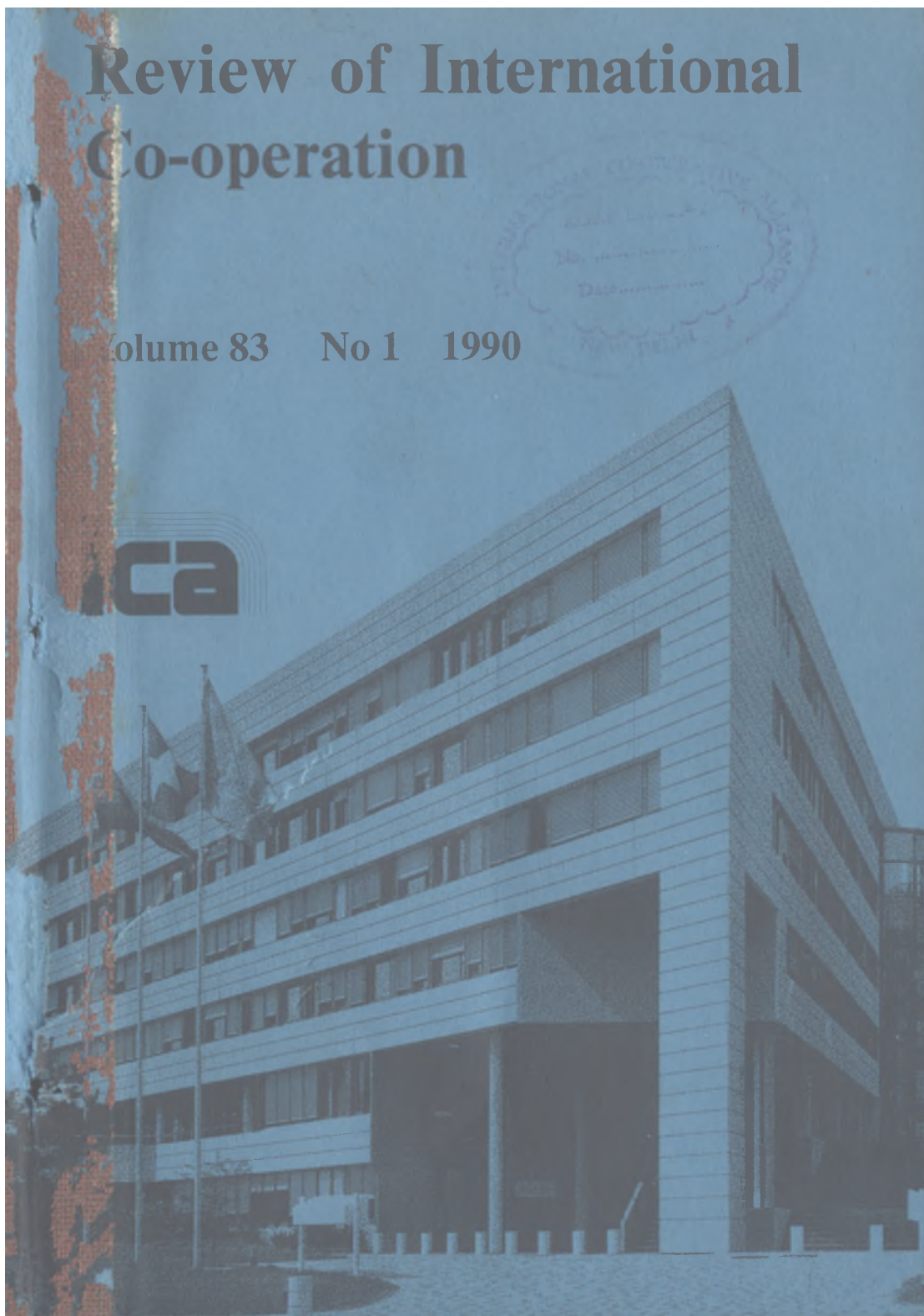


Review of International Co-operation

Volume 83 No 1 1990

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Review of International Co-operation

Vol. 83 No. 1/1990

Editor: Mary Treacy

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Editorial



Media coverage over the past years has made us increasingly aware of the danger to our survival if we continue to devastate our environment. We can't pick up a newspaper without reading alarming reports about the effects of nuclear pollution and acid rain. Magazines relate how the world's rainforests are being destroyed faster than Governments can make provision to protect them, thereby disturbing the delicate ecosystem that sustains us all, and how deforestation in Africa will lead to more and worse famines. TV programmes inform us that large areas of the world will disappear underwater due to the effects of global warming if nothing is done to stop depletion of the ozone layer.

Governments and international organizations pass resolutions on how we can safeguard "Our Common Future" but we, the ordinary people know that if Third World countries take the same hithertofore path to development that the industrialized world has chosen, then we probably have no Common Future. We know that something concrete has to be done, but feel helpless to change the course of events.

Current national co-operative campaigns are focusing on what individuals can do - how they can help protect the ozone layer, reduce the greenhouse effect, diminish acid rain, save tropical rainforests, reduce automobile pollution, cut down on wastage and preserve endangered species. Tall orders maybe . . . but co-operators can play a part in shaping the environment in which we live.

"Think Globally - Act Locally": this is the eminently sensible exhortation of the World Health Organization. Although each individual's efforts may appear small, together they make a significant impact.

This year's Co-operative Day Message is about the environment. ICA would like to present the international community with a really comprehensive view of what co-ops are doing to help protect the environment - so please let us know about your organization's endeavours in this field.

We look forward to receiving printed matter, articles, photos, videos etc. These will be exhibited in Madrid during the ICA Central Committee in September, thereby spreading ideas which will help other movements develop their own environmental programmes. In addition they will provide data for an article for the international media, on the concerted effort which the International Co-operative Movement is making to improve the environment we all cherish.

Mary Treacy, Editor

Strategies for Co-operative Development in Central and Eastern Europe*

Introduction

The major political and economic changes underway in the countries of Eastern and Central Europe (ECE) are welcomed by co-operatives in all countries. They provide co-operatives with an opportunity to return to their traditional democratic roots and to strengthen their economic efficiency. At the same time, since co-operatives were important economic forces under the previous political and economic systems, they are now confronted with severe challenges which threaten their development and, in some cases, their very survival.

Priority Needs

If co-operatives are to play an important role in rebuilding political democracy and economic pluralism in ECE countries, a number of requirements must be met.

* These conclusions are the result of a consultation meeting in Geneva organized by ICA on 20-21 March with leaders from co-operative organizations in seven Central and Eastern European countries and members of the ICA Executive Committee from Western Europe.

At the more global or macro-economic level, there is a need for **economic and political** restructuring to proceed in order to provide the necessary policy environment within which co-operatives, like other parts of the economic system, will be able to progress.

Within the co-operative movements there is an urgent need for the preparation of **national co-operative development strategies**, agreed to by members, so that co-operative movements will determine their own priorities for the future.

It is widely agreed that **education and training** is a key requirement. This includes management training, technical training, and member education.

In many countries **improved co-operative legislation** is needed. In some cases existing legislation is excessively bureaucratic; in others new legislation has been enacted hastily and requires amendment.

Co-operatives throughout the region wish to offer **financial services** to their members. This includes co-operative

banking, co-operative insurance, and co-operative savings and credit (credit union) facilities.

Economic links with Western countries are necessary if co-operatives are to have access to the credits, technology, joint venture opportunities, and other forms of collaboration which they need in order to compete in their new market economies.

There is a common requirement for **information** about developments in neighbouring countries and about the interests and activities of organizations offering assistance.

Opportunities for East-West Collaboration

There is a clearly-demonstrated interest on the part of co-operative organizations in Western Europe and elsewhere to offer assistance in the above areas to existing co-operatives and to new co-operative activities in the region, and to undertake commercial collaboration.

Many governments have allocated substantial amounts of money for Eastern and Central Europe. The European Community has funds available and has been designated the coordinator for the activities of the OECD countries.

Co-operatives, however, are likely to benefit from some of these resources only if, in the countries of East and Central Europe, they convince their own governments of the importance of supporting co-operative develop-

ment, and demonstrate their capacity to serve their members efficiently.

Opportunities exist for national co-operative organizations to support direct movement-to-movement collaboration, especially in the areas of training and exchanges. However, it is unlikely that Western co-operatives themselves will be the sources of major financial support.

Whatever assistance is forthcoming from the West, it will be only supplementary to the efforts and contributions made by co-operatives in the region, who themselves are responsible for their own development. Assistance must correspond to their priorities and wishes.

Role of ICA

The International Co-operative Alliance has committed itself to support its member organizations in Eastern and Central Europe. It is also prepared to provide assistance to governments, social and economic organizations, and others who wish to support authentic co-operative development in the region.

ICA will attempt to provide support in the following ways:

- a) Within its secretariat it will create a "working group" on Eastern and Central Europe in order to coordinate its activities and ensure this issue remains a high priority.
- b) ICA will emphasize the provision of **information**. Its documentation section will develop a data bank on

recent trends and issues in the region, and on the activities of organizations providing assistance. ICA member organizations will be kept informed of developments and needs through regular reports in the ICA News and Review, and through an update report at the Central Committee meeting in Madrid. ICA will also attempt to provide information to the public on the role of co-operatives in ECE by providing articles for newspapers and journals, and making contact with other media representatives.

c) When requested, ICA authorities will be prepared to undertake **policy dialogue** missions to discuss co-operative needs and interests with relevant governmental authorities.

d) ICA will organize a **regional seminar on co-operative legislation** in order to sensitize governments to the need for change in this area and provide advice to co-operative organizations. If resources permit, this could be followed by national activities of legislative review and drafting. The participation of ILO will be requested.

e) ICA will encourage and support active involvement of its **specialized organizations** in the region. It will ask its Banking and Insurance Committees to organize regional workshops, followed by national seminars, and to encourage their members to provide direct support. It will continue its secretariat support to the efforts of the Agriculture, CICOPA, Consumer and Tourism Committees. It will support the activities of INTERCOOP's new regional office.

f) ICA will maintain close contact and coordinate efforts with the World Council of Credit Unions, through its European Office, in order to support thrift and credit co-operative activities or institutions where they are desired.

g) ICA will support the **education and training** needs of co-operatives and others by providing material and, to a limited extent, arranging translations. ICA will seek resources to organize regional training-of-trainer seminars, follow-up national workshops, and the establishment of a Regional Training Centre.

h) ICA will seek **financial resources** for its own efforts and for the efforts of its member organizations and Specialized Organizations who wish to support co-operatives in the region. These resources will be supplementary to resources currently used to support co-operative development in the South.

Future Action

ICA will make immediate contact with the Commission of the European Economic Community and with the World Bank to examine opportunities for financial support. This will include close contacts with the co-operative organizations of the EC in Brussels.

A follow-up consultation meeting should be organized in Madrid, to coincide with the Central Committee meeting, to review recent developments and discuss future steps.

ICA members in Eastern and Western Europe will be asked to keep ICA informed of all relevant developments, and to co-ordinate their activities in the region to the greatest extent possible.

ICA's Structure Committee will examine the possibility of creating an institutional mechanism to promote

regular interaction between co-operatives of Eastern and Western Europe.

ICA members will be informed of the results of this consultation, and will be requested to provide support as quickly as possible - especially in the key areas of economic collaboration and training.



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Integration und Kooperation in Nord und Süd

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Es werden die Inhalte und Formen der Integration und Kooperation weltweit analysiert. Integration und Kooperation haben in Europa bereits ein hohes, wenn auch noch nicht zufriedenstellendes Mass erreicht. Ausserhalb Europas, in Asien, Afrika und Lateinamerika / Karibik sind ebenfalls bereits viele Kooperationen und Integrationsansätze, wenn auch nicht in gleich fortgeschrittener Weise, verwirklicht. Der Vergleich europäischer Erfahrungen und Modelle mit ausser-europäischen kann aber auch für den europäischen Integrationsprozess Erkenntnisse vermitteln.

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ICA and the Central and Eastern European Countries

by Yves Régis*

The False Image of Co-ops

Last month, in a report from Romania on French television, we heard a Romanian villager say: "What we expect the new regime to do is to give us back our farmland that Ceaucescu's co-operatives have taken".

Several reports from Russia tell us about the deplorable popular image of the new producers' co-operatives, organized along the lines of the Moscovite model and assimilated into the black-market or even associated with financial fraud.

Ill-treated by Stalin and his successors almost as much as by social democracy itself, co-operatives and in particular producers' co-operatives (workers' co-operatives in Eastern European vocabulary) were suppressed by a pen stroke after the war, by Stalin himself. Will they now be rejected by the people who are gaining some measure of freedom today? There is an evident risk of throwing out the baby with the bath water.

*Yves Régis is Chairman of CICOPA which is a French acronym for International Committee of Producers' Co-operatives.



Fitting into the System

Two things are evident:

1. In the USSR, only consumer co-operatives have been permitted to operate and only within the Centrosoyus. These consumer co-operatives supply more than 40% of the inhabitants in the rural areas. It is clear that these organizations did not always have the autonomy that they wished to have in comparison with the state organizations. Neither were they able to escape from central planning which led to the disastrous results which are now generally recognized.

In other Eastern European countries, the workers' co-operatives were able to develop a great meas-

ure of autonomy, although they could not escape the general rules of authoritative planned economies and they had to operate under state control which could be quite rigorous. Their structures, based on tutelage, can therefore be rejected as more or less closely entwined with the past regime.

2. The new law (1988) on co-operatives in the USSR resulted in an explosion of co-operatives, though many of these were private or family businesses in disguise. These co-operatives operate in the more "lucrative" sectors of consumer services and through channels of the black market. Practicing a kind of "wild capitalism", they appear to be the newly privileged rather than the solution for the future of Soviet workers.

I think that ICA cannot remain silent while the co-operative image is being so crudely distorted in the countries of Central and Eastern Europe.

ICA's Mandate

ICA has been a sometimes unique tie between East and West at the peak of the cold war. ICA has kept a sometimes quite archaic vocabulary - and under the constraints of prudence and slowness imposed upon large international bodies, a real moral authority, because it never compromises on what is essential.

ICA must not remain silent, now that democracy is emerging in the East of Europe. We have a message on how co-operatives should operate and should speak up clearly and quickly in

order to avoid grave misunderstandings.

Co-operation is the daughter of democracy and can only exist in an environment of political and economic freedom. It is the opposite of autocracy, authoritative centralism and central planning.

Co-operation belongs to the sphere of free enterprise and not to that of public, state or local collective business.

Co-operative Values

In this double environment - that of economic democracy and of free enterprise - Co-operation stands for two specific values:

Its aim: service to man (and not simple profit alone).

Its method: solidarity between those representing the economy and the society.

This is why Co-operation is the opposite of the authoritarian collective enterprises of the past communist regimes. The failure of the sovkhozes and kolhozes in agriculture (with their known low productivity) stands in contrast to the remarkable success of the agricultural co-operatives (grouping together farm owners coming together to combine the services necessary before, during and after production).

Throughout the world, in the United States, Western Europe as well as in developing countries, Co-operation appears increasingly to be the road to self-subsistence and more generally, concrete development.

This is why co-operation is also the opposite of "wild capitalism", which is pure and harsh unchecked and lawless liberalism, and which is now being represented to ignorant people as the only alternative to the collapsing social and economic systems. Co-operation is not the speculative and totally individual business that is sometimes created under this name. Guizot's "Get rich" from the last century was no more successful than Stalin's central planning. The results - extreme poverty, no social protection, an intolerable cleft between rich and poor and finally a decline in productivity - led to the peoples' revolt, to a large part of Marxist doctrine, and to the communist regimes with their authoritative derivatives. Even in our present times, the poor in the countries of Latin America and elsewhere are revolting against this type of capitalism.

The Mixed Economy

In fact, the only alternative to a planned economy is that which has helped to overcome the pure capitalist jungle: the mixed economy.

In a mixed economy you combine economic freedom with public solidarity, individual responsibility with collective security. Co-operation in all its forms is an important element of mixed economies.

The American ESOPs (Employee Stock Ownership Plans) and the Societies of Associated Workers in Spain are one form. Many types of concrete adaptation to national and historic situations are possible. But let us keep a clear mind and the fitting words:

Co-operation is equal to economic democracy and to free enterprise in solidarity.

Those who use the word "co-operative" to cover attempts at anything contrary to the above definition are either misguided or trying to mislead us. Co-operation is equal to economic efficiency and social solidarity, and this has been proved. That is why we feel justified to recommend it to those who are looking for a reliable future and want to avoid losing time in trying to adopt obsolete solutions.

Resolution

of NSZZ SOLIDARNOSC RI

**(Independent, Autonomous Trade Union SOLIDARNOSC
of Individual Farmers)**

On the Restitution of Co-operatives to the Countryside

Co-operative societies were founded, financed and developed through the efforts of farmers. They are the most appropriate, universally proven, least expensive and most efficient way of providing rural areas with farm equipment, seeds, fertilizers, and other basic necessities. The co-operative form of organization allows the farmer to maintain control of the management and utilization of his products.

The co-operatives have been taken away from the farmers. They have been state-controlled, bureaucratized, corrupted and compromised. Instead of being an institution of assistance they have become tools of exploitation, oppression and demoralization. They have also become a source of inequitable profits for the local nomenclature, hotbeds of nepotism, and the means of dominating the country according to the principle "divide and conquer". These monopolistic institutions are wasteful and they generate high prices which have to be born by the farmers. A few well-functioning co-ops and their honest employees cannot change this image.

This situation came about because the fundamental principles of co-operation have been ignored. The highest authority of the co-operatives - the General Assembly - has become a meaningless showcase. Democratic rules of election to the Supervisory Council have not been observed. These Councils, elected from the rank and file membership, should be responsible for appointing the Boards of Directors and supervising the functioning of the society and its employees.

We must recover co-operative property, which is our property, and manage it in the interests of both farmers and consumers.

This can be achieved, according to the Parliamentary Law of 5 February 1990, through properly prepared and organized elections of local co-operative societies to the new Supervisory Councils in the following sectors: "Peasant Self-Help" communal co-ops, horticultural societies, agricultural circles, regional dairy co-ops and co-op banks. The trade union and its members should participate in the elections.

Besides the elections to municipal councils, activities aimed at restituting the economy, should be given top priority.

We categorically demand an immediate end to the pillage and selling of co-operative property by former Boards of Directors or by the new unlawfully created companies, until the election and constitution of new Supervisory Councils.

We intend to seek contacts and reach understandings with the employees of co-operatives and their trade unions in order to begin common election campaigns and avoid unnecessary conflicts.

At the same time we request the Government to simplify the administrative and financial rules regulating co-operative activity.

Regional organizations of the Trade Union are requested to send information on the progress and results of our actions, especially concerning the difficulties they have met in their work.

Warsaw, February, 1990

*The Presidium of the National Council
and Presidents of the Regional Councils
of NSZZ Solidarnosc RI.*

The Uzvara "Victory" Fishermen's Collective in Latvia

by David Klugman*

Latvia, one of the three Baltic republics of Estonia, Latvia and Lithuania, is wedded to the sea. The sea means fish, which abounded in the Baltic until pollution and over-fishing set in. Now the catch has to be sought as far as the coasts of Angola and Peru.

My trip to the Soviet Union in 1989 included several days in Latvia where I visited the "Victory" fishermen's collective, located close to Jurmala, a popular health resort on Riga Bay, about 35 km (20 miles) from the capital.

As we arrived at Uzvara, our bus crossed a pine forest and pulled up in front of the collective's cultural centre, where a smiling Andris Klever, the cheerful director for cultural affairs, greeted us.

An Integrated Complex

Andris first showed us the housing project, a string of attractive five-story apartment buildings, all with balconies, occupied by the fishermen and their families. They had helped build the houses over a 40-year period. The sunny complex contrasted with the log cabins, now part of the museum,

*David Klugman, a member of the Berkeley Co-operative since 1954, has been writing about co-operative topics since 1962.



which we visited next. While fishing is an age-old tradition in the region, it involves a lot of hardship, well documented by the museum. The museum comprises examples of the original huts, boats, fishing and navigational instruments, all well preserved and displayed. Built by the fishermen, starting in 1970, the museum mirrors the bygone days. It houses the founding Charter, dated 18 June 1947, photographs, paintings, awards, decorations, charts, etc. Even the rudimentary original office equipment, long since replaced, is displayed.



The Uzvara.

Next we saw boats at anchor, the processing plant, the furniture factory, and were offered lunch at the House of Culture. As could be expected, lunch featured a great variety of fish. The House of Culture is an attractive building containing various facilities for education, sports and leisure. Another building houses the library.

Achievements

Lunch provided Andris with an opportunity to tell us about Uzvara. In 1947, 138 fishermen pooled their 40 worn-out motorized boats and their fishing tackle. The State provided credits for modernizing the fleet. Progressively the fleet increased in size. In 1950 some trawlers were added

and a few years later bigger boats joined the fleet which allowed them to fish as far as the Atlantic Ocean. In 10 years they quadrupled their catch. In the 1960s the collective built a small fishing port, a ship repair yard, a fishing tackle shop, garages, store-houses and a fish-processing plant. In the 80s a new, automated fish-processing complex was built. Fish canning greatly increased the economic return of Uzvara.

Currently Uzvara operates a wide network of sections and services. It owns a fleet of modern ships and catches 12-13,000 tons per annum. Speed-boats are catching high-quality fish in coastal waters.



Hauling in the day's catch.

There are four fish-factory ships in the fleet, which process fish on the high seas. However, most of the catch is canned on shore in the new processing complex, the equipment of which is constantly being upgraded. At present Uzvara supplies consumers with 13 million cans of fish annually, as well as with smoked and fresh products.

The income of the collective now exceeds 22 million roubles, of which 3.6 million constitute the economic return. That, in turn, reflects good wages, regular renovation, construction of housing and fulfillment of the community's social and cultural needs.

Uzvara employs over 1,300 persons, among them engineers, technologists, economists and other specialists. Over 300 members of the collective have

received a secondary, or higher education. Over 200 have received government awards for outstanding achievements.

Ilgonis Bumburs, the chairman since 1960, is a deputy to the Latvian Supreme Soviet.

Under the new economic order "Perestroika" the enterprise is free to sell to co-ops and other enterprises outside the Soviet Union. The collective is anxious to establish trade relations around the world. The address is: UZVARA - Upes Iela 37 - Jurmala, Latvia, USSR.

Latvians enjoy singing and Andris proved it by giving a rousing rendition of "Glory, glory, Hallelujah", to which the visitors responded by: "For he is a jolly good fellow". It was on that cheerful note that the visit ended.

Position Statement

on the Statute for a
European Co-operative Society
by the Coordinating Committee of the
EEC Co-operative Associations

- **Having considered** the reports of the European Parliament (MIHR, AVGERINOS, TRIVELLI) calling for recognition of the co-operative sector at the community level;
- **Having considered** the opinion of the Economic and Social Committee (ESC) on the co-operative sector contribution to regional development, asking for clarification of the need for an optional supplementary European legal framework for co-operative enterprises;
- **Having considered** the resolution of the European Parliament on the Commission's memorandum on the "Internal Market and Industrial Co-operation, the Statute for a European Co-operative Society and the White Paper on the Internal Market", which requests the Commission to submit a proposal for establishing a statute for co-operative and mutual societies, which would be optional and could apply alongside national legislation, and which should safeguard the particular features of co-operative and mutual undertakings and permit them to meet the demands of the single European market;
- **Having also considered** the position taken by the ESC with regard to the statute for a European company pointing to the need to provide a specific statute for co-operatives;

The European co-operative movements meeting within the Coordinating Committee of EEC Co-operative Associations support the establishment of a statute for a European co-operative society(ECS) in order to facilitate trans-national co-operation between co-operative entities, the economic groups they make up, and their members.

In their efforts to take on a European dimension, co-operative societies do encounter the obstacles noted by the Council and the EEC Commission and which have led those institutions to implement a proposed regulation concerning the statute for a European Co-operative Society.

It should be noted further that disparate national and regional co-operative legislation makes the harmonization of statutes virtually impossible and for that matter undesirable.

This state of affairs precludes trans-national restructuring by means of mergers.

I. Goals

The optional statute for an ECS should be superimposed on whatever national regulations are in force, but not supersede them. Only groups comprising at least two individuals from a different member state should be granted such status.

Under European law, co-operative societies should be subject to specific regulations, conceived in a way similar to that which has given rise to the solutions adopted under European law for corporate bodies, involving a set of basic provisions not dependent on national legislation while referring to the laws of the place where the headquarters or central administrative offices are located, with respect to the formal provisions set out in the articles of association (constitution, publicity etc.).

It is preferable to have a single status with sufficient flexibility over and above the essential rules based on co-operative principles - to be set out in a preambulatory paragraph - to make it possible to reach solutions adapted to the economic and financial aims of each society within the scope of contractual freedom.

II. Content of the Statute

1. Characteristics and make-up of co-operative societies

The purpose of a co-operative is to satisfy its members' economic needs or to promote their activities.

A co-operative may consist of any natural or legal persons governed by public or private law who

- *share the goals of the society and*
- *freely subscribe to its statutes*

provided that each society contains no less than two persons who are nationals of different member states.

2. Relations with members and customers

With due respect for flexibility and reference to the terms laid out in the articles of association, the statute should lay down the rules governing admission, resignation and exclusion of members, both in their own interest and to protect third parties.

Furthermore, the so-called "duality" co-operative principle which emphasizes a co-operative's commitment to promoting the economic welfare of all of its members, barring none, shall be taken as a standard.

3. Capital and equity

Although a co-operative must always give preference to considerations affecting its members to purely financial profits to be gained from the capital pooled together, co-operative movements find it advisable for the society to be endowed with capital consisting of shares coming from several different categories.

The co-operative may choose to introduce variable shares.

Provisions regarding return on capital and accumulated equity shall come under the scope of the articles of association, it being nevertheless established that a minimum share of the profits shall, prior to distribution, be allocated to a mandatory reserve fund - to be known as the legal reserve.

The indivisibility of all or part of the legal reserve shall be accepted as a general principle, with the possibility of extension to the free reserves provided for in the statutes.

Under conditions laid down by European law, exemptions may be made to account for the particular aims of a co-operative and the status of its members (private persons or enterprises).

Explicit provision shall be made that dividends may be paid from the surplus.

Subject to regulations applying to specific sectors (e.g. banks or insurance companies), members' liability shall be limited either to the amount of capital which they subscribe or, as may be stipulated in the articles of association, to a multiple of that capital or any other limitation.

4. Administration and management

Management bodies shall be designated by the membership at the general meeting. Founding members shall choose between the two alternative systems: "monistic" with a board of directors and president or "dualist" with a management board and supervisory committee.

The voting system and quorum rules for the general meeting shall be set out in the statutes:

- *either one man, one vote*
- *or a number of votes determined by the amount of business conducted by the co-operative with each member or any other similar criterion.*

5. Co-operative review

In regard to the provisions for auditing and review within the co-operative movement, the regulations in force in the Member State of the ECS's headquarters shall apply.

6. Tax status

The statute shall provide for European co-operative societies to be governed by the tax provisions of each Member State in respect of the specific legal nature of co-operative law. The tax law of the State in which the society has its headquarters or central administrative offices shall apply.

A Dramatic Scenario: Assembly of Coop AG/Frankfurt

by Harmut Sommer *

A Stormy Affair

The ordinary general meeting of Coop AG on 30 November 1989 promised to be a stormy affair. The small shareholders in particular were enraged at an announcement of a dramatic cut in capital practically tantamount to a reduction in the value of their shares. The arrest of former managers of Coop AG the day before and the murder of Alfred Herrhausen, also prior to the ordinary general meeting set the mood in the conference room which ranged from depression to anger. Thirty more-or-less qualified speakers gave vent to their vexation over the planned resolutions of the management. Chairman Dr. Hans Friderichs, however, continually managed to channel this discontent in the right direction.

To come straight to the point: as expected, the motions submitted were passed with a large majority. Capital was curtailed from DM 450 million to 14,000 and then raised to DM 70,014,000. Very probably, 75% of this increase in



capital will be taken over by the DG Bank Deutsche Genossenschaftsbank and 25% by the BfG: Bank für Gemeinwirtschaft. The issue price of DM 250 will bring in capital of DM 350 million. Whether the old shareholders will avail themselves of their share options remains to be seen. Small shareholders are interested in acquiring shares, as evidenced by the rapid rise in share prices in the days following the ordinary general meeting.

Dr. Peter Neubert, who is retiring from the Board of Directors of the Coop AG, then gave a detailed presentation of the annual report for 1988, a year that saw a new and far graver consolidation crisis and a deficit on the consolidated balance sheet of DM 2.55 billion.

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He devoted close attention to the extraordinary expenses incurred. His comments on the firm's consolidated balance sheet and the profit and loss account again underlined in no uncertain terms the firm's desolate predicament in 1988, but also pointed to the frank inclusion of all the risks in the annual report and group accounts. The investment measures to be adopted were also presented in great detail.

Comments Annual Report Distribution policy

Dr. Hanspeter Ricken explained to the shareholders the new course in trade and distribution policy, which had not, he said, been geared to the market and consumer demand. He referred to a crash programme that had already clearly produced tangible results this year. The range of goods and pricing would have to be improved, floorspace productivity raised and excessive costs curbed. In future, all activities would have to be conducted according to the performance principle, the parameters for success being turnover and earnings, profits and profit contribution. In the central units cost cuts had been introduced with the aim of saving DM 17 million in 1989 and DM 50 million in 1990. Involvement in specialized trade had been subjected to critical appraisal and the firms Richter, Bienefeld and Schuh-Mayer sold. A profitability analysis of supermarkets and hypermarkets identified 368 deficit markets, two thirds of which had already been closed or sold.

After the reorganization of retail outlets, the new orientation of distribu-

tion policy had been successfully introduced. Food and non-food ranges had been reorganized and supply links reviewed. Sales prices were competitive. In January 1990, a trade mark with some 1,000 articles would be introduced in all of Coop AG's sales outlets. Also in 1990, 260 hypermarkets with a turnover potential of DM 1.8 billion would be given a new presentation concept. The success of these measures would be reflected in more regular custom and higher average purchases. Nevertheless, the operational loss for 1989 would amount to some DM 200 million (DM 370 million in 1988).

Management concept till 1993

Board Member Manfred Spurzem explained the mid-term plans until 1993. The present turnover of DM 12 billion would have to be raised in this period so as to achieve the floorspace productivity usual in the branch. Based on an examination of the individual sales activities and the central services, there was reason to hope that the firm could be gradually steered back into the profit zone and catch up with other comparable companies in the branch in terms of returns on investment by 1993. In Manfred Spurzem's view, an excellent basis to achieve this goal would be the 1,800 distribution outlets in the Federal Republic of Germany. A particular strongpoint was the healthy mix of large, medium and small markets as well as do-it-yourself outlets. Via the existing infrastructure of EDP, product management, logistics and purchase, a uniform management concept could be brought



Appointed spokesman of the Board on 29 November 1989 - Franz H. Wolf.

about by reordering and streamlining. Notwithstanding all the difficulties the management and staff have had to face in the past, they were motivated and ready to exert renewed efforts.

In future, distribution would be accorded priority in the co-op business, taking precedence over all other services. The distribution structure would be organized into:

- Hypermarkets with over 800 square meters
- Hypermarkets with under 800 square meters
- Supermarkets
- Do-it-yourself outlets

Particularly in the hypermarket field a realignment was necessary. A local appraisal of the distribution channels with floorspaces over 800 square m. would enable a reorientation as regards internal growth. A clear price and product policy geared to the different types of distribution channel would reinforce consumer acceptance.

The concentration on trade would entail doing without a production plant. The structure and operational organization of Coop AG would also have to be examined and reformed. Purchase/logistics and distribution would have to be clearly demarcated from one another. Purchase and procurement too would have to be reorganized to make the most of earnings and logistics deployed to consistently cut costs.

For all the dramatic circumstances - a few days later, Dr. Bernd Otto, former Chairman of Coop AG in Frankfurt gave himself up to the judicial authorities - the future course of Coop AG, its reorganization, the new injection of capital, should give fresh hope to the future of the organization. The involvement of the two German banks in particular would hopefully help shorten the shadow cast by the past.

Three Mid-Eastern Countries' Agricultural Co-op Movement

by Dr. Hasmet Basar*

This article is a summary of the conclusions of a research project which was carried out on the Agricultural Co-operative Movement in some member countries of the Organization of the Islamic Conference (OIC) in 1988. It is based on the analysis of information from the official documents, reports, articles and books as well as meetings and discussions with the top co-operative officials of Egypt, Saudi Arabia and Turkey.

