agricultural Co-operatives, Marketing Co-operatives, Agricultural Co-operation, Supply of Farm Requisites, Co-operative Farming, Rural Welfare. After discussion in the Agricultural Committee, where it met with some criticisms, especially as regards its treatment of the question of Co-operative Farming, the Report was submitted to the Central Committee as a contribution to the documentation for the implementation of the Lausanne Resolution. After a long discussion, in which criticisms were made of some of the views expressed, the Paper was referred back to the Agricultural Committee with the recommendation of the Central Committee that it be regarded as a study document.

Action taken on the Report on Financial Mobilisation for a Food Strategy, under the new title of An International Bank for Food, Agriculture and Co-operation, is mentioned in the section of the Central Committee's Report to Congress—The I.C.A. and the United Nations on page 43—and although the idea of the establishment of an International Bank was not accepted, it is generally recognised as having inspired the important decision subsequently taken by the Director-General of FAO to initiate an investigation into the question of the Financing of Agricultural and Co-operative Development, having regard to the long-term results of the Freedom From Hunger Campaign, about which the Congress is fully informed.

A monthly *Agricultural Co-operative Bulletin*, initiated by Mr. Davidovic, has received much appreciation and its circulation is increasing.

The series of Conferences on Importation and Exportation, introduced in 1960 by the organising of the Conference at Aarhus on Importation and Exportation of Dairy Produce, have continued. A successful Wine Conference was held at Cagliari, Sardinia, in September 1961, at the invitation of the I.C.A.'s two Italian member Organisations, Confederazione Cooperativa Italiana and Lega Nazionale delle Cooperative e Mutue; and the following year a Conference on Tea, Coffee and Cocoa Marketing was convened in London on the invitation of the English and Scottish Joint Co-operative Wholesale Society, which was equally successful and included in its participants representatives of the Nigerian Cocoa Marketing Co-operatives and the Co-operative Coffee Growers of Tanganyika.

#### **Membership of the Committee**

As mentioned in the Central Committee's Report, several Agricultural Co-operative Organisations have affiliated since the last Congress, including the important Federation of Swedish Farmers' Associations, the National Agricultural Marketing Federation of New Delhi, Wine Products Co-operative Marketing Union of Cyprus, and the Farmers' Central Co-operative Society of Malta. Naturally, it is hoped that in the very near future these Organisations will participate in the work of the Agricultural Committee to its advantage.

**The Triennial Conference of the Committee** will take place at Bournemouth before the Congress and has, as the main theme of its Agenda, the all-important problem of Integration, which will be discussed from two aspects—Integration of Agricultural Co-operative Organisations and Integration of Agricultural with Consumers' Co-operative Organisations.

The Conference at Bournemouth will be the last meeting of the Agricultural Committee to be presided by **Mr. A. Axelsen Drejer**, who, since the establishment of the Committee in 1951, has not only been its Chairman, but has ceaselessly encouraged and inspired its work.

Mr. Drejer's retirement will also be a great personal loss as he is one of the best known, respected, as well as qualified, Agricultural Co-operative Experts.

It will be very hard to replace him as Chairman of the Committee and, in any case, his long and wide experience and his wise counsels will be greatly missed.

G. F. POLLEY,  
Secretary.

## Report of the International Co-operative Housing Committee

### Chairmanship

Following the resignation of Mr. Herbert Ashworth from the Chairmanship of the Committee which he announced at the Lausanne Conference, the Deputy Chairman, Mr. Sven Kypengren, President of HSB, Stockholm, acted as Chairman until the meeting of the Committee at Stockholm in July 1961, when he was unanimously elected to the Chair. At the same meeting, Dr. E. Bodien, Gesamtverband, was appointed to succeed Mr. Kypengren as Deputy-Chairman.

### The Constitution of the Committee

For some time past, the members of the Committee had given thought to the desirability of revising its Constitution with a view to assuring continuous and expanded activity. The question had been upon the Agenda of several meetings of the Committee and of the Executive and eventually a new text was accepted which was later approved by the Authorities of the Alliance.

Provision is made within the framework of the new Constitution for the setting up of a Special Secretariat, to work in close collaboration with the Secretariat of the I.C.A. in London, and to undertake the more technical and special tasks according to a Working Programme approved by the I.C.A. Secretariat.

The new constitution also provides for the establishment of a Budget to which all the Organisations participating in the work of the Committee have been invited to contribute.

The new Secretariat was established at Stockholm, with Mr. A. Johnsson of HSB as Secretary: HSB is providing accommodation, as well as full facilities for the carrying out of the tasks involved.

### Membership

Since the Lausanne Conference, the membership has been strengthened by the affiliation, first with the I.C.A. then with the Committee, of la Société coopérative musulmane algérienne d'Habitation et d'Accession à la Petite Propriété, of Algeria; and two French Organisations, l'Association Bâticoop, and Confédération des Coopératives de Construction et d'Habitation, both with headquarters at Paris.

### Future-Programme of Work

Under its new constitution, and with the establishment of the Special Secretariat, the Committee has been able to draw up a Programme of Future Work.

Publications have a prominent place in the Programme and already this year the Special Secretariat has prepared the first two issues of a *Housing Bulletin* in three editions, English, French and German.

Earlier, the first Brochure of the Committee was put into circulation containing factual information of the member Organisations.

Other publications are being considered in which it is hoped to have the collaboration of the I.C.A. Secretariat.

The promotion of Co-operative Housing in development countries is constantly under consideration and the Committee are very mindful of the appalling need which not only exists but is increasing. Some help has been given in the form of study courses for Co-operative Housing officials from the Movements in development countries, and through its contact with the Regional Office of the I.C.A. at New Delhi, the Committee has contributed information to Conferences and Seminars on Housing, organised by the I.C.A. Education Centre.

#### **Collaboration with the U.N. and its Organs in the Field of Housing**

During the period under review, the Committee has placed in the forefront of its activity the expanding opportunities of collaboration with the United Nations and its Organs in the field of Housing. Whereas formerly one member of the Committee undertook the representation of the I.C.A. in the work of the Housing Committee of ECE, the increasing possibilities of participation have necessitated the appointment of a second representative.

Members of the Committee have also joined the I.C.A.'s permanent representative at Geneva at Conferences of the ILO, at which housing problems were considered.

One of the important questions on the Agenda for the Lausanne Conference was the desirability of a more concerted activity of the UN Bodies within the field of Housing, which would justify the creation of a Special UN Agency for Housing, similar to those already in existence for Food and Agriculture, Education, Culture and Health, etc.

Following the Conference, this question was included in several statements submitted by the I.C.A. to Inter-Governmental Conferences, where it was seen that certain sympathetic support was forthcoming from the representatives of other Non-Governmental Organisations.

The Central Committee of the I.C.A., at their meeting at The Hague in April 1962—after receiving a Report on action taken during the preceding year on behalf of the Alliance in support of the desire for a UN Agency for Housing, and also having received a Report from Mr. Dwight Townsend, a member of the Housing Committee, who addressed the Spring meeting of the UN Social Commission at which it was decided to appoint a Standing Committee on Housing, Building and Planning—sent a telegram to the Social Commission, welcoming this decision, but declaring the belief that only through the work of a UN Housing Agency could the world housing problem ultimately find a satisfactory solution.

This conviction of the I.C.A. has been repeated on several more recent occasions and again supported by other Non-Governmental Organisations, particularly the ICFTU.

In the ECE Housing Committee, the housing problem is dealt with under many different aspects, so that it has been found practical for the I.C.A. representatives to take a stand on those which have the most direct bearing upon Co-operative Housing. Two of these aspects are—the new conception of housing and the land problem, both of which will be the subjects of study in the coming years, the particular approach to the first being the contribution which the Co-operative Movement can make to the cultural and educational aspects of housing.

**The Triennial Conference on Housing**, which is being organised at Bournemouth in connection with the Congress, will have upon its Agenda the question of **How to Promote Co-operation in an Expanding Economy and Society, also Collaboration with the UN and its Committees with Special Reference to Housing in the Developing Countries.**

The question **How to Promote Co-operative Housing in an Expanding Economy and Society** obviously has special reference to the complexity of problems revealed by the Paper submitted to the I.C.A. Congress at Lausanne by Dr. Bonow on **Co-operation in a Changing World.**

The discussions at Bournemouth on these two questions promise to lead to practical decisions and a further expansion of the work of the **Housing Committee** in the years to come.

G. F. POLLEY,  
Secretary.

## Appendix VI

### Report of the Co-operative Wholesale Committee

The Committee was formed in 1956. Its membership, which has remained unchanged since the Lausanne Congress, consists of the following Co-operative Wholesale Societies—

- Co-operative Wholesale Society, Ltd., Manchester.
- Co-op Nederland, Rotterdam.
- Faellesforeningen for Danmarks Brugsforeninger, Copenhagen.
- Grosseinkaufs-Gesellschaft Deutscher Konsumgenossenschaften, Hamburg.
- Grosseinkaufsgesellschaft Oesterreichischer Consumvereine, Vienna.
- Hamashbir Hamerkazi, Tel-Aviv.
- Kooperativa Förbundet, Stockholm.
- Norges Kooperative Landsforening, Oslo.
- Osuustukkukauppa, Helsinki.
- Samband isl. Samvinnufélga, Reykjavik.
- Scottish Co-operative Wholesale Society, Ltd., Glasgow.
- Société Générale Coopérative, Brussels.
- Société Générale des Coopératives de Consommation, Paris.
- Suomen Osuuskauppojen Keskuskunta, Helsinki.
- Verband schweiz. Konsumvereine, Basle.

The Management Sub-Committee has the following composition—Mr. Heinrich Meins, President (Germany); Mr. Leonard Cooke (England); Mr. Ebbe Groes (Denmark); Mr. Harry Hjalmarsson (Sweden); Mr. André Vuilleumier (Switzerland).

During the period under review, five Members' Meetings have taken place, and eight Meetings of the Management Sub-Committee.

According to its Rules, the C.W.C. is an organisation for the promotion and intensification of the efficiency of the Consumers' Co-operative Wholesale Societies. Its objects are to collect and distribute information, to foster, develop and promote trade and trading relations between Co-operative Societies in all parts of the world.

The exchange of experience and information takes place partly in the form of inquiries and investigations concerning matters of common interest, partly within Working Groups of specialists set up for this purpose. During the past three years inquiries have been conducted about co-operative exports, the construction and management of supermarkets, and co-operative exchange of goods with developing countries.

During the same period, the working group of co-operative milling experts has held three meetings, the working group of co-operative soap and detergent factories three, the working group of co-operative chocolate and sugar confectionery factories, two, the working group of the chiefs of co-operative food laboratories, two, the working group of co-operative footwear factories, two conferences, and the working group on frozen foods one conference. A joint conference of the co-operative working groups of architects and experts in organisational matters has discussed problems concerning the erection and organisation of warehouses. Other conferences held under the auspices of the C.W.C. were concerned with packaging matters, problems of the co-operative oil and margarine industries, and also fish-processing and the distribution of fish products. The last-mentioned conference was convened by the Norwegian Wholesale Society.

For several years past, the C.W.C. has been following with close attention the changes taking place in the social and economic structure of the countries represented on the Committee and, generally speaking, in the pattern of commodity distribution. The Wholesales in membership have presented extensive reports on the measures taken, or planned, by them to adapt the structure of their respective Movements to the existing conditions and these reports have been discussed in detail by the various organs of the Committee. As a result of these discussions the Management Sub-Committee submitted to the Members' Meeting held on the 30th April, 1962, a series of recommendations which were unanimously accepted as common lines of action for the future.