Introduction

This research shows that co-operative organizations are the products of difficult socio-economic conditions. They were created to solve the problems of low income groups and were supported by the State. It is worth mentioning that co-operative activities are supported by the Holy Quran and Sunnah of the Prophet Muhammad (Peace be upon him). Therefore one can find the origins and roots of the movement right at the heart of muslim society. The important thing is to adapt these imperatives and traditions to contemporary conditions and ob-

tain the benefits of large-scale operations in the most effective and efficient way.

However, the duties of co-operatives in the developing countries in general, and in OIC member countries in particular, are not easy. They have to combine commercial and social goals. The societies have to consider the requirements of so many different fronts and aspects, such as governments, individual members and the communities. It is difficult to find the best mode of action, for most co-operative organizations are compelled to work with very inadequate resources (capital, management and natural). One should also remember that business needs experience. Co-operatives are very young institutions in most of the OIC member countries. Therefore one may expect a better result in the long run rather than an extraordinary success in the short run. Improvements can be achieved by experience and mutual goodwill and the support of all the groups which the societies intend to serve.

In order to highlight the findings from the case studies, the writer intends to give a comparative analysis of the main

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issues of the co-operatives in Egypt, Saudi Arabia and Turkey, and then put forward suggestions according to the aims of the research.

Origin of the Movements

The Turkish Co-operative Movement is perhaps the oldest among all the Muslim countries. It started with Mithat Pasha in 1863. Important developments took place during the period from 1911 to 1924 when intellectual and practical work was directed against the exploitation by foreign firms. Similarly, for the same purpose the co-operative movement emerged in Egypt to stop the exploitation of the farmers by western companies in 1914. The movement was started in Saudi Arabia by the State with the aim of modernizing Saudi agriculture and increasing the farmers' income. Initial work began in the 1950s but the co-operative organizations were formally established with the setting up of a department within the Ministry of Labour and Social Affairs in 1962.

Co-operative Law

Co-operative Law has a long history of development in Egypt and Turkey.

In Egypt the first Co-operative Act concerning multipurpose co-operatives was framed in 1924, followed by the establishment of the Agricultural Bank (1930), Agrarian Reform Co-operatives (1956), Old Land Co-operatives (1969), and the Co-operative Law of 1980 which gave the opportunity of establishing national apex organizations.

In Turkey one of the earliest Acts promulgated by the founders of the Republic related to multipurpose co-opera-

tives in 1924; it was amended in 1929 and became two separate Acts in 1935 (Agricultural Marketing and Credit Co-operatives). Furthermore, the General Co-operative Act of 1969 and the Agricultural Credit Co-operatives and their Union's Act of 1972 provided the opportunity of establishing apex organizations and implementing other techniques to improve the movements' performance. The Constitutional Acts in Turkey also emphasize the importance of the movement in socio-economic development.

In Saudi Arabia, the Co-operative Law of 1962 covers all aspects of the movement and specifies its relationship with the State.

State Intervention

In Egypt, mainly after 1952, the State aimed to promote and control the co-operatives. Currently, Agrarian Reform and New Land Co-operatives have to comply with the production, pricing and marketing policies of the Government. The Ministry of Agriculture is not only responsible for all the affairs of the co-operatives but also appoints the officials and managers.

In Turkey the State is directly involved in the management and marketing policies of the Agricultural Marketing Unions, which are generally export oriented. Besides this, various ministries are involved in the promotion and encouragement of different types of co-operatives such as the credit, sugar-beet, and village development co-operatives which are also influenced by government decisions.

In Saudi Arabia, the Government provides large financial resources for the development of the movement but is not excessively involved in production, marketing and other policies.

Development Promotion

In all three countries development plans recognize the co-operative organizations as important instruments for the progress of rural people and for raising their income. Therefore special emphasis has been laid on this aspect. Co-operatives started to provide very attractive loans and subsidies to members and are exempted from various taxes and duties.

Structure and Organization

In Egypt the organizational pyramid was well designed in accordance with the aims and objectives of the Government. Primary co-operatives were established at village level, secondary co-operatives at regional and governorate levels, and national federations at the top level. A confederation which will look after the affairs of the whole movement is being set up.

In Turkey, the organizational structure of the co-operatives depends on their field of activity. For example, marketing co-operatives are only organized at regional level, whereas credit, sugar-beet and village development societies are active at primary, regional and national levels. Almost every type of agricultural co-operative is connected with a Ministry in one way or another. A confederation of the apex organizations has not been established in Turkey.

On the other hand, in Saudi Arabia, the General Co-operative Department

of the Ministry of Labour and Social Affairs is solely responsible for the organizational aspects of the movement. It can be regarded as the top apex body which has direct links with the primary societies.

Co-op Types and Strengths

There are more than 12,000 co-operatives serving 5 million members in the agricultural sector of Turkey. There are 6,000 co-operatives with 3.5 million members in Egypt, but only 162 co-operatives and 50,000 members in Saudi Arabia. The number of members per society in Egypt is nearly 600, in Turkey 400 and in Saudi Arabia 300; these figures are lower than those in the developed countries, which average 800 to 1,000 farmers.

Services Provided by Co-ops

Primary co-operatives in Egypt provide most of the necessary input items (chemicals, fertilizers, insecticides) which are bought in large quantities by the apex organizations. The roles of economies of scale are applied in both purchasing and distribution activities. Recently co-operatives have been involved in the country's mechanization projects. Since the irrigation facilities are provided by the State, the co-operatives do not need to invest their resources in this field. The prices of major products are also determined by the Government. Therefore, the co-operatives cannot negotiate with the buyers regarding price. They have to obey the instructions of the Government in both rotation of crops and marketing arrangements. Only some specialized societies functioning in certain fruits, vegetables and dairy products can freely decide on their

pricing and marketing arrangements. As a result of the Development Plan targets and government aims in recent years, co-operatives are involved in agro-industrial projects, which are still in their early stages.

In Turkey, the input requirements of the farmers are supplied by various agencies such as the State Supply Office, as well as the private and co-operative sectors. Therefore, some co-operatives have to work in competitive market conditions and organize their purchasing at apex level in order to reap the benefits of economies of scale. In this connection Agricultural Credit and the sugar-beet producers solve the problem through their national organizations, and marketing co-operatives deal with the problem at regional level. It must be pointed out that the co-operatives have played a very important role in the rapid mechanization of Turkish agriculture.

During the past three decades, the irrigation projects were considered one of the biggest investment targets of the State. The co-operatives are involved in water management rather than in the actual resource allocation. The Turkish farmers are free to sell their products either to the co-operatives, state agencies or to the private sector. In order to prevent price fluctuations, the Government operates a support programme for certain products, with which the co-operatives also have to comply. It is estimated that the marketing co-operatives purchase a quarter of the exportable agricultural products, which they process in their agro-industrial plants which are

also financially supported by the Government. Some co-operative organizations are among Turkey's top 100 industrial establishments.

As part of the Government's policy to increase agricultural production, Saudi co-operatives are supported under a special scheme. The Agricultural Bank provides the necessary amounts of credit and operates a subsidy system to encourage the farmers in purchasing input items, agricultural machinery, and investment in agro-industrial projects.

Financial Arrangements

Financing of co-operative activities in Egypt has been carried out by the State-owned Principal Bank for Development and Agricultural Credit which has expanded its branches to more than 700 villages. As the selling of products and the receipt of loans are interlinked, the ratio of return is generally high. In Turkey, co-operative organizations obtain their financial requirements and loans from the State-owned Agricultural Bank. However, the credit co-operatives have also accumulated a substantial amount of financial resources which are devoted to the service of the members. The sugar-beet producers' co-operatives have established their own bank to provide credit to their members. Despite recent developments, co-operatives provide only half the credit requirements of the members. In Saudi Arabia the Agricultural Bank extends credit facilities to individual farmers. Studies on establishing a Saudi Co-operative Bank are being carried out. It is also interesting to note that in all three countries, Egypt, Saudi Arabia

and Turkey, co-operative laws have specified the minimum ratios (respectively 20%, 20% and 40%) of the reserve funds which should be used either for investment purposes or for rescuing financially insolvent organizations.

Training, Education and Recruitment

In Egypt, the key personnel of the co-operative organizations are appointed by the relevant government departments. It is estimated that more than 25,000 people are working in various co-operative establishments. High calibre managerial staff with doctorate and Master's degrees are particularly noticeable in the apex organizations. However, most of the staff have secondary education and their training is limited. With the technical and financial help of foreign development agencies, the Egyptian authorities have established special centres for co-operative training. Furthermore, two Egyptian universities have developed special degrees for co-operative management. Through these activities, it is hoped that the principles of modern management techniques can be applied within the Egyptian Co-operative Movement.

As far as member education is concerned, Egyptian Co-operative Law states that each society should allocate a minimum of 5 per cent of its surplus for educational purposes. Despite the importance attached to it, no significant steps appear to have been taken in this respect.

In Turkey, top appointments like those of General Directors of the co-operative apex organizations are made with

the approval of the Government. But primary societies are free to appoint their managers and other official personnel. It has become apparent that young professionals join co-operative organizations to gain experience, but leave after a while because of better opportunities offered by the private sector. Co-operative organizations, therefore, suffer from an absence of dynamic managerial guidance. On the other hand, as a result of a decision of the Higher Education Council of Turkey, all the faculties of Economics and Business Administration have introduced the Co-operative Movement in their curricula. However, so far none of them provide a special programme on the subject. The non-existence of a co-operative training college also hampers the movement in Turkey. As in Egypt, Turkish co-operative law also urges co-operatives to allocate some of their net surplus to educational activities, but so far no positive action has been taken to meet this requirement.

In Saudi Arabia the Government encourages co-operatives to employ high calibre managers, and financially supports the co-operative budget for this purpose. However, because of limited trained manpower in the Kingdom, the number of co-operative managers who are equipped with modern management techniques is very small. Therefore, the societies encounter difficulties at the recruitment stages. The attempts of the General Directorate of the Ministry of Labour and Social Affairs to organize training programmes have had little result. Faculties dealing with Economics and Busi-

ness Administration have not included the Co-operative Movement as a teaching subject. The requirement of the Co-operative Act that 10 per cent of the surplus should be allocated for educational purposes is seldom practised.

Management

Our observation is that co-operative officials whose qualifications are considered high in these countries cannot easily apply the basic rules of management in their work environment, such as planning, co-ordination, directing, controlling, etc. Furthermore, from time to time they show unawareness of internationally accepted co-operative principles. The inadequacy of their performance stems from various causes, i.e. the organizational and legal structure of the movement, civil service caution, and a general lack of adequate financial rewards.

On the other hand, board members face certain difficulties. For example, in Egypt the members elect their representatives to the Board of Management, but this has no significant function in the vital issues of the societies. Furthermore, the Board of Management has to be approved by the related Ministry.

In Turkey, apart from the marketing co-operatives, the board of directors plays a relatively important role in the co-operative's affairs.

In Saudi Arabia, the board members are also subject to the approval of government officials. In these countries, involvement of the board members in political affairs is forbidden.

The Islamic Dimension

Perhaps one of the most important duties of co-operative officials in the Muslim countries is to explain the significance of co-operatives from the Islamic point of view. This will help to produce a closer relationship with ordinary members and increase their confidence in the movement. Our investigations show that many officials are not fully aware of the emphasis given by the holy Quran and the sayings of the Prophet (Peace be upon him) to fostering co-operation among needy people. Consequently, due partly to the social and legal environment, and partly to the lack of knowledge of the officials, the promotion of economic co-operative activities on the spiritual basis has not been fully explored.

Collaboration

Internal collaboration between agricultural co-operatives in Egypt is not easy to achieve. Since the Government decides all major issues, the societies do not feel the need to collaborate with each other. However, with the establishment of the Central Agricultural Co-operative Union, new developments and mutually-organized activities may be expected. The Egyptians are active in international co-operation. They have established close links with the International Co-operative Alliance (ICA), with United Nations Organizations, such as the Food and Agriculture Organization (FAO), the International Labour Organisation (ILO) and the United Nations Development Programme (UNDP), and with development agencies and educational foundations from abroad. Through

joint action programmes, the Egyptian co-operatives have successfully established co-operative centres and training programmes.

Besides very weak internal collaboration, Turkish co-operators are not very active on the international scene. The only significant programme in which they have participated during the last two decades has been the Raiffeisen training scheme for co-operative managers in West Germany. In addition, international congresses of the Turkish Co-operative Association bring together scholars and co-operators every four years. However, the relationship with the United Nations Organizations so far has not been very close.

In Saudi Arabia, internal collaboration between co-operatives is carried out by the special department within the Ministry of Labour and Social Affairs. It is notable that no special action is taken to promote joint activities among agricultural co-operatives. However, the officials of this Department have established a link between the Ministry and major co-operative institutions in the western countries.

Conclusions

This research clearly shows that the co-operative movements in Egypt, Saudi Arabia and Turkey are supported, encouraged, and in some aspects supervised by the State. The aim is everywhere the same: to increase the farmers' income and to fulfil socio-economic development targets. However, the extent of government intervention depends on the country's economic and political system as well

as the Government's concept of the movement's potential.

In the writer's opinion, it is necessary for the movements to start with collaborative activities within their own boundaries, which will then aid the promotion of collaboration between the co-operative organizations in these three countries. In other words, they have to set up a system which will facilitate easy communication between various types of agricultural societies, and co-operation in their activities. They need to search for a structure that will bring the benefits of economies of scale and easier integration both horizontally and vertically. In this field, regional and national organizations become the most important issue. An apex organization or confederation, freely supported by the member societies, can look after the broad policy and strategic issues of the movement. It can represent the co-operators at governmental and international meetings and negotiations. The establishment and proper functioning of such a system will persuade government officials to take a broader view of the potential of co-operatives.

Inter-collaboration between the societies and between government departments could prove extremely useful in production, marketing, distribution and transportation. A successful manager can often undertake all the necessary assistance and promotional activities through his personal contacts. Therefore, the staff of a co-operative should do everything possible to make use of the services offered by government departments and

other institutions without, however, letting them interfere directly in the running of the co-operative.

International collaboration offers new ideas and opportunities for learning from the experience of others. Therefore, co-operative officials should study the developments taking place in this field and introduce the best examples into their movements. In particular, collaboration with the United Nations agencies, FAO, the United Nations Industrial Development Organisation (UNIDO) and UNDP can bring beneficial results.

The establishment of a co-ordinating committee for the co-operatives in the Islamic countries would be useful for several reasons. First of all, such a committee would function as a central body to organize research and training programmes. Secondly, it could provide the necessary information on specific aspects of co-operation. Thirdly, the specialists of this body could assist the member organizations in carrying out joint investment projects, and fourthly, it could publish accounts of the practical performance by the various societies, as the language used, i.e. Arabic, is common to all concerned. The initiative for setting up such a committee could be undertaken by the Egyptian, Saudi Arabian and Turkish co-operators. Once set up, it would be open to co-operators from other Islamic countries.

The Islamic Development Bank has always been interested in co-operative and collaborative activities between the various organizations of its

member countries. In this connection, some of the Bank's new proposals are based on co-operative principles. For example, the "Export Guarantee Scheme for Member Countries" is designed mainly according to this policy, as well as the IDB system of providing financial resources for co-operative projects and joint ventures which may play a significant role in developing the agricultural sector in member countries. In order to accelerate activities towards this end, the Bank can assist in the preparation and follow-up of co-operative projects through its Technical Co-operation Programme.

The Islamic Research and Training Institute (IRTI) carries out research relating to the co-operative problems of a particular country or sector. The IRTI experts collaborate in this field with their counterparts in the research institutions of member countries, and also carry out joint research projects. IRTI also finances scientific reports and studies under its Encouragement and Promotion Programme.

The IRTI Training Division plays a very important role in organizing seminars and workshops in the field of agricultural co-operation. Experts from member countries are brought in to train co-operators and the reports of such seminars are available for distribution to help those unable to participate. Production of video-tapes can be financed and used to enlighten farmers on co-operative matters generally, including administration techniques.

ILO MATCOM Project*

Background of Project

At the conclusion of an ILO regional symposium held in Thailand in the late 70s in which high-level co-operative policy-makers from 10 Asian countries participated, it was stated that:

“... in the fast-changing socio-economic and business environment, the co-ops in the region could survive and grow, and meet the challenge of the 80s only through professionalization of their management...”

The need for efficient co-operative management is felt and expressed in the entire co-operative world and several actions are taken in order to improve the situation. This is a real challenge to organizations involved in development work. One of the main responses to this challenge from the Co-operative Branch of ILO was to launch the ILO MATCOM Project in January 1978.

Objective of MATCOM

The objective of the ILO MATCOM Project is to increase the benefits of membership by improving efficiency in the operations and services of co-operative societies in developing countries through improved training programmes for their staff and managers.

*This report was prepared by MATCOM, Material and Techniques for Co-operative Management Training, in Vienna.

To achieve its objective the ILO MATCOM Project undertook to:

- design universal, job-oriented training material based on identified needs and introduce participatory methods in order to professionalize co-operative management and to give training a more effective and problem-solving orientation;
- introduce the material to co-operative training structures in various countries through discussions and conferences with appropriate policy-makers, training managers and trainers;
- assist in the adaptation of the material to meet specific national and local training needs, and
- give information on how to use the materials to the national trainers.

The MATCOM Approach

The basic approach has been to involve user-countries in the production of the training material. Workshops were held in Asia and Africa to identify training needs and develop materials and curriculum guidelines.

Draft scripts of all training material were sent to specialists in various countries for feed-back and materials were tested in a number of developing countries before universal editions were published.

MATCOM curriculum guides and training material help draw the attention of user-countries to the need for a different training approach, new curricula and methods in co-operative management training.

As an inter-regional project with a global coverage, MATCOM offers something new. In the beginning it was difficult to explain that MATCOM produced "universal" material which needed to be "adapted" to meet national needs but their concept is now generally accepted among MATCOM's user-countries all over the world.

An essential feature of the MATCOM approach is the introduction and use of participatory learning methods (group discussions, role plays, case studies and instructor/learner dialogue). Information obtained by MATCOM shows that adoption of the participatory method is increasing and the lecture-based method decreasing in the institutions using the MATCOM material.

Requests for assistance are now being received from co-operative training institutions, co-operative movements, government ministries, NGOs and individuals in numerous countries. MATCOM has offered its services in all cases where it was likely that the assistance would lead to improved management training in the future and where the costs involved could be justified.

MATCOM's Achievements

Over the past 11 years, MATCOM training material has been introduced

in about 60 countries where it has become a permanent element of co-operative training. The materials, which are prepared in English, have been translated into about 35 languages including: Amharic, Arabic, Bahasa, Indonesian, Bislama Vanuatu, Burmese, Chinese, Fijian, Filipino (including Cebuano and Ilocano), French, Hausa (and other languages of Nigeria), Hindi (and eight other languages of India), Kiswahili, Malay, Nepalese, Portuguese, Sesotho, Sinhalese, Somali, Spanish, Thai, Tonga and Turkish.

The series of existing material cover the agricultural and consumer sectors, credit unions, workers' and handicraft co-operatives.

When necessary, the material is revised to maintain its relevance in meeting co-operative management training needs in the developing countries.

In a number of countries, the effectiveness of co-operative training has improved through the use of MATCOM materials and training methods.

The success of the MATCOM approach is widely accepted and is reflected in the number of institutions using the method. From July 1988 - June 1989, 1,545 courses used the MATCOM material in Africa, Asia and Latin America. These were attended by over 44,000 participants of whom 96 per cent were from co-operative movements and the remaining 4 per cent from government co-operative ministries and departments.

One of the aims of MATCOM is to integrate its material into the national

co-operative training programmes conducted on a regular basis. A full or partial integration has already taken place, e.g., in Costa Rica, India, Lesotho, Malaysia, the Philippines and Sri Lanka.

MATCOM Collaboration

The Project collaborates and exchanges information with international and national development agencies and co-operative institutions. Of these could be mentioned the International Co-operative Alliance (ICA); the United Nations' specialized agencies; the World Council of Credit Unions (WOCCU); the Catholic Organization for Joint Financing of Development Programmes (CEBEMO-Netherlands); the International Centre for Advanced Technical and Vocational Training (ILO Turin Centre); the Nordic Co-operative Development Programmes; and co-operative and training institutions in Czechoslovakia, Italy, Poland, Spain, the Soviet Union, and the United Kingdom; in addition to co-operative ministries and movements in over 40 developing countries. The ILO MATCOM Project Office is located in Vienna, where the UN organizations provide it with office and administrative facilities.

MATCOM Present and Future

Phase IV of the ILO MATCOM Project (1988-91) is now under way, funded by development agencies in Denmark, Finland and Norway. During this Phase, MATCOM will place emphasis on updating existing material; assisting user-countries in adapting material to local needs and conditions, and assisting in editing and reproduction

of the adapted texts. Increased emphasis will be placed on the production of universal editions of the material in French and Spanish.

In response to requests from user-countries and to meet further well-identified co-operative management training needs, MATCOM has initiated production of new training materials in the areas of pre-co-operative economic groups, audit and control, marketing and the management of housing co-operatives. Also under consideration are manuals on the management of multi-purpose, workers' and fisheries' co-operatives.

Team and Field Network

The work of the Project is carried out by a team of four professional officers in Vienna which co-ordinates and supports the MATCOM field network comprising 10 ILO-appointed Associate Experts known as "MATCOM Liaison Officers" (MLOs), located in different parts of the world, and 38 "National MATCOM Liaison Officers" (NMLOs) in 30 countries. The NMLOs are designated by their respective governments, co-operative movements or training institutions. The field network operates in close collaboration with local organizations in identifying needs, planning curricula, conducting programmes, and adapting the MATCOM material to local situations.

ILO MATCOM in its capacity as an inter-regional co-operative management training project responds to the challenge of the development of Professional Co-operative Management in the 1990s and Beyond.

ICA/UN - Historical Collaboration

The following report was prepared by Maria Elena Chavez-P, UN Liaison Officer, and was submitted to the United Nations as its quadrennial report (1986-1989) to the United Nations Economic and Social Council.

We are publishing the article here to bring members up-to-date on the work of the Secretariat and the ICA representatives in this area.

The International Co-operative Alliance

ICA is an international non-governmental organization, founded in 1895 as an association of national and international co-operative movements. It is currently composed of 203 member organizations from 77 countries around the world, representing over 600 million individual members.

ICA was among the first non-governmental organizations granted Category I consultative status with the Economic and Social Council of the United Nations in 1946. Since that time the ICA rules oblige the organization "to obtain its objectives, inter alia, by collaborating to the fullest extent with all United Nations organizations...". Collaboration is carried out through a network of ICA permanent

representatives at the United Nations and its specialized agencies in New York, Geneva, Vienna, Paris and Rome. Since 1985, the United Nations and Non-Governmental Organizations Department has been charged with the task of co-ordinating and guiding the work of the permanent representatives, in addition to disseminating to co-operative members information concerning recent development in the United Nations system, major initiatives by the United Nations and possible areas of concrete collaboration.

Close collaboration with the United Nations and its specialized organizations is also ensured through participation in the work of the Committee for the Promotion and Advancement of Co-operatives (COPAC). The ICA participated in the COPAC/World Food Programme (WFP) International Symposium on Food Aid and Co-operatives in September, 1988 and has contributed information to a COPAC/United Nations Centre for Social and Humanitarian Affairs upcoming publication on youth and co-operatives.

Collaboration with United Nations Bodies

In the period 1986-89, the ICA has supported United Nations initiatives on peace and disarmament, housing,

the immunization campaign, literacy, women, and the rights of the child.

The ICA membership passed a resolution in 1986 calling on ICA members to support UNICEF's four year immunization campaign. Members reported on activities in this area and special news items were placed in ICA publications.

The ICA supported the United Nations Year of Peace (1986) through its members and dedicated the 1986 International Co-operative Day message to encouraging members to organize national level activities in support of peace. The ICA also supported the International Year of Shelter for the Homeless IYSH (1987) by dedicating a session of its annual meeting to the topic where the UN Director of IYSH addressed the ICA. Focus was also drawn through a special report of the ICA Review of International Co-operation on housing co-operatives and articles on shelter and the homeless in other ICA publications.

As a follow-up to ICA's participation in the Second United Nations Special Session for Disarmament in 1982, the ICA continued lending its support to United Nations initiatives in peace and disarmament by attending and addressing the Third United Nations Special Session for Disarmament (SSDIII). The Director addressed the assembly and spoke on disarmament and development.

The ICA participated in the preparation of the 1987 and 1989 United Na-

tions Secretary-General Reports on 'National Experience in Promoting the Co-operative Movement'. (A/42/56 and A/44/79).

In July 1988, the UN Secretary-General addressed the XXIX ICA Congress in Stockholm. The Secretary-General stressed that the United Nations was strongly committed to encouraging the development of grassroots level co-operative organizations and further praised the work of the ICA.

At the same meeting, ICA members passed resolution on peace, literacy and the rights of the child calling for support of UN initiatives in these areas. In addition, ICA members called for the Declaration of a United Nations International Year of Co-operatives for 1995. Contacts have been initiated with the UN.

Liaison was maintained throughout the period under review with the United Nations Development Programme (UNDP), the United Nations Conference on Trade and Development (UNCTAD), the United Nations Capital Development Fund (UNCDF), the United Nations Commission on Transnational Corporations, the United Nations Centre for Human Settlement (Habitat), the UN Economic Commission for Europe (ECE), the Economic Commission for Latin America and the Caribbean (ECLAC), and the Economic Commission for Asia and the Pacific (ESCAP). ICA representatives attended sessions and made oral statements.

In 1989, the ICA and the UNDP concluded an agreement for a Technical Co-operation among Developing Countries (TCDC) Programme in Co-operatives in Asia. A Needs/Capabilities Survey of Co-operative Movements in the Asia Region has been compiled.

Collaboration with the United Nations Specialized Agencies

During the period under review the ICA has continued to expand collaboration with International Labour Office (ILO), the Food and Agriculture Organization of the United Nations (FAO), the United Nations Education, Scientific and Cultural Organization (UNESCO), United Nations Industrial Organization (UNIDO) and the World Bank.

ICA representatives have attended sessions of the ILO Governing Body, International Labour Conferences as well as regional conferences (such as ILO Seventh African Regional Conference, December 1988), seminars, technical and sectoral committees, and expert consultations. In addition, the ICA actively collaborates with ILO-MATCOM project and the International Centre for Advanced Technical and Vocational Training (Turin).

ICA has attended UNESCO meetings and events and has collaborated with

UNESCO in publicizing the International Year of Literacy and World Decade for Cultural Development. The ICA also helped to administer the UNESCO Travel Grant Programme.

Collaboration with FAO includes the participation in sessions of the FAO Committees, such as the Committee on Agriculture and the Committee on Fisheries. Regular ICA-FAO consultations take place at the regional level including ICA-ILO-FAO inter-agency missions have been organized in Africa.

ICA representatives attended meetings and made oral statements at the UNIDO General Conference, as well as UNIDO consultations including the First Consultation on Small-and-Medium-Scale Enterprises including Co-operatives, October 1989, and the First Consultation on the Electronics Industry, November 1989.

The ICA has increasingly collaborated with the World Bank. In 1989 the ICA provided a co-operative expert to the World Bank.

Information Dissemination

The ICA is committed to disseminating information on the UN and its activities through its publications. The ICA News, a quarterly newsletter, regularly carries information on the UN.

Co-ops as a Global Movement

by Bruce Thordarson*



I am pleased to have this opportunity to participate in this important gathering of parliamentary and co-operative leaders, and to share with you some views from the perspective of the International Co-operative Alliance regarding the international dimension of the co-operative movement.

*Director of the ICA, Bruce Thordarson, addressed a group of parliamentary and co-operative leaders in Victoria, in February 1990.

It is a fair generalization to say that co-operative organizations traditionally have difficulty thinking and acting internationally. This is perhaps inevitable since they have been established primarily to look after the local interests of their members. But increasingly this local orientation is becoming a problem in today's increasingly inter-dependent and global world. Agricultural co-operatives are finding their traditional markets in jeopardy as the world divides itself into economic blocks; financial co-operatives are finding large foreign competitors entering their markets; and the traditional co-operative advantage of smallness is almost everywhere becoming a handicap.

Co-operative movements around the world have reacted to the perceived dangers in many ways. Agricultural co-operatives have aggressively sought trade linkages and joint ventures with other co-operatives as well as private sector organizations. The Japanese agricultural co-operatives, for example, are investing heavily in rice processing facilities in Thailand and have established a huge trading arm which gives preference to doing business with other co-operatives. Financial co-

operatives, for their part, have stressed vertical integration and functional specialization. In many countries, such as France and The Netherlands, co-operative banks have become the largest financial institutions in the country. Credit union movements in Canada and the United States have created specialized financial arms. The Desjardins movement in Canada, for example, has raised money on the European capital markets and entered into joint ventures with European co-operative banks in order to find ways of increasing the capital it needs to serve its members. This trend toward international co-operation will surely continue in the future, and co-operatives which ignore it will do so at their peril.

For these reasons, therefore, the Ministerial Conference and National Conference organized last week in Sydney by the Australia Association of Co-operatives, in collaboration with the ICA, was most important. The meetings provided an unprecedented opportunity for Australian co-operative leaders to interact with the international co-operative community and to discuss the important issues involved at this level, and clearly set the stage for more active Australian involvement in international co-operative trade and aid efforts in the future. The meetings also provided Australian co-operative leaders with an excellent opportunity to plan their own future growth, and to discuss their concerns with a wide range of government leaders.

Returning now to the international scene, it is interesting to note that the major co-operative sectors around the world - agriculture, finance, and consumer - share a number of special characteristics and problems.

The first common problem is that very few members of the public, and even fewer government authorities, are aware of the co-operative sector and truly understand it. There is little understanding that co-operatives constitute a huge global movement. Today more than six hundred million individuals belong to co-operatives which are affiliated to the International Co-operative Alliance, making the ICA the largest non-governmental organization in the world in terms of numbers. Historically the co-operative movement has developed in Europe, with agricultural co-operatives dominating the marketing of many agricultural products, consumer co-operatives strong, although struggling, in most countries, and co-operative banks providing an impressive array of financial services. A more recent development is the strong growth of co-operatives in Asia, where over sixty per cent of the worldwide co-operative membership is now located thanks to the growth of huge co-operative movements in India, China, and Japan. Equally significant for the future is the fact that over fifty per cent of the worldwide co-operative membership is now found in developing countries, where governments have seen in the co-operative approach a useful vehicle to promote economic and social development.

This lack of public awareness, in spite of the huge size of the co-operative movement, is perhaps an inevitable result again of the co-operative movement's emphasis on local activity and orientation. Co-operatives have traditionally maintained a low public profile and concentrated on serving their members. The co-operative theory, although attractively simple, is often difficult for co-operatives to articulate with precision and clarity. The result is that co-operatives in all countries have much to do in order to inform both the public and government about their distinctive role. It is certainly significant that this need for public education was one of the major recommendations coming out of last week's Australia National Conference. It is also why the ICA is attempting to have 1995 declared by the United Nations as the International Year of Co-operatives. Such a declaration, coinciding with the Centenary of ICA, would provide an opportunity for co-operatives around the world to undertake a wide array of imaginative awareness building efforts. We hope that this proposal will be discussed and approved in the UN General Assembly later this year.

A second common problem facing co-operatives around the world is the crisis of identity. Throughout the industrialized world, since their founding some fifty to one hundred years ago, co-operatives have emerged as highly successful economic enterprises - so successful in many cases that both they and their members are beginning to ask how these organizations now differ from their private sector com-

petitors, who have often entered markets previously served only by co-operatives and who have introduced many of the same services and practices once pioneered by co-operatives. As a result, co-operative movements everywhere are engaged in the difficult but immensely useful and necessary process of introspection and reflection, which is producing some very interesting results.

In Canada, the co-operative movement initiated at the beginning of the 1980s a "Co-operative Future Directions" project, followed by a national task force on future strategies, which concluded that the traditional movements should be providing increased support for the establishment of new forms of co-operatives in order to meet the new needs of society. The Canadian movement has therefore identified the growth of housing, health service, worker owned, and fishery co-operatives as the priorities for co-operative expansion in the future.

In Europe, consumer co-operatives in many countries are leading the way in environmental protection and awareness, creating an improved image even in traditionally co-operative countries like Britain and Scandinavia.

The ICA, too, is involved in this exercise. It has launched a Basic Values Research Study designed to determine the key components of the co-operative identity and how these values should be implemented. This review, to be completed in 1992, could lead to a re-articulation of the Co-operative Principles, many of which (such as the

principle of limited return on share capital) may have been misinterpreted over the years and become an obstacle to successful co-operative development.

The issue of capital is a crucial one for co-operatives everywhere. The principle of limited return undoubtedly reflects an important co-operative value - the priority of people over money - but even in the days of the Rochdale Pioneers, members received a return comparable to market rates. Today, with needs for capital growing, co-operatives are experimenting with a variety of new structures. Credit unions in Canada are issuing equity shares, without voting rights, while consumer co-operatives in Finland have established a holding company to raise capital on equity markets. All of these approaches are grappling with the difficult question of how to maintain member control over core business activities while still seeking increased equity investment.

The complexity of the capital issue for co-operatives is one of many reasons why the proposed creation of the Asia Pacific Centre for Co-operative Research, Training, and Development is so welcome. Such a centre could provide the focal point for the kind of information collection and analysis that is necessary for Australian co-operatives to deal with these and many other crucial issues which require more time and expertise than is normally available for co-operative managers already preoccupied by their day-to-day business.

Another crucial issue for the co-operative movement internationally, highlighted by the current visit to Australia of the Russian Prime Minister, has to do with current developments in the Soviet Union and Eastern Europe, which provide both opportunities and dangers for the co-operative movements in those countries. It is often forgotten that co-operative movements have existed in all countries of Eastern and Central Europe since well before the introduction of communist regimes, which forced the existing co-operatives to adapt to the economic system in a way that was hardly compatible with traditional co-operative concepts of autonomy and self reliance. As a result, the existing co-operative structures have been discredited in many countries, where reformers are looking for new, free enterprise approaches. In Poland, recent legislation has resulted in the dissolution of the national co-operative organizations as the country looks toward private sector solutions. It is not difficult to imagine that, in these circumstances, some of the uglier manifestations of capitalism could easily develop. The need, from ICA's perspective, is to promote the growth of autonomous co-operative organizations as a healthy middle ground between state owned and private owned businesses. This is why the recent efforts of the World Council of Credit Unions to explore the opportunities for the growth of credit unions in Poland are so welcome, as are efforts being made in a variety of countries to reform, rather than destroy, the existing co-operative structures.

In the Soviet Union, on the other hand, new co-operatives are proving to be an acceptable alternative to free enterprise and a healthy antidote to state controlled structures. Unfortunately, since many of the new co-operatives were established without proper legislative guidelines, some have emerged as little more than partnerships or family businesses and have also served to bring into disrepute the co-operative name.

Finally, I would like to say a few words about the relationship between co-operatives and government. In many countries where co-operatives and credit unions have become involved in articulating their interests to government on a regular basis, members and leaders have wondered if this is an appropriate role. Some have heard about inappropriate lobbying practices in other countries, while others feel that co-operatives have maintained high internal standards of integrity and honesty and should be able to operate without excessive government interference.

But the reality is that, in most modern economic systems, co-operatives cannot live without government any more

than government can live without co-operatives. Above all, there exists an inherent compatibility of interests between co-operatives and government which should promote a close and harmonious collaboration. Co-operatives, more than any other form of privately owned enterprise, share many of the same goals as government, including an equitable distribution of the fruits of economic growth, social responsibility, and local control. They also have a strong ability to control and regulate themselves.

It is encouraging, therefore, to see the kind of relationship which obviously exists in Victoria between government and parliament on the one hand, and the co-operative movement on the other. This kind of mutual understanding augurs well for the ability of co-operatives to contribute to the goal of socially responsible economic growth, which must be the objective of all our societies.

I am sure that credit unions, agricultural co-operatives and other members of the co-operative family will continue to play this role in Victoria as effectively in the future as they have obviously done in the past.

Desjardins International Development Society - A partner for many programmes of support

By Martine Giroux*

With its twenty years of experience, the Desjardins International Development Society (SDID) is occupying an increasingly important position within the international development sector. The organization is characterized by methods which aim to make indigenous communities autonomous by improving the socio-economic development of their countries.

SDID currently manages over 40 projects in about twenty countries of Africa, Southern and Central America, the Antilles and Asia. Concentrated mainly in the co-operative sector, the projects embrace several areas of economic activity: credit unions, financial institutions, marketing, production, processing, agriculture, stock breeding, fisheries and cottage industries. The main aim of these projects is to create and strengthen local enterprises and institutions of a co-operative or profit-sharing nature, or having similar ideals. SDID programmes are, therefore, oriented towards institutional development and are aimed

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at existing groups or those in the process of being established.

Whether they provide professional, technical or financial assistance, SDID programmes have the objective of improving the socio-economic conditions of individuals and putting indigenous populations in control of their human, natural and financial resources.

SDID Support for the ICA

SDID has provided various kinds of institutional support to the ICA in Western Africa, Costa Rica and New Delhi.

Together with the Canadian Council for Co-operation, SDID has financed a research project to examine the state



SDID contributes to technical training.

of the co-operative system within the sixteen member countries of the Regional Office for Western Africa (ROWA). This project has had an appreciable affect in improving knowledge about the co-operative network in this part of the continent. The money also financed a seminar, held at Niamey, to present the results of the study to ROWA member countries.

SDID has, furthermore, financed co-operative micro-projects for women in several Western African countries. Women's co-operative groups have thus been able to initiate small projects within their localities, such as mills or cottage industries.

In Costa Rica, SDID, together with the CCCCA (Confederation of Co-operatives of the Caribbean and Central America) and the SCC (Swedish Co-operative Centre), has provided technical and financial assistance through

the two-year posting of one of their professional resources, M. Jean-Marc Lampron, who was mandated to analyze the organizational and financial feasibility of establishing a regional office of the ICA for the Caribbean and Central America.

Following two years of work, the official opening of an ICA regional office at San José is planned for the first week of April, 1990. (*Editor's note: the office opened in January 1990.*)

In order to achieve such concrete results, it has been necessary for Jean Marc Lampron to devote his two years of work to planning, consultation, representation and the development of mechanisms for liaison between the principal actors in the co-operative development of Central America and the Caribbean, i.e. governments, co-operative leaders, international financiers and non-governmental organi-

zations supporting co-operative development. In July of last year, a consultative meeting was organized with the main co-operative leaders of the area. This allowed Mr. Lampron to present his recommendations for the opening of a regional office of the ICA. The co-operative leaders of the region studied his propositions and finally gave their agreement to a financial commitment from their respective organizations. The final recommendations were presented to the ICA Executive Committee, which accepted the opening of a regional office at San José, and agreed to abide by certain conditions regarding the functioning of the office.

In February 1989, SDID together with the Canadian Co-operative Association (CCA) became involved in a study organized by the ICA on the integration of women in the fishing co-operatives of Asia. A first delegation, sent in early 1989, established contact with ICA's regional office in New Delhi.

Following this, SDID collaborated with the CCA in a study carried out between 24 October and 24 November of last year. The aim of this study was to analyze the situation of women in the fishing co-operatives of three countries: Bangladesh, the Philippines and India. Acting on the propositions of this project, the members of the delegation organized follow-up aimed at increasing the participation of women in the fishing co-operatives of each of



SDID provides support to credit and saving co-ops.

the countries visited. SDID and the CCA then held a meeting on 28 February 1990 to decide upon follow-up for the ICA's final report.

SDID, as we have stated, readily provides its assistance to efforts setting out to strengthen co-ordinating institutions such as the ICA. It is careful, however, to ensure that its contributions are complementary to those already provided by the national member organizations.

SOCODEVI, or North-South Co-operation

by Julie Faucher*

SOCODEVI, The Society for the Co-operation of International Development, has been in existence for almost five years. It was set up in 1985 by six Quebec co-operative organizations with the aim of supporting the development initiatives of co-operative or co-operative-like organizations within developing countries.

CIDA, the Canadian International Development Agency, through means of special programmes and bilateral aid, is SOCODEVI's main sponsor, but the Society is hoping to diversify its sources of finance within the near future.

SOCODEVI currently has twelve member institutions. Six areas of co-operative activity are represented on the administrative council. These are food and farming, insurance, credit unions, housing, forestry and social tourism.

Together, these institutions lay claim to assets of more than five thousand million dollars, employ over 10,000 people and have a membership in excess



of 1.5 million. They are to be found throughout Quebec, no less in urban areas than in rural ones, and are involved in the most important areas of economic activity.

Main Concerns

SOCODEVI's main objective is to contribute to the advancement of the developing countries by promoting and reinforcing the co-operative system and all other related systems.

It prefers to do this by helping to set up or strengthen co-operative organizations owned and developed by indigenous populations in accordance with local needs and conditions.

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SOCODEVI has foreseen that the success of its projects will depend on the long-term assistance of its co-operative partners and is concentrating its support on developing organizational infrastructures.

The international programme, which currently affects nine countries of French-speaking Africa, Latin America and the Caribbean, deals with structures at first, second and third level: it supports the establishment of structures, encourages co-operative growth, assists with co-operative training and techniques, helps with the marketing of co-operative products and promotes the integration of women within the co-operative system.

The type of assistance offered by SOCODEVI takes the form of long-term technical support, on the one hand through the regional offices situated in Lima, Peru, and Abidjan, Ivory Coast, and, on the other hand, by the posting of fieldworkers.

Short-term technical support is also provided. This is increasingly required, and is where SOCODEVI comes into its own because this is supplied by the human resources of its twelve member-institutions, which donate the services of experts in those areas identified for intervention.

Thus, the role of the member institutions is vital to the success of the SOCODEVI support projects because not only are they involved in the administration of the society, they are also concretely engaged in activities to

transfer information and experience to the co-operators of the South.

SOCODEVI has an intensive consciousness-raising programme aimed at its member-institutions. Through this programme, the directors, members and personnel of the member institutions participate in information, training and consciousness-raising activities.

This programme ensures that a large public is aware of the problems of development and of the way in which the co-operative movement can help to improve living conditions for the communities of the Third World. It also ensures that members become even more committed to the various programmes of SOCODEVI.

The ICA and SOCODEVI

In the framework of its international programme, SOCODEVI encourages partnership with institutions whose aims and activities are oriented towards the promotion of co-operatives. It is in this way that the ICA and SOCODEVI have developed links which facilitate consultation and occasional collaboration in organizing projects in some countries in which both organizations are involved.

SOCODEVI and ICA-ROWA

1987 saw the first collaboration between SOCODEVI and the International Co-operative Alliance. SOCODEVI was then helping to finance an ICA study of the Co-operative Movement in the 16 member countries serviced by the Regional Office for Western Africa (ROWA).

The study's aim was to permit ICA-ROWA to identify strategies for the promotion of the co-operative movement in Western Africa.

ICA ROWA benefited from further SOCODEVI support in 1988 in the form of the presence of SOCODEVI's regional director in Western Africa, in the development of the ROWA's system of organizational appraisal, its strategic planning, and its activities within member countries for the following five years. SOCODEVI also provided support to the internal organization of ROWA in the purchasing of computer equipment and by supplying appropriate training for office personnel.

SOCODEVI's involvement with the Regional Office for Western Africa will

continue over the years to come in the form of assistance in implementing its strategies.

Support will be provided for the establishment of apex co-operatives within certain African countries in order to encourage the structuring of the co-operative movement on a national scale.

Help will also be given to assess the resources, methods and structures of co-operative formation so as to evaluate current practice in, and develop strategies and guidelines for, the formation of co-operatives.

Finally, SOCODEVI will continue its help with ROWA's planning, with the aim of enabling it to carry out all the activities set out in its yearly plans and of improving its current growth.

Developing a Vision for the 21st Century

by J.G. Craig*

A vision for co-operatives in the 21st century needs several features. It needs to be stated simply so ordinary people can identify with it, yet framed with the co-operative values as a basic premise and in the light of the major trends that are sweeping across both the industrialized and developing countries. The co-operative principles were revised by the ICA and approved in 1966. These principles or rules provide a broad framework that summarize the underlying values of Co-operation but do not in themselves provide a meaningful vision to capture the hearts and minds of people. Each generation of co-operators needs to re-specify the vision that captures the circumstances and aspirations of its membership. A vision needs to relate to day-to-day activities and connect co-operatives to the realities of the economic and social environment.

Co-op Kanagawa, located in Yokohama Japan, articulated a vision for itself in 1987. Its vision is to create a caring,

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This paper was written from the proceedings of the symposium organized by Co-op Kanagawa in Yokohama Japan, April 1989.



warmhearted and peaceful community. The vision shapes the long term basic strategy "to raise members' economic, social and cultural life through voluntary energy, to strengthen the consumers' social status and countervailing power, and to contribute to the realization of the peaceful and democratic development of the society and the economic democracy in the spirit of social progress", (Yamagishi, 1989:14).

"Its basic policy direction involves the following objectives:

- a) to create the Co-operative Movement which every citizen can join;
- b) to raise the socio-economic roles of the Co-operative Movement;
- c) to develop the democratic admini-

stration in conformity with the co-operative principles;

d) to safeguard and enrich the community and the members' standard of living through the community-based comprehensive movement;

e) to build up a management basis on which members can rely and the manpower to support it."

Lofty ideals but how can they be put in practice? Co-op Kanagawa decided to do it by addressing long term issues. They looked internationally to learn what other successful consumer co-operatives were doing and to address the critical issues that would effect the survival of consumers co-operatives as they moved towards the 21st century.

In 1984, the three largest consumer co-operatives in the world met and exchanged thoughts and ideas about the future. In subsequent meetings these successful co-operatives discussed the critical issues facing their survival. In 1988, Co-op Kanagawa invited three other consumer co-operatives to prepare discussion papers. This included Calgary Co-operative from Canada, the largest and most successful in North America, Co-op Lombardia from Italy and Co-op Denmark (FDB). A senior executive from each of the four co-operatives took part in a two day international symposium in Yokohama in early April before an audience of about 100 Japanese co-operative leaders and academics. On the third day the results of the symposium were presented at a members forum involving 2,200 people.

The symposium's theme "Visions of the Consumer Co-operative Movement towards the 21st Century" was organized around four sub-themes. These sub-themes are critical issues that consumer co-operatives need to address in order to flourish and realize their visions.

Democratic Administration

The discussion was started with a paper from Mr. Yamagishi from Co-op Kanagawa. This co-operative has an outstanding record of democratically involving members. The co-operative with 750,000 members, mostly women, involves nearly 40 per cent or 304,000 members in its democratic administration through Han groups that meet about three times a year. They are involved in product testing and development, issues related to shop operations and community activities like festivals, crafts and dialogue with agricultural co-operatives. The Han groups are linked to the Board of Directors through district and municipal committees which elect 18 of the 28 members to the Board of Directors. Each of these board members heads up a policy team to review co-operative policy in various fields and recommend policy changes to the Board.

For participation to be meaningful leaders must respect members, listen to them and genuinely want to learn about their concerns and have the organization respond to their needs and aspirations. All four of these successful urban co-operatives work on developing this relationship. In the case of Kanagawa the city of Yokohama

organized a fair called Yokohama Exotic Showcase (YES) from March to October 1989. After six months of member discussion, the Co-op decided to sponsor a pavilion with a theatre for live stage shows. The evening programme is done by professionals but the afternoon programmes consist of 1000 volunteer groups comprising 28,000 members.

However member involvement is more than cultural activities. When Co-op Kanagawa stores are in deficit they take the problem to the municipal committees and local Han groups. Decentralization allows the local members to provide input directly to their stores which is followed up by the leaders and management, so that the solutions are a co-operative effort!

Store Format and Diversification Policy

The second sub-field is also very important for the future success of consumer co-operatives. As competition for the consumers' money increases co-operatives expect to see more innovations in the retailing industry from multinational and other financially strong competitors. The co-operatives' trading policies are of central concern for the future.

Discussions in this area clearly showed that there are many ways to respond. Calgary has 66 per cent of women in the work force and, therefore, its 12 stores are where all types of necessities are available under one roof for today's busy working women. Deli foods and in-store bakeries provide

fresh prepared foods for the busy households. The centres also include cafeterias, pharmacies and auto centres, in addition to hardware and general clothing stores. All are geared to busy car-oriented members.

Calgary Co-operative is the largest and most successful consumer co-operative in North America. It has 296,000 members with 35 per cent of the food market share in the city. The city of Calgary grew rapidly during the oil boom years of the 1970s and the Calgary Co-operative grew with it. With the down-turn of the oil industry in the 1980s the city had an economic crisis, but the Calgary Co-operative managed to continue growing.

The competition is actively building hypermarkets to retail all sorts of merchandise with very little service. Calgary Co-operative members say they want after-purchase service from stores that are "people size" so in addition to providing the one-stop centres the co-op plans to compete with the hypermarkets in this way.

In Atlantic Canada the direct charge food co-operatives are increasing market share by concentrating on food service from relatively small stores without high diversification or a one stop supermarket approach.

Co-op Kanagawa stores are shaped by laws and social pressure from smaller retailers to keep stores small. This, combined with high land values, means the need for highly efficient stores focusing on food items and some service items. The expanding joint buying

activities help increase efficiency where items are delivered weekly to the Han groups. This process bypasses the stores and items move directly from the warehouse to groups of consumers.

This is contrasted with Denmark where the co-operatives have a range of store formats and selection. FDB operates discount stores, conventional supermarkets and small shops, as well as hypermarkets. The hypermarkets often have small shops located within them. The Danish movement is one of the older European consumer co-operative movement started in 1866. In 1986 the co-operative wholesale and the autonomous retail consumer co-operatives in Denmark merged to form one integrated organization. The co-operative has 1.1 million members with 33 per cent share of the food market in Denmark. As other older European consumer co-operative movements have been losing market share, FDB has shown that there is still an important role for consumer co-operative movements in Europe by serving members through a variety of store formats.

Co-op Lombardia, on the other hand, has responded to the consumers in Italy who want freshness and healthy food, as well as a wide range of items at good prices with good service. A separate co-operative has been organized to manage the three hypermarkets which are complimented by convenient mini stores within walking distance of members' homes. The mini stores are organized as separate co-operative associations, but members

of the same regional federation. Co-op Lombardia was created by the amalgamation of three large co-operatives in 1984. It has 113,000 members and 1,740 employees. Besides the three large stores, about 100 smaller co-operative stores in Milan are linked to Co-op Lombardia for purchases and assistance. With the integration of the European economic communities' economies in 1992 Co-op Lombardia expects more pressure on margins and a need for greater employee productivity. The introduction of 'Point of Sale' terminals in each store and a strong sense of trust with the members are seen as important.

The conclusion seems to be that the store formats and diversification policies must vary with environmental circumstances. It is of utmost importance to maintain a close relationship with the members regarding decision making and in order to inform them rapidly as circumstances change.

Merchandizing Policy and Co-op Brands

Consumers in the three continents represented in the forum have developed concerns in two areas and the successful consumer co-operatives are seen as leaders in terms of responding to these issues. They include the area of health and safety in food and the ecological quality of our lives. Both directly relate to merchandizing policy and define what co-op brands should be emphasizing:

Health and food safety.

The Japanese Consumer Co-operatives

have been in the forefront of testing foods and providing additive free foods for consumers. Co-op Denmark has 20 per cent of the population as members and publishes a magazine on nutrition, which is the most popular magazine in the country. It promotes diet change to less sugar, less fat, less salt and increased fiber through a comprehensive advertising programme, featuring a food triangle to provide easy recognition of the consumption of food. This is reinforced by an information programme in the schools. Co-op Lombardia also has a monthly magazine that disseminates food safety information.

Pure co-op brands and an emphasis on honesty with the consumer members seem vital components for these four successful consumer co-operatives. There is a lot of potential for inter co-operative co-operation in this area both nationally and internationally.

Environmental Concerns

Recently CFCs (chlorofluorocarbons) have been in the news with the revelation that there is a hole in the ozone layer over both the north and south poles. The threat to consumers is real with the increase in skin cancer directly linked to the thinning of the protective shield of ozone. FDB Denmark has a factory that manufactures aerosol cans which 15 years ago developed an alternative to CFCs fifteen years ago.

Ecological products have been introduced by FDB and, although they are 30 per cent more expensive, they have

been widely accepted. Ten per cent of the population have food or chemical allergies, and the ecological products make life easier for this group. These sales are encouraging the production of foods with less chemicals and are having an impact on Danish agriculture.

Social Roles of Co-operatives

In 1980, Dr. Laidlaw specified in his book "Co-ops in the Year 2000" the three crises that are facing co-operatives: the credibility, the managerial and the ideological crisis. Since then, we have been seeing a demise in many consumer co-operatives, yet a strengthening of others. There seems to be a relationship with the crises Laidlaw identified.

In terms of the credibility crisis, consumer co-operatives which have been perceived as being on the side of consumers during the 1980s have prospered and are well positioned for the next century. They have been active in terms of concerns about the quality of life for ordinary people, in the forefront in providing safe food and in favour of Peace. But the whole consumer co-operative movement must support these issues. Those lagging behind in consumer concerns reduce the movement's credibility

The managerial crisis is growing more pronounced. Co-operatives have mimicked the government and private sector to such an extent, that the distinctive features which are the basis for the competitive advantage for co-operatives has been lost. Managing in a co-operative context requires

a different state of mind and the flourishing consumer co-operatives have mastered this feature. Yet this is often poorly understood by the movement.

The managerial crisis relates to the ideological crisis outlined by Laidlaw. Ideology is often thought of as extremism. This is not the case as most thinking people have an ideology. Anthony Downs defines ideology as the verbal image of the good society and the means of achieving it. All co-operatives needn't have the same image of the good society but we need to find the common elements. Is there agreement on a respect for life and world peace? The protection of nature, good humour, caring, food safety and a linkage between the producers of food and their co-operatives with consumers and their co-operatives? Co-operatives need to provide forums and mechanisms where members can express and practice these aspects of their ideologies.

This leads to the social roles that were identified by the co-operative leaders from these four successful consumer co-operatives. They include:

a) School for democracy

Volunteer activities are not only important for the co-operative but are important for the individuals involved. Involvement enables people to learn to make decisions together. Public speaking and listening skills are learned by doing and co-operatives can provide this opportunity.

The eighteen women directors on the Board of Co-op Kanagawa head pol-

icy committees made up of Han group leaders. They spend many hours in meetings brainstorming and developing policies and thinking through the impact of such policies. They must then convince other members that the policies should be implemented. It takes time, but a lot is learned about democracy and leadership.

b) School for organizational skills

Reading financial statements and being part of the discussion of important economic decisions provides insights into the working of business and the economy. Broadening these skills is important and as people learn them they are less inclined to leave the economic decisions to the elite in society. The de-mystification of the workings of business strengthens a society. With the merger of the co-operative wholesale and retail societies in Denmark the movement has coordinated financial strength, but the 1,600 local shop committees are still in place. They make decisions at the local level, but are now more involved in national issues. They achieve the benefits of centralization without losing the opportunity to learn by being volunteers at the shop level.

c) Safeguarding consumers' rights

Consumer co-operatives' traditional role of providing honesty in the marketplace with quality goods and good service are still valid. Membership provides an insight into business practices and enables strong co-operative movements to break monopolies and apply a code of ethics.

d) Health and safety in food

Testing food and giving clear honest information on the labels is very important in tomorrow's market place. Co-op brands backed by an active testing laboratory, as in the case of Japan and Denmark, can become the symbol of healthy and safe food and make a significant contribution to the market place. Programmes that improve members' knowledge of nutrition can help members live a better and more rewarding life.

e) Ecological concerns

Public opinion in Europe, Japan and North America has swung quickly to environmental concerns, yet many feel helpless in terms of doing something tangible to improve the situation. Providing phosphate free detergents, CFC-free products, reduced use of plastics and more recycling are not only socially desirable, but good business for co-operatives.

f) Promoting peace and world harmony

Providing an organizational framework to respond to world disasters and development assistance to developing countries are meaningful ways that members can participate and, in a small way, help to build a more peaceful world.

g) Supporting cultural and social activities

Cultural and social activities can be provided with very little cost and there are many ways these activities help improve the quality of life for groups of members. For example, handicraft groups enable the aging generation to

pass on the cultural heritage to the next generation, which is important to a society.

h) Enhancing the position of women

Most countries still have a long way to go in promoting the participation of women in co-operatives. Consumer co-operatives are patronized by women and should be run for their benefit, which means involving them in meaningful ways. The 340,000 women active in the Han groups in Co-op Kanagawa are respected and listened to by the management. Through these groups, Japanese women have an influence on the Japanese society.

i) Providing activities for youth

Co-operative education is critical for the survival of co-operatives from one generation to another. Co-op Denmark has a baby club where 70,000 of the 200,000 babies (under 4 years) in Denmark are registered and the local shop committees organize activities for the young mothers and babies.

Calgary Co-operative is an active supporter of the Co-operative Resource Materials Programme in Canada. This project introduces learning activities into the school curriculum that teach youth the values of Co-operation and the potential of Co-operation in co-operatives.

In short the social objectives of co-operatives are compatible with good business. They require small resources, but lots of imagination and leadership. The consumer co-operatives that show leadership in this area, end up with more volunteers and a better

bottom line. These results are often ignored or given only lip service.

One of the most dramatic demographic shifts as we move towards the 21st century will be the increasing percentage of older people. Co-op Kanagawa organized a similar symposium and forum in September 1989 to address the issue of the older members in terms of implementing their vision of creating a caring, warmhearted and peaceful community. This involved participants from Sweden and the United States where the social responses to services for the aging population have been very different. A vision to Co-op Kanagawa is more than words, it leads to action. No wonder they are growing in a highly competitive urban market!

*Since this article was written, we received information from Co-op Kanagawa concerning the September symposium, whose main theme was the **Roles of the Co-operative Movement in the Aging Society.***

Sub-themes treated revolved around the general situation of public and private services, the store format facilitating the use of elder/handicapped persons and the social role of co-operatives.

The resulting awareness of a rapidly aging society led to discussion on how co-operatives could help to administer the welfare services and improve the quality of the daily life of our more mature citizens.

Women and Credit

by John Julian*

Women in the West African nation of Ghana are not strangers to responsibility. They bear virtually all the responsibility for child care, cooking, cleaning, hauling water and tending the fire. They grow most of the food produced in the country, and many women assume the added responsibility of family income earners, often as market vendors, bakers or brewers.

Yet when women need credit to stock their businesses or buy inputs for their farms, proven responsibility seems to count for very little. Men own most of the property, hold the collateral, and are the "heads" of the families. The contributions women make to the economy and the family matter little to bankers and other money lenders.

Ghanaian Credit Unions and the Canadian Co-operative Association are addressing this inequity with a programme funded through the Africa 2000 initiative of the Canadian International Development Agency. Working through the Credit Union Association of Ghana (CUA), the CCA has established a revolving fund to provide production loans for women.

The loans are available through existing credit unions as well as through



new ones set up specifically to serve women. Already, more than 1,000 women have received loans - individually or in small production groups - for baking, brewing, farming and vending. Through the programme, women are also receiving financial training designed to help them run their businesses and credit unions efficiently.

So far, the project is active in three pilot areas of the country:

Greater Accra/Coast, taking in the capital and coastal areas; Brong Ahafo in the centre of the country; and Upper West, in the northwest corner next to the borders of the Ivory Coast and Burkina Faso. Each of the three areas is served by a full-time project officer equipped with a vehicle. It is their job

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to publicize the programme, to help credit unions meet the requirements for participation in the programme, and to provide the all-important education and training that helps women make the most of the credit afforded them.

While the programme is concerned first and foremost with assisting women, it has also had the added effect of strengthening the credit union movement.

Ghana is littered with dormant credit unions. With the incentive of the CCA programme, women in the three project areas have set to work to revive some of those slumbering institutions. That can mean dramatic change within a credit union, and such change does not always come easily. For example, over the past several years the credit union in Wa, the capital of the Upper West region, has drifted toward dormancy. The announcement of the women's credit programme sparked a revival among the women of the town. Soon, virtually all of the active members of the organization were women. Yet it is only reluctantly that the men running the credit union have allowed women any sort of leadership role.

Two women are now serving on the credit committee of Wa Credit Union, a prerequisite for participation in the CCA programme. Both have proven to be effective leaders and there is a good likelihood that one or both of them will be elected to the board of directors at the next annual meeting.

Just north of Wa in the village of Nadowli the process has been easier.

Ms. Kpan, a farmer and teacher heard about the programme and approached the project field officer about accessing loans in her community. She is now Chairperson of the board of a revived credit union serving the women of the community. All of the members of the board and credit committee are women.

In the Brong Ahafo town of Wenchi, Mary Num Ampofo, a trader and nursery school head-mistress, is the spark plug in the development of a new market women's credit union. Also chairperson, she was drawn to the new organization by the development opportunities offered to women through the project.

These three examples illustrate another important way that the women's credit project is helping the credit union movement in Ghana. Strong leaders are being drawn to the movement, and new leaders are being developed from within. It is a rich resource that is certain to benefit the movement in the years ahead.

One of the new women-centred credit unions formed with the assistance of the CCA/CUA women's credit project is located at Chorkor, a beach-front suburb of Accra, just west of the crumbling colonial port of Jamestown. It was among the women who make "Chorkor Smoked Fish", a working class delicacy throughout West Africa, that the credit union emerged.

Mostly illiterate and owning few assets of their own, they did not warrant a second glance from commercial lenders, yet credit was an integral part of their businesses. They survived by



Chorkor Fishmongers Credit Union

buying their fish on credit from the fishermen, at prices well above those paid by cash purchasers. There was little enough cash to buy the necessary firewood and grates required in the smoking process. So their businesses remained small and their incomes meagre.

The women approached CUA for assistance just as the women's credit project was taking shape. With that incentive, they committed themselves to forming their own credit union, and on 1 May 1988 obtained their registration. In February, after months of training and guidance from the project field officer, as well as two separate studies by CUA, one million cedis (roughly 2,800 US dollars) were divided among 14 of the original 30 members.

Ranging in age from 18 to 62, all but the youngest members are married and supporting families, and for most of them smoking fish is their principal means of survival. Treasurer Charlotte Lortey is typical of the women in the group. At 48 years of age, she is the mother of five children ranging in age from 10 to 25. She began smoking fish 25 years ago to support those children, she says, because she could never count on financial support from her husband. It is a sentiment echoed by most of the women in the group.

Chairman Nora Lortey shares Charlotte's tribal name, though they are not blood relations. She also shares much of her story. The mother of six children, she says she was born into the business, helping her own mother



Nora Lortey, Chairperson of Chorkor Fishmongers Credit Union

from the time she can first remember. Like Charlotte, she works to provide for her children. On a typical day she rises at 5 a.m. to prepare food for the children and get them off to school. Then it is straight to the beach to buy fish, followed by a long, hot day of labour in the swirling smoke. When fish is in good supply her work continues well past dark. If it is abundant, and prices low, she often works through the night.

It was with great pride that, as chairman, Nora applied her thumb-print to the agreement with CUA detailing the terms and conditions of the loan. And while the loans have helped, she and Charlotte agree it was only one of the benefits that have come to them through their credit union. Both say they have learned much about budgeting, financial management, business practice, and working as a team.

Through the credit union they come together each week, not only to approve new memberships and discuss other credit union business, but also to develop marketing strategies and to arrange collective purchasing at advantageous prices. And through their association with CUA and the women and credit programme they continue to receive assistance, training, and guidance from the women's project field officer.

They have learned that together, as an institution, they have a collective power that they did not have as individuals. Their success has galvanized their community. Many other women have come forward to join and even with careful screening 20 new members have been admitted. For the 14 women who have received loans to date, income had increased and loan payments have proven to be a light bur-



Fish are smoked on mesh grates over clay fire pits

den indeed compared to the disadvantages suffered before.

Profile - St. Mary's Credit Union, Ko Upper West

The Ko Co-operative Credit Society is one of the most solidly successful in rural Ghana. Located in the Upper West Region, mid-way between Wa and the Burkina Faso border, it has been functioning successfully for 25 years. Its building, a spacious well-maintained structure with a transaction hall, Manager's office, meeting hall and storeroom is graphic proof of that success.

Along with the Catholic Church, the Credit Union is one of the social pillars of the village. It is just the sort of institution one might expect to cling to the status quo, yet Ko has embraced the women's credit programme with

enthusiasm. The change is more than a cosmetic one and already leadership and control structures are evolving to reflect the growing involvement of women in the credit union. Three women now sit on the board of directors, and two more serve on the all-important credit committee.