Another matter of paramount importance, extensively dealt with by the organs of the C.W.C., was the question of closer collaboration between the members in the fields of production and trade in case of further economic integration of Western Europe, and the creation of an institutional framework for such collaboration. It is generally known that the Co-operative Organisations of the EEC countries set up, several years ago, the "Community of National Consumers' Co-operative Organisations of the Common Market" and that, after the establishment of the European Free Trade Association, the Co-operative Wholesale Societies of the area formed the "EFTA Working Group." When Great Britain, Denmark, Norway, Sweden, Austria and Switzerland applied for admission in one form or another to the Common Market, it became necessary for the C.W.C. to make preparations for the possibility that the endeavours towards the extension of the EEC would be successful. A plan of action submitted by the President was approved in principle by the Management Sub-Committee and the Members' Meeting, but the delay in the negotiations between the Governments concerned made it impossible to put it into effect. These difficulties and delays became particularly evident when the negotiations for the entry of Great Britain into the Common Market broke down. At its meeting held in London on 31st January,



1963, the Management Sub-Committee discussed the new situation and came to the conclusion that the C.W.C. should continue its activities.

A special question closely connected with the problem of future collaboration within an expanded Common Market is how the Co-operative Movement can maintain regular contacts with the EEC authorities and obtain representation on its advisory committees. As a temporary solution of this question the Wholesales situated within the countries of the Common Market have set up a "Committee of the European Production and Wholesale Centres of the Consumers' Co-operatives," the membership of which will be open to the Wholesales of all the countries that will join the Common Market.

DR. G. KELER,  
Executive Secretary.

## Appendix VII

# Report of the International Co-operative Petroleum Association

In May 1963 the I.C.P.A. flag was raised over a lubricating oil blending plant in Dordrecht, The Netherlands, signifying the first co-operative petroleum manufacturing facility on a truly international basis. Diplomatic representatives from 15 countries attended the ceremonies, also representatives of many of the members of the I.C.P.A. and a number of other guests.

The plant itself is one of the most modern in Europe and is designed to process 7,500 tons of lubricating oil under normal operating conditions. This quantity can be expanded considerably with very little additional investment in the plant. Additional land has been purchased adjacent to the property and an attempt is being made to secure an option on another tract adjoining the newly acquired one in order that expansion activities can be carried out and it can become a truly co-operative petroleum centre for Europe.

Many activities have been carried on by the I.C.P.A. since the Lausanne Congress, but the installation of the blending plant in Dordrecht has certainly been one of the major achievements. Proposals are now under study for the I.C.P.A. to join with members in three or four other countries to construct similar plants to serve the lubricating oil requirements of those countries. At the same time projects are also being considered that would involve I.C.P.A. participation in refineries in at least two countries.

At the meeting in Lausanne, it was announced that I.C.P.A. would join with others in a search for crude oil in Libya. Since that time a group consisting of Co-operatives in Sweden, Holland and the United States, with an independent oil producer in U.S.A. has been formed for this purpose, with operating headquarters in Tripoli, United Kingdom and Libya. Last year this group joined with Libyan nationals in organising and chartering the National Oil Company of Libya, a new concept in crude oil development. This company has no governmental ownership and is controlled 51 per cent by nationals of Libya so that for the first time a non-governmental group in an oil producing country has a majority interest in developing the crude oil reserves of its own country. It is interesting to note that this new concept was so well received that the shares of stock for Libya were

substantially over-subscribed. No new concessions have been granted by the Government of Libya since the formation of the co-operative group, but it is expected that concessions will be open for bidding by the end of 1963, or early 1964, and that the co-operative group may then secure favourable concessions. A considerable amount of geological work has already been done but further development must await actual concession grants.

The Pakistan Co-operative Petroleum Association, Limited, the Indian Oil Company, the Ceylon Petroleum Corporation, Handelsgesellschaft für Kraftfahrzeugbedarf of West Germany, and Midland Co-operatives, Inc., of the United States have all applied for and been accepted into membership of the I.C.P.A. since the last Congress. All of these Organisations are substantial petroleum marketers, in some cases producers, and have added vast strength to the over-all I.C.P.A. organisation through their association with it. It is anticipated that other new members will be joining very shortly.

In delivery of normal products, the past year has been a very favourable one with over-all dollar volume being approximately four times greater than the preceding year. The increase in net savings to be returned to the members is similarly greater, and it is hoped that additional savings can be realised as a result of the expansion of facilities in Europe. Consideration is being given to the handling of products related to petroleum, such as fertilisers and agricultural chemicals. Particularly in the developing countries the demand for fertilisers is very great and this demand will continue to increase for many years. In this regard, it is interesting to note that one of the major oil companies is this year investing more than one hundred million dollars in the construction of fertiliser plants throughout the world.

A great deal of work has been done in the South-American countries. The first shipment of oil by I.C.P.A. to South America was made last year to a transport co-operative in Lima, Peru. Much organisational and promotional work must be undertaken in this area but the potential and the opportunities are tremendous for co-operative petroleum activity. The United States Department of State is putting increasing emphasis on the use of Co-operatives as a tool for reaching people, especially in the Latin American area, and the I.C.P.A. has maintained a close contact with the State Department and the various co-operative agencies on this programme.

Constant relations have also been maintained with the appropriate officials of the United Nations and of the various oil producing and oil consuming countries to promote wherever possible the use of Co-operatives as a means of reducing the potential of oil as a threat to world peace. It is hoped that, in the near future, it may be possible to implement this work by an effective organisation that will represent both producers and consumers on a co-operative basis. Such instrumentality would be of great benefit to areas with an over-abundance of oil as well as to those with a scarcity and, at the same time, would tend to reduce the friction that oil production and marketing has caused in the past.

Howard A. Cowden of the United States continues as President of the I.C.P.A., and A. C. F. Hendrikse of The Netherlands as Vice-President. Other Directors are—Arne Carlsson, Sweden; A. Vuilleumier, Switzerland; René Orsini, France; Mahmoud Younes, Egypt; Albert Wild, England; Robert Taylor, Scotland. The headquarters of the I.C.P.A. are located at 11, West 42 Street, New York.

Organised in 1947 to unite the Petroleum Co-operatives of the world in a common expansion of their oil activities, the I.C.P.A. continues its work in this field with the assistance of its members around the globe. Only through an expansion and extension of this work can Co-operatives become truly integrated, be in a position to compete with major oil companies and serve the best interests of their own co-operative members. The opportunities that exist for co-operative petroleum development are greater today than they have ever been. This is especially true in the developing countries where the energy requirements in the years ahead will be of staggering proportions, and where the leaders of those countries are looking to Co-operatives to supply the marketing apparatus that will enable them to serve effectively their populations at a fair price and under the control of their own countries. Co-operatives today represent the greatest single economic force in petroleum marketing development. Through the I.C.P.A. these challenges can be met and the growth of the world co-operative petroleum movement assured.

WAYNE McCANN,  
Secretary.

#### Appendix VIII

### Co-operation in a Changing World

#### Summary of Documentation prepared for the Implementation of the Lausanne Resolution

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The Lausanne Congress unanimously adopted the Resolution on Dr. Bonow's Paper "Co-operation in a Changing World" in which he had examined the Movement as a means by which the co-operatively organised members safeguard their fundamental, social and economic interests. The way co-operators set about this and the types of co-operative enterprises which emerge as a result are the response to transformations in economic and social conditions. At the time of the Congress Dr. Bonow distinguished a series of economic and technological changes of significance in the Co-operative Movements of the western welfare states—

Changes in the Distribution of Population; Expansion of Private Motoring; Rising Standards of Living; Increased Leisure; Full Employment; Technical Developments of Importance in Distribution; Competition from Large-Scale Private Distribution; State Legislation Conditioning the Economic and Social Climate.

He also noted the emergence of regional economic groupings which have repercussions for the Co-operative Movement.

Structural changes such as these required, he argued, that the Movement adapt itself by reforming its forces and becoming operationally more effective. Adaptation by structural change required collaboration across national boundaries regionally and globally. The Movement should not, he stated, approach adaptation passively; to protect the economic and social interests of its members, co-operative enterprise must try to anticipate developing trends nationally and internationally, and, as far as possible, take action earlier than competing private enterprise.

The Resolution contains five recommendations which are quoted in the Report, pages 24 and 25.

Congress instructed the Central Committee, through the Auxiliary Committees and the expansion of its own services, to support the efforts of the affiliated Organisations to implement these recommendations.

The Committee was also urged to take the initiative in promoting closer contact with the United Nations Organisation and its Specialised Agencies, as well as with other International Non-Governmental Organisations having similar aims to those of the I.C.A., with a view to united efforts to liberalise trade, and to develop unused economic resources to the betterment of living standards throughout the world.

### **Following Through**

Since the Congress a series of inquiries have been undertaken to establish what efforts affiliated Organisations were making to implement the recommendations; some inquiries were made directly to the Organisations, others through the Auxiliary Committees. In this Appendix the relevant material made available to the Secretariat through these inquiries is summarised.

### **Co-ordination for Efficiency**

*The first of the recommendations was for the co-ordination of activity so as to achieve efficiency in production, distribution and finance.*

### **Financial Resources**

The Secretariat made an inquiry by questionnaire to establish what methods had been adopted by the National Movements to obtain increased financial resources for the huge investment programmes which structural changes bring in their train.

Organisations were asked to explain the measures they had taken to obtain larger contributions from members' savings in the form of share capital, deposits, bonds, and dividends allowed to remain with the Society. From **Austria, France and Sweden** it was reported that the minimum shareholding requirement has been increased, and additional shareholding subscribed through retention of dividend. In Sweden a special family savings account has been introduced into which dividend on purchases in excess of 3 per cent is transferred and blocked. In **Norway** share-capital is a relatively small part of the Movement's financial resources; loans from members are more significant a proportion of which are "compulsory loan deposits" built up by the retention of interest and dividend; the greater part of the deposits are voluntary loans and from time to time campaigns are organised to encourage members to make deposits. In 1962-63 **N.K.L.** is collaborating with District Societies in a deposit campaign in which the co-operative press, films, posters, pamphlets and other means of publicity are being used. An important aspect of the campaign is that in July, 1962, a Retail Societies' Guarantee Fund (Samvirbelagenes garantifond A/L) was created which provides security for the voluntary deposits placed with Retail Societies. The capital of the Fund is subscribed by Retail Societies and **N.K.L.** in relation to turnover. Greater security is expected to encourage members to make deposits in Societies in need of capital.

In **Holland** and the **United Kingdom** additional capital for the Consumer Co-operative Movements has been found through bond schemes.

In France Consumer Societies are making increasing use of the Banque Centrale des Coopératives for their short term needs. The Guarantee Fund (Caisse de Garantie) which was started before the war, has grown sufficiently to form the source of short and long term loans to Societies. Increasing use is being made of the Central Bank for Co-operative Credit (Caisse Centrale de Crédit Coopératif) which receives annual state grants and makes loans for the development of newer forms of retailing. It is anticipated that the recently founded Insurance Society, La Sauvegarde, will become a further source of finance.

In Czechoslovakia Producer Co-operatives established a long-term credit fund in 1953, composed of two elements; temporary deposits from Societies and an allocation of 20 to 30 per cent of their net annual profits. Loans are made at a low or nil rate of interest. The resources of the Fund are considered sufficient to cover the long-term credit needs of all the Producer Co-operatives.

In Switzerland, in 1960, the Co-operative Central Bank of V.S.K., Consumer Co-operatives, Professional Associations and Trade Unions and the Coop-Leben founded a Co-operative Investment Fund. The Fund divides deposits received between savings accounts and life insurance premiums, thus those saving with the Fund simultaneously hold a share in its securities and in an insurance policy.

In Sweden, K.F. has introduced a system of mortgage bonds, the real estate of Societies being the security against which the mortgage bond is issued. A suggestion of the Capital Inquiry Committee for a five-year loan to K.F. against which bonds would be issued, earning interest at a rate of 1.25 per cent above the current K.F. savings fund rate of interest, has been adopted.