One of the credit committee members is Babiana Kamdamnuru, an energetic woman who estimates her age at about 50. Widowed in the early 70s, she was left to raise her nine children alone. The youngest was not yet born at the time of her husband's death. For much of the time she has supported her family by brewing and selling pito - the tart sorghum beer that is the staple beverage of the Upper West region. Her compound of mud brick buildings at the edge of Ko's broad, dusty market

square is well situated to serve the men who loiter their days away in the shade or drop by for pito with their friends on their way home from the fields in the evening.

Unfortunately, pito is so important to the men of the village that the elders have chosen to institute a few restraints to ensure its affordability. They have imposed a price ceiling of 50 cedis for each earthenware jug holding about 2 litres. At harvest time, when guinea corn, as sorghum is called in the region, sells for 80 cedis per bowl, it is possible to make a profit at that price. But as the year wears on the price may rise to more than 240 cedis and the profit margin evaporates.

One of the groups to benefit from a project loan consists of Babiana and 10 other brewers in the village, ranging in age from mid-thirties to a great grandmother who suspects her age is somewhere in the high seventies. With credit at harvest time, they reasoned that they could lay in a stock of sorghum at low prices, thus extending their profitability. It is an idea they have been anxious to implement for some time, but say their husbands have refused to allow family resources to be used for such purposes.

As head of her household, Babiana has not suffered from that restriction, but with the need to support the six

children still living under her roof, along with a grandchild from one daughter who died, she can also not afford to depend exclusively on brewing for her livelihood. She applied for a loan in order to diversify into retailing, envisioning a stall selling soap, small food items, perhaps cigarettes. Because of demand, the credit union was unable to supply a loan large enough to stock such a venture. Instead Babiana settled for a much smaller amount - enough to buy bulk rock salt which she packages in small plastic bags and sells from a tray in the market for 20 cedis each.

The one million cedis loaned to women through the Ko credit union barely touches the potential for the programme in this community. Already 69 women have benefited. There are more waiting in the wings, and those who have received loans can easily qualify for, and benefit from, much larger amounts. With the proposed changes to loan ceilings, the programme will be of much greater value to this community.

Because of the pivotal point the credit union occupies in the community, people understand well the responsibilities involved in borrowing, and social pressure ensures that loans will be repaid. As well, the credit union is efficiently and professionally run with the institutional capability to administer a large loan portfolio.

Women, the Credit Co-op and National Development

by Raymonde Kan*

The False Picture of the African Woman

Many publications address themselves to development and progress in Third World countries, and each day sees a new article on the subject in some daily paper, periodical or scholarly review. These are devoted to describing investments and how very sizeable they are, to malnutrition, children's diseases, and even locusts. Women are rarely mentioned. A couple of lines occasionally give a flowery description of how a certain dike, about to give way under the onslaught of a flood, was saved by the women of some hamlet, in a certain African country.

As we scan the conference proceedings and the numerous resolutions passed at international conventions, we find the African woman depicted as a humble creature, wilting under her heavy burden which includes children, housekeeping, tilling the fields. Clearly she would be in no position to take up studies, to learn and practise a profession, or to participate in the public and social life of her country.

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Such is the image of the African woman in the post-independence period. How can history be guilty of so great an error? It is high time an accurate picture, delineating the personality and characteristics of the African woman, was painted.

The Traditional Role

In traditional society (not so very long ago!) the African woman was not confined to home economics and social relations. She was a figure of primordial significance in every activity; actively and profoundly involved in the various aspects of production, agricultural as well as handicrafts. She was, and continues to be, the main cultivator of the land. Aided by her children, the moment they were old enough, she shouldered the heavy responsibility of managing the production of food to provide for the traditional family. Let us note that

today the vast majority of the population still lives in rural conditions and maintains the traditional life-style.

The African woman has always mastered the commercial life of her country. She is the one to undertake the long march, over many kilometers, to the local or regional market. I recall how, as a schoolgirl, I always admired the picture in my geography book of an African woman as being something of a goddess; a basket on her head, a baby on her back, walking barefoot on a road seemingly without end.

The woman also played a key role in social life. She was responsible for the family household and had to care for her husband, her children and all the other souls living under her roof. She was responsible not only for the education of her children, but also for their upbringing. Having carried her child in her belly, she went on - and this she managed in quite amazing fashion - to carry it on her back for the first three or four years of its life, everywhere she went: about the home, in the fields, to the marketplace. The attachment to, and the dependence of, the child on its mother, were considerable. We must bear in mind that many provinces of Africa are inhabited by matrilineal tribes and peoples.

There is no need to stress the key function of the woman in religious life; most religious ceremonies could not take place without the active participation of women. The woman's part in ritual and fetishistic societies was also of the utmost importance. Belief was traditionally based on the power attributed to the witch-doctor,

and the ritual decreed by him served as the foundation of the old animistic religion. The woman has been the mainstay of this religion. Let us note that in order to become a fetishist, she had to prepare herself for several years.

Another important role, which has not received due attention is women's participation in traditional political life. Women took an active part in military life and served in combat units. We can, with admiration, recall the sagas of their warlike exploits (in the 18th century Abomey and Ashanti realms). They supported the kings and the traditional leaders, and had their say in the election and nomination of the latter.

Western Influence Weakens Traditions

Since independence, African traditional society has become weakened. After some 40 years, all the solutions so far proposed for the reformation, reconstitution, and development of an African society in the image of the modern world, have to come to nought.

An attempt has been made to graft a Western socio-economic structure onto a population where it can reach only 10 to 20 per cent, concentrated mostly in urban zones and around the capital. The rural regions have been neglected, and still are, although this is where most of the people live, in a run-down society, where the African woman has lost her foothold.

Would it not be more sensible to set up development programmes which would recognize the African woman's unique role and the traditional duties

which she has always performed with honour? This could also serve as the starting point for a new socio-cultural economic development, and would curtail the large-scale migration from the village to the city, which has taken place owing to the existing situation, or as a reaction to it.

Why should the African woman not be entrusted with the integration of the elements of modernization: education, hygiene, health, decent wages, in a traditional environment - which is her domain and in which she has shown such mastery?

Credit is the Key

Our daily economic activities are, of course, dependent upon the availability of money. The more money we have, the greater are our chances of making more: buying, acquiring, consuming, investing, developing business, saving our money for use at a later date, while maintaining its true value. Saving is, therefore, a method which offers us freedom to act completely independently in the economic field the moment we need to do so. However, we do not always have the facility to obtain money. One possible, although not always readily available, answer is to approach an institution whose role is to provide credit in exchange for adequate payment. This role is generally undertaken by the bank. In Western Europe, from the second part of the 19th century onwards, and in Israel from the beginning of this century, this role has been held by the credit and savings co-operative. Credit and savings co-operatives developed and flourished

mainly in Western Europe. Their success may be explained by the fact that they satisfied a major and indispensable common requirement of all co-operative societies; namely, the necessity for a co-operative to give the best possible service to its members.

In Israel, the credit and savings co-operatives disappeared after the fifties. Badly managed, they were swallowed up by the existing banking system. The only places in Israel where credit and savings institutions may still be found are the Moshav and the Kibbutz, and these do not correspond to the classic Western formula, but rather to an original Israeli version.

Co-ops Tailored to Local Needs

Certain co-operative societies disappeared in Israel, because they had nothing of interest to offer their members. The members were able to obtain the same services from the bank where they held their regular accounts, with more efficient services and at cheaper rates. There are, however, certain types of co-operative which were established in Israel more than 50 years ago, and which still exist and function perfectly well. Why did these particular co-operatives survive? The answer is clear. Co-operatives which were based on an imported design, such as the consumer, the credit and savings and the housing co-operatives, did not suit the Israeli needs and, therefore, disappeared. On the other hand, those co-operatives created in Israel and perfectly tailored to local needs, such as Tnuva (marketing), Hamashbir (inputs supply), Egged and Dan (public transport), kibbutz and moshav, have

proved themselves and will survive despite their current difficulties.

Indeed, we can say that co-operatives which serve the needs of their members and which have become an integral part of their way of life, are bound to succeed. If we take a look at the co-operative movement in the majority of Third World countries, we find the failure of a number of co-operatives. Closer examination reveals that their failure stems from a process of grafting foreign elements onto the body of a traditional society without giving due attention to its structure or to its lack of understanding of the word co-operative. This observation leads us to the following question: why has no attempt ever been made to create an original co-operative system in the developing countries based on the traditional values of the society it aims to serve, and which would answer the real needs of the population?

Tontine, N'susu or Muziki

The African woman, like the women of other developing regions, plays a fundamental role in the economic system of her country and in the society to which she belongs. Her abilities in the field of savings and credit are known and recognized. In Africa, there exists a kind of traditional co-operative which is called, in the local dialects, "tontine", "N'susu" or "Muziki" (Zaire). This kind of co-operative system may be found in numerous developing countries.

How does this traditional co-operative function in the midst of a society little used to banking services (mainly because of their inaccessibility)? The

members of a tontine decide on a monthly amount to be saved, and upon which each member may then draw. The size of the monthly contribution is the same for everyone. Each member in turn will receive the total amount of the savings. In this way, every member has the chance to receive a considerable sum of money, and this is practically his only source of money when he requires it. In the developing countries, over 80 per cent of the population is poor and has no access to banking facilities. Moreover, in these countries, most savings and credit co-operatives based on Western models have failed. These co-operatives have taken no steps to encourage savings by offering competitive interest rates. They have found it impossible to maintain the true value of members' savings against a background of galloping inflation in countries where the inflation rate is far in excess of the interest rate on savings. The co-operatives did not provide adequate interest rates against the erosion of the real value of credit, and, above all, they took no precautions against bad debts. A way must be found to obtain credit without repeating the error of using the Western credit company as a model. This is where the African woman's role comes into play. Her capacity and talent in the field of industry and commerce could guide us in the right direction.

The Zaire Experience

During my last visit to Zaire, I met a group of women in a village, about 10 kilometers from the capital. They were producing chikwang, a traditional food and part of the staple diet of that part

of Africa. The women cook and prepare the food then make it up into packages, each weighing about 500 grams. To keep it clean and fresh, the food is wrapped in the thick green leaves of a plant called kassaya-n'kongo. The packages are sold to other women, who market them. For this enterprise, women must purchase the raw material, which is ground cassava. They obtain the necessary money through the traditional co-operative channel, the Muziki. This system exists throughout Zaire, and in other African countries as well. African commerce is entirely in the hands of the women, who employ traditional methods to finance their businesses.

It might be suggested that encouraging the creation of co-operatives based on traditional elements in African society could improve the chances of success of development projects.

Housing is a Basic Need

Housing is one of the most serious problems in African urban areas. In those countries where the treasury is able to finance housing construction for those in need, the existence of housing co-operatives, whose main function is to offer savings schemes for housing purchase, is superfluous. One of the weak points of housing co-operatives in developing countries is that a member is obliged to invest his money for many years before he earns the right to obtain credit from the bank. As there is no system for safeguarding the real value of savings in these countries, a member who has been saving for a number of years can find his investment considerably

eroded. This can happen before he even begins construction, the cost of which has increased at a much faster rate than his savings.

The tontine or muziki is a possible solution to this problem. Let us take the example of 100 women who need houses for themselves and their families. Once a month each woman contributes one per cent of the price of a house. In the developing countries, housing prices are relatively low, and to contribute a hundredth part is something which is within the means of each family. Each month, in accordance with a predetermined order, one woman receives a house for herself and her family. The houses become the property of the members only when all of the participants have been housed and after all of the outstanding payments have been made. Here we have an example of the way in which co-operative associations of a traditional kind offer some answers to major problems.

Traditional Societies Need Traditional Solutions

So, why has this idea not been put to good advantage until now? Poor people often suffer from an inferiority complex. In a similar way, developing countries often have an unjustified admiration for everything of Western origin and despise everything that is related to their own traditions, which they regard as regression from the modern world. Promoters of development programmes in Africa have encouraged this tendency by stressing their own experiences, which relate, of course, to their own countries. They

have attempted to recreate these experiences in a situation which they cannot understand. This explains the failure of so many projects, when the employment of certain vitally important elements of the traditional society might facilitate the development of these regions.

At a time when every world event is an excuse for presenting a new development programme formulated by

experts, at a time of major gatherings, international summits, meetings across all the geometrical and geographical boundaries, North-South, South-South, etc., the African woman, with her serene beauty, dignified and proud of her roots, guardian of the customs and traditions of her environment, tries to cure this modern cancer, called under-development, which eats away at her country.

Interview with Norah Willis, UK, Member of the ICA Women's Committee

by Iain Williamson*

What can you tell us about your work for your own co-operative organization?

I have been involved with the Co-operative Movement for over 40 years, all of which in a voluntary capacity. First as a director of a retail co-operative society (London) and now as Chairman of the London Region of Co-operative Retail Services. In my early days I was Vice-President of our women's organization, the co-operative Women's Guild. As a member of the Central Executive of the British



Co-operative Union I have seen service on its Education Executive, Parliamentary Committee and Productive Board. And I was given the highest honour in our Movement when I was elected President of the Congress in 1983.

*Iain Williamson is Information Services Manager of the Co-op Union, Manchester, and Executive member of the Working Party on Co-operative Communications.

Is it unusual in your movement for women to reach such a high position?

It is not easy for women to reach positions of high authority. A great many are involved in voluntary activities, but we still lack the numbers at the top to sustain our bid for equality. Many of the women have the ability and knowledge to be able to hold high positions but it is still a battle yet to be won. Indeed I am now the only woman on the Central Executive of the Co-operative Union with 14 men.

What is your organization doing to promote the role of women?

Time and time again the British Movement has debated questions on the need for more active participation on committees and better prospects for advancement in the retail workforce. It is easy to agree but not so easy to carry out! It is recognized that women play a major part in the economy of the country and also, of course, in the Co-operative Movement. Our women's organizations have led the field in campaigning for better health conditions, educational reforms, housing needs etc.

Tell us about your involvement in the ICA Women's Committee.

I have been the British representative on the Women's Committee of ICA for many years and have been honoured to be its Chairman for the last six years, which entitles me to a place on the Central Committee. My country is a great supporter of the ICA, recognising all its endeavours to assist other countries, and in particular it has given much publicity to the work of the Women's Committee, especially in relation to the needs of women in the developing countries.

Is there a special message you would like to convey to the ICA authorities regarding the need to further promote women into positions of leadership?

I made a comment in my speech to the Congress in Stockholm in 1988 that "honesty", being one of the basic values of the international movement, meant honesty in endeavours, and not just lip service. If we are to achieve equality - through ability - then member countries must encourage women candidates at all levels.

Letters from our Readers

Rochdale Pioneers - True Founders of the Co-operative Movement

A challenge to the views expressed by Dr. Robin Thornes and Dr. Stephen Yeo in "New Views on Co-operation" reviewed in ICA Review of International Co-operation Vol. 82, no. 4, 1989.*

"New Views of Co-operation" is an exciting and stimulating contribution to the study of co-operative history. The reader will not necessarily agree with the views put forward in this anthology of essays by British, Australian and American academics and educationalists, but their contributions will provide much food for thought and it is to be hoped provoke fruitful discussion.

As Director of the Rochdale Pioneers Museum, I naturally first turned to the essay "Change and Continuity in the Development of Co-operation 1827-1844" by Dr. Robin Thornes. This contribution has the support of an introduction by Dr. Stephen Yeo, the editor of the anthology. Dr. Yeo says:

*"New Views of Co-operation" is published by Routledge, London and New York. Edited by Stephen Yeo in the History Workshop series.

"Movements make their own myths, usable in their life and growth. The 28 Pioneers of Rochdale (1844) have become one of the best known of these, commemorated in the Toad Lane Museum (well supported by the Japanese Co-operative Movement, a street name in Moscow, bottles of 'vin de table' sold in Northern French Co-ops, huge amounts of commemorative pottery, influential all over the world. Their 150th anniversary will be a world event.....)".

This rather carping comment needs to be challenged. Let us make it clear from the outset that the Toad Lane Museum and its custodian, the British Co-operative Union, do not trade on a myth. We do not sell huge amounts of co-operative pottery - I wish we did - and the Museum arouses the genuine emotional regard of co-operators from many other countries, as well as from Japan.

For the record, we certainly do not encourage the old popular error that the Rochdale Pioneers Society was the very first retail co-operative in Britain and that the Toad Lane shop was the very first co-operative shop. We make it clear to all our visitors that the Rochdale Pioneers Society is the heir to earlier co-operatives which by their example (and sometimes it was a cautionary bad example) pointed the way to success for the Rochdale Pioneers.

I tend to agree with co-operative historian W.P. Watkins, former Director of the ICA, that the success of the Rochdale Pioneers does not detract from the achievements of the earlier co-operative societies which had survived as far as 1844, but that the new Rochdale Pioneers Society became the best example among its co-operative contemporaries. In other words, if other co-operatives which had managed to survive and prosper were the 'crème' of the retail movements, then Rochdale became the 'crème de la crème'.

Surely it must be acknowledged that even societies older than Rochdale came more or less to recognize that Co-operative principles as formulated by the Pioneers were the authentic Principles upon which a consumer co-operative should be established and operated. If consumers wished to form a retail co-operative society then, in the opinion of E.V. Neale, G.J. Holyoake and other eminent British co-operative authorities of the day, the Rochdale Pioneer Society was the best and safest model to follow. We do not know of any active hostility about this

from societies which made the Rochdale Pioneers' Co-operative look like a babe in arms - societies such as Great Moor (1832), Sheerness (1816) and Lennoxton (1812) which all survived into the 20th century (in the end like Rochdale itself they took the inevitable step in co-operative history of merging into larger units).

The British Co-operative Union has for many years also tried to dispel the assumption that the Rochdale Pioneers invented the famous co-operative dividend principle. We gladly acknowledge that historical research has shown that earlier co-operatives used a form of dividend payment on purchases. Yes we know, Dr. Yeo, that it is possible that Meltham Mills Society in Yorkshire had been paying a dividend since 1827. The Co-operative Union Library is actually the fortunate possessor of a Meltham Mills account book for 1840, which appears strongly to indicate that a dividend on purchases was paid to members. That Rochdale did not invent the dividend is hardly a "new" view of Co-operation.

If then we readily agree that the Rochdale Society was historically a link in the chain of continuity in the Co-operative Movement and not a 'deus ex machina' are we right to regard that society as the founder of the modern Co-operative Movement? Our answer is an unequivocal "yes". The Rochdale Pioneers were an outgoing group of people - their "missionary" work in spreading the gospel of Co-operation far and wide cannot be underestimated.

Their readiness to advise and assist consumers to form their own Co-op-

erative societies on the successful Rochdale model, the warm welcome they gave to countless numbers of people who wended their way to the door of the Toad Lane store to tap their co-operative experience and wisdom, the part they played in forming national co-operative organizations - all this makes the Rochdale Pioneers Society special. Other societies may have been good but did they always take a wider view of Co-operation beyond their own local concerns? If Rochdale was simply a link in the co-operative chain then it can reasonably be argued that it was the brightest link. Are the Pioneers to be dismissed as publicity-seekers because they did not hide their co-operative light under a bushel but gave illumination to so many? All the societies mentioned by Dr. Thornes may have been very estimable but they did not have the impact Rochdale had. The Rochdale Pioneers are the founders of the Co-operative Movement because one way and another they exerted an influence on the Movement which no other society achieved no matter how excellent in itself or allegedly in advance of the Rochdale idea of Co-operation.

The Rochdale Pioneers did not readily desert the old Owenite ideal of setting up a co-operative community, running their own factories and building their own houses for members and employees (their rules prove that). They were not "merely" retailers. They had a go at some of these wide co-operative aims. Their gallant attempts to operate a corn mill and cotton factory deserve praise. Some of the houses they built still exist in Rochdale. Their educational and cultural activities were



ORIGINAL STORE ROCHDALE PIONEERS 1844

not excelled by any pre-Rochdale society. Very early on it was Rochdale to which seekers of co-operative inspiration and information turned and not Huddersfield, Ripponden or Meltham Mills. A "myth" is not being perpetuated by honouring the Rochdale Pioneers and visiting their little shop in Toad Lane.

Regrettably space does not permit discussion of the other fascinating essays in this anthology but they deserve the serious attention of all students of co-operative history and ideology. In particular it is to be hoped some co-operative knight takes up the challenge of Andy Durr who assails the reputation of Dr. William King, an inspirer and teacher of the Rochdale Pioneers.

*Roy Garratt, Director
Rochdale Pioneers Museum*

Thoughts on Strengthening Co-operation between Co-operatives Worldwide

Over 600 million people are members of untold co-operatives throughout the world. In general these co-operatives do outstanding work to improve the economic situation of their members, to meet the Co-operative Movement's ethical goals and to participate in the political environment. I, nevertheless, have the impression that possibilities for worldwide co-operation between co-operatives are far from being exhausted. Too many business transactions are made with private enterprises and not with other co-operatives. For example, it should be possible for co-operatives to sell their goods preferentially to other co-operatives, for financing to be handled by co-operative banks and insurance by co-operative insurance companies. Moreover, co-operative construction projects could be financed by co-operative banks.

Unfortunately, legal considerations often stand in the way of co-operation in different countries. Even co-operative firms must accord reciprocity to other companies, and human and economic links to private sector companies cannot simply be ignored.

It goes without saying that co-operative firms must offer the same prices and services as their private sector and state competitors. In particular, they must offer quicker, more individual and more personal services than their competitors. Only then will they

be accepted by other co-operative friends. It is, therefore, our duty to motivate our workers accordingly.

To improve co-operation, the ICA Banking Committee has drawn up a directory which contains useful information on its members. This directory is available not only to the members of the Banking Committee, but also to all co-operative institutions. It is to be hoped that many co-operatives will use the directory and will give preference to co-operative banks in financial dealings at home and abroad.

The ICA Banking Committee has started an exchange programme for young co-operative bankers. In the framework of this programme young colleagues have the possibility to improve their training at institutions abroad. Besides improving their professional capabilities and developing their language skills, these young co-operative bankers can develop international friendships. It is to be hoped that they will also enjoy working together in the future and that the programme will, therefore, help foster closer relationships within the Co-operative Movement.

At each plenary meeting of the Committee, two members have had the opportunity of presenting their banks. The aim of this was to encourage members to avail themselves of the

services of other members of the Committee rather than going outside the movement for their daily business transactions.

In recent years guest speakers were often invited to meetings of the Committee in order to keep members informed of the latest developments worldwide. Representatives of the World Bank and respected world economic institutions and national banks spoke on topics of general interest, as did individual members of the Committee. The texts of the speeches were also made available to members who were not able to attend the meetings, so that they, too, could have the opportunity of thinking about the problems discussed and take advantage of the knowledge shared.

At present the Committee is especially concerned about the effects of the new European Community on the Co-operative Movement. Questions of capital transfers and upper credit limits are of utmost interest to co-operative banks.

In future the chairmen and secretaries of specialized organizations will meet regularly to discuss the strengthening of Co-operation between co-operatives.

It would also seem worthwhile for co-operatives to form national and international regional committees, to ex-

change experience and, in particular, to improve inter-regional economic relationships.

It still seems difficult for co-operatives to support Third World co-operatives through credit. It should, nevertheless, be possible for individual committees to start funds, with members' contributions, to be used to finance technical aid projects in the Third World. In this respect, priority must be given to the founding of new co-operatives and the improvement of training and work methods in the Third World.

We are basically called on to accept as our duty the strengthening of national and international Co-operation in daily work and to be more aware of it. We should always give preference to co-operative firms which offer good terms and good services. We will thereby strengthen our organization in the interest of our members worldwide.

This article is intended only as food for thought and a way of opening up a dialogue. Hopefully other co-operative friends will suggest, through this Review of International Co-operation, practical means to strengthen worldwide co-operation between co-operatives.

Dieter Grethe

Former Chairman, ICA Banking Committee



Book Reviews

Banking on the Grass Roots Co-operatives in Global Development

by Bruce Thordarson

The North-South Institute, Suite 200, 55 Murray Street, Ottawa Canada K1N 5M3, 1990, 66pp, \$12.00.

This welcome bilingual publication succinctly and clearly examines the role of co-operatives as agents of change in the developing world. It provides an overview of the world co-operative movement and its basic principles, notes the great diversity and problematic features of co-operative institutions in the Third World, and discusses trends towards improving co-operative development, including the role of Canadian aid.

The author, a Canadian, is well positioned to write such an overview. He is director of the International Co-operative Alliance and a former executive director of the Co-operative Union of Canada (a predecessor organization to the Canadian Co-operative Association). His short treatise can well serve as a philosophical and practical guide book for anyone with any kind of a relationship with co-operatives in the Third World.

In its conclusion, Mr. Thordarson notes that the co-operative approach to development is a complex matter and that success cannot be taken for granted. "Recent experience suggests certain minimum conditions," he writes. "These include the right kind of government support, an economic environment favourable to the kind of business in question, mutual self-interest among the members in the success of the venture, educational activities for both members and staff, and effective vertical support structures."

Hence he cites several implications for development planners:

Co-operative projects must respond to local needs;

Objectives must be defined through active participation by local members, rather than viewed as development instruments of a sponsoring organization;

Sufficient time must be allowed for resources to be absorbed effectively and leadership and management skills learned;

An assessment of the project's liability must include an analysis of the political, social and economic environment in which the co-operative will operate;

Self-reliance should be clearly identified and planned for as an ultimate, attainable goal.

"There is still insufficiently keen understanding within development agencies of the prerequisites for co-operative success," he writes. Too often, government-to-government programmes become victims of top down planning. All international develop-

ment agencies need a well-defined policy on co-operative development methodology. Specialized staff could receive a mandate to provide policy advice to all parts of the agency involved in co-operative activities. Alternatively, the co-operative movement itself could provide this policy and technical advice, as is done in Sweden, where projects are referred to the Swedish Co-operative Centre for review and comment.

The publisher acknowledges financial contribution to the work by the CCA, Société de coopération et de développement international, and the Société de développement international Desjardins.

Canadian Co-operative Association

The Convinced Co-operator

by George Davidovic

Published by Co-operative Resources Ltd. (1989), Box 1685, Antigonish, Nova Scotia B2G 2M5, Canada, 150 pages, \$Cd'n 10.00, edited by Rudolf Cujes.

For George Davidovic true co-operation was a way of life. He lived his 87 years as a "convinced co-operator". His friend and fellow Yugoslav, professor Rudolf Cujes, recalls that life and work in a new book called simply "The Convinced Co-operator". Its reading is a must for those of all ages who consider themselves students of co-operation.

Mr. Davidovic's last work, "Les Principes Coopératifs - la Lumière des Réalités Coopératives", is devoted exclusively to an exploration and distillation of co-operative principles. The work is only available in manuscript form. But, thanks to Rudy Cujes, the concluding chapter has been translated into English and is the focus of the present book.

The subject is very timely. Co-operative movements in many parts of the world are experiencing rapid, even alarming, changes to their structures and beliefs. To address this concern the International Co-operative Alliance, at its Central Committee Meeting in October, set up a Basic Values Advisory Committee whose report will be presented to the 1992 Congress in Tokyo. This development would have pleased Mr. Davidovic. He knew the ICA well as its Agricultural Committee Secretary, 1958-61, and editor of its Agricultural Co-operative Bulletin.

'Co-operative Principles and the Essence of Co-operation', chapter 13, reveals the range and depth of Mr. Davidovic's understanding. He treats the reader to a clear, concise view of co-operatives in an historical context from various early forms in ancient China, Greece and Armenia through Europe, America and the Third World following the Industrial Revolution.

Fundamental differences evolved in answer to differing needs. For some movements, including those in Europe and the Third World, the social aspect is emphasized. For others, particularly North Americans, the economic aspect is the primary concern. However, the principles of freedom, democracy, independence, individual development through participation, self-help, mutual help, unity, equality, search for earned income (the cornerstone), and service to members (the most important), are common to all.

A bonus in Professor Cujes' book is the inclusion of several articles on the

financing of co-operatives, written in 1936 and 1938, and a major paper on State financing, delivered by Mr. Davidovic in 1973. This too is a very timely topic for co-operatives which are besieged by problems of appropriate capital formation.

The warnings he issued then about the insecurity and unpredictability of outside funds and the need for greater share capital and reserves (socialized capital to benefit future generations) seem just as valid fifty years later.

Mr. Davidovic also advanced an interesting perspective on the provision of aid to co-operatives in developing countries, "areas where the productivity is low, poverty widespread, malnutrition general and diseases and hunger a constant threat".

Ironically, in spite of advances in some areas, conditions in many less developed countries have actually worsened. But Mr. Davidovic was heartened by the ICA's work in the sixties with international development agencies, and would likely have approved of its more recent emphasis on regional development in the Third World.

With the publication of these essays and Chapter 13, Professor Cujes has stimulated our interest in the full text of the convinced co-operator's last work. Hopefully an interested publisher will come forward to help us learn more from Mr. Davidovic's legacy of co-operative thought and wisdom.

Milton Mackenzie

Farmer-Centred Enterprise for Agricultural Development

by Trevor Bottomley

Plunkett Foundation for Co-operative Studies, Oxford, 1989, 172pp.

Unlike most books on rural development currently doing the rounds, this gem of a book from the Plunkett Foundation focuses on farmer development rather than the development of farmers' organizations.

The author, Trevor Bottomley, a teacher, writer and co-operator of international renown, shares in this book his knowledge and experience of more than four decades of co-operative development work around the world. He maintains - and quite rightly too - that true development concerns people rather than things. He argues that effective rural development is dependent on farmer-centred organizations and that co-operatives, despite their shortcomings, offer the best alternative for delivering essential services to small farmers, but cautions "only if they can operate as efficient business organizations".

He has organized his material in three main parts. Part 1 analyses co-operative organization as a means of meeting farmers' needs; discusses co-operative theory and practice; analyses the various options for delivery of services to farmers (these include al-

ternatives to co-operatives such as private enterprise, state enterprise, contractual arrangements, restructured co-operatives and farmers' associations); and examines the potential and weaknesses of co-operatives and the essential criteria for effective co-operative performance. Part 2 describes in detail the major services required by farmers as well as the policy and technical considerations involved. These services are: agricultural credit, supply of farm inputs and the organization and management of marketing of agricultural produce. In the final part, the author analyses constraints and problems of development - some ideological, other organizational - and proceeds to offer some suggestions on how to tackle them.

The lesson to be drawn from Trevor Bottomley's book is that if well organized and competently managed as efficient business enterprises, co-operatives can contribute significantly to the farmer's development by providing him with essential services in a form and manner that will directly help improve his social and economic conditions - but without compromising his human dignity.

Here at last is a resource book that will find a most receptive audience among students of co-operation, rural sociology, agricultural economics, as indeed

among all those interested in co-operative and rural development - be they professionals or lay practitioners.

Sam Mshiu

The Golden Triangle - The AE Commemorative Lecture

Edited with additional material and preface by Anthony P. Quinn, published for Co-operative Studies in Ireland Ltd. with sponsorship by the Irish League of Credit Unions, IR£ 4.95 plus postage (£0.55).

As we approach the end of this century, it is perhaps appropriate that we should recall the figures who have helped to shape its co-operative history. Thus we have the opportunity to remind ourselves of what they did and what they said and also assess their contemporary significance.

One such figure is George William Russell (1867-1935). More commonly and affectionately known by his pseudonym "AE", he was one of the leading figures in the early Irish Co-operative Movement. Another and most notable one was Sir Horace Plunkett who urged that the embryonic International Co-operative Alliance should be widened from its initial producer co-operative base to include "all accepted forms of Co-operation". This allowed the entry of agricultural co-operatives with which he is most

closely associated and which comprised the greatest part of the first wave of co-operative development in Ireland.

George William Russell ("AE") did not follow Plunkett onto the international co-operative stage; all his considerable impact was concentrated in Ireland where he helped co-operative ideas to take root in the 1890s. He was a visionary who worked out his ideas both in writing and in art. His paintings were publicly exhibited but most were lost when Plunkett's house, where they were stored, was attacked and burned by republican extremists during the "troubles" of the 1920s.

As far as "AE"'s writing was concerned, he was Editor of the "Irish Homestead" between 1905 and 1923. It was in this that he advocated Co-operation as a means of agrarian reform in Ireland. Additionally, in 1907,

he became an organizer for the Irish Agricultural Organization Society which later became the Irish Co-operative Organization Society.

George William Russell was also involved with the Theosophical Society through which he came to adopt his spiritual pseudonym of "AE". His mysticism was reflected in his dream of a golden triangle over Dublin Mountain top. It had a hand stretched out towards him and he interpreted the triangle as representing Action, Creativity and Co-operation. How fitting, then, that this short volume of "AE" Commemorative Lectures should take this as its title because all three elements are to be found within it.

The lectures were given in a series during the winter of 1986, organized jointly by the Society for Co-operative Studies in Ireland and the City of Dublin Vocational Education Committee. Lecturers were diverse, including an editor, an academic, a manager and a priest. Their subjects were also diverse ranging from Irish Co-operative history to contemporary issues and future prospects. Anthony P. Quinn, who worked previously in the Registry of Friendly Societies, has edited the essays and provided a preface and additional material of his own.

In terms of quality the essays vary as does their length but they provide a good insight into the Co-operative Movement in Ireland that could be of interest to co-operators in other countries. The essays reveal that there have been three periods in the history of co-operatives in Ireland. Stemming

from the work of Plunkett, "AE" and others, the first centred on the development of an agricultural co-operative movement. Of Ireland's 100 largest businesses today, 30 are agricultural co-operatives. But, sadly, Anthony Quinn observes in his preface that "The traditional basis of the agricultural movement is being challenged by more capitalistic forms of business enterprise. The Stock Exchange is being used for raising capital for large agricultural co-operatives which have formed public limited companies."

The second phase was the growth of credit unions from the mid-1950s, of which Seamus P. MacEoin, Director of the Irish League, was one of the pioneers. His lecture gives a graphic account of their early days. Being a co-operative educationalist, the reviewer noted with particular interest that MacEoin attributes the stirrings of the idea for credit unions to a course which he and other originators attended at University College Dublin in 1948. The Director of the course was Rev. Edward Coyne, SJ, then President of the Irish Co-operative Organization Society.

The third phase in the development of Irish co-operatives has been the growth in the 1980s of Co-operative Housing Associations as well as Workers' and Community Co-operatives. Bernard Thompson, Secretary of the National Association of Building Co-operatives, writes on the former and Tom Redmond, Secretary of the Network of Workers' Co-operatives, on the latter. There is also an essay by Fr. Dermot McKenna, SJ, on "The Mondragon Co-operatives - Strategy for Development"

which has considerable bearing on Irish Workers' co-operatives. The title is perhaps misleading because the essay deals quite as much with Ireland's industrial malaise as it does with Mondragon. This is one of the best and most robust essays of the book. Fr. McKenna notes that Ireland is one of the most bureaucratic and least entrepreneurial countries within Europe, suffering too long from "the indignity of lack of work". Hopes for the development of an indigenous industry have been dashed - "45 per cent of our own industry has vanished since 1951". McKenna goes on to ask "Will another 45 per cent collapse once the full impact of the enlarged and new-look Common Market is felt?". It is against this background that he is led to look at Mondragon. While acknowledging that no one has yet duplicated its success, he goes on to hope that some of its "social inventions" could perhaps be tried in Ireland.

This preoccupation with industry and Ireland's future position within the European Single Market is an important feature of "The Golden Triangle". But other linkages of a less industrial kind are also featured. For example, several references are made to Ireland's similarities with Denmark. Dr. Trevor West, in his essay on "Sir Horace Plunkett and AE", recalls that the latter had learnt how, in Denmark, a national feeling for the countryside had been quickened by the teaching of native songs, literature and folklore in Bishop Grundvig's Folk High Schools. AE believed that a similar appeal could be made in Ireland through its culture. A further reference to Danish influ-

ence was made by Seamus P. MacEoin. Referring to the development of Irish Credit Unions in the 1950s, he attributed the big break-through to a "week-long highly successful Danish style Folk High School.....in Red Island Holiday Camp in May, 1957".

As a collection of essays, "The Golden Triangle" owes much to its Editor Anthony Quinn who has added a few essays of his own. One shows more novelty than profundity in throwing light on an interesting but little-known relationship between Robert Owen and Prince Edward of Kent. He was the father of the British Queen Victoria. Mr. Quinn's other essays are more in the Co-operative mainstream. One charts the course of Friendly Societies and the Self-Help Movement while another examines the contemporary functions of the Irish Registry of Friendly Societies. In the conclusion of this, Mr. Quinn asserts that AE's spirit would be "consoled and his memory honoured.... if the Registrar had available a modern code of co-operative law suitable to the old and new waves in the Irish Co-operative Movement". This need increases "as we move towards the European New Century".

An excellent feature of "The Golden Triangle" is a Chronology of the life of "AE", as well as references to Laws on Co-ops. There is also a good index and a helpful select bibliography. Overall, the volume serves to provide an interesting insight into Irish Co-operatives past and present and to commemorate with gratitude and affection one of their founding fathers.

Rita Rhodes

Women in the World of Work

Statistical analysis and projections to the year 2000

by Shirley Nuss in collaboration with Ettore Denti and David Viry

published by International Labour Office, 1990,
132 + X pp, tabs, graphs, price SF. 20.00.

The Women, Work and Development series includes monographs on work activities in which groups of women are engaged, as well as broader syntheses of findings that emerge from ILO research and technical co-operation.

Throughout the United Nations Decade for Women (1976-1985) and up to the present day, the inadequacies of information about women have been the subject of much discussion, the focus of which is on criticisms of the definition of economic activity as contributing to an underestimation or misclassification of the work women do.

Specific chapters are devoted to the analysis of the woman's situation region by region: Africa, Asia, Latin America and Caribbean, industrialized centrally-planned economies and market economies. Every chapter is subdivided into sections examining the economic activity, gross years of working life and economic activity by sector. Two introductory chapters describe the methods of collecting data and present global trends in the employment of women.

The analyses made demonstrate that more intensive efforts must be made by governments, employers and workers if progress, rather than stagnation or decline, is to characterize the status of women in the last years of the twentieth century.

The book presents a very competent evaluation of facts and is written vividly. The conclusions are pertinent and presented in simple form intended to be easily understood. The assessment of some structural issues, such as future trends in female economic activity in the next decade, is of paramount importance to anybody involved in the promotion of women's work.

A separate word should be said about the charts which are most useful. Too often, in research books, emphasis is placed on the data itself, while the layout is ignored. This one, fortunately, concentrates on such detail to the great delight of the readers.

Alina Pawlowska

Agricultural Co-operatives in Japan - The Dynamics of their Development

by M.V. Madane

Published by ICA Regional Office for Asia and the Pacific

The dramatic growth of the Japanese economy is one of the major transformations of the post-war era. As in other rapidly-industrializing economies, however, agriculture was unable to keep pace with this development, and rural families and traditions have come under severe pressure. The role of co-operatives in defending and promoting the interests of Japanese agriculture under modern conditions is the theme of this new book.

During the last five years the author has served as project director for the ICA-Japan management training programme for agricultural co-operatives in Asia, which has introduced young agricultural co-operative managers to some of the lessons of Japanese experience.

One of these lessons is the major benefits to be achieved through an integrated approach. Japanese agricultural co-operatives have managed to obtain mutually-reinforcing benefits from their activities in agricultural credit and banking, supply, marketing, mutual insurance, and guidance. They have demonstrated that multi-purpose co-operatives, when they function efficiently, can serve virtually the whole range of members' needs.

It is not always understood that the post-war success of Japanese agricul-

tural co-operation was built upon a strong historical tradition. The first Co-operative Society Law, enacted in 1900, facilitated the growth of credit, marketing, purchasing, and production co-operatives, which had grown by the 1930s into a significant economic and social force.

Today, when over 85 per cent of farmers are part-time farmers, the challenges facing Japanese agriculture are far different. The democratic and responsive nature of the multi-tiered co-operative system has enabled it to respond to changes in members' needs with remarkable speed and success.

Also noteworthy is the international and co-operative orientation which characterizes the movement. Its trading arm, UNICOOP JAPAN, does a substantial portion of its business volume with co-operatives in Europe, Asia, and North America. Japanese agricultural co-operative expertise has been shared with co-operatives in the developing world through the efforts of the Institute for the Development of Agricultural Co-operation in Asia (IDACA).

This book should provide valuable background information for all co-operators who will be participating in the 1992 ICA Congress in Tokyo.

Bruce Thordarson

News from the Library



New Acquisitions in the ICA Library

BRAZDA J., SCHEDIWYR., (editors) - Consumer Co-operatives in a Changing World - International Co-operative Alliance, Geneva, 1989, vol.1 - 566pp, tabs, graphs; vol.2 - 450pp, tabs, maps, graphs, ISBN 2-88381-000-1.

Co-operative Development and Change - Proceedings from a Conference - Kooperativa Studier, Stockholm, 1990, 178pp, ISBN 91-8680228-3.

Co-operative Way : Victoria'a Third Sector - Ministry of Housing - Melbourne, 1986, 151pp, tabs, photos, ISBN 0-7241-5172-9.

Cooperativismo Sanitario en el Marco de un Sistema Nacional de Salud - VII Jornadas de Sanidad y Cooperativismo, Madrid 7-9 diciembre 1988 - Gabinete de Estudio y Promocion de Cooperativismo Sanitario, 1990, 589pp.

Cooperazione & Lavoro Giovane. Guida al collocamento ed alla cooperazione - Federazione dei Consorzi Cooperativi e dell'Associazione Giovani Cooperatori Trentini, Trento, 60+XVIpp.

Future of Participative and Democratic Enterprises - Third World Conference of CICOPA, Paris, February 23-26, 1988 -International Co-operative Alliance, Geneva, 1990, 300pp, tabs.

GNC LA LETTRE - Les outils de renforcement des fonds propres des cooperatives - n° 174 (spécial) fév. 1990, 35pp.

Jornadas Sobre Principios Cooperativos Celebrados en Madrid los Dias 10-11 Mayo 1988 - Union Nacional de Cooperativas de Consumodores y Usuarios de Espana, 143pp, photos.

LANGDON, I. A., - Taxation of Australian Agricultural Co-operatives (1989) - Centre for Co-operative Studies - Working Paper Series n°1, Nov.1989, 60pp .

LEONARDELLI C.- Cooperazione. Origini, Principi, Organizzazione, Ordinamento e Fuzionamento delle Società Cooperativi - Federazione Consorzi Cooperativi - Trento, 1984, 271pp, 3rd edition

MANSILLA, M. A. - Retos del Cooperativismo Colombiano en el Decenniom 1990 - Escuela de Administracion Cooperativa, Bogota, 1989, 93pp, tabs

SYAFRADJI, Saleh (dr) - Marketing system Through Cooperatives in Indonesia - Badan Penelitian dan Pengembangan Koperasi, Departemen Koperasi, Jakarta, 1989, 231pp, tabs, graphs

WILDE, D.- Directors' Responsibility in Australian Co-operatives - Centre for Co-operative Studies - Working Paper Series n 2, Nov. 1989, 119pp.

Promotional Items

ICA Video "Wave of the Future"	SFr. 50.00*
ICA rainbow umbrella	SFr. 18.00
ICA rainbow tie	SFr. 12.00
Co-op Day pen "Unity in Diversity"	SFr. 2.00
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ICA rainbow eraser	SFr. 1.50
Rainbow earrings (for pierced ears)	SFr. 10.00
Wooden based table flag	SFr. 10.00

* SFr. 45.00 for ICA members

STOP PRESS

First International Congress of Social Economy

24 - 26 September 1990, Vitoria, Basque Country, Spain

A post Central Committee Congress on Social Economy will take place in the Basque country from 24 - 26 September 1990. ICA members and other organizations will shortly be receiving invitations. However, if you do not receive an invitation or if you require further information, please contact:

Jose M. Echeverria
International Congress of Social Economy
Palacio de Villa Suso
Plaza del Machete, s/n
Oficina no. 3
01001 Vitoria-Gasteiz, Spain

On 24 September, participants will have a chance to participate in several technical visits. These will be to the Mondragon Group for Producer Co-operatives, to the EROSKI Co-operative for Consumer Co-operatives, to LUGUNARO & the CAJA Laboral for Banking and Insurance Co-operatives, and to the Technical School run by the Mondragon Group for Co-operative Education specialists. Two groups will visit Agricultural Co-ops; the first will visit co-ops dealing with extensive and intensive bovine cattle and the second those dealing with cereal, cattle and viticulture farming.

All participants will then take part in a general meeting at the Europe Conference Palace in Vitoria which will review the programme and include an audio visual on social economy in the Basque country.

On 25 September delegates will be invited to take part in sectorial meetings, based on the following subjects:

"Co-operation & business relations"

"The contracting of products and inter-cooperative development"

"The new possibilities of co-operatives working together to face up to new market requirements"

"Co-operation as an alternative within the field of education"

The social programme includes cocktail parties, participation in a Basque "Jai-Alai" sports festival, lunch in a typical fishing village, and a concert at the Arriago Theatre in Bilbao, followed by dinner and fiesta at a local restaurant.

The full programme will be published in the next issue of ICA Review.

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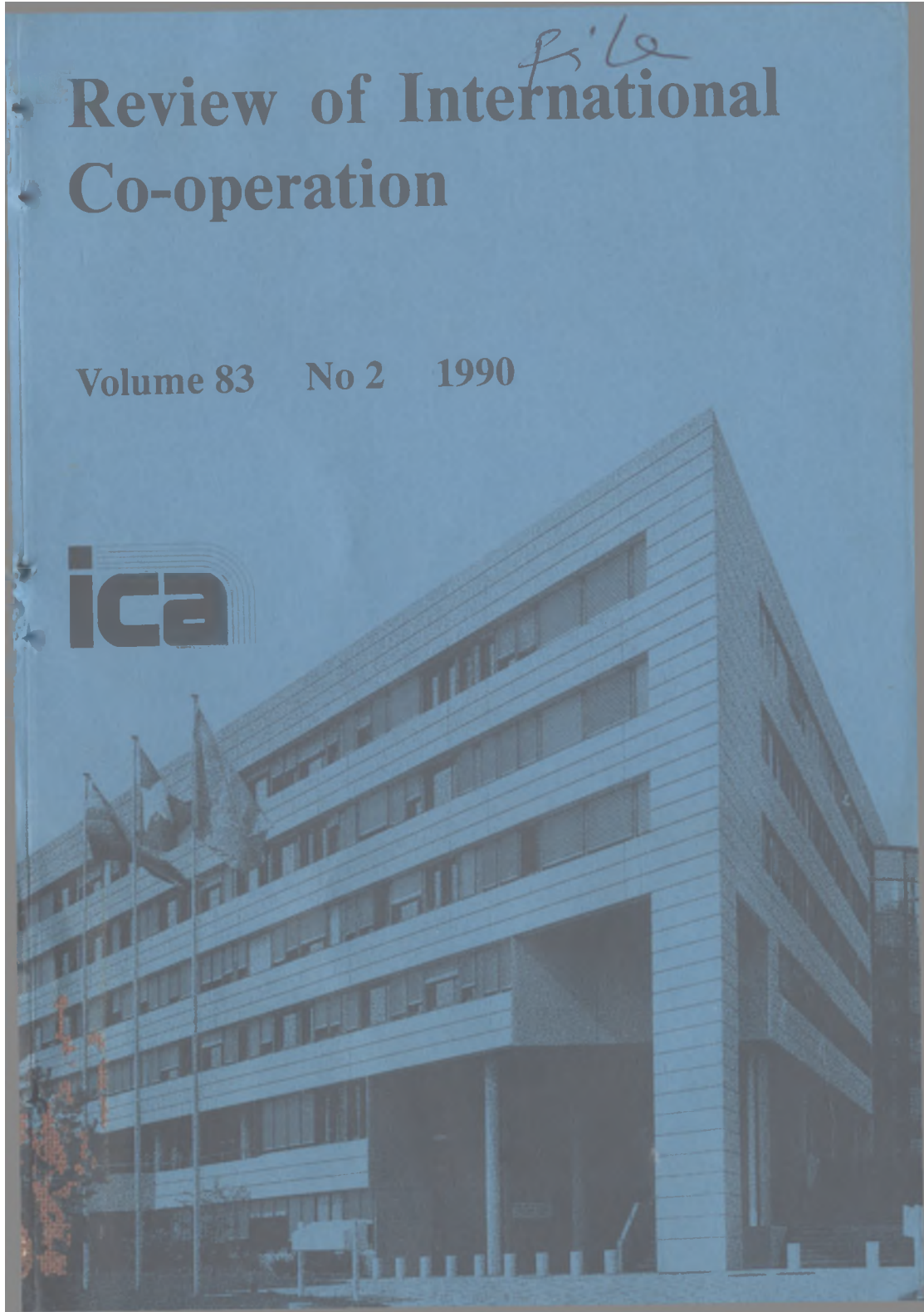
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Review of International Co-operation

Vol. 83 No. 2/1990

Editor: Mary Treacy

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Editorial

This year's Central Committee is being held in Madrid and, in this issue of the Review of International Co-operation, we have tried to give you, not only an overview of the ICA membership in Spain, but also an overall picture of the situation in that country regarding co-operatives and other worker-owned and managed enterprises, and their role in the social and economic development.



The co-ordinating committee of our Spanish host organizations was able to help us obtain articles on housing, consumer, health, education and worker co-ops as well as articles on the autonomous regions of Andalusia, Catalonia and the Basque country.

There are, however, a few sectors of activity which have not been covered and, unfortunately nothing about the co-operative movement in Valencia. We hope that the meetings in Spain will give some of our readers a chance to fill these lacunae with information on the missing areas of activity.

Particular thanks in the realization of the issue of the Review are due to the organizing committee of our hosts in Spain, the Co-operative Movement in the Basque country and all other Co-operative Movements in Spain which submitted articles and photos, to the Department of Co-operatives and Workers' Limited Companies at the Ministry of Labour and Social Security in Madrid and the Co-operative Branch of the International Labour Organisation in Geneva.

We hope all our readers will enjoy this issue, and for those attending the meetings in Madrid, that it will give the necessary background information to make their trip to Spain as rewarding and informative as possible.

The second section of the Review is also connected with the Madrid meeting, one of the central themes of which is "The Environment". In May 1989, ICA wrote to its member organizations asking them for information on the measures they and their own member societies are taking to protect the environment. On page 78 we have published an article summarizing the information received by ICA. We know that co-operatives are doing far more for the environment than the information we have compiled and urge you to share your experiences with us so that we can show the concerted effort that co-operators are making in this field.

Mary Treacy
Editor

Active Socio-Economic Development Policies in Spain

by Ramón Salabert Parramon*

Since 1982, the Government's political action with regard to the development of the social economy has been based on the creation of an economic sub-system. This system is compatible with a social market economy that fosters the creation and maintenance of employment and wealth through production or service enterprises which place a greater emphasis on work than on capital but, at the same time, seek maximum profit. Between the public and private sectors, these initiatives have a strong component of self-employment, democratic management and redistribution of earnings. The system enhances the possibilities of economic growth in regions which have great potential but are underdeveloped, and offers young people a more accessible alternative for joining the labour market.

Among the associative solutions which play the main role in this sector of our economy, preference is given to Co-operatives and Workers' Limited Companies.

* Ramón Salabert Parramon is Director-General of Co-operatives and Workers' Limited Companies, at the Ministry of Labour and Social Security.



Over the past few years such undertakings have experienced a quantitative growth unparalleled in earlier periods, in terms not only of newly-opened enterprises but also in turnover, the number of member workers and the percentage of the market share. The development and promotion policy pursued by the Ministry of Labour and Social Security has played an important role in this growth.

According to existing registration data, 16,757 new companies were set up as Associated Labour Co-operatives or Workers' Limited Companies during the period 1983-1989, creating approximately 128,156 new jobs.

The legislative framework has been adapted and modernized in keeping with the 1978 Constitution, Article 129.2 of which stipulates that "The

public authorities shall efficiently promote the different forms of participation in business and, through appropriate legislation, shall encourage co-operative societies. They shall also establish ways for facilitating worker access to ownership”.

This has been the terms of reference for action by the administration in recent years. Special attention has also been given to co-operativism in regard to laws governing the various sectors. The Basic Law on the Right to Education, the Consumers and Users (Protection) Act, the Health Act, the Local Government Act and the Law Regulating Overland Transport all contain specific provisions relating to co-operatives.

The General Co-operatives Act No. 3 of 2 April 1987 was passed to replace the Co-operatives Act of 1974 and its Regulations of 1978, both of which represented technical advances at that point in time but were based on political and socio-economic assumptions now obsolete. Basic features of the new Act include the requirement to promote conditions which favour the development of co-operative management, and systems which foster the growth of internal financial resources, strengthen guarantees for third parties in their financial dealings with co-operatives, extend management control mechanisms and open up possibilities for certain types of co-operative to do business with non-members.

Another guiding principle of the Act has been to give members the neces-

sary legal status for making their participation in co-operative management and control more efficient.

The Constitution also divides the State territory into Autonomous Communities that have competence in specific fields. The laws which regulate the respective Statutes of Autonomy grant differing degrees of competence to each Community so far as co-operatives are concerned, and some communities have exclusive competence in this legislation.

In this respect, the Autonomous Communities of the Basque Country: Act 1 of 11 February 1982; Catalonia: Act 4 of 9 March 1983; Andalusia: Act 2 of 2 May 1986; the Valencian Community: Act 11 of 25 October 1986; and Navarre: Privileges Act No. 12 of 3 June 1989, have all made use of such competence for promulgating their respective co-operative laws.

It is important to stress the supplementary nature of the General Co-operatives Acts, as asserted in its statement of aims and objectives which reads: “Account has also been taken of the supplementary nature of this Act pursuant to the Autonomous Communities Law granting legislative competence in co-operative matters”.

The workers’ limited company, a new and authentic legal instrument not contemplated in any other country, was also created and promulgated by Act No. 15 of 25 April 1986, which enabled a series of measures to be

introduced for encouraging this type of economic organization.

The regulation of Credit Co-operatives under Act No. 13 of 26 May 1989 was also of value in that it brought credit co-operatives fully within the financial system by empowering them to engage in all manner of credit and debit transactions and banking services, albeit with preferential attention to the financial needs of their members. The total number of transactions of a credit co-operative with third parties may under no circumstances exceed 50 per cent of its total resources. The Act regulates the use of surpluses by endeavouring to strengthen co-operative capitalization.

The draft law on the Fiscal System of Co-operatives is at present going through Parliament and will replace the current law of 1969. The new law is justified given the need for the promotion of a new and market-competitive co-operative structure which recognizes the social function of co-operatives which, for fiscal purposes, are to be classified as 'protected' and 'specially protected', the latter enjoying greater tax benefits. Associated labour co-ops, agricultural community land use co-ops, fisheries, consumers and user co-ops are all classified as 'specially protected'.

Another major objective is to develop new co-operatives and workers' limited companies by enhancing their business status. This approach includes training schemes for management and members and facilities for access to financial markets on favour-

able terms. It encourages the creation of business groups and structures of the secondary level. This approach is enhancing entrepreneurial well-being and stability in the social economy by securing a greater share of the market.

Lastly, a key element in the socio-economic development policy has been the linking of co-operatives and workers' limited companies within territorial, sectoral and national associations to ensure that they are consistent in the representation and defense of their own interests. This increases their capacity for dialogue with public, private, community and international institutions. There are now nationwide associations of co-operatives in the associated labour, agricultural, consumer and user, credit, fisheries, housing, transport and teaching sectors. The workers' limited companies have formed the Business Confederation of Workers' Limited Companies (CONFESAL) to which eleven federations from different Autonomous Communities belong.

The maturity of this integration process will unquestionably lead to the eventual creation of an independent, pluralistic and democratic confederation of Spanish co-operatives, thus ensuring the greater representativity of the Spanish Co-operative Movement. It is worth noting that for operational and intersectoral co-ordination purposes, the Spanish Standing Committee of the Co-operative Movement (CEPEC) has recently been set up and brings together the above-mentioned associations of co-operatives and workers' limited companies.

Consumer and User Co-operatives in Spain

Early Stirrings

From the beginning, the consumer co-operative movement in Spain has suffered from a number of vicissitudes that are now preventing it from developing and expanding on a large enough scale to be able to confront the serious challenge posed by the imminent Single European Act.

The origin of our consumer co-operatives dates back almost to the foundation of the Rochdale Co-operative, since 1850 is cited as the year when the Valencia Co-operative, "La Proletaria", was set up. Claims are also made for the earlier establishment of consumer co-operatives in Madrid and Catalonia. However, it is difficult to fix exact events and dates, since there was no possibility of freedom of association before the Decree of 20 October 1868, and even afterwards the fact that the Spanish Constitution of 1869 did not refer to co-operatives raised problems of their legitimacy which could only be settled in an ad hoc manner.

In 1887, the Law of Associations was passed which stated: "Producer and Consumer Co-operatives shall be

governed by this Law ...". This demonstrates that the consumer co-operative movement in our country was already fairly important more than a century ago.

Social and Labour Problems

In principle, labour leaders strongly support this system of association, since they write about it and encourage it in their publications. However, the report of the First Spanish Workers' Congress, held in Barcelona in 1870, stated that "the Co-operative Movement, in the two branches of production and consumption, cannot be considered as a direct means and is not the absolute means of achieving the emancipation of the working classes, but is simply a means of alleviating the lot of some of us to a certain extent ...".

In view of this dictum, it is not surprising that the Congress's conclusions were unfavourable to the co-operative movement and that the more radical workers' movements should have considered the underlying ideals of the co-operative movement as bourgeois. The movement was, neverthe-

less, supported by the more moderate social sectors, including the General Workers' Union.

The Spanish Co-operative Movement held its first Congress as a united force in 1899 although at the Catalan-Balearic level only. The first national Congress took place in 1913.

The Spanish Civil War

The Spanish Civil War was not so much a parenthesis as a dividing line between two periods in our Co-operative Movement.

From 1936 to 1939 the movement was caught up in the inevitable problems of the war, and was therefore unable to operate satisfactorily. When the war ended, consumer co-operatives in Spain presented a depressing picture. A large number of them had disappeared as a result of the hostilities while many others, in the absurd opinion of the authorities, were thought to be "Marxist agencies" and all their assets were confiscated under a Law to repress "Freemasonry and Communism".

A few co-operatives were spared from this disaster, but even these found it virtually impossible to undertake any activity, not only because goods and services were completely lacking for many years in the appalling economic conditions of post-war Spain, but also because the existing socio-political climate was not favourable to the development of free and democratic associations.

The Post-War Period

With this ordeal behind it and with the gradual normalization of economic activity, the consumer and user co-operative movement could be re-launched, although the consumers' almost total lack of training in social affairs, their lack of funds and the absence of any support from the Government were a serious handicap.

Nevertheless, many new consumer co-operatives were formed from 1950 onwards, since the authorities were anxious to display some over-optimistic statistics on the progress made in social conditions. In actual fact, they had been unable to develop because of the circumstances described above.

Current Situation

Long before democracy was restored in our country, genuine consumer societies had been reorganized or created. These not only possessed the values inherent in the co-operative philosophy but also had the necessary structures for their task of consumer protection. Inevitably, a large number of co-operatives had to close down, because they had been set up simply to fill a space in official statistics without proper planning or the exertions and persistence necessary for true efficiency.

In 1979, out of the more than 2,000 co-operatives that existed in Spain according to the official censuses, fewer than 800 were really active, and some of these were so far from being sound that they have now ceased to exist.

The consumer and user co-operatives have a dual function that is legally recognized by the Government. On the one hand, they have to carry out their entrepreneurial mandate under the General Law on Co-operatives to provide goods and services in the best possible conditions as regards quality, information and price. On the other hand, they act as associations of consumers and users in defense of rights recognized by the General Law for the Protection of the Rights of Consumers and Users.

Besides consumer co-operatives there are also services co-operatives supplying the consumer with electricity, water, savings facilities, tourist transport, health aid, etc.

The most important in terms of number, economic activity and size of membership are unquestionably the former, i.e. those whose main purpose is to supply goods and services through properly equipped outlets. According to the last nation-wide census, they number 450, with over 650,000 members and a turnover of 116,000 million pesetas. The most successful of these co-ops is undoubtedly the EROSKI Co-operative, established in the Basque country; in 1989, its turnover was nearly 60,000 million pesetas, with more than 1,900 worker members and over 152,000 consumer members.

There are other co-ops in towns such as Valencia, Valladolid, Cádiz and León that also have fairly appreciable levels of membership and turnover although they do not compare to the figures quoted above.

Most of the remaining co-operatives are in smaller towns and tend to concentrate on agricultural activities. Although they do vital work as regards their social mission and in providing these small towns with modern commercial systems, they are naturally limited in size by the localities where they are situated. A few Co-operatives are to be found in rural areas where they were initially set up as bakeries and are now developing into suppliers of all kinds of goods and services.

Special mention should be made of the major role played by the co-operatives that supply electricity, provide health aid, supply small communities with water, especially in the Principality of Asturias, and the savings co-ops.

Altogether, there are nearly 700 consumer and user co-operatives specializing in a variety of activities to be found throughout Spain, with a membership of almost 1 million families.

On 11 May 1990, a Congress was held in Madrid to establish the Spanish Confederation of Consumer and User Co-operatives (HISPACCOOP), which is the umbrella organization for the National Union of Consumer and User Co-operatives of Spain, and the Federations of Co-operatives of the Autonomous Communities of Euskadi, Catalonia, Valencia and Andalucía. The Confederation has thus welded all Spanish consumer co-operatives into a single, united movement.

1992 - A Challenge for Consumer Co-operatives A Perspective from Spain

by Antonio Cancelo*

The Consumer Co-operatives in Spain have never attained a significant level of development, compared with that achieved in other European countries. Without entering here into an analysis of the causes which have given rise to this state of affairs, it is enough to give as one example of the possible explanation the fact that the co-operatives have generally been strongly linked with certain ideologies, expending their main efforts on theorizing and debate. This has meant that the management side of the development has had to take second place and has been sacrificed for the sake of sociological issues.

The Present Position

The following points may give an idea of the present position:

- There are approximately 200 co-operatives, too great a number for each one to reach its potential suffi-



ciently to enable it to remain viable in an ever more competitive market.

- The number of co-operative shops is 370, which represents no more than 0.3% of the total number of food shops in Spain.
- The volume of sales from the co-operatives as a whole is very small, amounting to barely 2% of the share of the market in the food sector.
- The level of concentration of the co-operatives is very high since 65% of the activities of the movement as a whole is carried out in only two regions, the Basque country and Valencia. This means that in the rest of Spain the co-operative presence is virtually non-existent.

* Antonio Cancelo is Director General of EROSKI, the largest consumer co-operative in Spain, President of HISPACOOOP and a member of the Management Committee of EURO COOP. This article is reprinted with the kind permission of the Society of Co-operative Studies (UK).

- Only one co-operative, EROSKI, is to be found among the top ten distribution companies in Spain.

The Single Market

The situation described above is sufficiently clear for one to realize that the future is not very promising. And it is not that the culmination of a single European market represents a significant change in the competitive conditions for distribution businesses.

From a business point of view, the single market is something which has been developing at an increasing rate for the last ten years. These years have been characterized by a growing investment in Spain by businesses from other countries. These businesses have been taking progressively larger shares of the market, without companies backed by Spanish capital, co-operatives or otherwise, reacting with sufficient vigour.

In any event, when frontiers disappear as from 1993 there is bound to be a speeding up of the above process which leads one to expect an increase in the rate of entry of foreign businesses. This, in turn, will give rise to a hardening of the market, so that only those co-operatives which have taken the appropriate decisions in good time will be able to remain viable.

Facing up to the Future

On a general level, I am not very optimistic about the future of Spanish co-operatives. Too much time has been lost and it is too late now to react with much chance of success. The co-op-

eratives are too small and not even a rapid programme of amalgamation would resolve the problem, owing to the physical distance between one co-operative and another.

Our efforts now must be concentrated on those larger co-operatives which have a chance of surviving in the market place. It is still possible for these to be a source of growth.

Given this outlook, the following steps should be taken:

1. Growth

It is essential to grow quickly in the next few years at a time when all businesses are jockeying for position in a market place such as Spain, relatively untapped in respect of the establishment of large and medium-sized stores. However, given that space to build these stores is limited, the need to secure the best sites is obvious.

2. Finance

Opening new stores requires enormous financial resources, always a scarce commodity within the co-operatives. To try and alleviate this problem, a limited company, CECOSA, has been set up, whose aim is the building of shops which will subsequently be leased to the co-operatives for them to run.

This company is already in operation and we are hoping that other European co-operatives will participate by investing capital in it, since by this means they can make a reasonable profit whilst at the same time helping to expand the co-operative movement in Spain.