Two interesting new institutions in the financial field in the U.S.A. are the M.C.M. Corporation and the Fifty States Mutual Fund. The M.C.M. Corporation is controlled by Midland Co-operatives, Incorporated, and Central Co-operatives, Incorporated, of Minneapolis, and Mutual Services Insurance Companies of St. Paul. The basic purpose of the Corporation is to release the capital of Co-operatives tied-up in properties for use as working capital. This is achieved by M.C.M. buying the properties of a local co-operative and leasing them to a regional co-operative, which in turn assigns them to the local co-operative. The regional co-operative is the primary lessee and is always liable under the lease. M.C.M. has been able to borrow up to 75 per cent of the value of the properties from Mutual Service Insurance Companies—the balance is found by the local co-operative and takes the form of debenture stock in M.C.M. Leases run for about two-thirds of the useful life of the property. Rentals are rebated to the extent of 90 per cent of the difference between the amortization rate of the cost of the facilities and the depreciation rate of the fixed facilities. The local co-operative can exercise an option to re-purchase at the mid-term or end of the lease. The scale of M.C.M. operations has grown rapidly without promotion or full-time management; so far they have been restricted to real estate but purchase and lease-back of other assets (offices, service stations, automobile and truck fleets) is not ruled out. The net margin from the use of capital realised in this way to finance inventories and accounts receivable by local co-operatives should be greater than anything that ownership of real estate might yield.

While M.C.M. assists co-operatives to make best use of available capital, the Fifty States Mutual Fund which is in course of development is intended to mobilise more of the savings of individual co-operators for investment in co-operative institutions. A Mutual Fund enables people to pool their money and obtain professional management for a diversified group of investments. The Fifty States

Fund is a balanced mutual fund—a balance is sought between common stock for growth and income and fixed income investments of dependable yield. Part of the Fund's investments are in co-operative securities, but since these do not provide a hedge against inflation it includes corporate common stocks, thereby securing both income and a degree of growth which would not be obtained from co-operative securities alone.

The distribution, underwriting and management of the Fund is in the hands of Inter-Regional Securities Corporation, which is wholly owned by the Co-operative Finance Association of America—membership of which is open to any co-operative. The Board of the Mutual Fund has a majority of non-affiliated directors (several are academicians) who assist in the management as required by Federal law as a protection of the interest of shareholders.

The Fifty States Mutual Fund is an example of the way in which co-operative organisations by acting together can offer their members investment opportunities which could not be otherwise provided, and also secure the additional capital resources needed for co-operative growth and development.

### **Capital Budgeting**

Because the capital budget occupies a central place in any system of planning and controlling capital expenditure and determining what sources and methods of finance can be utilised the Central Committee followed its inquiry on capital resources by asking the Research Section of the Secretariat to undertake an inquiry on capital budgeting practices amongst the member organisations.

The inquiry showed that a substantial number of member organisations in Europe and North America had produced capital budgets. In Europe the practice seems to be more recent than in the United States where some organisations have prepared capital budgets for more than twenty years.

Most of the Organisations replying to the questionnaire compile a capital budget which contains estimates broadly agreeing with the following categories—

- a. Future investment in schemes for expansion and creation of new earning capacity;
- b. Provision for replacement of existing plant, buildings and equipment;
- c. Requirements for current operations—stocks, cash, surplus payments;
- d. Future supply of capital funds.

In describing their capital budgets some Organisations draw a distinction between the "investment" element and the remainder of the budget. These "investment budgets" generally cover a five-year period. Budgets, covering all aspects of capital requirements, are generally for one year. K.F.'s capital budget covers a five-year period and Co-op Nederland's four years. N.K.L. compiles two budgets, one takes the form of a five-year plan to establish its ability to finance future investment in warehouses, premises, and department stores, etc.; the other is a survey of current investment for expansion and replacement.

There are a number of different ways of compiling the budget in current use, but most Organisations seem to make a specific inquiry addressed to the heads of production units or warehouses within the Wholesale or to Retail Society officials, which can be answered by reference to data collected for normal accounting

purposes. **Co-op Nederland** relies on the extraction of figures from Societies' balance sheets, supplemented by its own knowledge of investment plans. **S.O.K.'s** "finance budget" is compiled from accounting data plus separate statistical material and special inquiries including stock figures, sales statistics, etc.

**The English C.W.S.** compiles an annual budget of prospective capital expenditure under the headings of properties, plant, equipment and motor vehicles. Projections are made of the likely movement of aggregate net current assets and the prospective contribution of profit accumulation and fixed asset depreciation. **C.W.S.** takes the view that in an organisation with multifarious trading ramifications it is quite impracticable to build up any assessment of net current asset requirements by means of an accumulation of detailed sectional budgets.

The comprehensive programme of advance financial planning undertaken by the **Consumers' Co-operative Association** of Kansas City comprises: a long-range forecast (prepared at five-year intervals), an annual budget, and monthly cash forecasts for the next quarter. The long-term forecasts follow the general form of the annual budgets but are less detailed. Objectives and goals for the next five years are determined by top management, future trends established by the Economic Research Staff, and plans for future operations submitted by operating executives. Forecasts are prepared in the following sequence: Sales forecast; Production plan to meet sales forecast; Planning of educational programme and service activities; Forecast of capital expenditures in accordance with the foregoing plans; Forecast statement of operations (profit and loss); Forecast of source and application of funds; Projected balance sheets to show the effects of the entire programme in financial terms. Developing an acceptable five-year programme usually involves exploring several alternative tentative forecasts.

"The annual budget," **C.C.A.** states, "is not subject to change or alteration, but is fixed for the year to enforce the need for accurate forecasting and planning and, most important, overall co-ordination and follow-up." It is prepared on a monthly basis so that corrective action and follow-up can be initiated if necessary.

In preparing the budget, top management establishes objectives and goals for the year and basic policies for each department. Budgets are based on a study of past trends and adjusted for economic factors expected to affect future results. Each department is responsible for preparing its own budget and the Budget Department for co-ordinating, summarising and bringing together the departmental budgets in an annual operating and financial budget and capital expenditure programme. Budgets are reviewed and adjusted by a Committee of top management before which each operating executive explains and supports his budget. The financial forecasts based on the budget programme indicate what funds will be generated and if new capital needs to be raised.

The monthly cash forecasts are intended to enable **C.C.A.** to operate with a minimum working capital but adequate cash resources. Although capital projects are initially approved in the budget, a "Request for the Appropriation of Funds" is required before the money is actually appropriated.

Experience on the reliability of estimates in capital budgets seems very mixed, under-estimates (**K.F.**), over-estimates (**Co-op Nederland**) and general reliability (**Konsumverband, Austria**) are all reported.

The most important step in the capital budgeting process is reached when the capital investment projects under consideration are assessed.

A project may have more than one hurdle to clear before it is accepted. The S.C.W.S. reply illustrates this point rather well. Firstly, Departmental Managers, since they have to justify every item in their submissions, are "conditioned" only to put forward those proposals considered necessary to maintain and improve efficiency. Their proposals are vetted by a Committee of the Board, the trade and surplus of the department being used to decide if the proposal shall go further. The "economics of the department"—the anticipated earning capacity—weighs very heavily in these considerations. Final approval is in the hands of the full S.C.W.S. Board.

The C.W.S. authorises each project after a critical examination of precise specifications and costs in relation to the degree of need or measure of anticipated advantage to be secured. In its reply it states: "We do not pretend to have regard to any standard level of capital productivity as a basis for determining the acceptance or rejection of any individual project. We do not, in fact, accept that any such standard can invariably be observed; nor do we subscribe to the view that the advantage or capital return is invariably capable of precise estimation. In our experience, capital expenditure is often dictated by force of circumstances offering a threat to an existing interest which must be protected on a long-term view irrespective of any adverse short-term implications.

The Swedish Consumer Movement places particular stress on the "strategic" character of investments in its choice between alternative investments. Almost without exception investments will be required to yield a full rate of return.

C.C.A. reports that capital projects are included in the budget on the basis of the need for the facility or service and the return on productivity of the capital invested. Improvements to existing plants are based on their adequacy to meet budgeted programmes of sales and production.

S.O.K. is amongst a group of organisations which make specific mention of the calculation of estimates of capital productivity in connection with new schemes. An estimate of rate of return is made and "the most important investments with the highest rates of return are made first." There are considerations, states S.O.K., which may alter this sequence—restrictions on use of a site, reasons of competitive strategy, or lack of a sufficiently large capital sum in the case of big projects.

Co-op Nederland has evolved certain specific criteria for acceptance of projects, so far as shops are concerned a minimum turnover of 60 florins per square metre a week. In the case of its own replacement investments, earning capacity, pay-out period and labour savings are considered.

**Midland Co-operatives, Incorporated**, ranks its capital projects as: Indispensable; Important; Desirable; Convenient. Projects are accepted or rejected on the basis of projected pay-out, and an attempt made to limit expansion to projects yielding at least a 10 per cent return. The **Farm Bureau Co-operative Association** determines if a capital project is acceptable on the basis of return on capital and patrons' demand, special justification being required before projects showing less than 10 per cent return on assets employed are authorised. **Greenbelt Consumer Services** evaluates projects in terms of members' needs and a satisfactory rate of return—generally 25 per cent on capital employed.

**Konsumverband**, Austria, indicates that some categories of investment are given priority, otherwise acceptance or rejection of proposals turns on current management performance and expected future developments. Return on capital and competitive strategy determine the acceptance of investment proposals



amongst the German Societies. For each project a profitability estimate is compiled (a standard form has been devised for this purpose). A project is regarded as viable if it yields a surplus on invested capital over and above the necessary allocations to interest and repayment.

Two Organisations give details of surveys carried out in recent years which deal with their capital position.

The **British Co-operative Union** made a "Capital and Development Survey" in 1961. All Retail Societies of over 4,000 members were asked to indicate the trend of their total investment in the Wholesales over the previous five years and to estimate the trend up to 1965; Statistics of bank overdrafts and trade loans from the Wholesales and C.I.S. were similarly requested. Societies were also asked to estimate anticipated capital investment on new stores and shops, productive units, warehouses and offices, modernisation and replacement of buildings and equipment. The Survey is thought to have stimulated the preparation of "capital budgets" amongst the Societies and possibly encouraged a more scientific approach to capital investment.

In **Belgium** S.G.C. carried through a survey of investment budgets and financial resources in 1961, based on data for 1962, 1963, and 1964. Societies were asked to give figures for investment in new activities (branch shops, superettes, pharmacies) and for replacement of existing equipment, also as regards finance to distinguish between internal and external sources. The questionnaire included a request for details of location, size and expected profitability of the new outlets. There were difficulties in obtaining answers from local managers, but nevertheless the results were judged satisfactory and it is anticipated that the survey will be repeated.

C.C.A. has been using budgeting techniques for a considerable period, and considers that the long-range forecasts enable it to meet future events and necessary changes in an orderly manner; to co-ordinate sales, production and financial plans; to give perspective to current decisions so that they are in harmony with long-range objectives.

In **France**, while there is no national capital budget, an annual inquiry is held amongst the Regional Societies which relates volume of investment, respectively, to turnover and new funds, as well as exploring the character of the investment and the way it is financed. The inquiry, which has been held in ten consecutive years, places the investment programme of these societies in the context of the trends in national trade and the development of the Movement.

F.N.C.C., which makes recommendations to Regional Societies concerning the balance of investment between different types of capital projects—warehouses, equipment, new shops, etc.—points out that it is not so much the profitability of particular projects which must be considered as the viability of the whole complex of investments and its ability to produce goods competitively priced.

There can be little doubt that the capital budget is regarded as an essential management tool amongst the member organisations. In Germany where it is a recent introduction, Z.d.K. reports "positive effects" as a result of its use, while in Holland, Co-op Nederland says, "it is no exaggeration to say that it would be impossible to work without such a budget."

### **Management Resources**

Limitations are placed upon the efficient operation and expansion of Co-operative Societies by the availability of high calibre management.

To meet its problems of lack of management resources the Austrian Consumers' Movement in November, 1960, adopted a programme for systematic training and promotion of young candidates for management. The scheme places emphasis on practical experience in advisory and supervisory work in the Central Organisations combined with theoretical training—mainly through use of the case method.

Inquiries made by the Secretariat show that a number of other Movements are seriously tackling the job of recruiting and training adequate numbers of personnel for administrative and management posts.

A course for trainees in business administration was initiated by S.O.K., Finland, in 1951. Each year a group of 16 trainees—who have had a sound commercial schooling and passed an aptitude test—begin a two-year course, comprising four six-month periods of practical training. In the first period the participants work as sales assistants and consignors in the shop and warehouses of a local Society; in the second, as shop managers and inspectors; during the third period they undertake the work of shop inspection, being based on a branch office of S.O.K.; the final period involves the trainees in auditing and inspection of management, first as assistants to auditors, and finally independently. The trainees are required to produce memoranda, and undertake studies and research in the course of their practical work. These exercises prove useful as a means of clarifying theoretical principles of business administration as well as training in the process of decision taking.

Another course with 24 participants, which lasts a year, caters for employees who already have considerable practical experience in Co-operative Organisations. Particular attention is given in this course to the planning and decision-making phases of business administration. The methods of teaching are the same as those adopted in the two-year course.

Since the completion of the new Finnish Co-operative College in 1961, it has been possible to hold four-week courses during which groups of six participants solve problems of business administration. Experts afterwards scrutinise their results. The comparison of solutions to practical business problems also forms part of the programme of supplementary schooling at the College.

There have been two notable innovations recently in the staff training and leader recruitment programme in the Swedish Movement.

The first innovation, intended to meet the anticipated increase in demand for trained personnel in higher and intermediate management, is a programme of apprenticeship training. Young people with the minimum qualification of a Secondary School Lower Certificate may be chosen to undergo "aspirant training." The course begins with practical work in a department store supplemented by formal training during work and leisure time. During the study programme the aspirants undertake successively difficult tasks of greater complexity and responsibility, for example, purchasing, calculation and make-up of budgets and sales planning. The training includes courses at the Co-operative College, experience by working in different stores, by studying the Central Organisation of K.F., particularly the Dry Goods Department and the factories which produce the goods, also participation in the planning, preparation and initiation of new stores.

The total training period is four to five years, with a recapitulation period during the last year. Further supplementary training courses are open to the aspirants; graduated salary increment is paid as they gain in skill, but never above the maximum for shop assistants.

Young people already employed in the Co-operative Movement but who do not have the minimum qualification for aspirant training are given the opportunity to participate in an "abridged lower certificate course" by means of correspondence and formal education instruction. This course is followed by two supplementary courses.

Aspirants are required to serve as assistant shop managers for two years after qualification.

The second innovation is the systematic training during a three to five year period of people of high technical or commercial qualifications for leading positions in the Co-operative Movement, centrally, locally or in the productive units. An initial group of 10 were chosen in 1962, mainly from high schools. A practical and theoretical training will be given of an individual and flexible character so as to make it possible to determine the activity for which the student is best suited. The intake of students will vary from year to year.

In the course of 1961, Z.d.K. initiated a special training programme for commercial and economics graduates and experienced co-operative staff. The course, which lasts a year and a half, includes seminars in co-operative schools and a series of centrally designed and synchronised practical exercises. The first part of the training is of a broad character, but later becomes more specialised. Candidates are carefully selected with the assistance of co-operative institutes in the German Universities.

In February, 1963, the C.W.S. announced a comprehensive management development scheme to ensure a management succession in the future of proved ability, trained in the use of modern management aids and capable of filling senior management posts. Recruits are being sought from amongst university graduates, present C.W.S. employees who are graduates, or employees holding recognised professional or technical qualifications. Candidates will be selected by means of preliminary interview and intelligence test followed (if they are successful) by a two-day procedure before a selection board of directors, managers and officials.

The scheme will take approximately five years to complete, during which time the trainees will be attached to a series of departments where, after a brief induction course, they will undertake tasks aimed to give them an appreciation of the functions of the department and its relation to line management. A period will be spent with a Retail Society, and practical experience will be supplemented by attendance at courses arranged by external bodies. Those selected for the scheme will be required to study for a professional qualification, e.g., the Diploma in Management Studies.

### **Exchange of Know-How**

The exchange of experience is a common feature of the work of the Alliance's Auxiliary Committees. The Committee on Retail Distribution, for example, has concerned itself with comparisons of performance and the exchange of experience through a series of Working Groups dealing with particular aspects of retailing—food, non-food trade, department store operations—while particular attention has been given in meetings to efficient techniques of retailing.

## Expanding Co-operative Activity

*The recommendation to member Organisations was, firstly, "to utilize co-operative resources and methods in all countries to the fullest possible extent by expanding the activities and thereby increasing the influence of National Co-operative Movements . . ." further "by the rapid promotion of increased international trade."*

Present information shows little progress in this respect, but an encouraging exception is the Nordisk Andels-Eksport (NAE)—Scandinavian Co-operative Exports, which began operations in May 1955. In 1956, turnover was 14.7 million Danish Kr., and in 1962, 26.2 million. The peak of operations, so far, was 1960 with a 31.4 million turnover.

NAE is modelled on the lines of the long-established Scandinavian Wholesale—Nordisk Andelsforbund (NAF)—being jointly owned by the Consumer Co-operative Wholesales of Denmark, Finland, Iceland, Norway and Sweden. Its aims: to find outlets for the production surplus of Scandinavian co-operative manufacturing; to act as co-operative intermediary by offering imported items to new customers (preferably co-operatives) originating from the export and production sources of NAF.

NAE contracts business in some 40 countries including Australia, Bahrein, Brazil, Canada, Colombia, Ghana, Greenland, Hungary, Liberia, Nigeria, Pakistan and U.S.S.R. A very extensive range of goods is handled: frozen poultry, coffee, margarine, furniture, binder twine, clothing, chemicals, etc.

Particular importance is attached to developing trade relations with Co-operative Organisations outside Scandinavia, and a very important business is done with Consumer Co-operatives in Austria, Germany, Switzerland and the U.S.A.

By acting as a marketing agency for the production of consumer co-operative factories and by developing trading contacts between other forms of co-operatives and between co-operative and non-co-operative undertakings, NAE has made a contribution towards the development of a system of international co-operative distribution.

In an endeavour to resolve concrete problems in the way of inter-co-operative trade, to investigate the possibilities of establishing new trading relations or intensifying existing trade relations, the Agricultural Committee has held a series of Conferences on the import and export of particular commodities. The first on Dairy Products, was held in Aarhus (Denmark) in 1960; the second on Wine at Cagliari (Sardinia), in 1961; the third on Tea, Coffee and Cocoa in London in 1962. By bringing together the co-operative directors and experts responsible for the export and import of agricultural products to discuss practical trading problems the Agricultural Committee has shown that it is possible for new co-operative business transactions to be initiated.

*The last aspect of the second recommendation was—"in all possible ways to combat and overcome the monopolistic exploitation of labour and materials."*

## Joint International Enterprises

*Thirdly, the resolution recommended Organisations "to take advantage of every opportunity of promoting international enterprises jointly owned and operated on co-operative principles."*

The International Co-operative Petroleum Association began operations at its new lubricating oil blending plant at Dordrecht in April 1963. Formerly, oils for the European Market had to be shipped from I.C.P.A. sources in the U.S.A., sometimes with delays. The Dordrecht plant, owned and controlled by 38 National or Regional Co-operatives in 23 countries, is the first fully international plant. I.C.P.A. has plans for other internationally owned blending plants as well as crude oil production, pipeline operations and storage facilities in pursuit of its aim of fully integrated operations.

Another approach to international co-operative activity is to be seen in Scandinavia. Nordisk Andelsforbund, while acting primarily as a joint buying organisation for its six member Organisations, also provides a forum for the discussion of problems of common co-operative interest. In the context of the adoption of the EFTA Convention the possibilities of joint action in the area of production have become more urgent. In 1960 NAF created an Economic Secretariat to systematically plan the co-ordination of co-operative production in the Nordic countries of EFTA.

Two Main Committees of NAF, one for foodstuffs, the other dry goods, are assisted by the Economic Secretariat in tracing realisable possibilities for co-ordination and joint production. Working Committees including managers and representatives of commercial departments undertake more detailed examinations of all projects on behalf of the Main Committees.

By the end of 1962 the Economic Secretariat had produced 15 special reports and six overall surveys, including a special investigation on trade marks registered or used by co-operative organisations.

The work of the Secretariat has concentrated on structural rationalisation in five commodity groups: processed chemical products, especially detergents, cleansing agents, toilet requisites, etc.; chocolate and sweets; flour milling and bakery; furniture; clothing.

The practical results of this work are now being seen. So far as processed chemical products are concerned for which there are plants in Denmark, Finland, Norway and Sweden, the Swedish plant will concentrate on the production of synthetic soap powders for the supply of other Organisations. Part of the finished production will be marketed in Denmark, Finland and Sweden under a common name. F.D.B., Denmark, will supply Norway and Sweden with toilet requisites, cosmetics and certain cleansing materials, which again will be marketed under a common trade name.

The Norwegian soap factory will make toilet soap for the whole Scandinavian co-operative market and cease production of synthetic soaps.

F.D.B. will supply the other countries with cocoa powder which will be marketed under a common co-operative name. K.F. will supply some chocolate and confectionery to F.D.B. and N.K.L., while N.K.L. will specialise on certain types of desert and household chocolate.

A certain amount of specialisation and productive concentration has been achieved for bakery products. K.F. supplies F.D.B. and N.K.L. with crisp-bread; N.K.L. supplies certain specialised products to K.F.; F.D.B. will obtain its future requirements of flour sacks from S.O.K.

Compensating transactions and specialisation of production between co-operative furniture factories in Denmark and Sweden began in the late 1950's. The establishment of the Economic Secretariat intensified this collaboration which now includes Finland. Basically the Danish-Swedish specialisation agreement provides that F.D.B. produces chairs for both countries; K.F. produces tables and certain types of beds and nursery furniture.

For a limited range of clothing (men's and boys' underwear and shirts) a compensating transactions' and specialisation agreement has been reached between F.D.B. and K.F. In 1962-63 a considerable quantity of underwear was supplied by F.D.B. to K.F. and in return K.F.'s shirt factory is to supply shirts to F.D.B. F.D.B. is also to export men's and boys' socks to N.K.L. Compensating transactions' and specialisation agreements for other products are in preparation.

For commodities not manufactured by any Scandinavian Co-operative, especially durable consumer goods, arrangements are being made to exchange details and facts on buying habits, purchasing prices, etc. All problems in this field are being investigated in an effort to arrive at intensified and co-ordinated purchasing arrangements where this is economically advantageous.

The new form of collaboration developing in Scandinavia enables certain new, intimate and stable trading practices to be adopted. In the case of cocoa the producing factory estimates a fixed price for each accounting period. If the account shows a profit this is divided among the buyers in proportion to total purchases. Thus production becomes a common undertaking notwithstanding the ownership of the factory by one of the collaborating Organisations.

### **Democratic Control**

*An investigation showed that a number of member Organisations were actively concerned in pursuing the line of approach suggested in the fourth recommendation—"to apply throughout this process of adaptation the fundamental principle of democratic control by providing the maximum of opportunities for the active participation of the members."*

Co-op Nederland sponsored a study by the Sociological Institute of Utrecht University of the position of Consumer Co-operatives in modern society. Investigations carried out in a representative Co-operative Society would seem to show significant differences between the "traditional" type of member (older members, manual workers, etc.) and the "modern" type (younger members, white-collar workers). The newer members are sceptical about the traditional democratic organs of the Society, but respond to new organs, such as shop clubs, or housewives' circles, in which the housewife has a positive advisory rôle to play.

In 1960 the Swedish Congress was presented with an analysis of structural developments which had been undertaken by K.F.'s Research Department, and a recommendation for a radical reduction in the number of Retail Societies—from about 600 to 100. One of the problems analysed was the influence of the member on the Society and the task of keeping the member informed. Concluding that the size of an organisation and its geographic spread are not so important if it is

possible to engender a feeling of membership through personal contact and information, the report recommended that new members should be welcomed into the Society in familiar surroundings, for example, at a meeting in the local shop, they should be given an opportunity of personal contact with the Shop Manager and someone from the Members' Council. This introduction should be followed up by other contacts, study groups, women's guild activity. The report also recommended that the Members' Councils, which are a feature of the Swedish democratic structure, should be so constituted that they could make good contacts with other local organisations, with workpeople and so on; that the Society should assist and, where necessary, initiate activity on behalf of the local residents; that the Councils should have a certain freedom to undertake propaganda within the district for which they are responsible.