3. Joint Action

The two largest co-operatives have set up a group with the aim of bringing together all those aspects of management which could enable them to improve the scope of their operations.

The primary task for the group is the creation of a single management team for the two most important co-operatives with the main function of defining the necessary strategies to shape their future.

Other actions which should be taken jointly relate to the more practical side of the administration - joint action under own trademarks, joint imports, etc.

4. Professionalism

Just as important as the financial difficulties is perhaps the lack of top professionals, something which has been a constant problem for the co-operatives. Finding the appropriate high level staff is an absolute necessity for the success of the co-operative movement in the commercial sector of the market, an area whose main characteristic has been the growing competition from ever larger and increasingly better organized companies.

The dilemma between professionalism and Co-operation has never been effectively resolved in the Spanish co-operatives, any conflict having always been decided in favour of Co-operation. It is essential now to find a synthesis, but based on the assumption that without good executives there is no business and thus no co-operatives either.

5. Co-operative Values

We have to keep those essential features which make up the nature of the co-operatives whilst being aware that values have changed enormously in our present society and today solidarity does not arouse much enthusiasm. Certain well-defined values, such as democracy, essential to Co-operation, should not be allowed to become a deadweight which slows down the taking of decisions to the point of making them redundant.

In any event, we must maintain and increase the real concern of the member, beyond the sphere of his own shop, so that the Co-operative Movement is seen as the best means of defending the interests of the consumer and finding, through this approach, the most important differentiating factor between the co-operatives and their competitors.

6. Democracy

Fundamental to our model is the participation of the workers as partners with full rights, in as much as they are the people who, through their work, can collaborate in the success of the co-operative business.

This formula is applied in the composition of the decision-making bodies in which consumers and workers should be equally represented, i.e. in a 50:50 ratio.

7. Inter-Co-operation

Despite all the investment of effort which will be expended in the next few years and the setting up of joint

decision-making bodies for the largest co-operatives, the resulting impact will still be very small in respect of the European market, let alone the global market.

To overcome the limitations at each stage requires the establishment of more collaborative agreements with Co-operative Movements from other countries so that more appropriate levels can be achieved in respect of the new market.

Co-operation between Co-operative Movements

In this report, we have summarized the most essential requirements for achieving a consumer Co-operative Movement which could have a proper place in the market place of the future. Although these things will not be achieved easily, the scheme is worth the effort. We should like to think that this is a path we shall go down together in an effective collaboration with the co-operatives of other European countries.

The Associated Labour Co-operative - New Enterprises in Evolution

Origins of Associated Labour

The associated labour co-operative and the consumer co-operative are the roots from which other co-operative models have sprung.

The origins of the modern version of the co-operative can be traced back to the mid-19th century. The co-operative was the workers' answer to the labour and social conditions resulting from the Industrial Revolution. They found that by forming associations they had the necessary strength to better their situation.

Much earlier, we can find examples of associations operating according to the principles of modern co-operation. In actual fact the associated labour co-operative is the most natural form of labour association used by man through history.

The associated labour co-operative, as a spontaneous reaction to an unjust situation, inspired Owen and Fourier, the fathers of the co-operative movement. We can also include Bouchez and Blanc under this heading. While the first two enunciated the funda-

mental principles of the Co-operative Movement, it was Philippe Bouchez who laid down the fundamental principles of associated labour co-operatives.

In Spain, as in the rest of Europe, the first co-operatives sprang from the Industrial Revolution, although Spain's low level of industrialization meant that the movement started there much later.

The workers in Spain formed mutual associations, and resistance organizations, at the same time as they were founding co-operatives.

Originally, the associated labour co-operatives were a defensive reaction - a consequence of the workers' wish to improve their standard of living.

Evolution and Development

The associated labour co-operative has changed substantially with time. From a clearly defensive position, and being a minority vis-a-vis other forms of co-operative association, it has grown and consolidated.

The evolution in recent times, in both developing and industrialized countries shows that the workers' co-operative has developed, extending its sphere of activity, diversifying its activities, updating and systematizing its methods, and acquiring a dimension where it can offer itself as a solution to many of today's problems.

Recently governments and other institutions are promoting the establishment of associated labour co-operatives, as a solution to the problem of unemployment. According to the European Parliament during the last decade, the associated labour co-operatives have been able to create a considerable number of new enterprises and innumerable new jobs. Work in co-operatives seems to be generally more secure and less vulnerable to recession, which is why it is thought that the co-operatives act in a special way as a driving force for development, and is an economic and social force that cannot be dispensed with. In addition the ability of the associated labour co-operatives to respond to very different situations and needs is affirming itself increasingly strongly.

What Makes Them Different?

The associated labour co-operatives are enterprises that operate in a market and are subject to competition. They group together workers who are democratic co-owners of the enterprise. They aim to satisfy not only the economic needs of their members, but also their social, educational and human needs.

Unlike other forms of co-operative, the intensity with which a member participates in his co-operative accentuates his commitment to the enterprise and is a sign of authenticity and a guarantee of a greater contribution required by the social and economic change that he wishes to bring about.

The worker feels much more responsible to the enterprise, since he becomes an active rather than a passive subject.

The co-operative provides a more modern concept of the enterprise and is able to combine social justice with productive efficiency. It is a new formula of enterprise, that aims to satisfy man's requirements, and not just be the driving force of the economy.

Unlike other forms of enterprise, the associated labour co-operative has as its object the well-being of its member workers and the development of the economy and of society as a whole.

Management is shared by the member workers, who assume the risks. The capital is a resource to be used to improve working conditions and hence the standard of living of the member workers.

The associated labour co-operative replaces power based on ownership by management based on choice.

The co-operative defends jobs and maintains the level of employment, while protecting the interest of its member workers.

Seen from this viewpoint, the associated labour co-operatives are a reform of the enterprise. They are different from other forms of enterprise that totally separate management from the workforce.

Their Future Prospects

A modern country needs modern enterprises, and those enterprises will necessarily be co-operatives. We are living in a time of transformation of the economic model that marks the change from an industrial to a post-industrial era.

Growing unemployment means a consequent move towards models of the enterprise that not only guarantee that jobs are not lost, but favour an increase in levels of employment.

We are seeing a shift taking place away from the usual values of the traditional enterprise and the emergence of what is known as the culture of responsibility, which does not delegate to a minority the decisions and responsibilities that directly involve the workers' interests.

All this marks a change towards new socio-economic models and towards forms of the enterprise in which the principles of participatory democracy coexist with the inherent characteristics of the enterprise.

The associated labour co-operative must emerge from the marginal position it has been occupying. A redefinition of its terms of reference is, however, necessary as social and economic

evolution has changed many of the circumstances that gave birth to it.

Its motivation is that of the enterprise; it recognizes the nature of its economic aspect as a basic element and guarantees a balance between this and the social aspect. It builds harmonious social relations on a solid economic base. This evolution means an improvement in the worker's standard of living, and is therefore undeniably social in nature.

The associated labour co-operative must prosper as an enterprise if it is to be a valid solution to workers' problems. It has thus changed its form of operation, performing the functions of a modern enterprise along with its own social content and ideology.

Groups planning to set up a co-operative enterprise must know exactly what their duties and responsibilities are. The member workers must perceive the associated labour co-operative as an enterprise whose aim is not just to keep jobs and fight against unemployment, but one that includes man's satisfaction in generating his own labour, fostering democratic and participatory management, and continuous vocational training and promotion. In brief, it must be an entirely different concept in terms of enterprise and labour.

The co-operative movement must stop being a diffuse collection of different types and become an integrated and co-ordinated system. The concept of interco-operation must be embodied in specific achievements.

The philosophy of co-operation allows the creation of shared support structures, in a real climate of trust and mutual advantage. This inter-cooperation provides access to the services inherent in high competitiveness without abandoning the advantages inherent in small homogeneous production units.

Their Response

The associated labour co-operatives are not the only form of enterprise that has conceived the idea of enterprises managed by and for the workers.

They are, however, the only ones that have devised the means, that have defined their methods, that have materialized a specific ideology, and that have experience:

- in putting the enterprise under the effective control of those who contribute their labour to it;

- in handing over to the member workers and their democratically-elected representatives power in the enterprise;
- in doing away with profit in the traditional sense of a levy on capital over labour;
- in handing over to the workers the distribution of surplus;
- in using reserves for social purposes;
- in eliminating, by identifying power, ownership and capital, the conflicts of the traditional enterprise.

This is the response of the associated labour co-operatives and their representative organizations - federations and unions - supported by their growing participation in economic activity and their collective and positive results. The experience of the associated labour co-operatives may be criticized, but not denied or ignored.

Health Care Co-operation

by Salvador Mussons*

Generally speaking, medicine today is trapped between bureaucracy and the anonymous mechanical and technological development of medical practice, and the human side of illness is reduced to figures and statistics. Our health care philosophy, which is based on the personal freedom which characterizes Co-operation, focuses on both medical activity and user participation. These two elements form the core of our health policy, which breaches the gap between doctors and users, since health is seen from both the individual and the community point of view. This philosophy shapes both our health care policy and the ideal which directs our present efforts in the belief that it can modify the future.

The co-operative is at the service of its members and of the community as a whole. Co-operation is characterized by its neutrality regarding social classes and for being a driving force within society.

Co-operative medicine, which we call health care co-operation, includes medical producers' co-operatives, family health care co-operatives (mixed co-operatives which accept membership both from health care

* Dr. Salvador Mussons is Director of the Institute for the Promotion of Co-operative Health in Barcelona.



professionals and users) and user co-operatives.

Health care co-operation, arising from dignity, hope and solidarity, is aimed at directing positively the natural trends for change.

Both Dr. José Espriu, founder and promoter of the Spanish health care co-operative movement, and I believe that accomplishing satisfactory collective health care must imply direct user participation in decision making and management which protects the social goals based on user-consumer needs.

The health care user co-operatives aim to make up for the shortcomings of the public system, and for the purely commercial interests of private concerns. They imply a type of organization which reduces costs through the participation of its members.



Dr. José Espriu

The health care facilities co-operative society, SCIAS, was created, first in Barcelona, and afterwards in other important Spanish cities, by a highly concerned social sector. Members not only own their hospital, they manage it. In addition they assume the responsibility for improving their own health care, both inside and outside the hospital.

Health is Our Common Aim

Our co-operative health system views the member-user as a social being who wishes to improve society, serve his fellow men, and attains fulfilment, while striving for a more humane and understanding collaboration. We consider our member-users as being just as important as our professional members, since both share a common aim: health.

Because of the principles ruling Co-operation, a co-operative is the ultimate

tool for health care co-management. Users participate not as opposers or a counter-power, but on the basis of ownership, authority and power.

Incorporation of members in the management of health care becomes a tool which helps to improve the efficiency of the hospital and the quality of technical and human care provided.

In brief, the self-organizing capacity offered by our health care co-operation is as important as the actual health care system itself.

Unique, Economic and Successful

The Barcelona health care users co-operative is remarkable not only because it is unique, but also for its social and economic success. User co-operatives are the basis of future health care co-operation, and medical producers' co-operatives, as insurance institutions, must be the driving force behind the health care co-operative system.

From an economical point of view it is important to underline that health care co-operation implies lower costs, and therefore remarkable savings, since doctors set their own fees, favouring a greater stability. Such stability is also strengthened by the users themselves, since besides creating their own health care facilities, they can control their use.

This system can, therefore, perform a double role: both providing care and achieving an equilibrium between demand and available resources, as it is aimed at service rather than profit.



Solid efficient construction

Self Help, Mutual Help and Solidarity

Health care co-operation includes all values pertaining to Co-operation itself. Self help, so frequently mentioned by the International Co-operative Alliance, implies user association in search of common benefit, where Co-operation must always be voluntary.

Striving for common benefit through collaboration may be defined, according to ICA principles, as mutual help or solidarity.

Health care co-operation is also the system most closely resembling the outlines stated by the World Health Organization at the congress held in Alma-Ata. During this Congress it became obvious that active people

participation was highly important in the health care sector, not only at the individual but also at the collective level, both in decision making and in financial controls and later evaluations. At Alma-Ata it was stated that health care management should be brought closer to the population in general.

Health care co-operatives belong to the phenomenon of "new co-operation", which implies extending and using the co-operative method in unusual or unheard of socio-economical sectors and activities.

Original, Thoughtful and Cautious

It also implies an original, thoughtful and cautious collaboration regarding



Modern hospital equipment

the problems presently faced by health care authorities. Original, because it is new. Thoughtful, because it has been carefully considered. Cautious, because it avoids maximalist positions.

These different kinds of naturally self-managed co-operatives, belonging to the same level, merge at a higher level in a common co-operative concern, the second degree co-operative, which co-ordinates and centralizes, providing unity and the major outlines of the health care policy for the basic or first degree co-operatives.

Such an organization is feasible because basic or first degree co-operatives are complementary, and their goals cannot be achieved without mutual help. It is a matter of a higher level intercooperation which arises at the second degree.

This second degree structure enables a multiple planification of health care problems through the equal

participation of doctors and users. Solidarity and service, whereby common welfare comes before personal interests, are the basic co-operative principles.

The decision making in a second degree co-operative takes place at meetings of the general assembly, which includes members from the authorities of the user, doctor and family co-operatives.

First degree co-operatives, through their integrating characteristics and member participation, constitute a very peculiar co-management system of health care, a different dynamic, highly suitable for the democratic trends of societies wishing to live in freedom.

The principle of integration is the tool which can transform health care co-operation into the great democratic solution to social health care, as it tries to satisfy both common needs and individual freedom.

In fact, the separate interests of each individual co-operative become common interests at the second degree level, giving place to a new co-operative concern, which really fulfils health care co-management through shared responsibilities.

Within the medical institutions created according to Dr. Espriu's health care Co-operation, patients are allowed free choice of doctors and private rooms with accommodation for accompanying persons.

These apparently simple facts give the patient dignity and personalize and humanize the professional activity, as well as satisfying the need for both efficiency and reduced costs.

In Spain, over one million people are served by our Co-operative health care facilities.

Out of Control

Spanish health care co-operation does not oppose the social security system, it complements or supplements it.

Nevertheless, it seems that in developed countries, in spite of various efforts during the past years, governments have become incapable of controlling the health system they have created. The unavoidable increase of health care expenditures - which, as all social expenditures, is anticyclical - has become a totally understandable problem. The permanently growing costs in the public sector, closely follow the decreasing quality of services provided.

Co-operatives - the Future for Health Care

Since our health care co-operation has achieved an equilibrium between demand and available resources, it might very possibly be taken as a test system, providing necessary information on its efficiency and economy, which has already been assessed at the microeconomical level, for application at the macroeconomical level within the Social Security system.

We believe that the Co-operation phenomenon might become the future of health care, as owing to its policy of participation, it is the only system which satisfies the needs of all its members, whether users, professionals and/or general staff.

State-ruled health care systems face serious financial problems, which result in operative inefficiencies, whereby most people pay twice, for the public law-enforced system, and for a private one to make up for the former's inconveniences.

Nowadays drastic ongoing changes affect not only the economic sector, but social and demographic structures as well. The central administration cannot provide unlimited services. Social rights are not unconditional, since they depend on the economic situation of a country. Welfare goals and economic goals do not necessarily depend on each other.

Health care co-operation, technically feasible, economically possible, and

ideologically worthy of consideration, offers an alternative which can gradually take over, with due guarantees, greater shares of state-managed health care.

The Head of Histadrut Israel's Social Security Department adequately defined the present situation of Social Security: "...the failed economic growth has seriously damaged the economical promotion of social fields. People are, all in all, tired of being treated by social welfare as if they were children, and wish to live independently. The social welfare crisis endangers the overall future of western society, but it at the same time puts forth the challenge of switching into a new stage where groups of people take on the responsibility for, and participation of, different activities for their own

benefit, and that of the community as a whole. This is one of the most important features of modern democratic socialisms".

In truth, it is not possible to expect it all from the central administration, since it seems to deal more with good intentions than with basic needs, and its participation often results in inflation.

The co-operative health care modality takes on the best features from both public and private sectors. As opposed to the dependence of public health care, co-operative health care is based on independence, that is, freedom of both user and doctor.

The future starts anew every day for our co-operative health care system.



Our future generation

Education Co-operatives

by Dr. José Antonio Manchado Lozano*

The education co-operatives are made up of workers' and/or parents' groups, associated in a social-economic company which is the proprietor or employee of a school.

Currently there are some 500 education co-operatives in Spain associated with and/or employing some 5,000 teachers, a certain high percentage of which are associated working co-operatives, that is, the members are obliged by the legislation in force to work in the enterprise.

There are two types of enterprises: those which have teaching members only, and those which also have non-teaching members. In either case, these are enterprises with an acknowledged social component, a democratic decision-making system based on the ideal of "one person, one vote".

The co-operative differs from other societies in that the law in force determines exactly how the surplus, if any, or the loss is to be dealt with, setting a certain high percentage which is indivisible and is to be incorporated into a social fund. This fund is destined

to provide adequate training for the members or to promote the co-operative.

We must also add that the real objective of the education co-operatives is not the possible division of the surplus, should there be any, but rather the maintenance of the jobs of its members. In other words, the objective is to invest the surplus, to improve working conditions and the quality of the education we are offering to our youth.

We believe we can work together in achieving the goals the Government has set in the Reform Project of the education system and, above all, offer our co-operation. The ideology behind this project clearly indicates a concern that the education in Spain should correspond to the requirements of a democratic state and have a marked social character. The project refers to the responsibility, solidarity and democratic values that must be planted in our children at an early age, as well as respect for the individual and for foreign habits and cultures.

Without going into the evaluation of the other types of schools, we can say that in ours the aspects and values

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mentioned above are reflected in our everyday life.

As a consequence, our educational centres become permanent workshops in which these values are reflected and practised, which impregnate the life and the work of both our teaching staff and our students. We think that we provide an ideal environment for the children to learn in, through living in an authentic, pluralistic and tolerant democratic atmosphere, where decision-making and management responsibilities are shared by all. We feel that our schools could well serve as an inspiration for the Government regarding the Act on the Order of the Education System (LOSE).

Union of Education Co-ops

In May 1988, the education co-operatives, some of which were already associated at an autonomous or regional level, founded the Spanish Union of Education Co-operatives (UECOE), the only representative body of the co-operative movement in the field of education.

Prior to this date there already existed a representation committee which had started negotiations with the administration about urgent issues of our schools.

The UECOE functions like any other co-operative, with the supreme authority of the Assembly of Representatives of the Autonomous Unions elected every two years. This Rector's Council of seven members promotes the interests of members and repre-

sents them before third parties when necessary.

The Rector's Council also negotiates with the Ministry of Education and Sciences to ensure that co-operative schools have their rightful place on the scholastic scene. The organization, education and - why hide it - economic aspects of the current educational system, and those of the system to be started when the new Education Reform comes into force, affect us as the representatives of this community.

This is the reason why we are preparing a book on the educational co-operatives which will inform the Government and other interested parties on the reality of our communities.

Offers to the Administration

We believe that we can offer the Ministry of Education and Sciences something of our invaluable richness.

Firstly, our schools help the socially-economically unfavoured communities, which means we are offering a service to society which complements the State school network.

In addition, we also offer the use of our Centres for educational projects run by the Ministry of Education and Sciences in locations where there are no State centres.

Thirdly, we can also offer a stable teaching staff which is an indispensable condition for high-quality education.

Besides, our schools are maintained by public funds, where the management of the budget is supervised not only by the Government as prescribed by the Act on the Basic Right to Education, but also by the current laws on co-operatives matters. In many cases this obliges us to carry out periodic external audits which means we offer transparency and honesty in the management of public money.

We are offering ourselves as partners in any subject related to education in Spain, since we consider education to be a public service of primary importance, indispensable for the quality of life of future generations.

The offers made so far are not mere declarations of intent; they respond to a reality which is being shaped right now. We are established schools and, as such, we can complement the State school network. We take part in all projects which the Ministry of Education and Sciences has started in recent years (Reform, Integration, etc.), and if we do not do more it is because the Ministry itself has not fulfilled some of our demands. We are often carrying out projects without recognition from the Administration.

Finally, we hope that we can soon put the "White Book of the Education Co-operatives" at the disposal of the Ministry of Education and Sciences; at present, this White Book is being prepared and we hope it will be a comprehensive source of information about our schools and enterprises.

Requests to the Administration

According to the arguments outlined above, we believe that it is necessary to request that the Ministry of Education and Sciences immediately start negotiations in order to find solutions for the following issues:

- The development of legal statutes for co-operative schools, which sets them apart from other private schools, and allows the Administration to sign special educational agreements with them, setting the co-ops on an equal footing with State centres in aspects such as infrastructure and endowment, auxiliary teachers and the approval of working hours and wages. In the meantime, we ask the Administration to modify the existing Rules of Agreements in such a way that the co-operatives could sign special agreements.
- The immediate participation of the representatives of the Spanish Union of Educational Co-operatives in all forums discussing Education Agreements, Reform Projects, Crisis Centres as well as in the State Schools Council. The similar presence of our representatives in those Autonomous Communities where there are Co-operative Unions in an autonomous environment, regardless of whether or not these Autonomous Communities are in the MEC territories. (MEC territories are those with Autonomous Communities which have no individual authority in educational matters and which are, therefore, centralized

under the Ministry of Education and Sciences).

- The non-discriminatory treatment of the teachers of school co-operatives, with the same privileges as our colleagues in the State system, regarding the access to further university studies, etc.
- Priority should be given to the Co-operatives above other private centres in the revision of educational agreements, given our commitment to public services. We believe it is necessary to establish pre-school units and centres belonging to the co-operatives as soon as the Ministry of Education and Sciences allows us a grant at this educational level.
- Until our legal differentiation from other established, non-co-operative schools is resolved, we think we must proceed faster in issues where

we have already begun negotiations with the Ministry of Education and Sciences. These issues are as follows:

1. A definite consolidation in the development of the ninth Amendment to the Regulation of the Basic Norms of Agreements concerning assistance in financing costs and investment in materials and equipment for co-operative types of companies.
2. Liberalization of the entire educational module in the co-operatives.
3. Activation of the transactions regarding the Official Credit Institute for establishment of loans at special conditions to those co-operatives which are heavily indebted at the moment and whose survival is in danger if they do not re-negotiate their debts.

Housing Co-operatives in Spain

by Alfonso Vázquez Fraile

The promotion of housing on the basis of a co-operative system has had some impressive results in terms of both quality and quantity, but these have not been sufficiently publicized. This has been mainly due to the communications media, which are more interested in writing up failures than achievements, and to the influence of the business promoters who are the regular clients behind the advertising that supports the media financially.

In Spain, official interest has been sporadic and has always been subordinate to current economic policy. It is only fair to state, however, that co-operative development has overcome difficulties and mishaps of every kind, and has never ceased to be active, in one degree or another, depending on the individual co-operative concerned. This has enabled it to create a system that is functionally and legally equipped to be of effective service to the community.

Legislation

In the past, development was basically linked to the legislation protecting low-cost housing. Although some housing co-operatives had existed earlier in Spain, it was not until the laws on low-



cost housing were passed in 1922 and successive years that this type of association began to proliferate.

The type of construction popular in the early days was the villa, the small house or the single-family house, semi-detached or independent, with a garden. Neighbourhood units were formed called housing estates and promoted by one or more housing co-operatives. They can still be found in nearly all the major towns and provincial capitals, although in many cases they have been swallowed up by urban growth.

Later, some co-operative housing began to be built under the Salmón Law of 1935, but when the Civil War began building was confined to Valencia. At the end of the Civil War, various laws

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were enacted on low-cost housing, with the aim of reconstituting the housing stock and giving work to the unemployed, but they had little effect on co-operative housing until the Law on Low-Cost Housing was passed in 1954. This Law, which offered great financial and tax benefits to would-be property owners, marked the beginning of the trend, which has become stronger over time, for the sale of apartments.

The Law and its subsequent provisions encouraged the establishment of a large number of housing co-operatives, and it became necessary to join together in federative bodies for the protection of mutual or general interests. As a result, provincial unions were constituted, beginning in 1957, and a national union was established in 1961. This was officially approved in 1963 after long and complex formalities, and since then has been carrying out the functions described below, under the legal provisions of the following laws and decrees:

- the Law on Public Housing of 24 July 1963, and a Decree of 24 July 1968 approving the Enabling Regulation for that Law, as expressed in a multiplicity of Ministerial Orders and Decrees.
- The Royal Legislative Decree of 31 October 1978, which established a new form of Public Housing - the so-called V.P.O.s - which was expanded upon in the Royal Legislative Decree of 10 November that same year.



Subsequent legislation established regulations aligned to the Three-Year Plans (1981-1983 and 1984-1987) and other regulations to govern the promotion of public housing in 1988, 1989 and 1990, but they had little effect as a result of the economic crisis, the shortage and high price of urbanized land and the complicated formalities involved.

A substantial reduction consequently took place in co-operative activity, which fell from an average of 47,000 housing units per year (between 1963 and 1978) to an average of only 19,000 between 1978 and 1987. In the latter year, the situation began to improve slightly as public land became available and unemployment, especially among young people, declined.

Federalism

One stimulating factor has been Federalism. From 1961 to 1988, the National Union of Housing Co-operatives and, from 1988 onwards, the Confederation of Housing Co-operatives of Spain, which now comprises the Regional Federations that already exist or are being set up in the different autonomous communities, have made it possible to do the work which is reflected in the statistical data given in the Annex.

Quantitative and Qualitative Balance-Sheet

In our housing co-ops preference has been given to the improvement of quality rather than to quantitative achievements, the basic premise being that the co-operative housing unit has

to be a family home that will allow its occupants to pursue a variety of life styles. Its conditions, lay-out, dimensions, quality, etc. should fulfil the ideal of the architect, Le Corbusier, that a house should be "a machine for living in", and the living conditions of even the most modest homes should never make for promiscuity or overcrowding. It follows that the right to obtain a home that is large enough to meet the family and even professional needs of its occupants has to be safeguarded. Moreover, because of the current lack of mobility in Spain, it is necessary to plan the future of the family group. Communal ownership and renting or co-operative use of public land with the right to develop could be suitable channels for that purpose. The concern to achieve the well-being of the co-operative family has not been confined to improving the housing unit from the front door inwards. Outside, too, care has been taken in designing what we might call the neighbourhood environment - the common elements of the building, the surrounding areas for communal use, the additional facilities in the locality, the equipment and social services of the town. A large proportion of the co-operative housing has consequently been built in the form of residential units.

Taking advantage of the existence of state development sites, the co-operatives have intervened in 224 sites, facilitating, through their acquired experience, the direct promotion of co-operative housing estates on public and private land. They have extended their sphere of activity to real and



practical co-operative urban development which has been aided by various favourable circumstances, such as the presence and participation of the future occupants in the stages of programming and planning for both the housing unit and building as well as for the locality and town. Even the smallest details are decided in co-ordination with the respective technical teams.

It is always borne in mind that what is under construction is an integrated co-operative settlement where the paths, streets, avenues, squares, gardens, parks, etc. must offer as pleasant a habitat as the corridors and rooms of the homes themselves and where some of the common activities and needs of the inhabitants can be

realized through the co-operative system.

The participation of the members in promoting their housing has been vital for achieving the desired objectives through their democratic, financial control. Through its activities, the Co-operative Movement has acquired a certain amount of credibility among the general public - otherwise it would not have attracted more than a million families - and earned some attention from the public authorities. Unfortunately, there are also certain cracks through which caricatures of co-operatives, harmful practices of one kind or another or faulty procedures can penetrate, and these are publicized by the media in a sensational fashion, in some cases in the interests of the

capitalist economy for which any increase in the activity of housing co-operatives is inconvenient.

The vast majority of co-operatives and their federative bodies are naturally concerned with rectifying shortcomings by elaborating more suitable procedures for this purpose in the assemblies, seminars, conferences, etc. at all levels. The conclusions of these forums are embodied both in the statutes of the co-ops and the proposals made to the public authorities to incorporate them into the existing legal provisions. Particular attention is also given to education and training of members. Thus, in the General Law as well as in the Laws relating to the Autonomy of Co-operatives, certain specific requirements and protective rules have been laid down (training courses, external auditing, financial and democratic control, etc.).

The Co-op as an Enterprise

The most constructive objective has undoubtedly been the increasing improvement of housing co-operatives as promotional enterprises by equipping them with the same procedures that technology and progress have made available to public and commercial enterprises engaged in the same activity. Special attention has been paid to the training and specialization of directors, managers and technical experts, to the institutionalization of collegiate management, and to the expansion and improvement of orientation, information, advisory, management and technical assistance services as

well as the implementation service of the federative bodies and training centres.

Co-operative Continuity

Although continuity has not always been achieved, it is a permanent challenge. It has mainly been attained in the co-operative integrated settlements, thus fulfilling a long-standing ambition not merely to build co-operative housing but to attract families as a whole into the Co-operative Movement. The continuity of a housing co-operative can be viewed in three ways:

1. In terms of the co-operative that manages the housing promoted by the body concerned;
2. In terms of a co-operative which, besides continuing to exist so as to manage and maintain the housing and related facilities, generates co-operatives in other activities or co-operative services to meet the needs of the users;
3. In terms of a co-operative that is a housing promoter and which, in its business role, maintains its continuity over time.

Service to Society

In a competitive market economy, co-operatives have ensured lower costs and/or higher quality, thereby virtually regulating the prices and conditions prevailing in the area. The housing co-operative, through its activity, exercises a positive influence in one or more of these ways:



It helps to reactivate the economy in a sector such as construction with a powerful multiplier effect on other productive sectors and sub-sectors of widely different types and activities;

It creates well-being among middle and lower-income groups by giving them easier access to adequate housing in an appropriate locality so as to foster harmonious co-existence within families and among neighbours;

It regulates population structure by making the right use of building space so that the occupants can live comfortably inside and outside their homes. On many occasions, especially when land was less expensive, we gave up the possibility of an increase in volume for the sake of a more rational distribution of the blocks;

It encourages sports, cultural, spiritual and recreational activities, etc. from infancy to old age, thus giving leisure its due importance as a means of enhancing physical and mental education, and in stimulating leisure activities by installing the necessary facilities (sports installations, child care centres, civic, cultural and religious centres, old people's homes, etc.) at the same time as the houses themselves are being put up;

It generates job opportunities to a greater extent than any other productive or industrial activity because of the multiplier effect of construction on many other auxiliary and supplier industries, both during the actual construction and during the stage of installing and furnishing the housing and associated facilities.

Protection of nature and the environment is guaranteed in the co-operative settlements through the energy resources chosen, as well as through the establishment of non-polluting industrial and commercial activities, the conservation of trees, and the creation of new parks, gardens, fountains, etc.

Town planning regains its true purpose and importance in the co-operative districts. When planning the urban area, care is taken to locate and arrange objects in the interests of the individual and of the community with which he or she co-exists in such a way as to promote human and social relations. What has come to be known as

“socialized co-existence” is actually no more than urbanity - the behaviour of people in an urban habitat.

It may confidently be said that housing co-operatives in Spain have taken shape as a system - in our view the most appropriate system - for enabling working families to gain access to the ownership or tenancy of a home.

No preferential or priority treatment is requested for the convergent action of Co-operation and housing development, despite the recognition of the Co-operative Movement in the Spanish Constitution, but special treatment is, nevertheless, called for because of the special nature of the activity.

Statistical Data as of 31 December 1989

Housing Units

Constructed	993,482
In promotion	32,584
Planned	53,228

Co-operatives

Established	8,074
Existing	5,402
In promotion	3,436

Members

Co-operative families	1,089,294
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Andalusian Co-operative Federation (FECOAN)

by Jesus Paez Narvaez*

Background

FECOAN was the first democratic co-operative organization to come into being with the 1978 Spanish Constitution, and it was also the first co-op organization in the Territory of Andalusia to have an independent status.

In its only 10 years of existence, it has achieved a great deal.

It has set up the Andalusian Co-operative Training School, to raise the level of business and entrepreneurial training for Andalusian co-operatives.

It has celebrated International Co-operative Day with meetings, celebrations and manifestations which were attended by thousands of people from all over Andalusia.

It publishes the Andalusian Co-operative Monthly Review, which is the only one of its kind in our Autonomous Community.

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It has interco-operative relations with other organizations, both in Spain and abroad. We were admitted to the ICA in March 1987.

It organized the National Co-operatives Fair in Seville. An application has been made for this to become an International Fair. This was a FECOAN initiative which was then taken up by the rest of the Co-operative Movement, in Andalusia and the State.