In 1953, Professor G. D. H. Cole reached some conclusions on the question of democracy and authority in the British Co-operative Movement. He asserted that, if there was to be real, not merely formal, co-operative democracy, the Movement must interest its members more by becoming "an inspiring teacher" of the domestic needs of the consumer, and coupled this with a plea for better recruiting and training of Co-operative Managers and Officials to whom more responsibility should be given. In 1955 the results of an inquiry on co-operative democracy undertaken by two University lecturers—Banks and Ostergaard—produced some useful statistics showing relative and absolute declines in the number of members attending and voting at Society meetings and elections, which suggested that the larger the Society, the smaller the proportion participating. More recently (1960) another University lecturer, Brian Groombridge, published a Report on the Co-operative Auxiliaries, which urges collaboration between management, the co-operative educational services and the auxiliaries, as well as more professional assistance for them and quite detailed considerations to particular problems such as recruitment, character, composition of programmes and lectures.

In Czechoslovakia numerous research studies, consultations and negotiations have taken place by the Co-operative Research Institutes, Economic Departments and Member Relations Departments regarding constitutional changes. Proposed changes have been discussed at shop meetings, meetings of productive enterprises, by the Co-operative Unions and in the co-operative press before implementation, others have been tested in pilot societies before being applied more widely.

Democratic control poses special problems for the larger Societies which emerge as a result of amalgamation.

### **Indirect Elections**

Practically all Retail Societies affiliated to K.F., which because of the size of their membership or its geographic dispersion, cannot conveniently hold single members' meetings, have introduced a system of district meetings and a general meeting composed of delegates elected at district meetings. The general meeting elects a Supervisory Council which, in its turn, elects the Society's executive body, the Board of Directors which may be composed of three to five persons, one being the Society's Manager. In a few Societies the Board of Directors is composed of the heads of the main branches of activity who are all considered as Executive Officers responsible to the Supervisory Council. Since the number of small Swedish Societies is diminishing, through the process of amalgamation, the use of direct election can be expected to give way to an increased use of indirect methods of election.

A similar process is under way in Holland. Of the 121 Societies affiliated to Co-op Nederland, 27 are small village Societies which will not be affected by amalgamation schemes and will continue to have directly elected Boards. Of the remaining 94 Societies, 40 already have indirectly elected Boards and most of the others, through the amalgamation process, will be joined to Regional Societies which already operate a system of indirect election. In all the existing Regional Societies and Societies with more than 3,000 members, the Board of Management is elected by the Members' Council—a representative assembly elected by the members which has the same duties as the general members' meeting in smaller Societies.

In Norway there are less than 25 Societies, out of a total of 1,037, which have indirect election, the Board of Representatives electing the Board of Management, rather than direct elections in which all the membership is engaged. It is anticipated, however, that as amalgamations take place more societies will adopt the indirect system.

There are some Movements in which indirect elections are now the only way in which Boards of Management are elected. In Finnish K.K. Societies, which are all relatively large, the change-over to an indirect system took place in the 1920s. Boards of Administration elect the Boards of Management.

In Germany the law requires that Representative Meetings be held in Societies with more than 3,000 members. It does not follow that this meeting will elect the Board, nor that in Societies with a Supervisory Council this will elect the Board. In practice, however, the election by Representative Meeting is the predominant method. The statute requiring Societies with over 3,000 members to hold Representative Meetings, the more general adoption of the practice of utilising the Supervisory Council to elect the Board and the tendency towards concentration in the economy, and hence the need for larger societies, are leading to the more widespread use of indirect election.

In Italy, Switzerland and Roumania some of the larger Societies have adopted systems of indirect election. In Israel, Primary Consumer Co-operatives with more than 1,000 members organise branch meetings which elect the Supervisory Council which, in its turn, elects the Board.

Another variation in democratic machinery introduced in the United States is to be seen in Greenbelt Consumer Services, which has adopted a system of Area Meetings from which congressmen are elected to a Congress. The purpose of the Congress is stated in the rules to be "to provide, as a representative body of the membership, a closer link between the membership and the Board of Directors in order to maintain and promote effective membership control." The Congress nominates from its own number candidates for the Board of Directors whose election takes place through the Annual Membership Meeting. The Congress also elects a Supervisory Committee which reviews Board actions and advises the Board of any matters within the organisation hinting of impropriety, wilful neglect, or illegality. Congress meets at least three times a year, elects various Committees to carry out its work, including an Executive Committee meeting at least ten times a year. The Congressmen divide themselves into Area Delegations in order to identify and consider the particular needs of individual areas, to co-ordinate member education and activity and to promote mutual understanding between the co-operative and the local community.

The reasons for adopting indirect election have already been mentioned. In an Urban Society with a large membership or in an area where the members



are geographically scattered, district meetings are necessary and a logical development is to give them real power by enabling them to elect representatives to a Members' Council which elects the Board. Co-op Nederland emphasises that a general members' meeting attended by 1 per cent of the members is less representative than a Members' Council elected by a district meeting where 5 per cent of the membership may vote.

Another consequence of the system of indirect election is seen in the calibre of the Board members elected. Co-op Nederland puts it this way: "It is to be expected that a group of between 50 and 150 more or less carefully selected members' representatives will be better qualified than just the average member to choose and appoint—generally from among themselves—the Society's highest lay-governors." K.F. makes much the same point concerning elections to Boards of large Societies; because this is done by a limited number of members it can be done with great care. K.K. also takes the view that the quality and qualifications of Board members selected by the indirect method are superior to those directly elected, and states: "Today, when retail and wholesale trade demand highly specialised knowledge, the lay members of the Board of Management must be well versed in business practices. In the Members' Meeting the best qualified candidates are not always chosen."

The model rules of German Consumer Societies require that the Supervisory Council, if it does not itself elect the Board, makes nominations to the Members' or Representatives Meeting, but these are invalid if the nominees put forward have not the required personal and technical qualifications. This restriction guarantees that exclusively relevant considerations are given first importance in choosing candidates. The view of the Auditing Unions is usually sought on the nominations.

The inquiry also elicited in some cases (e.g., the Austrian Consumer and Housing Co-operatives) the reply that there is no relationship between the system of election and the quality of the Board members elected.

Replies concerning the degree of member participation in direct or indirect systems show that there is insufficient evidence for any firm conclusions to be drawn.

### **Other Developments in Democratic Machinery**

In the U.K. since the war there has been a marked tendency to get away from Quarterly Members' Meetings and to concentrate business in a half-yearly meeting. As a result of recent amalgamations, and in an endeavour to maintain local interest and responsibility, the former Committees of some Societies are retained and appoint representatives to the Management Committees of the new Society.

In Czechoslovakia additional democratic organs have been added to general meetings, management boards and auditing commissions of Consumer Co-operatives in the form of shop members' meetings, shop supervisory committees. Shop members' meetings accept new members, elect a shop supervisory committee, elect delegates to the general meeting, discuss questions of shop management and performance. A Supervisory Committee, which meets at least once a month, is the local organ of the Society and studies questions of stocks, services, local cultural and educational activity. The Management Boards also create ad hoc commissions, composed of employees, officials and ordinary members, for particular tasks.

In Italy (Lega Nazionale) Consultative Committees of housewives, members and customers are attached to most shops which discuss the activity of the Society

in all aspects touching family needs. Although purely consultative, these Committees exert pressure on the Boards of Management to improve and expand co-operative activity.

A group of Co-operatives which have closely studied their democratic structures are the Insurance Societies. The Research Sub-Committee of the International Insurance Committee has produced a study, "The Parliamentary Systems of the member Societies of the Insurance Committee of the I.C.A.," which states that the prime essential for successful democratic control of an organisation is the existence of a "practicable constituency"—a concept adopted from the Webbs who define a "practicable constituency" as: "... a sufficiently stable and clearly defined body of members who are able to exercise continuous control over their executive organs and this, not only with respect to policy in the abstract, but also with respect to the application of the policy from time to time prescribed by the electorate."

An Insurance Society of any size and complexity is not a practicable constituency and the problem of democratic control is solved in a variety of ways, frequently by linking it to a trade union federation, or farm or urban co-operative federation composed of local organisations with practicable constituencies. Folksam, the Swedish Insurance Society, has a General Meeting composed of 45 members, 30 elected by District Congresses of K.F. and 15 nominated by the Swedish trade union federation (L.O.). Supplementing the formal parliamentary system are a series of loss examination committees to which policyholders may appeal on points of dispute, which are purely advisory in character. There are also a series of councils—Women's, Youth, Rehabilitation and Health—which do not form part of the democratic structure, but enlarge the area of co-determination and influence of policyholders.

Another interesting experiment is seen in Nationwide Insurance, U.S.A., in an endeavour to develop a system which will bring its policyholders together—economically, feasibly and practically—to give them whatever measure of control they wish to accept. Participation is encouraged by an Advisory Committee of Policyholders Programme (A.C.P.). Since the programme was instituted on a trial basis in 1951, a growing number of policyholders have become involved. 18,650 attended policyholder meetings in 1961. Through a series of District and Regional Meetings, policyholders discuss questions concerning Nationwide, its services and its place in society, formulate recommendations and elect delegates to the Annual Conference of Policyholder Advisers. In 1962, the Conference made recommendations on a wide variety of matters including medical scholarships, college loan facilities, teenage business education, driver education, family account premium reductions and the establishment of a policyholder research panel.

### **Supervisory Councils**

As already mentioned, some Societies have adopted an indirect system of democratic control by constituting a Supervisory Council. The Supervisory Council does not replace the Board of Management, which still exists, but its functions, composition and title are different from those of the Board of Management in the more familiar co-operative democratic machinery.

In Sweden the difference between Board of Directors and Supervisory Council (Administrative Council) is stated by K.F. to be "... the Board of Directors is the Executive of a Swedish Co-operative Organisation while the Administrative

Council is a body through which the members permanently control the activities and participate in the debates and decisions on questions which because of the principles involved or from an economic point of view are of major importance." In the Retail Societies the Board of Directors cannot, without the assent of the Administrative Council, make decisions concerning: Extension of the Society's trading area; Purchase or sale of real estate; Acceptance of loans and the mortgage of real estate; Placing of capital on long-term conditions; Collective agreements with employees; Expressions of views on questions which should be referred to the General Meeting for decision. The Administrative Council may remove members of the Board before their term of office expires.

In Norway, some Societies have adopted a Board of Representatives as part of their democratic machinery, which elects the Board of Management, the Auditing Committee, deals with rule changes and elects representatives to District Societies.

The Board of Management conducts and supervises the business of the Society; carries out the duties imposed upon it by legislation; gives effect to decisions of the Board of Representatives; appoints the manager and staff, fixes their salaries, contract terms and hours of work. It is responsible for seeing that the business is conducted and accounts are kept in a satisfactory manner.

The democratic structure in the Finnish K.K. Movement, which includes a Supervisory Council, is more complex than in Norway or Sweden. There is a division of function between Council of Representatives, Board of Administration, Board of Management and the Managing Director.

The Council whose members are elected by the members for a six-year term, holds two meetings a year at which members of the Board of Administration, Board of Management and Directors of the Society may be present and speak. Its main duties are—To receive the accounts; To elect members of the Board of Administration, auditors, and representatives to organisations to which the Society is affiliated.

The Board of Administration meets as often as required and members of the Board of Management and Directors may attend and speak. It exercises a continuous supervision and control over the management of the Society, seeing that the Law, Rules and decisions of the Council of Representatives and its own decisions are implemented. Its most important duties are: To elect the members of the Board of Management (term of office one year); To appoint, and dismiss if necessary, the Managing Director and other Directors; to appoint Shop Committees; To elect monthly internal auditors; To make decisions on the purchase, building or mortgage of property and to decide on investments; To decide what purchases entitle members to receive dividend; To examine the Annual Report of the Board of Management and submit it with its own statement to the Council of Representatives.

The Board of Management is the governing body of the Society. The Managing Director is Chairman of the Board which has the constitutional tasks of; Admitting members; Employing and dismissing staff and fixing their remunerations (unless this is the province of the Board of Administration); Arranging district meetings for the general membership to become acquainted with, and discuss, the Society's affairs.