FECOAN today has 500 affiliated co-operatives of every kind in every sector: agrarian, domestic consumption, teaching, transport, construction, timber, various services and faster growth

in the number of co-operative affiliates as well as in structures to serve these.

Our Ideology

FECOAN is no mere co-operative servicing agency. It works from a few key ideas which have been embraced by most Andalusian co-operatives, and a good number in the rest of Spain.

The co-operative approach does not exist in a vacuum, but operates from a socially and economically democratic progressive socio-economic model which clearly rejects capitalist assumptions and practices.

Co-operation is a working class movement to improve working and living conditions; the co-operative sector must never be allowed to be used for the benefit of capital.

Apart from improving economic conditions for co-operative members, co-operation must promote the holistic approach to the individual and have an impact on the community. Whatever co-operatives need to strengthen their position will come about as a result of co-operation among themselves.

One of the tasks of a co-operative organization is to make itself heard and respected, so as to be able to have an influence on strategic socio-economic development decisions.

The sphere of action of a co-operative is the Autonomous Community, the form given it by the Spanish State, carried to the international level. Co-

operation, if it is to be consistent, must help to attain and maintain greater economic democracy for all.

We believe that co-operative organizations must constantly work to defend and enhance co-operative principles, condemn self-seeking demagogic manipulation of the co-operative approach by the public authorities and help strengthen and consolidate co-operative businesses through training, better business management and on-going consultancy.

Our Organizational Model

FECOAN seeks to bring together those willing to pool their endeavours, resources and potential.

The "FECOAN model" rejects purely money-based associations which not only lead to corporatism but above all dilute the power of a united co-operation to bring about change. Such associations undermine the principle of mutual assistance and serve the purposes of those who prefer a divided and dispersed co-operative movement.

Principles

The principles on which we base our co-operative organization model are as follows:

1. *Business co-operation unites all co-operatives*

Business co-operation is common to all co-operatives, with slight variations, and must unite all co-operatives, of whatever kind or in whatever economic sector. Rather than an enterprise, the co-operative is a friendly society of individuals guided by co-

operative principles. Disregard of this facet produces pseudo-co-operative businesses, whose members have chosen this friendly society set-up for economic advantage, without caring about co-operative ideology and practice.

2. Economic interest bring together entrepreneurial sectors

The economic-entrepreneurial approach gives rise to sectorial groupings on the basis of economic interests, bringing together services and associated labour co-operatives, as well as those working in transport or education, for example.

Strategy

There is a single co-operative federation of a general nature to which all co-operatives are directly affiliated, regardless of type or sector. Within the single organization, co-operatives with economic-entrepreneurial interests in common group together among themselves to defend and promote these interests. Tactically speaking, when an economic sector so requires, either for its own representation or for relations with similar organizations, it can legally form a federation without changing its position within the general co-operative federation.

Thus the business and entrepreneurial interest of co-operatives conjoin, without falling into money-based corporation, and so the unity of the co-operative movement enjoys greater social, ideological and economic strength; its unification lies not in any mere juxtaposition of sectoral organizations, but

in a deeper unity in which all co-operatives gain by the mutual exchange of their various experiences, problems and observations.

Our most important economic sectors are, among others, as follows: transport, education, consumers, construction, timber, farming and services.

Facts

Andalusia lies at the south of Spain and covers 87,268 kms. It has a population of some 7 million, some 3 million of whom are under 25 years of age. The active population is approximately 2,300,000 people. For Andalusia as a whole, unemployment is now running at about 25 per cent.

Co-operatives

There are no exact figures (the official census is not very reliable) for the number of co-operative businesses active in Andalusia, although there are known to be more than 3,000.

The vast majority of these are associated labour co-operatives (around 70 per cent) although the agricultural co-ops are those that have the most members as well as the largest economic volume and turnover.

The boom in the establishment of associated labour co-operatives happened between 1979 and 1981 when the number of co-operatives quadrupled. This was similar to the trend throughout Spain, although in Andalusia the increase was much stronger and more sustained.

Co-operatives in the Andalusian Co-operative Federation

The Andalusian Co-operative Federation - FECOAN - includes more than 500 co-operatives from all Andalusian provinces and covers every kind of organization and type of economic activity.

Most of the co-operatives under FECOAN are the associated labour type, although services and consumers-and-users organizations are also included.

FECOAN feels that although the rate of affiliation must inevitably increase, appreciable levels have been reached thus far, particularly if one takes into account the meagre associative background, the boom expansion of co-operative establishments, the only slight shrinkage in co-operative units and the vast area of the region.

Nonetheless, FECOAN is one of the biggest co-operative organizations, not just in terms of Andalusia but of the rest of Spain.

There are a number of sectors where FECOAN maintains a special presence and effect, for example, transport co-operatives account for more than 70 per cent of existing co-operatives in Andalusia and the education co-operatives account for more than 80 per cent of private schools.

Also worthy of mention are the consumer and user co-ops which FECOAN represents at the business level and sectors such as manufacture, construc-

tion, timber, and others where most co-ops are affiliated to FECOAN.

Our Answer

Together with our representation activities and actions in support or defence of our members, we are setting up a number of services to help make the day-to-day work of our membership easier. These services are possible because of the contribution made by everyone concerned and are an expression of co-operative solidarity.

Information

All federated co-operatives receive Co-operative Andalusia, a monthly review giving information of co-operative content. In addition, a fortnightly Information Bulletin is sent to federated co-operatives containing information on standards and norms relating to co-operatives - legal aspects, subsidies, competitions and so forth.

Training

FECOAN has a training structure, the Andalusian Co-operative Training School, to meet the training needs of federated co-operatives. It organizes briefing days, basic training courses for co-operative members, training courses for governing bodies in business management techniques, and co-operative managers' courses.

Advisory Services

The TIG Management and Information telephone service is a centrally-organized 24-hour answering service which answers all kinds of legal questions. It also submits and follows up

paperwork required by the Andalusian Board central agencies.

Co-operative Development Agents (the Territorial Technical Secretary) offer a channel for the collection and dispatch of information about co-operatives. Operating at grass-roots level, it is closest to the day-to-day problem-solving requirements of federated co-operatives. The work is carried out by a Co-operative Development Agent in each province.

Integrated Management Units are secondary-level co-operatives, comprising various district co-operatives who support some of the business aspects of the constituent co-operatives.

External Consultancy. FECOAN has arrangements with consultants and practices in the various Andalusian provinces. Such external consultants give preferential treatment to federated co-operative businesses.

Insurance. This service has three objectives:

- set up technical advice from qualified people on risk analysis and evaluation, assistance to the insured,

accident and disaster management and so forth;

- improve the cost/quality ratio of policies bought by co-operatives;
- act as a clearing house for policies so as to obtain economies of scale and to set up schemes such as pension funds and so on until a viable co-operative insurance unit can be established.

Projects

In the medium term FECOAN intends to acquire its own office practice through which to meet the needs of federated co-operatives in areas such as: project study and analysis, feasibility studies, trouble-shooting, marketing, technological applications, image and human resources.

Business Integration

FECOAN promotes and assists in the setting up of various forms of inter-business co-operation. These associative bodies of second or first level have to be independent businesses developed from the management of and on the responsibility of the constituent co-operatives.

The Co-operative Movement in Catalonia

by Laura Canet Aymerich*

Looking back over the history of the co-operative movement in Catalonia, one of the periods of greatest expansion known to the co-operative organizations was the 1930s. This was the period of the Second Republic of Spain and the "Generalitat" of Catalonia, with the Catalanian Parliament proclaiming the Co-operative Bases Law in 1934. Parliamentary deputy, J. Ventosa i Roig, was one of the main defenders of this Law as well as being a member of the ICA Executive Committee. Important relations were thus maintained with the international co-operative movement.

From 1940, and throughout the Franco dictatorship, the co-operative organizations were directed through the Trade Union Foundation for Co-operation and subject to the legislation of 1942, further developed in the Regulations of 1945, which were amended in 1968 and superseded by new legislation in 1974. Under the latter, the process of setting up the first Provincial Confederation of Co-operatives in 1976 took place.

*Laura Canet Aymerich works with the Confederation of Co-operatives of Catalonia.



The new Spanish Constitution of 1977 opened up a period of transition which lasted until 1980 with the celebration of the Days of Study of the Catalanian co-operatives, thereby initiating a process of democratic restructuring. During this period, Catalonia recovered its autonomous institution of government, the "Generalitat".

Beginnings and Structure

The process of restructuring the Catalanian Co-operative Movement thus commenced with the days for co-operation organised in Catalonia in 1980 and culminated in 1983 with the approval by the Catalanian Parliament of the Law on Co-operatives.

Subsequently, the representative bodies of the co-operative movement were constituted in the form of the federations, the Confederation and the Higher Co-operative Council.

The grass-roots co-operatives proceeded to form groups by sector in accordance with their activities within the relevant federations (described below).

Together these federations formed what was to become the Confederation of Co-operatives of Catalonia, created in March 1984.

The Confederation was subject to the Law on Co-operatives of Catalonia, article 104 of which states its main objective as being "to strengthen the unity of the co-operative movement in Catalonia so that it may become a

social force capable, as an economic sector, of establishing a joint strategy".

Aims and Objectives of the Confederation

In accordance with article 2 of its Statutes, the aims and objectives of the Confederation are to represent and defend the various general interests of Co-operation as well as those delegated to it by the Federations, including dissemination of co-operative principles, promotion and organization of services of common interest, collaboration with both public and private institutions and promotion of intersectoral co-operation.

The Confederation of Co-operatives of Catalonia is currently made up of six Federations as follows:

Federation	No. of co-ops	No. of members
Agricultural Co-operative Federation	270	100,000
Consumer Co-operative Federation	105	350,266
Education Co-operative Federation	58	7,675
Services Co-operative Federation	210	31,500
Associated Labour Co-operative Federation	500	13,800
Housing Co-operative Federation	95	15,315
	====	=====
	1,288	518,556

The activities of the Confederation have basic focuses which enable it to function effectively.

In this connection there are four different levels:

- The governing bodies
- The structure of the Confederation itself
- Areas of activity
- Operational functions

The General Council is the overall governing body and determines the social will of the Confederation; it is made up of the governing councils of the federations.

The Executive Committee is the management body of the Confederation and undertakes the tasks allotted to it by the General Council.

The structure of the Confederation derives from the mandate of the General Council and its Executive Committee. It is represented by the President of the Confederation and has a Technical Secretary General who implements plans of work relating to the different areas of activity.

The structure has its basis in the following three main areas of activity:

- Representation
- Promotion of intersectoral co-operative relations
- Promotion of the co-operative movement.

(a) In relation to **REPRESENTATION** we have set ourselves up as a partner in dialogue with the Public Administration, participating actively in discussions with official

institutions at both the national and international level, and we place ourselves on an equal footing with European management bodies.

(b) In relation to **INTERSECTORAL CO-OPERATIVE RELATIONS**, we have a programme to promote information and awareness of what the co-operative movement represents today in Catalonian society in terms of an economic and social sector with potential and strength, encouraging and stimulating co-operative exchange at intersectoral levels, promoting training etc.

(c) In relation to **PROMOTION OF THE CO-OPERATIVE MOVEMENT**, we strive to realise the potential for economic and sectoral diversity represented by federated co-operatives in the various branches.

The Confederation has an operational structure which gives content to its major areas of activity.

To date, collaboration agreements have been signed with the autonomous administration of Catalonia and with the central Spanish administration concerning the return of property confiscated during the Spanish Civil War, the establishment of Inbercop, an intermediary financial services body, as well as once more being entitled to international representation as a member of the International Co-operative Alliance, the headquarters team of which were our guests in Barcelona in June 1989.

Brief Report on the Federations

The Confederation of Co-operatives of Catalonia is presently made up of six federations: agricultural, consumer, education, services, associated labour and housing.

It also maintains relations with the credit sector comprising rural banks and credit co-operatives with a view to their future integration in the Confederation.

Agricultural Federation

The Agricultural Federation is made up of 15 sectors - production, rice, cereal, flowers etc. There are also two co-operative groups of credit and agricultural producers' organizations, respectively.

The chairman of each production sector and specific group is a member of the governing council of the Federation.

The Federation has a technical structure aimed at meeting information and counselling needs for co-operatives in legal, fiscal, labour, economic and financial, commercial and import-export fields, etc.

In preparation for the single market of 1992 it is evident that competitive enterprises with specialised structures guaranteeing a concentration of supply and providing consumers with finished products will be needed.

For this the Federation has established as its primary task to ensure that co-operatives are equipped for the single

market in an effort to produce products of quality suited to market demand, promote technological exchange, participate in product transformation, constitute second degree co-operatives etc etc. In many cases this process is already under way.

Consumer Federation

The oldest of the federations is that of traditional consumerism. At the present time the specialised consumer co-operative movement is being encouraged in fields such as health, culture, leisure etc.

The basic focus of activity is on promoting consumer quality.

The three basic functions which the Federation undertakes are to:

- (a) Represent, defend and disseminate the principles and interests of consumer co-operators;
- (b) Promote managerial and social projects of common interest to the sector in general; and
- (c) Provide counselling, information and training services to associate co-operative members.

In this connections organizational experiments have been conducted in recent months, with specialised workshops to inform participants about consumers' rights and consumer matters in general.

Education Federation

The origin of the education co-opera-

tives dates back to the late 1960s and early 1970s. Shortly after 1977, the Federation of Education Co-operatives of Catalonia came into being, to become the focal point for all co-operative schools.

Since then our co-operatives have grown and consolidated as an educational option with its own character and personality totally different to other teaching options available.

There are three reasons for the origin of education co-operatives. The first is the interest of groups of parents for a specific type of education, or simply to cover the shortcomings of schools in a given area. The second is the desire of groups of teachers to apply a certain type of teaching, and the third is the interest of groups of teachers to maintain or create employment.

Basically the main task of the Federation is to offer a high quality of education under the administration of parents and teachers.

Associated Labour Federation

One of the basic components of the Catalonian Co-operative Movement is its democratic and representative structure by branch or specialization.

Over recent years the associated labour branch has taken the form of a federation, thereby offering a series of services for its associates, with this sector being the one which has given rise to the greatest number of new work posts within the co-operative movement.

Services include:

- (a) Counselling,
- (b) Information,
- (c) Management promotion,
- (d) Insurance services, and
- (e) Training through the creation of the Ventosa i Roig Foundation, together with the departments of public image, marketing and communication, and with the aid of new technologies.

Territorial Structure

This Federation extends throughout Catalonia through Territorial Councils each comprising several areas electorally represented among the federated co-operatives with the aim of propagating the co-operative movement and creating co-operative management centres which are usually second degree co-operatives.

Services Federation

The Co-operative Services Society renders possible the association of small and medium-sized managers and professionals as either individuals or legal entities.

The association of co-operatives in federal form contributes towards finding solutions - economic, commercial and legal - for small and medium-sized enterprises, rendering them less vulnerable as individuals in the face of the competition which entry into the single European market may generate.

The Federation endows its associates with the means to initiate and sign

various co-operation agreements with their European counterparts.

The Federation has already made various agreements with different European Federations, to be ratified within the EEC next July.

Housing Federation

The Housing Federation is preparing new proposals, the revision of legal and technical aspects, and the definition of concepts intended to improve housing in our country and to lead to collaboration agreements with various public administrations.

The possibility of co-operative housing has to be analysed in the context of a social housing policy oriented towards collectives which, because of the economic and family conditions which they offer, are unable to form part of the so-called free housing system or of the usual official protection systems.

This development is a response to the evolution of different factors, including changes in political and social structures brought about by the advent of democracy in our country. These developments have given rise to a number of demands and expectations, which may be resumed as follows:

- The improvement of the legislation regulating the co-operative housing movement in each country;
- The improvement of legislation concerning social housing;

- The proposal to allocate funds intended to promote the creation of building land and house building and the setting up of a financial institution to meet the needs arising from the promotion of social housing;

- Studies on the quality of building materials to standardise those most suitable by their technical and economic characteristics;

- The establishment of the necessary rules for the exchange of members among co-operatives.

The substitution of the system of individual property by a system of collective property in order to give greater social meaning to the co-operative movement.

Conclusion

We can state that the different federations for each specialised sector make up federal units at State level when conducting relations with international organizations.

The above describes the present panorama of the co-operative movement in Catalonia and in relation to Spain as a whole.

Our political map is indeed complex and rich with the contributions of the autonomous bodies within it. We trust that this short report throws some light on the part played by an autonomous Catalonia.

The "Mondragón" Group

by Luis Irazabal*



Social Economy is an economic model which it is not always easy to define, since its outlines are not clearly designed. However, Social Economy as an economic system and as a way of setting up a business is not new. There can be no doubt that the Social Economy is an option with a future: a symbiosis of the two great opposing systems of the world to date (capitalist and state economies). Its democratization of the economy is a contribution to humanist solidarity and the achievement of co-operation between peoples. In short, it is a humane economy, set up by and for mankind.

*Luis Irazabal is Chairman of the High Council of Co-operatives of the Basque Country.

The purest and probably most highly developed manifestations of this socio-economic system in the Basque Country are the Co-operatives and the Co-operative Stock Companies.

The Framework of Co-operation in the Basque Country

The Gernika Statute of Autonomy within the administrative structure of the Spanish State grants the Basque Country exclusive competence in matters concerning co-operatives. By virtue of this, on 11 February 1982 the Basque Government published the Basque Law of Co-operative Societies, subject to the principles of international democratic co-operation laid down by the International Co-operative Alliance.

Article 66 of the Basque Law of Co-operatives declares them to be of "social interest". This statement is in accordance with Article 129-2 of the Spanish Constitution, which orders public authorities to encourage co-operative societies by means of suitable legislation.

But the position of the Basque legislators does not end with the mere publication of a Law of Co-operatives. It also shows up in clear support for them, as evidenced by the budgets worked out by the various departments of the Basque Government, which totalled more than 54 million US dollars (more than 6,000 million pesetas) in 1988.

But let us study a little history: the phenomenon of Co-operation has been present in the socio-economic environment of the Basque people for a very long time. It has shown up in many economic activities, such as the sporadic practice of common neighbourhood working (Hauzo Lan) or in connection with agricultural labour (Lurra). This traditional Basque economic activity gave rise to institutions such as the Fishermen's

Guilds or the organized exploitation of common land.

The industrial revolution considerably reduced the importance of these practices and institutions while, at the same time, new examples of co-operative economic activities appeared. These included the Consumer Co-operatives which appeared as early as the 18th and early 19th Century in the Greater Bilbao area, or even the Industrial Production Co-operatives such as ALFA from Eibar. These experiences were cut short by the Civil War in 1936.

In this way, the co-operative movement developed and consolidated its position in the Basque Country more and more firmly until the present situation was reached. It now accounts for more than 15 per cent of the Gross National Product of the Basque Country, and the movement is still growing. The Basque Country has 2,300,000 inhabitants, with an active population of 800,000 and 150,000 unemployed. This system included the following distribution of co-operatives at 31 March 1990:

	Co-operatives	Members
Credit	3	131,628
Maritime	4	120
Wholesalers	16	2,225
Services	33	3,380
Consumer industry	43	190,796
Housing	80	5,030
Country	106	18,130
Teaching	119	36,445
Production	724	27,351
Total	1,128	415,015

The number of working members is over 33,000.

The data given above may seem quantitatively of little overall significance at first sight, but if the figures are compared to the population and employment figures for the Basque Country, it can be seen that this is an extremely important movement which should be taken seriously into account in the economic development of the Basque Country.

The Basque Social Economy, then, signifies more than 33,000 jobs. This figure is based on an analysis of data from more than 400,000 co-operative members and the more than 11,000 members of the Co-operatives, which we will discuss later. It can be said without doubt that it is hard to find a home in the Basque Country which is not related directly to the Social Economy.

More than 5 per cent of the Social Economy's contribution to production, co-operatives and co-operative stock companies in the European Communities can be found in the Basque Country.

But these movements are set up in order to take advantage of the economic scale of firms whose major weakness lies obviously in their size and economic structures.

Thus, the Basque Co-operative Movement is institutionalized through the High Council of Basque Co-operatives, which is the highest organization representing and promoting the co-operatives and their organizations under the Basque Law on Co-operatives.

Among the main objectives of the High Council of Basque Co-operatives are the following:

- * To spread the principles of the co-operative movement through education and training.
- * To inform the co-operatives and their federations directly about legal and statutory provisions referring to them.
- * To protect and defend the legitimate interests of Co-operation and co-operatives in general and sectorially.
- * To organize services of common interest for the co-operatives.
- * To contribute to the improvement of the legal and institutional framework of the socio-economic order of the country, and to take part in institutions and organizations with that aim.
- * To arbitrate in questions of litigation arising between co-operatives or between co-operatives and their members when both parties request such arbitration or are obliged to resort to it by their bylaws.
- * To act in general to the benefit of the co-operative and its organizations.

This council contains representatives of all the co-operatives in the Basque Country, including those of the Mondragón Group.

Before I go any further, I should like to mention specifically some details of what the group associated to the Caja Laboral Popular (Mondragón) is and what it represents.

The Mondragón Co-operative Group: A Singular Experiment

Basque co-operation clearly cannot be reduced merely to the experience of Mondragón. Before this experiment there had already been various trials and experiences in the recent past, without having to go back to the distant past of Co-operation in the Basque Country. Nowadays, co-operatives of various types exist in the Basque environment which are not associated with the Caja Laboral Popular. The group based in Mondragón consists of less than 170 co-operatives out of a total of more than 1,100 existing in the Autonomous Basque Regional Community.

However, it is true to say that the common understanding of what Basque co-operation really is nowadays is based on the experiment which began in Mondragón. We must not forget that this is the biggest, most highly developed and most organized movement, and acts as a motor to the remaining co-operatives. This has been achieved thanks to the vigour and, above all, coherence of the experiment, and in particular to some of its aspects and peculiarities, as well as its strict discipline in observing the regulations democratically drawn up by the Group. Company democracy is made into an unalterable principle which stands as an essential socio-economic element

in the development of the Basque Country.

Next year will be the 35th anniversary of the "Mondragón Experiment. But why is it still referred to as an "experiment"? Simply because the concept implies a dynamic, day-to-day process at all times. Indeed, this is how it is defined by its managers.

It must thus be seen in a special framework, as no attempt is made to apply a pre-established scheme, but there is rather a creative dynamism with constant experimentation. Stereotyped dogmas and theoretical posturing are avoided, as are conventional alternatives to the systems in force.



Dr. José M. Arizmendi Arrieta

The history of the Mondragón Experiment began in 1940 when a recently ordained priest named José María Arizmendi-Arrieta was sent to Mondragón.

As a Councillor for the Catholic Action Movement, he created study groups for young workers aimed at giving them social training. But he soon realized the need to give them technical training too. In 1943 he created the Mondragón Professional College, which eventually became a Polytechnical Professional College awarding Journeyman and Master's diplomas. In 1973 this College extended its studies and became also a University College of Technical Engineering.

Education has formed an important part in the history of the worldwide co-operative movement, as José María foresaw, and thus it was also in the movement he founded. This was before education was declared to be a basic principle of Co-operation. The outstanding role of education in the Mondragón experiment has been, and still is clear to see.

The first co-operators whom he employed and tutored in their studies obtained their industrial experts qualifications in 1952. They then started work in local, capitalist companies before finally opting to create their own firm. This embryo of the Mondragón Group of today was founded in 1956. Their aim was to create a company under the difficult situation existing at that time, and give it a legal form in accordance with their ideas.

After some trials they began to manufacture oil stoves and hotplates in Vitoria. They called their company ULGOR, from the initials of the

founders' surnames. In 1958 butane gas was introduced in Spain, and they started to make cookers under the trade name FAGOR. In 1964 the Spanish market entered what was known as the "cold spell", which consisted of the massive introduction of refrigerators. FAGOR was soon one of the big names in domestic appliances. In 1970, every 24 hours ULGOR was producing 2,000 refrigerators, 1,000 cookers and 650 water heaters as well as heaters, dishwashers, etc. This was an admirable achievement, indicating both the development and the coherence with which the co-operative grew.

Now, after somewhat more than 30 years, which is not long considering the size attained by the Associated Group, today's turnover can be summed up as follows:

Territorial Context

The co-operatives which make up the Group have their registered offices in the Autonomous Communities of the Basque Country and Navarre, though their business influence extends practically worldwide.

Number of Co-operatives (apart from the Caja Laboral Popular itself)

Industrial	84
Food and Agriculture	8
Consumer goods	1
Teaching	46
Housing	15
Services	5
Superstructure	3
	===
Total	162

Sector in which the Industrial Co-operatives Work

Forging and Casting	7
Investment goods	17
Machine tools	10
Intermediate goods	29
Consumer goods	15
Construction	6
Total	84

Sales Figures

251,753 million pesetas (2,247 million US dollars).

Exports

46,427 million pesetas (414 million US dollars) - some co-operatives export more than 60 or 70 per cent of their total production.

Investments

20,197 million pesetas (180 million US dollars), with an increase of 38.1 per cent over those made in 1988. Great efforts have been made to adapt technologies and equipment to the competitive demands of progressive integration into the E.E.C.

Employment

20,157 workers.

Social Census

The group as a whole, apart from the 20,157 jobs mentioned above, has 1,000 agricultural members and almost 150,000 consumer members, as well as 500,000 current account holders who can attend the savers assemblies of the Caja (savings bank), where they can make their voice heard by the management organizations of the bank.

The group's overall institutional structure has three levels:

- basic co-operatives
- local groups
- covering co-operatives

Basic Co-operatives

These are set up and work within the legal framework and co-operative spirit contained in the ICA's directives, but in competition with other companies in a free market economy, acting as a third option in competition with capitalist companies, with a special way of understanding business.

Local Groups

At present these are mostly made up of associations governed by a multilateral agreement whose aim is to institutionalize co-operation between different co-operatives located in the same area in order to adopt effective common measures in response to problems of consolidation and development of business. They began to be formed in the early 1980s and at present bring together most of the associated industrial co-operatives.

In general, the aims of the most highly developed local groups may be summed up as follows:

1. Common management, through suitable central departments or services, of certain functions capable of developing economies of scale in favour of the co-operatives: personnel, technology, marketing, etc.

2. The setting up of a system of solidarity among the various co-operatives making up the group as follows:

- a) Sharing personnel resources, including management personnel.
- b) Sharing financial resources and setting up mutual guarantees for third parties.
- c) A tendency to pool results, so that the members of the different co-operatives share the same profits and, logically, losses.
- d) Homogenization of company and labour set-ups and the adoption of similar company bylaws for all the co-operatives in the group.

3. Attention to the socio-economic balance of the area and its long-term problems, assuming responsibility for co-operative promotion in the area.

Covering Co-operatives

The expansion of the Associated Co-operative Group cannot be understood without the existence of the Caja Laboral Popular and the other superstructure co-operatives which have offered the basic co-operatives and local groups constant coverage and support in the development of their activities. The coverage of Lagun-Aro in Social Security matters, of the Liga de

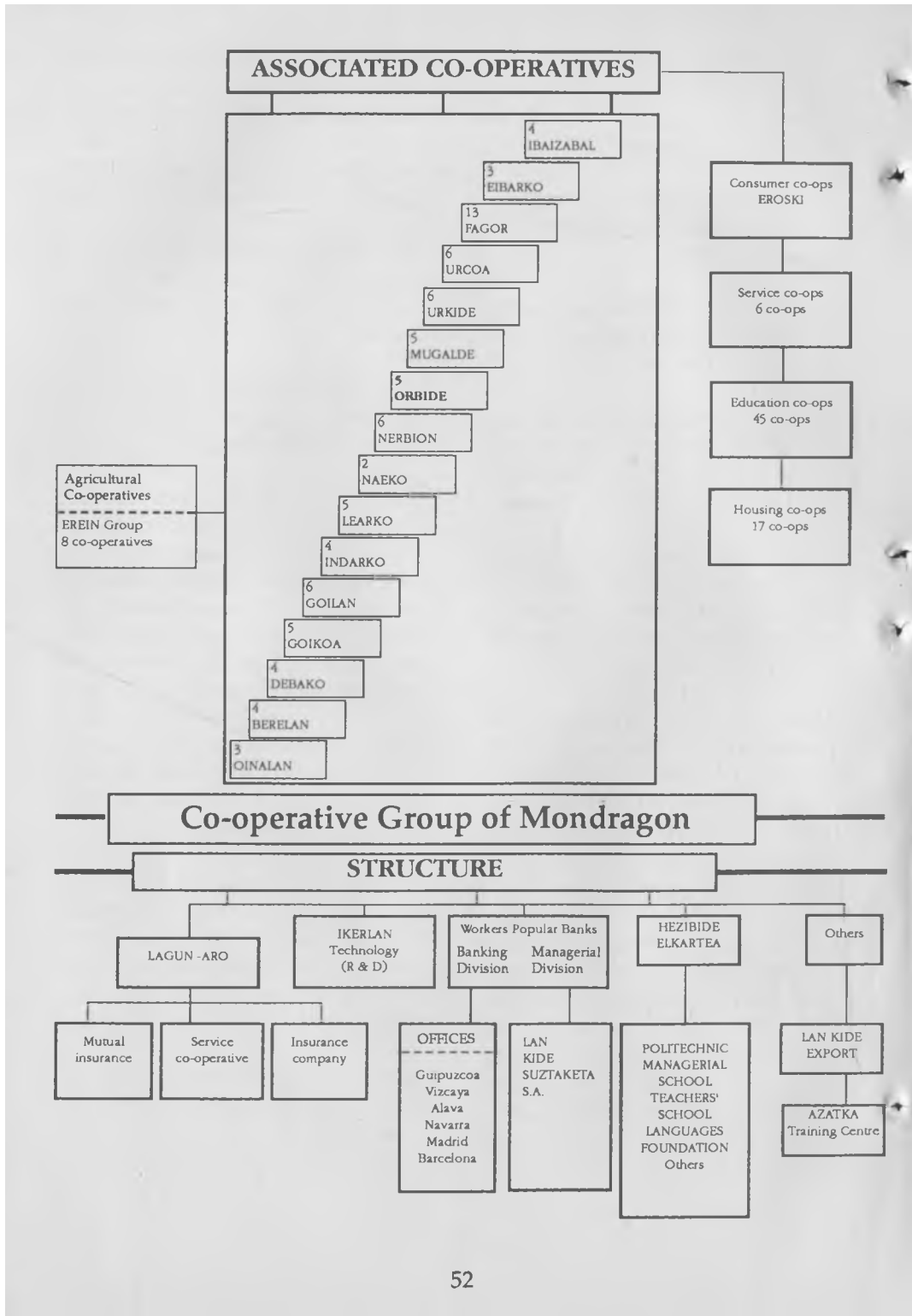
Educación y Cultura (League of Education and Culture) in technical training and teaching research and of Ikerlan in technological research make up a protective shield which most companies of this size lack.

As an example, let us look at the role of the Caja Laboral Popular in the system, where it performs such important actions as:

- Capturing savings or producing monetary resources for financing the co-operatives.
- The proper use of the resources obtained placed at the disposal of the associated co-operatives. This function is allocated to the company division, which supports both the creation of new companies and the development and assessment of those already existing.
- Being an instrument of solidarity and socialization of the "socio-industrial culture" necessary for the maturity of the Group.

To do this, this Credit Co-operative has a staff of working members numbering more than just the 1,263 working exclusively in banking, and a network of 189 branches or operative offices.