In Austria, Housing Societies elect Supervisory Councils which check the annual accounts and balance sheet, and generally supervise management. When necessary the Council may dismiss the Board. The Board is responsible for legal

transactions, representation of the Society, the compilation of accounts and calling the general meeting. It deals with everything not the responsibility of the general meeting. For particularly important questions the Council and the Board meet together.

The Austrian Consumer Societies have Supervisory Councils composed of laymen and full-time managers. The manager is not automatically a member of the Board, but if successful can be elected. For important matters, e.g., long-term loans and opening new shops, joint meetings are held.

In the German Consumer Co-operatives, the Management Board and the Supervisory Council have completely different areas of responsibility. The decisive difference between them is that the Council has no management authority, but supervises the Board's administration of the affairs of the Society.

In the German Housing Societies the task of the Supervisory Council, as a separate body, is to assist and advise the Board and protect the interests of the members.

Unions and Federations in the countries and Movements mentioned, broadly follow the pattern existing for the Primary Societies.

The position can generally be summarised in the words in which Co-op Nederland describes it in Holland: "There is a clear line of division between the functions of the Management Board and the Supervisory Council, both in Primary Societies and in Unions or Federations. The Board is by rule, as well as legally, responsible for the management of the Society, while the function of the Council lies in supervising the Board. In general this means that the Council has to abstain from all action of a managerial character. The only exception which the rules allow, is when the Board is suspended by the Council; then the latter takes all necessary steps to safeguard the Society from possible damage and loss, if necessary by taking over, temporarily, the Board's management function."

### **Separation of Decision Areas**

The final aspect of the inquiries on democratic control concerned the ways in which the functions of Management Boards are distinguished from those of full-time managers. The problem here is well described by the Co-operative Union: "In Britain, historically, the Committees of Management of Societies began as Committees virtually managing Society affairs. This practice in differing degrees has persisted despite the growth in the size of Societies, the variety of businesses carried on and the number and competence of full-time officials. There are many Committees of Management still which interpret their function as one of management and not of direction. Co-operative thinking in this province was, however, stimulated by the Independent Commission which pointed to the anachronism of lay committee members purporting to carry out managerial functions. Broadly speaking, Committees are reluctant to give up those functions, but fortunately there is developing an increasing disposition to vest day-to-day management in the hands of responsible officials. This process, however, is not by any means uniform.

In principle, the objective is to encourage new conceptions under which Committees of Management will become responsible for major policy and financial decisions and full-time officials will become increasingly responsible for day-to-day management. So often, however, there is no clear dividing line as to what is directional policy and what is management. The influence of the Union through

its educational and other media is endeavouring to cultivate attitudes of mind to achieve a break in tradition and better understanding on the division of responsibility."

This question becomes of vital concern in those societies whose Boards consist wholly or partially of full-time chief officers.

In Sweden, in five of the largest Societies the Management Board is composed exclusively of full-time chief officials; in others it is composed partly of chief officials and partly of laymen. By electing the managing secretary and, in the largest Societies one or two more chief officials members of the Board, Swedish co-operators confer upon them the legal responsibility which, according to the law, is incumbent upon a member of a Management Board. The practical rule for deciding if a question should be referred to the Board or should be dealt with by officials is one of importance. The full-time managers have wide authority to assume responsibility for dealing with questions connected with their current work and only such questions which are outside the routine job are submitted to the Board or the member of the Board to whose field of activity the question belongs. The principle of delegating responsibility, widely used in the Swedish movement, means that officials develop the will and capacity to do their work as well as possible. The Board is left to concentrate upon important and essential tasks without bothering with comparatively insignificant detail. Supervisory Boards do not meddle with current affairs, but only deal with questions within their competence.

The question of board and manager decision areas has been given careful attention in the United States and the following criteria\* advanced to serve as guidelines for establishing boundaries:—

Ultimate accountability to members is vested in the Board, which may grant certain authority to officials, agents and employees as permitted under the corporate charter, bylaws and applicable laws. The manager is accountable to, and initiates action within boundaries of authority granted by, the Board.

The Board is primarily concerned with idea decisions, the Managers with action decisions.

Decisions as to how and when objectives, goals and policies are to be attained, are the responsibility of the Managers.

Decisions involving long-range commitment of resources, including facilities, finances or manpower, are the Board's responsibility. Decisions involving intermediate and short-range commitment of resources, and organisation and control of these resources, are responsibilities of the Manager.

Decisions related to assuring capable manager succession by providing for manager depth and training, and decisions specifying the ideal pattern or model of board behaviour and performance, are responsibilities of the Board.

Control over the long-range and substantial financial commitments and structure; objectives, policies, public and member relations, and over-all performance, are Board decisions. Control over operations, subordinate managers and employees, budgets, formulation and execution of procurement, production, and marketing plans and industrial and employee relations programmes are decisions for the Manager.

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\* These criteria are explained more fully in: *The Board of Directors in Agricultural Marketing Business*, Garoian and Haseley, Oregon State University.

### **Maintaining Member Interest**

In addition to changes in the formal machinery of democratic control, new methods of creating interest and encouraging a sense of responsibility among members are being developed.

The British Union reports that various methods for arousing member interest have been devised, although they are not altogether new: e.g., special provision for welcoming new members, expanding programme of consumer education, a programme of audio-visual aids including the development of tape recordings to stimulate local discussion on co-operative topics.

In Switzerland, a Department of Cultural Affairs (part of the Co-operative Seminar) has been set up by V.S.K. to assist in intensifying relations between members and Societies. Local pages in the Co-operative Press are available to Co-operatives to carry through this programme, and the Women's Co-operative Movement shares in the work.

A somewhat different approach is taken by Y.O.L., Finland, which stresses the need to involve the members more intensively with the trading activity of their Societies and mentions long-term programmes for publicity and sales promotion, designed to keep members interested throughout the year.

In Japan, there has been some concentration amongst the Agricultural Co-operatives and, in an endeavour to preserve local interest in the larger Societies, various local activities are initiated—study groups, livestock rearing, fruit-growing and poultry-raising groups—women's and youth organisations are being formed and agricultural fairs are held.

In Israel, amongst "Haikar" Farming Co-operatives an endeavour to stimulate member interest is made by organising tours to other parts of the country to give members an impression of the problems and activities of other Societies.

### **Training of Elected Officers**

Since 1961, the Austrian Consumer Movement has held annual Information Conferences for Committee members, Executive members, members of Supervisory Councils and Women's Organisations, to promote an understanding of co-operative problems. Since the beginning of 1962, Konsumverband has had a Department solely concerned with the servicing of elected members and officials. Most Co-operatives have appointed organisation leaders who are responsible for relations with Member Committees and the membership at large. By a recent revision of the guide lines for Co-operative Member Committees, additional training courses at regional level are not for elected committee members, but are primarily intended to provide a rapid basic training for new members. The courses also act as a filter for selection to the main member committee courses, and special courses are held for Executive Committee members dealing with shop management problems, assessment of balance sheets, inter-shop comparisons, etc.

An experimental training course has been introduced in the Swedish Movement. From a pilot scheme which started two years ago, 114 Co-operative Evening Schools have developed, with almost 1,000 participants, selected by Management and Executive Committees. The purpose of the Schools is "to obtain an élite of competent Co-operators, who systematically and tenaciously have obtained knowledge of value for appointment as members of Supervisory Councils and Boards." The average age of participants is around 35, and the majority hold elected offices in local government, or the popular movements. The schools follow

a plan of studies drawn up by K.F.'s Department for Study Circle Activity (Vi-Skolan) which includes individual homework and group work; participants submit to Vi-Skolan written answers to questions outlined, and when these are returned with comments, they are discussed. Study visits and lectures are also included in the plan.

This type of course will be extended to elected officials in Co-operative Societies, with an important difference in method that the participants will jointly discuss answers previously prepared individually, and then compile a joint answer. Both the joint and the individual answers will be submitted to Vi-Skolan for examination and marking, and for comment in the case of the joint answer.

A standard course for members of Committees has been elaborated which deals in eight study letters, with the following questions—The Co-operative Society and Community Planning; We and our Competitors; To understand Statistics; The Economy of the Retail Society; The Co-operative Society as Employers; Co-operative Production; Purchases and Stockkeeping; Co-operative Opportunities, Policy and Sales.

The Co-operative School "Vär Gärd" holds training weeks for board members who are not employed as Chief Officials, at which problems of immediate interest, e.g., the housewife and the society, staff training, structural changes in the community and the Co-operative Movement, are dealt with by lectures and group discussions.

The British Movement has introduced correspondence courses for members of boards of management, also national and sectional residential courses and schools. A manual "Service in the Board Room" has been issued and a series of publications for members of Boards has been started, with such titles as "Trade and your Society," "The Member and the Society." The Union emphasises that the problem is not so much the provision of training as the demand for, and use of, facilities.

The "Haikar" Agricultural Co-operatives recently started study days in Tel-Aviv, and in a number of Societies, during which members of the administrative bodies of Societies in the neighbourhood study and discuss together topics of immediate interest.

In Pennsylvania, 32 Farm Bureaux have developed a Director Development Programme. A three-man committee appointed by the Chairman of the Regional Board carries out a continuing education programme for director self-development. Directors or managers may suggest topics for conferences, but these must have management recommendation and committee approval. A consultant is responsible for developing and presenting the material.

The Bureaux also hold two annual conferences, one of which orients new directors and is, naturally, somewhat repetitive. Discussions cover history of the organisation; how the organisation ties in with Nationwide Insurance Company as its Pennsylvania sponsor; the procurement and distribution systems; colour slides of facilities, and the organisation chart.

A brochure, Introduction to Directorship, is given to each participant. District managers schedule these conferences according to the number and locations of new directors elected; they help the new director to master his job more quickly than otherwise and for a refresher.

Annual Development Conferences for directors are held in each of seven distribution districts.

Canada has correspondence courses, directors' schools, refresher courses and monthly meetings for directors. Since 1958, a new approach to director training has been developed. The Directors Advisory Service of the Union provides bulletins dealing with questions of fundamental importance which the Boards discuss at five meetings each year. Questions at the end of the bulletins are intended to stimulate further thought and inquiry. During 1960-61, the Service was used by 400 Boards. Topics dealt with so far are: The Co-op and Its Members; The Co-op and Its Board; Better Board Meetings; The Co-op and Its Finances; The Co-op and Member Education.

Credit Unions in the United States offer a wide range of courses, conferences, workshops, institutes and seminars for Directors and Committeemen in which the Universities frequently collaborate.

### **Influencing Economic Policy, Legislation and Social Developments**

A significant aspect since the Lausanne Congress has been the development of regional economic groupings. In EEC, where the Consumers' Co-operatives are grouped in a Community of Consumers' Co-operative Organisations of the Common Market, representations have been made upon a number of issues in which consumers' interests were involved—harmonisation of tariffs, common agricultural policy, plant protection and veterinary regulations, rights of establishment, etc.

Many co-operatives have exerted pressure upon their Governments to strengthen their anti-monopoly legislation. The position in Belgium, Germany, Japan and Sweden is particularly interesting.

#### **Belgium. Société Générale Coopérative**

A draft bill introduced in 1957, was finally enacted in 1960. The law does not forbid monopolies, trusts and cartel agreements, as such, but refers solely to abuse of economic power. A Reporting Commissioner (commissaire rapporteur) and two assistants examine complaints from organisations or companies, cases referred to them by the Minister for Economic Affairs and, upon their own initiative, situations where serious abuse of economic power is apparent. Upon completion of his inquiries, the Commissioner advises the Minister if a case exists; if not, the matter is referred to the Council for Economic Conflicts (Conseil du Contentieux Economique) which can advise him. The Minister will call together the parties concerned where an abuse of economic power is shown to exist and make recommendations which, if not followed, are enforceable by decree. In 1952, the co-operative representative on the Central Economic Council endeavoured to strengthen the draft law in a number of ways without great effect. In 1958, the Co-operative and Trade Union Movements succeeded in ensuring that the law was administered by the executive rather than the judiciary. The Movement continues to press for more rigorous legislation through its members on the Council.

#### **Germany. Zentralverband deutscher Konsumgenossenschaften**

Preliminary work on the present Act against Restraints of Competition began in 1948. Discussion in the Bundestag of the law lasted from 1952 until 1957. The German Movement, throughout this period, issued publications and press statements describing the problems involved and what co-operative consumers expected of the law.

At the same time the need for a really effective law was emphasised through the press. Z.d.K. pressed that Co-operatives should not be included within the



prohibitive clauses concerning cartels, a plea which was renewed at a later stage by the Freier Ausschuss der deutschen Genossenschaftsverbände. Every opportunity was taken to influence members of the Bundestag and officials of the Ministry for Economic Affairs in favour of the consumer viewpoint. Though the Cartel Law did not meet all the demands of the German Movement (e.g., vertical price maintenance is permitted) at least no additional clauses were introduced during the passage of the bill adversely affecting consumers.

Since the passing of the Act, the Movement has intervened in cases considered by the Federal Cartel Office (Bundeskartellamt) where co-operative interests were threatened. Special attention has been given to the problem of vertical price maintenance—its abolition being urged—and the Movement has worked with the various consumers' associations. Partly as a result of this activity, the Federal Ministry for Economic Affairs under Professor Erhard is considering an appeal to Parliament for the removal of the clause permitting price maintenance.

The Movement is fighting to strengthen the present cartel law by the introduction of clauses to improve control of dominant enterprises; to further restrict unjustified concentration of economic power; to require obligatory permits for rebate cartels; also extended consultation of purchasers with regard to the effects of cartels.

The Consumers' Co-operatives are represented on the Preparatory Commission of Inquiry on Economic Concentration set up by the Federal Ministry for Economic Affairs.

#### **Japan. Zenkoku Nogyokyodokumiai Chuokai**

The basic legislation concerning monopolies in Japan is contained in the Anti-Trust Law (Law Relating to Prohibition of Private Monopoly and Methods of Preserving Fair Trade), 1947. Amending legislation introduced in 1949, 1953 and 1955, relaxed the 1947 legislation and permitted crisis and rationalisation cartels, price maintenance and membership of international agreements by Japanese concerns. Other laws, Medium and Small Traders' Association Law, Foreign Trade Act and a series of laws permitting cartels in individual industries (e.g., textiles and coal) have further softened the effect of the 1947 Anti-Trust Law.

The Agricultural Co-operatives, in collaboration with the Fishery and Consumer Co-operatives, opposed the amending legislation and succeeded in limiting any adverse effect upon agriculture.

The most notable campaign was that begun in 1959 against the amendment of the Foreign Trade Act, introduced by the Ministry of Commerce and Industry under the guise of protecting home industries adversely affected by trade liberalisation. The actual effect of the amendment would have been to set up monopolistic price control by large capitalist enterprise; co-operative opposition was well organised and the amendment has not yet been enacted.

Co-operative Organisations recommended that—Cartel arrangements both for internal trade and import and export trade should be prohibited; no restrictions on entry to the trade should be allowed; if there were evidence of excessive competition, then the powers of the Fair Trade Commission should be strengthened; any restriction of trade to cartel members should not exclude Co-operatives.

✓ The Agricultural Co-operative Movement has also been concerned with contract farming in the production of malting barley. Since beer production began in Japan in 1876, barley has been produced by contract farming. As consumption has increased the monopoly of beer production has been tightened and the extent of contract farming extended. In 1959, the total production of contract malting barley (100,000 tons) was purchased by four manufacturers.

In 1959, the National Marketing Federation of Agricultural Co-operative Associations announced its intention to handle malting barley and to be fully responsible to producers for the terms arrived at in the course of marketing. An agreement was reached between the Federation and the manufacturers concerning contract farmed barley production which—Accepted agreements reached in the past between producers and manufacturers; stabilised the handling commission (which had been subsidised by the manufacturers) at its present level; agreed that technical guidance on production matters should continue to be given by the manufacturers; stated that in 1961 marketing of malting barley should take place according to contract if the contract has been concluded between an individual Co-operative and the manufacturer, or through Prefectural Federations and the National Marketing Federation.

The position is thus one of uneasy truce, the rôle of co-operative marketing having been increased to some extent by means of the contracts between individual Co-operatives and manufacturers. In 1960, malting barley was marketed through Agricultural Co-operatives in 13 prefectures.

#### **Sweden. Kooperativa Förbundet**

An investigation by a Government Committee of the extent and effect of trusts and cartels in Swedish industry and trade was made as early as 1911, but it was not until after the second world war that effective anti-trust legislation was finally enacted. The interregnum was marked, firstly, by the passage of a relatively ineffectual Act on Investigation of Monopolistic Combinations (1925) which the Co-operative Movement criticised as being too weak; secondly, by the purposeful entry into competition of the Swedish Movement with industries in which manufacturers were participating in restrictive arrangements.

During the second world war emergency regulations grouped manufacturers and importers into combinations and purchasing pools. There was reason to assume that, even when these compulsory combinations were liquidated after the war, the collaboration of the emergency period would continue in the form of restrictive practices.

The Social Democratic Party appointed a committee to elaborate a Programme for Post-War Economic Reconstruction and invited a representative of the Co-operative Movement to act as consultant on agricultural and monopoly questions. The Movement had also been represented on a Government Committee set up in the years immediately preceding the war which carried out research on combinations in trade and industry and their efforts on the economy. The committee of the Social Democratic Party was able to draw upon this report and other investigations on monopoly control in the course of its investigations. The Party's report declared that "Cartel agreements and similar price agreements should be made public, and that a pre-requisite for effective control of monopoly and monopoly prices was that all statements and details necessary to form a judgment of price policy should be available to the public. Such information

would show if further action were needed and provide beneficial publicity." The report continued—"A special commission of a permanent character should be established to investigate and analyse information on prices, profits and costs."

The Government's Post-War Planning Commission appointed a working group to draft an Act for the registration of cartel agreements. The draft became the 1946 "Act on the Supervision of Restrictive Practices in Industry and Trade," which superseded the 1925 Act, and provided that agreements in restraint of trade should be reported to the Monopoly Investigation Office of the Board of Trade as requested by that supervisory authority. Restrictive agreements are entered in the Kartellregistret and made public. The authority also investigates sections of trade and industry where trade associations or other combinations are assumed to be acting against the public interest. Registration does not imply condemnation of the agreement concerned.

In the period 1946-51, 38 per cent of the registered agreements were liquidated and a considerable number of the remainder remodelled to avoid special investigation. In the period since 1951, this trend has continued. Few new agreements have been registered.

About the time the 1946 Act was promulgated, a Committee was appointed to investigate more closely the whole field of restrictive practices, special attention being given to restrictions affecting new entries in the distributive trade, banking, credit and manufacturing, on which all interests were represented—manufacturers, wholesalers and retailers, the Consumer Co-operatives and the Trade Unions. In its recommendation, the Committee equated "the public interest" with the interest of consumers and delineated three cases in which restrictive practices were not in the public interest—where restrictive practices resulted in unreasonably high prices in relation to costs of production of goods or services; where restrictive practices gave rise to apprehensions that reductions in costs might be hampered or costs of production of goods services increased or the application of new techniques leading to increased productivity impeded; where the restrictive practices caused a diminishing supply of goods necessary to the national economy.

A detrimental effect was presumed to exist (and to provide cause for public intervention) unless contrary evidence could be produced. The Committee proposed that permanent executive authority be established with power to settle proven complaints by negotiation between the parties concerned and, where this failed, with power to issue an injunction which could liquidate a cartel, provide for compulsory delivery, fix maximum prices, or determine principles for fixing prices in the case of sole suppliers (this last requiring government sanction).

K.F., asked to comment on this draft, suggested that it was preferable to replace the procedure of legal presumption of detrimental effect by formal prohibition of resale price maintenance, tender cartels, joint-pricing cartels and cartels allocating markets. Injunctions compelling delivery should be limited to the case of monopolists only. K.F. argued for the inclusion of export cartels in the scope of legislation as well as international cartels and combines so far as these came within Swedish jurisdiction. The document also requested that the Executive Authority should include a representative of the consumers elected by the Co-operative Movement.

Due regard would seem to have been paid to K.F.'s views in the drafting of the 1953 Act based on a procedure of complaint and negotiation. In addition,

the principal restrictive practices—tender cartels and resale price maintenance—were made criminal offences. The proposed two-tier structure was replaced by a single authority composed of representatives of the interests concerned—trade associations, consumers' co-operatives, trade unions, economic experts and the state itself. The fundamental objective of the Council for the Maintenance of Free Competition (Näringsfrihetstradet) was to encourage free competition and free entry in all branches of industry and trade.

In 1955 an investigation was begun by a Government Committee with the object of finding a suitable form of organisation for a permanent supervision of prices to replace the war-time price control regulations. The Committee was also charged with surveying the whole complex of monopoly controls set up by the Acts of 1946 and 1953. The Committee advocated an extended obligation on firms and trade associations to supply information to the supervisory authorities; as regard prices, it would have given the Government authority to re-introduce statutory price control in emergencies (e.g., outbreak of war). K.F., having been asked by the Government to comments on the Committee's proposals, advised in favour of the supervisory anti-monopoly authorities and also approved a proposal to establish a co-ordinating supervisory authority (Statens pris-och kartellnänd). While agreeing with the need for price control in emergencies, K.F. did not approve of the use of controls to check isolated examples of internal price increases.

The Act of 1956; Obligation to Provide Information on Pricing and Competition, required all enterprises in trade, industry, transport, banking, insurance and other services to provide information on restrictive practices, pricing (including revenue, costs and profits), production and sales within Sweden as requested by the authorities. The supervisory powers of the Inspectorate of Banks and the Insurance Inspectorate were further strengthened, while supervision in the remaining sections of the economy was entrusted to the State Commission for Supervision of Prices and Cartels (Statens pris-och kartellnänd).

The Commission took over the tasks of the Monopoly Investigation Office, formerly part of the Board of Trade. It also collects and disseminates information on price movements, analyses these movements and observes price changes and pricing methods abroad.

Nineteen-fifty-six was also the year in which K.F. intervened in the rubber industry. The mobilisation of public opinion in support of the co-operative venture was, to a considerable extent, due to disclosures made in the course of Government inquiries as long ago as the 1920's supplemented by later information.

In the spring of 1961, the report was published of a Committee appointed to make a thorough investigation of existing anti-monopoly legislation, with a view to discovering what practical measures should be taken to improve Government supervision of prices and make consumer protection more effective. In general the Inquiry Committee did not find any changes in the existing cartel legislation were needed, but recommended a number of measures designed to ensure a more efficient implementation of existing legislation. Further recommendations were aimed at increasing collaboration between state authorities concerned with stimulating competition and the popular movements (co-operatives, trade unions and workers' educational organisations) specially interested in problems of consumer protection and education. In a written statement, K.F. strongly supported all the important recommendations of the Inquiry Committee.

## Appendix IX

### Organisations Affiliated

<b>Algeria</b> .....	Société Coopérative Musulmane Algérienne d'Habitation et d'Accession à la Petite Propriété, Paris.
<b>Argentina</b> .....	Federación Argentina de Cooperativas de Consumo, Buenos Aires.
<b>Australia</b> .....	Co-operative Federation of Australia, Sydney, N.S.W.
<b>Austria</b> .....	"Konsumverband" Zentralverband der österreichischen Konsumgenossenschaften, Vienna. Bank für Arbeit und Wirtschaft, A/G, Vienna. Zentralkasse der Konsumgenossenschaft, Vienna. Oesterreichischer Verband gemeinnütziger Bau-, Wohnungs- und Siedlungsvereinigungen, Vienna. Oesterreichischer Genossenschaftsverband, Vienna. Oesterreichischer Raiffeisenverband, Vienna.
<b>Belgium</b> .....	Société Générale Coopérative, Brussels. Coop-Dépôts, Brussels. Société Coopérative d'Assurances "La Prévoyance Sociale," Brussels. Fédération Nationale des Coopératives Chrétiennes, Brussels. "L'Economie Populaire," Ciney (Namur) L'Institut Provincial de Coopération Agricole, Liège. OPHACO Office des Pharmacies Coopératives de Belgique, Anderlecht-Brussels. Société Coopérative Fédérale de Belgique, Brussels.
<b>Brazil</b> .....	Centro Nacional de Estudos Cooperativos, Rio de Janeiro.
<b>British Guiana</b> ....	British Guiana Co-operative Union, Ltd., Georgetown.
<b>Bulgaria</b> .....	Central Co-operative Union, Sofia.
<b>Burma</b> .....	National Co-operative Council, Rangoon.
<b>Canada</b> .....	Co-operative Union of Canada, Ottawa, Ontario. Conseil Canadien de la Coopération, Quebec.
<b>Ceylon</b> .....	Co-operative Federation of Ceylon, Colombo.
<b>Chile</b> .....	Federación Chilena de Cooperativas de Ahorro, Santiago de Chile.
<b>Colombia</b> .....	Cooperativa Familiar de Medellin, Ltda., Medellin.
<b>Cyprus</b> .....	Co-operative Central Bank, Ltd., Nicosia. Cyprus Turkish Co-operative Central Bank, Ltd., Nicosia. Vine Products Co-operative Marketing Union, Ltd., Limassol.

<b>Czechoslovakia</b> . . . .	Ustredni Rada Druzstev, Prague.
<b>Denmark</b> . . . . .	De samvirkende danske Andelsselskaber, Copenhagen. Det kooperative Faellesforbund i Danmark, Copenhagen. Nordisk Andelsforbund, Copenhagen.
<b>Dominica, W.I.</b> . . . .	The Dominica Credit Union League, Ltd., Roseau.
<b>Egypt</b> . . . . .	Société Coopérative des Pétroles, Cairo.
<b>Finland</b> . . . . .	Kulutusosuuskuntien Keskusliitto, Helsinki. Osuustukkukauppa (OTK), Helsinki. Kansa (Keskinäinen Henkivakuutusyhtiö), Helsinki. Kansa (Keskinäinen Palo-ja Tapaturmavakuutusyhtiö), Helsinki. Yleinen Osuuskauppojen Liitto, Helsinki. Suomen Osuuskauppojen Keskuskunta, Helsinki. "Pellervo-Seura," Helsinki.
<b>France</b> . . . . .	Fédération Nationale des Coopératives de Consommation, Paris. Société Générale des Coopératives de Consommation, Paris. Confédération Générale des Sociétés Coopératives Ouvrières de Production, Paris. Banque Coopérative des Sociétés Ouvrières de Production de France, Paris. Fédération Nationale des Sociétés Coopératives Ouvrières de Production du Bâtiment, des Travaux Publics et des Matériaux de Construction, Paris. Confédération Nationale de la Coopération, de la Mutualité et du Crédit Agricoles, Paris. Caisse Nationale de Crédit Agricole, Paris. Fédération Nationale de la Coopération Agricole, Paris. Confédération des Organismes de Crédit Maritime Mutuel, Paris. Fédération Nationale des Sociétés Coopératives d'Habitations à Loyer Modéré, Paris. L'Association Bâticoop, Paris. Confédération des Coopératives de Construction et d'Habitation, Paris.
<b>German Federal Republic</b> . . . . .	Zentralverband deutscher Konsumgenossenschaften, Hamburg. Grosseinkaufs-Gesellschaft deutscher Konsumgenossenschaften, m.b.H., Hamburg. Gesamtverband gemeinnütziger Wohnungsunternehmen, Cologne. "Alte Volksfürsorge," Gewerkschaftlich-Genossenschaftliche Lebensversicherungs A.G., Hamburg. Deutsche Sachversicherung "Eigenhilfe," Hamburg.

<b>Great Britain</b> .....	The Co-operative Union, Ltd., Manchester. Co-operative Wholesale Society, Ltd., Manchester. Scottish Co-operative Wholesale Society, Ltd., Glasgow. Co-operative Productive Federation, Ltd., Leicester. Co-operative Insurance Society, Ltd., Manchester.
<b>Greece</b> .....	Pan-Hellenic Confederation of Unions of Agricultural Co-operatives (S.E.S.), Athens.
<b>Holland</b> .....	Coöperatieve Vereniging U.A. Centrale der Nederlandse Verbruikcoöperaties, "Co-op Nederland," Rotterdam.
<b>Iceland</b> .....	Samband Isl. Samvinnufélaga, Reykjavik.
<b>India</b> .....	National Co-operative Union of India, New Delhi. National Agricultural Co-operative Marketing Federation, Ltd., New Delhi. All Bombay Consumers' Co-operative Societies' Federation, Ltd.
<b>Iran</b> .....	Army Consumers' Co-operative Society, (Cherkate Taavoni Masrafe Artèche), Teheran.
<b>Ivory Coast</b> .....	Centre National de la Coopération et de la Mutualité Agricoles, Abidjan.
<b>Israel</b> .....	General Co-operative Association of Jewish Labour in Eretz-Israel, "Hevrat Ovdim." Ltd., Tel-Aviv. "Merkaz" Audit Union of the Co-operative Societies for Loans and Savings, Tel-Aviv. "Haikar" Audit Union of the Agricultural Societies of the Farmers' Federation of Israel, Tel-Aviv.
<b>Italy</b> .....	Legg Nazionale delle Coöperative e Mutue, Rome. Confederazione Cooperativa Italiana, Rome. Associazione Generale delle Cooperative Italiane, Rome.
<b>Jamaica</b> .....	The Jamaica Co-operative Union, Ltd., Kingston.
<b>Japan</b> .....	Nippon Seikatsu Kyodokumiai Rengokai, (Japanese Consumers' Co-operative Union), Tokyo. Zenkoku Nogyokyodokumiai Chuokai, (Central Union of Agricultural Co-operatives), Tokyo. Zenkoku Gyogyo Kyodokumiai Rengokai, (National Federation of Fishery Co-operative Associations), Tokyo.
<b>Jordan</b> .....	Jordan Co-operative Central Union, Ltd., Amman.
<b>Korea</b> .....	National Agricultural Co-operative Federation, Seoul.
<b>Malaysia</b> .....	Co-operative Union of Malaysia, Kuala Lumpur. Federation of Co-operative Housing Societies, Kuala Lumpur.
<b>Malta</b> .....	Farmers' Central Co-operative Society Ltd., Marsa.
<b>Mauritius</b> .....	Mauritius Co-operative Union, Port Louis.

<b>Morocco</b> .....	Cercle d'Etudes et d'Action coopératives "Georges Fauquet," Rabat.
<b>Mexico</b> .....	Confederación Nacional Cooperativa de la Republica Mexicana, C.C.L.
<b>Nigeria</b> .....	Co-operative Union of Eastern Nigeria, Ltd., Aba. Co-operative Union of Western Nigeria, Ltd., Ibadan.
<b>Norway</b> .....	Norges Kooperative Landsforening, Oslo. Livsforsikringsaktieselskapet Samvirke, Oslo. Forsikringsaktieselskapet Samvirke, Oslo. Samvirkebanken, Oslo. B.B.L. A/L Norske Boligbyggelags Landsforbund, Oslo.
<b>Pakistan</b> .....	West Pakistan Co-operative Union, Lahore. Karachi Central Co-operative Consumers' Union. Karachi Co-operative Housing Societies' Union. Karachi Co-operative Institute, Ltd. Karachi Fishermen's Co-operative Purchase and Sales Society, Ltd. Sind Provincial Co-operative Bank, Ltd., Karachi. Karachi Central Co-operative Bank, Ltd. East Pakistan Co-operative Union, Ltd., Dacca.
<b>Roumania</b> .....	Uniunea Centrala a Cooperativelor de Consum "Centrocopp." Bucharest.
<b>Sarawak</b> .....	Sarawak Co-operative Central Bank Ltd., Kuching.
<b>Singapore</b> .....	Singapore Co-operative Union, Ltd.
<b>Sweden</b> .....	Kooperativa Förbundet, Stockholm. Folksam, Stockholm. Hyresgästernas Sparkasse-och Byggnadsföreningars Riksförbund, (H.S.B.), Stockholm. Svenska Riksbyggen, Stockholm. Sveriges Lantbruksförbund, Stockholm. Kooperativa Kvinnogillesförbundet, Stockholm.
<b>Switzerland</b> .....	Verband schweiz. Konsumvereine, Basle. Genossenschaftliche Zentralbank, Basel. Coop Lebensversicherungs-Genossenschaft Basel, Basel. Verband-ostschweiz. landwirtschaftlicher Genossenschaften, (V.O.L.G.), Winterthur. Verband sozialer Baubetriebe, Zurich.
<b>Tanganyika</b> .....	Co-operative Union of Tanganyika, Ltd., Dar es Salaam.
<b>U.S.A.</b> .....	The Co-operative League of the U.S.A., Chicago, Illinois.
<b>U.S.S.R.</b> .....	Central Union of Consumers' Co-operative Societies of the U.S.S.R. and R.S.F.S.R., "Centrosoyus," Moscow.
<b>Yugoslavia</b> .....	Glavni Zadruzni Savez F.N.R.J., Belgrade.



## Subscriptions Received for the Years 1960, 1961, and 1962

	1960.			1961.			1962.		
	£	s.	d.	£	s.	d.	£	s.	d.
Argentina	115	0	0	149	18	0	149	18	0
Australia ✓	40	0	0	40	0	0	40	0	0
Austria	534	7	8	1,062	7	8	1,132	1	5
Belgium	1,010	16	0	1,614	10	0	1,609	10	0
Brazil	5	15	0	6	0	0	6	0	0
British Guiana	25	0	0	25	0	0	—		
Bulgaria	115	0	0	150	0	0	150	0	0
Burma	115	0	0	150	0	0	150	0	0
Canada	443	4	3	700	13	0	681	17	8
Ceylon ✓	100	0	0	150	0	0	150	0	0
Chile	20	0	0	—			—		
Colombia	24	0	0	—			—		
Cyprus	48	0	0	50	0	0	118	0	0
Czechoslovakia	1,828	0	0	2,026	14	8	2,033	12	2
Denmark	740	0	0	1,175	0	0	1,175	0	0
Egypt	10	0	0	18	0	0	50	0	0
Finland	1,401	6	4	2,738	15	6	2,711	8	0
France	3,441	8	6	4,556	12	0	4,729	12	1
German Federal Republic	1,291	18	0	3,627	0	0	3,728	12	4
Ghana	115	0	0	—			—		
Great Britain	13,170	13	9	17,563	1	6	17,606	9	0
Greece	115	0	0	150	0	0	150	0	0
Holland	539	9	6	775	5	0	665	5	0
Iceland	115	0	0	290	0	0	290	0	0
India ✓	60	0	0	150	0	0	350	0	0
Indonesia ✓	115	0	0	150	0	0	—		
Iran	8	0	0	10	0	0	18	0	0
Israel	509	0	0	760	9	9	751	0	0
Italy	1,394	0	0	2,735	14	0	2,936	0	0
Ivory Coast	—			—			10	0	0
Jamaica	—			20	0	0	25	0	0
Japan ✓	230	9	7	450	0	0	450	0	0
Jordan	20	0	0	30	0	0	30	0	0
Malaysia ✓	125	0	0	160	0	0	160	0	0
Malta	—			2	17	0	2	16	6
Mauritius	25	0	0	30	0	0	30	0	0
Nigeria	230	0	0	300	0	0	300	0	0
Norway	448	0	0	782	0	0	788	0	0
Pakistan ✓	153	0	0	250	0	0	703	0	0
Rumania	115	0	0	150	0	0	150	0	0
Sarawak	—			—			20	0	0
Singapore ✓	10	0	0	10	0	0	10	0	0
Sweden	1,838	4	0	3,671	0	0	4,150	0	0
Switzerland	926	2	9	2,153	10	9	2,193	9	4
Tanganyika	—			—			310	0	0
U.S.A.	2,175	0	0	4,041	0	0	3,891	0	0
U.S.S.R.	7,200	0	0	10,000	0	0	10,000	0	0
Yugoslavia	114	18	0	149	18	0	149	18	0
<b>Total</b>	<b>£41,060</b>	<b>13</b>	<b>4</b>	<b>63,025</b>	<b>6</b>	<b>1</b>	<b>64,755</b>	<b>9</b>	<b>6</b>

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