The table on the following page is useful in illustrating this:





Eroski Co-op in Ordizia

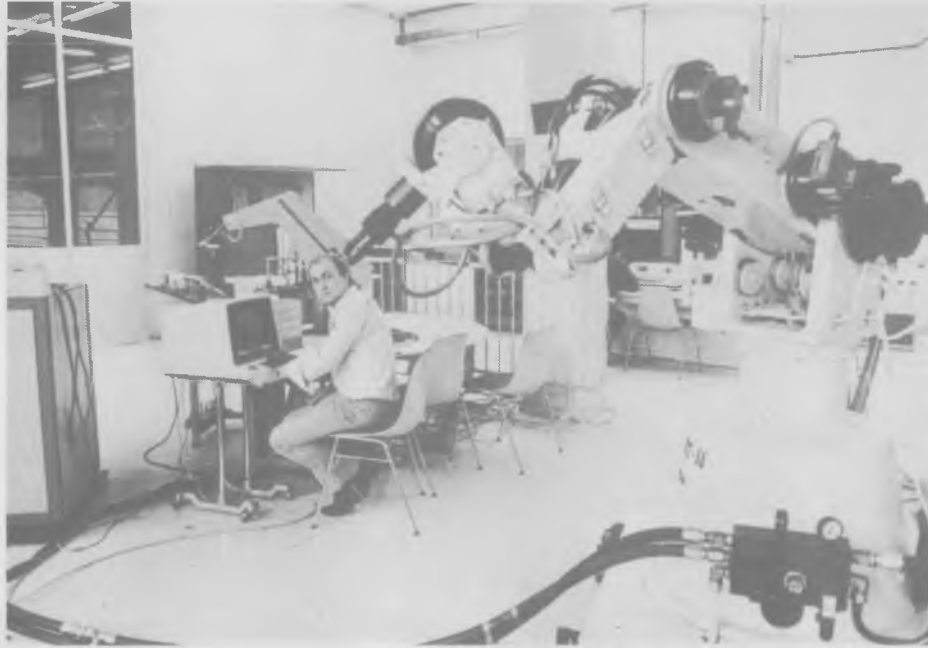
It should be clarified that, while there is only one consumer co-operative, Eroski is the largest co-operative of its kind in Spain, with a turnover of 60,000 million ptas. (531 million US dollars), 1,928 jobs and an important chain of hypermarkets. It is the result of the coming together of a large number of previously widespread small co-operatives. It now has more than 330 sales points.

The social welfare organization Lagun-Aro deserves a mention to itself (136 co-operatives are associated to it). It has 18,523 members and more than 46,000 beneficiaries.

Ikerlan, the Technological Research Centre, a non-profit organization, was founded in 1974 by a group of industrial co-operatives with the initial support of the Caja Laboral Popular and the Eskola Politeknikoa of Mondragón. It

acted without a formal legal structure of its own until it was set up in 1982 as a service co-operative. Its Research Centre is backed up by the Basque Government. The purpose of this organization is to co-operate, through technological research and development, in the technological and organization renovation of its associated companies, as a support for wider company changes. Its backing now enables it also to serve the rest of the industrial fabric of the Basque Country. There are now 41 social economy companies associated with Ikerlan.

The economic sectors in which the group moves are clearly dominated by the industrial co-operatives which, by their numbers and specific importance in economic development, contribute to giving a human aspect to the industrial system.



Ikerland Technological Research Centre

Together with the importance of the industrial co-operatives, the role played in general by associated work co-operation should be underlined.

Normally workers are involved in the co-operative system even if they do not render their services in associated work co-operatives, but rather in other kinds of co-operative, such as credit, consumer goods, services, etc. Thus, the workforce of the Caja Laboral Popular, of Eroski or of Ikerlan are working members of the co-operative, in spite of the fact that these are credit, consumer goods and service co-operatives, respectively. This is very different from normal co-operation, where the classic set-up ever since the days when consumer co-operatives were dominant has been that the employees of the co-operative should

have "conditions, working models and salaries", i.e. the salary system is maintained, even though it goes against the very significance of Co-operation as an alternative to the capitalist system. And inevitably the usual boss-worker confrontation develops. This difference means that the Mondragón system is to a certain extent special, and brings us back to its "experimental" nature.

It should be stressed that the group's ideology is based on the logical principle that a single, isolated co-operative has little chance of survival without an environment of institutional support. This is why covering institutions have been created around the Group as a concession to pragmatism and in the search for greater overall efficiency by developing economies of scale.

Rules of the Game

Other singular aspects of this original system, such as initial contributions, distribution of results, capital incentive, remunerative intervals and participation are broadly outlined below, in the context of the "rules of the game" laid down by the Associated Group. But we should not forget some other interesting aspects of social economy, so I should now like to give a brief outline of the basic regulations of the group associated with the Caja Laboral Popular:

- a) All members should be working members.
- b) There is an initial contribution of 1,000,000 ptas (8,930 US dollars) of which 150,000 ptas (US\$ 1,140) are destined to a reserve fund.
- c) Profit/loss sharing
 - 40 per cent (minimum) to non shareable reserve fund
 - 10 per cent to a fund for social work
 - 50 per cent (maximum) capitalized returns + shareable reserves
- d) Capital
 - Its necessity is acknowledged, but it is instrumental and subordinate.
 - Remuneration: 7.5 per cent gross annual.
 - Revaluation of up to 70 per cent of price development.
 - Difficult access during the member's active lifetime.
 - Refund in case of withdrawal, retirement, etc. intended to avoid the decapitalization of the co-operative.
- e) Remuneration of personnel: indexed from 1 to 6, i.e. the top salary is no more than six times the lowest salary. This is the maximum scale in the Mondragón Co-operative Group, though it is usually lower inside each individual co-operative.

Having given this explanation for the co-operative movement in the Basque Country, I shall now concentrate on a format which arose in the Basque Country during the crisis of the 1970s, and which has gained a great deal of relevance and strength as an alternative in the world of the social economy: Co-operative Stock Companies.

In view of its specific nature and how recently it has arisen, I shall discuss this structure's definition and characteristics at length, though I am sure it will not prove wholly unfamiliar, as it is similar in some ways to the definition given in other countries to the term "co-operative".

The Birth of the Co-operative Stock Companies

The first Co-operative Stock Companies (CSC) in the Basque Country made their appearance in 1979.

The economic crisis had forced many firms to close, especially those small workshops which no-one ever remembers, and whose small structure could not make enough impact socially to get themselves noticed, by the Administration in particular. Firms with a larger workforce, or which were

located in areas of growing unemployment, found more response in solving their problems.

Many of the early CSCs were created from firms which had gone bankrupt due to obsolescent machinery, market recession, poor management, lack of investment, etc.

The process was as follows: having reached this point, the owner would hand over to the workers a loss-making firm, sometimes retaining a small number of shares in the hope that the workers (who had not previously participated in any decision-making) could make it profitable.

The workers accepted this new situation in order to maintain as many jobs as possible (which was a logical and fundamental stance), or often found themselves compelled to do so because of the lack of alternatives offered by the Trade Unions.

In this way, a process of obligatory co-management or self-management began. The workers would soon discover that they had inherited a company burdened with mortgages, debts to the Social Security, the Treasury, suppliers, etc. with a negative balance sheet which needed more than just effort or imagination, more than just wage-freezes or increased productivity, more than good will and judgement to nurse it back to any degree of health.

In the context of the restructuring of industry and fundamentally within the

framework of reindustrialization, the main problem, apart from finance, was relocating surplus labour. This could not be solved exclusively by bringing in co-operation measures. This meant that firms should be discouraged from becoming Co-operative Stock Companies if their technical, economic, financial and/or market connotations made this unadvisable. Otherwise we would just be creating unreal employment expectations, which would disappear in the short term. It might even prove more effective for the firm to close down, with society assuming the cost of that decision, than to prolong its agony for a while, knowing it to be destined to disappear shortly.

The Law on Co-operative Stock Companies

In an attempt to regulate this singular model of social economy, the Spanish State published a law on 25 April 1986 governing Co-operative Stock Companies and laying down the characteristics necessary for a firm to be considered as such:

- a) At least 51 per cent of the stock capital must be worker-owned.
- b) No shareholder may hold more than 25 per cent of the stock capital.
- c) The share certificates representing the capital must be registered certificates.
- d) The certificates representing the capital must in their text indicate the limitations to their transferability laid down in the company by-laws.

In summary, then, Co-operative Stock Companies are those in which at least 51 per cent of the stock capital is owned by the workers who render to them direct remunerated services. The workers must be employed full time for an indefinite period, and no shareholder in these companies may hold shares representing more than 25 per cent of the stock capital. In exceptional circumstances up to 49 per cent of the capital of Co-operative Stock Companies may be held by public bodies or corporate bodies in which the State, the regional autonomous communities or local bodies hold a majority or of which they are full owners.

As stated above, shares must always be registered. Shares in portfolio are permitted, provided they are shares reserved for workers, and the capital which they represent does not exceed one fourth of the capital represented by shares of this type.

At the end of the working member's working relationship with this type of company s/he is normally obliged to offer his/her shares to whoever has preferential right of purchase. Should this right not be exercised, the member may stay on as a non-working member, and his shares will change type accordingly.

Should there be two types of shareholders, they are represented in the administrative bodies of the company in proportion to their contributions to stock capital. The administrative bodies are those laid

down by the laws governing Stock Companies, and must always be within the classification of co-operatives.

Apart from the legal and statutory reserves, and for the same purpose, Co-operative Stock Companies are obliged to set up a Special Reserve Fund of a non-shareable nature equivalent to 10 per cent of the cash profits of each financial year.

On the other hand, one point of positive discrimination with regard to other types of company is that they have freedom of amortization with regard to items of assets, as long as these affect their activities, for the first five years as from the first financial year thereof. This period may not be prolonged.

Having defined their nature, we shall now go on to discuss something of the philosophy behind this type of company.

When we talk about a CSC we are dealing with self-managing or co-managed companies, which brings with it the following aspects:

- a) A greater capacity for self financing through the contributions of the worker shareholders.
- b) Greater facilities for outside financing by increasing official financing channels.
- c) Better industrial relations due to the greater commitment of the worker shareholders to the management of the company.

- d) Potential increases in productivity because the workers feel that they will benefit from part of the profits.

But having defined the characteristics that go to make up a Co-operative Stock Company, we are faced with several questions:

How can the dominant interests of a stock company (profit and productivity) be safeguarded when the workforce participates in its management? How can a company be technically and economically manageable when capital and workforce participate on an equal footing?

Experience shows that the situation soon becomes unsustainable without one party's interest coming, in fact, to dominate. To achieve this difficult balance part of the internal power of the company would have to be ceded by one party to the other. In the framework we are dealing with that concession usually favours the social collective, as otherwise we could not talk of this as Social Economy.

In fact, if the Co-operative Stock Company is to be a collectively self-governing company, it should be set up from the outset in such a way that all its capital, and therefore its overall ownership, is in the hands of the workers. "Workers" must be taken to mean all members of the collective without exception. Future strategy is another matter, and will depend upon the development of the company and the actions deemed necessary to achieve this in the aggressive and changing

economic environment where the firm must work. It will also depend upon the connotations of competitiveness often concomitant to the viability of the company itself, where financial formulae must be sought which match the company's possibilities.

In this sense, we should not forget that, by their very nature, CSCs are:

- a) Somewhat unstable.

The CSC exists because the previous owner gives up. This is, fortunately, less common today, but it means that the C.S.C. is born out of a company in crisis. This means a certain weakness of structure which is transmitted in the form of some instability.

- b) Hard put to fund necessary investments.

This means that sources of funding must be sought, be they new own funds (hard to obtain because of the nature of the owners), or new borrowed funds (where serious problems arise in giving the necessary guarantees).

However, nowadays more and more CSCs are created "ex novo", i.e. from zero. They assume the democratic principles and self-managing techniques of this type of firm, and their shareholders are becoming better and better qualified.

By 31 December 1989 there were 608 CSCs in the Basque Regional Community, offering more than 11,000 jobs.



Lana S. Coop. LTDA - dairy production

The CSC Movement needs time to mature as an aspect of co-operation, but I venture to think that there will in the future be a rapprochement between the formats of co-operative and co-operative stock company with legislation which goes deeper into the CSC format but is more liberal in its treatment of co-operatives. In the medium term, this may lead to confluence between them in many respects.

Finally, let me end by encouraging the reader to learn more about social

economy movements "in situ". The 1st International Congress of Social Economy will be held as a complement to the ICA Central Committee Meeting in Madrid, and will be an occasion on which we can put our social economy organizations into contact, and apply the principle of mutual co-operation. In this way we can share experiences and create links contributing to greater development of the co-operative system and also the social economy.

Labour Co-operatives, other Associative Production

by Angel L. Vidal-Alonso
and Alfonso Hernandez*

Introduction

The crisis which continues to affect both developed and developing countries has obviously affected employment.

The employment crisis has been tackled from several angles, one approach being to maintain and establish jobs through co-operatives and other associative businesses.

Now that in the context of the European Community the crisis has largely been overcome, it is time to consider the co-operative and associative business concern analytically as a means of dealing with the job creation problem. Spain has been chosen as the subject for analysis since it is one of the EEC countries with the highest unemployment figures and the most labour co-operatives and associative production businesses.

However, so as to have a general picture of the position in the European Community, before turning to Spain, a brief description will be given of the position in 10 EEC countries.

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According to CECOP (Confederación Europea de Cooperativas Obreras de Producción - European Workers' Production Co-operatives figures for 1986, the EEC position is as follows:

Country	No. of co-ops	%	No. of membs.	%
Belgium	300	0.86	2,500	0.30
Denmark	1,100	3.16	48,000	5.67
France	1,400	4.02	38,000	4.49
FRG	1,500	4.31	15,000	1.77
Ireland	100	0.29	500	0.06
Italy	19,000	54.60	450,000	53.19
Netherlands	300	0.86	5,000	0.59
Portugal	500	1.44	22,000	2.60
Spain	9,000	25.86	250,000	29.56
UK	1,600	4.60	15,000	1.77
TOTAL	34,800	100.00	846,000	100.00

These figures show that Italy heads the list in this form of business concern and Spain comes second with 25.86 per cent of all businesses and 29.56 of all associate members. It should be added that for the period 1986-89, both countries had the highest growth in number of such businesses, hence the data available leads us to assume that they still lead the field in the Community in this respect.

Economic Crisis, Unemployment and Production Co-ops

As is clear from Table 1 below, the establishment of production co-operatives (cooperativas de trabajo asociado - CTA under Spanish legislation: associated labour co-operatives ALC) coincided with the worsening economy of the country and above all with the higher unemployment rate.

Table I - Rate of establishment of associated labour co-operatives, economic growth and unemployment rate

Year	ALCs registred	GDP market prices	Unemployment Rate
71	121	4.9	1.52
72	206	8.1	2.13
73	146	7.8	2.27
74	183	5.7	2.62
75	203	1.1	3.84
76	352	3.0	4.95
77	412	3.3	5.67
78	617	1.8	7.52
79	438	0.2	9.20
80	1,325	1.5	11.53
81	1,506	0.4	14.36
82	1,535	0.9	19.29
83	1,556	2.5	17.80
84	1,492	2.3	20.59
85	1,406	1.9	21.90
86	2,119	3.5	21.50
87	1,639	5.6	20.50
71-87	15,256		

Between 1978 and 1985, most of the businesses set up were established by a workers' take-over of companies in difficulty, so the workers became the

owners. As of 1985, many businesses were set up from scratch and not just as a result of take-overs.

Table II - Breakdown by autonomous communities of ALCs set up 1980-87

	ALC		MEMBERS	
	No.	% of total	No.	% of total
ANDALUCIA	3,701	29.42	35,292	29.78
ARAGON	446	3.54	4,445	3.75
ASTURIAS	157	1.25	1,612	1.36
BALEARIC IS	143	1.14	1,378	1.16
CANARY IS	181	1.44	1,705	1.44
CANTABRIA	68	0.54	609	0.51
C. MANCHA	744	5.91	8,001	6.75
C. LEON	597	4.75	5,933	5.01
CATALONIA	2,720	21.64	20,363	17.20
NAVARRRE	52	0.41	597	0.50
COM. VALENCIANA	1,368	10.88	12,720	10.73
EXTREMADURA	381	3.03	4,565	3.85
GALICIA	286	2.27	2,876	2.43
MADRID	700	5.56	6,565	5.54
MURCIA	426	3.39	4,135	3.49
RIOJA	44	0.35	390	0.30
CEUTA-MELILLA	10	0.08	97	0.08
CENTRAL REGISTER	554	4.40	7,205	6.08
TOTAL	12,578	100.00	118,488	100.00

The following conclusions can be drawn from the above: generally speaking, the areas where most such businesses have been set up coincide with the highest local unemployment rates - agricultural (Andalusia 29.42% of total ALCs and 29.78% of total members) or industrial (Cataluña, 21.64% and 17.20%; Valencia, 10.88% and 10.73% or Madrid 5.56% and 5.57% respectively).

However, making a global data analysis, with the addition of the Basque country associated labour co-operatives (no figures for 80-67) clearly there are more such concerns in the more highly industrial areas.

The national average for members per co-operative established is 9.5 which clearly indicated that these are small businesses.

Table III - Breakdown by Sector of ALCs Set Up 1982-86

Sector	%
Agriculture and stock-farming	3.34
Energy and water	0.18
Extraction and processing of non-energy minerals and chemical by-products	4.62
Metal processing, precision mechanics	13.55
Other manufacturing industries	29.52
Construction	21.68
Trade, restaurants and hostelry. Repairs	10.29
Transport and communications	2.54
Financial institutions, insurance, business services and rentals	3.31
Other services	10.97

Other Associative Production Businesses: Sociedades Anónimas Laborales (SAL) Labour Limited Companies (LLC)

The Labour Limited Company is an associative form of Spanish business concern with the following basic characteristics: a limited company (in shares) where at least 51 per cent of the title deeds are held by the worker share-holders; where no member may hold shares amounting to more than 25 per cent of the equity. None the less, public bodies, corporations whose capital is totally or mainly State-owned, autonomous communities (regions) or local entities (town city or province

councils) may hold up to 49 per cent of the capital in a LLC.

The first LLCs came into being in 1972, with the beginning of the economic crisis, and gained in importance over the next ten years during which time a special law (Law 15/86) was specifically enacted to regulate them.

Development of LLCs

The data given in Table IV below covers the period 1986-89 when existing LLCs had to adjust their statutes to the new legislation, hence they are included among the already established and the newly established:

Table IV

Year	No. of LLCs	No. of Members
1986	445	3,272
1987	2,595	20,939
1988	2,237	15,005
Feb. 1989	393	2,389
TOTAL	5,670	41,605

Table V - Breakdown of LLCs per Autonomous Communities, February 1989

	No. of LLCs	% of total	No. of workers	% of total
ANDALUCIA	600	10.58	3,745	9.00
ARAGON	221	3.90	1,601	3.85
ASTURIAS	129	2.28	1,137	2.73
BALEARIC IS	33	0.58	179	0.43
CANARY IS	132	2.33	900	2.16
CANTABRIA	29	0.51	247	0.59
C. MANCHA	497	8.77	3,320	7.98
C. LEON	404	7.13	2,298	5.52
CATALONIA	840	14.81	7,836	18.83
COM. VALENCIANA	593	10.46	5,194	12.48
EXTREMADURA	132	2.33	686	1.65
GALICIA	111	1.96	717	1.72
MADRID	959	16.91	5,381	12.93
MURCIA	316	5.57	1,767	4.25
NAVARRRE	145	2.56	1,106	2.66
BASQUE COUNTRY	503	8.87	5,351	12.86
LA RIOJA	14	0.25	79	0.19
CEUTA Y MELILLA	12	0.21	61	0.15
	5,670	100.00	41,605	100.00

It can be seen from Table V that LLCs are to be found in much the same areas the associated labour co-operatives (areas of high unemployment, more in the more industrial areas).

Breakdown by Sector

Industry	58.35%
Services	27.80%
Construction	11.70%
Agriculture	2.15%

Measures to Promote the Business Economy

The Spanish Government's policy has been to promote the establishment of

co-operatives and worker business concerns (an acknowledgment of the Constitutional Law terms of reference).

This support has basically been provided through the following:

- a) Loans granted (up to 1984) by the FNPT - Fondo Nacional de Protección al Trabajo, (NLPF - National Labour Protection Fund) under the Ministry of Labour;
- b) Limitless subsidies (in the form of financial help to pay interest)

c) Subsidies for technical assistance

d) Funding for training

As of 1984 and 1986, the situation changed ostensibly for two reasons:

In 1984, the NLPF disappeared to give way to a financing system consisting of a number of agreements between the Ministry of Labour and the governments of the Autonomous Communities, the Banco Industrial de Crédito (public) and the savings banks.

Credits were granted by listed financial bodies, with the Ministry of Labour giving an interest subsidy to "soften" the terms.

In 1986, when Spain joined the EEC, the aid systems were adjusted to the norms and standards of the Community's structural funds (European Social Fund, FEDER, FEOGA).

The data here (Tables VI and VII below) are offered as a guide to cover the period 1979-1984.

Table VI - National Labour Protection Fund - Loans to Co-ops and Labour Companies

Yr	LOANS TO CO-OPERATIVES AND LABOUR COMPANIES								
	TOTAL LOANS			CO-OPS			LABOUR COs		
	No. subs.	No. benefcs	Amt. '000 pts	No. subs.	No. benefcs	Amt. '000 pts	No. subs.	No. benefcs	Amt. '000 pts
79	295	12,683	4,832,428	217	5,647	2,319,106	78	7,036	2,513,322
80	458	19,248	6,031,028	354	8,466	3,294,097	104	10,782	2,736,931
81	532	12,435	5,537,206	448	7,980	3,687,811	84	4,455	1,849,395
82	409	7,072	3,382,858	353	4,974	2,534,958	56	2,098	847,900
83	536	11,913	6,003,320	392	7,384	3,714,296	144	4,529	2,289,024
84	262	6,870	4,337,899	178	2,570	1,827,855	84	4,300	2,510,044
TOTAL	2,492	70,221	30,124,739	1,942	37,021	17,378,123	550	33,200	12,746,616

Table VII - Subsidies to Co-operatives, Labour Companies and the Self-Employed

	TOTAL SUBS	INT. SUBS. CO-OPs, LCs + S. Emp.	TECH. ASS. CO-OPs LCs		BUS. + CMTY TRAINING CO-OPs LCs		
	Amt. '000 pts	No. benefcs	Amt. '000 pts	No. subs.	No. benefcs	Amt. '000 pts	Amt. '000 pts
1979	232,105	4,772	70,059	70	10,009	44,931	117,115
80	212,707	7,252	60,267	47	6,313	53,019	99,421
81	253,266	6,417	76,392	21	2,954	29,149	147,725
82	303,049	6,257	83,591	29	4,863	27,503	191,955
83	1,013,721	10,853	895,265	25	3,595	32,478	85,978
84	1,159,400	7,018	842,157	61	-	133,630	183,613
TOTAL	3,174,248	42,569	2,027,731	253		320,710	825,807

The Special Case for Capitalizing Unemployment Subsidies

In 1985, in line with the policy of promoting co-operatives and LLCs and self-employment in general, under Royal Decree 1044/85 of 19 June, workers who sought to establish an associated labour co-operative, or start

up a business under the self-employed regime, could apply for a lump-sum payment amounting to the unemployment benefit due them so as to invest the capital into a co-operative, LLC or self-employed business. Data available on this capitalization system are given in Table VIII below.

Table VIII - Number of Beneficiaries and Amount of Unemployment Benefit Capitalization

YR.	S. EMP.	CO-OP	LLC.	TOTAL '000 MILLION PTS	AMT. PTS AV. PER WORKER
85	12,446	1,389	3,013	16,848	902,911
86	48,108	3,933	7,199	59,240	953,257
87	53,052	2,998	8,142	64,192	1,033,651
88	65,147	2,948	6,732	74,827	1,070,754
89	5,963	253	516	6,734	1,110,104
TOTAL	184,718	11,521	25,602	221,841	

Average total period 1985-89: 1,014,135 pts per worker.

The most important conclusions to be drawn from the data are as follows:

Between 1985-89 this method mobilized resources to the approximate value of 221,841 million pesetas (approximately 1,800 million dollars).

More than 30% of members of ALCs set up between 1986 and 1988 chose this method to capitalize the co-operatives.

Over the same period, 63% of members of LLCs also used this method to capitalize their businesses.

To these figures must be added "hidden" LLC and ALC capitalization.

Associated Labour Co-operatives (ALCs) Labour Limited Companies (LLCs) and Job Creation

Given the lack of definite national data, it is rather hard to calculate the impact of ALCs and LLCs on job creation with any degree of accuracy.

However, a fairly reliable approximation can be arrived at by cross-referencing the data used by the Confederation of Associated Labour Co-operatives and the Spanish Confederation of Labour Limited Companies (CONFESAL - CONFEDLLC) with those of the Ministry of Labour.

Taking into account the fact that in 1988 the Spanish population in employment was 12 million, the associ-

ated labour co-operatives were employing roughly 2 per cent of the active population. This percentage would be bigger if we were to add in non-member workers of ALCs.

With regard to LLCs, of a total 5,670 such concerns, 514 in the CONFESAL - CONFEDLLC have generated 20,860 jobs (turnover of over 6 million pesetas per worker). According to Ministry of Labour sources, as a whole the 5,670 businesses would seem to have generated 41,600 jobs, a figure that is not correct since it was obtained from the Ministry's LLC Register which includes only the original members of a co-operative, in other words the LLC founder members; and hence omits those who subsequently join the business. By cross-referencing the data provided by the Ministry with those provided by CONFESAL - CONFEDLLC, it may be said that the real total number of workers in LLCs would amount to some 115,000, which would mean roughly 0.95 % of the active population.

In brief, ALCs and LLCs, without including non-member workers, employ some 3% of the active Spanish population.

In conclusion, it must be said that the joint ALCs and LLCs contribution to job creation works two ways essentially:

The role of ALCs and LLCs as structures for preventing further job losses, since they have enabled workers to take over ailing businesses

The role they have played in establishing new business schemes. Very often, it is true, this has happened in highly intensive labour sectors; elsewhere as well in sectors where it is

essential for the business concern to be dynamic and thrusting, so that ALCs and LLCs were set up in sectors with a future, spearheading technology applications.

Abbreviations Used

- CCOO - Comisiones Obreras (Workers' Committees)
(communist-inspired trades unions)
- CECOP - Confederación Europea de Cooperativas Obreras de Producción (European Confederation of Workers Production Co-operatives)
- CEE-EEC - European Economic Community
- CONFESAL - Confederación Española de Sociedades Anónimas Laborales (CONFEDLLC - Spanish Confederation of Labour Limited Companies)
- CTA - Cooperativa de Trabajo Asociado (ALC - Associated labour Co-operative)
- FEDER - ERDF - European Regional Development Fund
- FEOGA - Fondo Europeo de Orientación y Garantía Agraria (European Agricultural Guidance and Safeguards Fund)
- FNPT - Fondo Nacional de Protección al Trabajo (NLPF - National Labour Protection Fund)
- PIB - Producto Interior Bruto
GDP - Gross Domestic Product
- SAL - Sociedad Anónima Laboral (LLC - Labour Limited Company)
- UGT - Unión General de Trabajadores (General Workers Union) (socialist-inspired trade union)

Neoco-operation

The Competitive Picture

by Jesus Larrañaga*

Nervousness and anxiety over the influence of large-scale competition have replaced yesterday's peace and quiet. In a few decades there has been a shift from domestic markets to the world market, and even more strikingly to the global market, which is a concept that encompasses the idea of identical habits, tastes and fashions, reproducible products and services for everyone, with no interference from cultures or borders.

Spontaneous and irresistible pressure from consumers springs from the influence of stereotypes that conquer New York, London or Milan. In Red Square in Moscow, the GUM store displays and sells ubiquitous products and 'designer jeans' which are sought after by young people who admire the casual rock style of western teenagers.

And although in the past people were insulated from knowledge about how others lived, today information flows

freely around the whole planet, ready to burrow into the minds and hearts of consumers.

Consumer fever points to a drastic change in patterns of competition on the world scale. Those called upon to supply these new global markets must gear their size and organization to the demands of new concepts: megamarkets (large geographical areas including the Common Market, Southeast Asia, the Soviet Union; and megatechnologies including data processing, electronics and biotechnology).

The market changes shape, expands due to the combined effects of increasingly expensive technology and the homogenizing pressure of fashion. Capital, always on the lookout for any opportunity, rushes to conquer the new megamarkets, to seek differential profits, the lure of power without borders.

Adam Smith anticipated the advantages of the division of labour, and two centuries later, Henry Ford applied them to manufacturing low cost automobiles on an assembly line,

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consecrating the new culture of homogeneousness and mass satisfaction by converting the whim of the rich into the fashion for all society. When products become popular they spread throughout the social spectrum and become unnecessary necessities. They become part of life itself.

Lovers of the ideal of producing more and more of the same thing are undoubtedly rubbing their hands in glee over the apparent rationality of the big markets. Domestic and foreign businesses are spurred on by continual innovation, rising production and the unending tension of the struggle amongst them all.

The global economy is linked to the concept of global competition, which means the ability to survive by adopting a new rationale with regard to size, corporate image, research, finances, commercial networks and professional development.

The new competitive picture means that efforts and imagination must be redoubled. There is no room for the timid. There is room only for the daring, for collective efforts which are aware that the future depends on individual and collective talents, without which they must surrender control of the economy and business to others.

All things are changeable, and even the most stubborn detractors of the market must now begin to take notice of it. They had previously ignored it because of the supposed virtues of

collectivism and at the outset they had to be given the benefit of the doubt as to whether [central] planning was a rational approach. But after several decades of trying they have been forced to abandon it, drained by the grinding bureaucracy which affects whole countries, and of course, businesses.

Probably their most bitter lesson has been to discover that humans are moved by ambition, by personal interests, and not just by sublime ideals. The worst pitfall for any ideology or system is to be mistaken in its initial assumptions because in the long run, the price must be paid.

The market as the redistributor of resources is the here and now. The countries of Eastern European will enter the fray and once they open up their markets, they will pour their considerable potential into ours. Like the old saying, two's company . . .

Domestic Habits

While the picture is expanding to global horizons, we live hobbled by ways of doing business that are more local than international, conditioned to the routine and security of domestic circumstances and domestic expansion rather than to our competitive ability on the structural market, which is the European market that takes from 75% to 80% of our exports.

We are a group that exports rather than manufactures on other markets, and as such, we are vulnerable to the monetary changes that affect companies located in a single country, whose only way of competing is to develop

internal production mechanisms, scraping by despite uncontrollable changes in monetary parity and the competitive spiral of developed countries, which have a long lead thanks to their industrial power in capital and human resources, and which are experienced in the ways of large open markets.

It is said that necessity is the mother of invention, an obligatory cliché which, in the absence of foresight and reflection, becomes the last resort of companies and groups that must retain a foothold in changing and challenging circumstances.

Smaller domestic markets have existed for generations, and the history of Mondragon Co-operation lies in this historical context. Its role was brilliant in the era of national markets, when the ratio between 'company size and market' was geared to the needs of local research, image and financial capacity.

In a protected and narrow market, the dominant positions become stable, attuning their relations to the rule of good neighbourliness by respecting market quotas; it was sufficient to keep watch over potential intruders who could be easily controlled from the key positions of power.

The somersault on the high wire to the competitive level can be deadly when moving from a local market to an open one. Solid dominant positions crumble when they enter into the lists with new competitors who, because they are

foreign, feel no respect for those who were there before them.

They seek to break into the narrow protective circle with the lure of purchasing companies or the will to succeed on a market which yields to the aggressiveness of those who are wise in the ways of the world. Even megamarkets such as the USA have felt the mortal scourge of the Japanese when they have placed their products on the American market or their feet in American factories; they have radically altered the competitive map, and in many of the leading-edge sectors they own from 25% to 50%, which clearly reflects the new ways of attacking big markets.

The only defence is to attain comparable efficiency levels in managing a company's key parameters - innovation, marketing, overall quality, and the relative size suited to each sector.

Broadly speaking, the amount of baggage we carry is geared to the trip we must make, although it's impossible to predict exactly how much we will need. However, the indicators point to certain critical values for size and means, innovation and marketing, that will be necessary to break into this new competitive scenario.

We must each measure our possibilities of surviving or disappearing, whether alone, in partnership or by selling out, now that profits are shrinking. This will continue to be even more crucial in an open market where a false step or a poorly calculated one can have fatal results.

The Co-operative Front

The co-operatives that have grown up under the Labour Savings and Credit Bank (Caja Laboral) have been fairly spontaneous and respond to the social concerns of human groups.

Their growth and development was quite similar to that of any conventional enterprise; although with different nuances of individual or collective ownership which affect the types of business models followed.

Their spectacular growth in the 1960s was based on a communal ideal, micro-social relations and individual enterprise. Later, the concept of socio-geographical groups would enter into play, based on spatial proximity and neighbourliness which favours co-operative solidarity.

Initially, it was a movement that helped compensate for the sectoral differences among groups that were scattered and unequal in size. When what has been called the Mondragon Co-operative experience began, it was impossible to foresee what its future would be, which is also the case with most other enterprises, because initially they represented the vision of their founders which was not a planned vision.

The Mondragon Co-operative has maintained the number of positions it has to offer but has not advanced sufficiently to make it a desirable career option. The choice for its senior and professional employees is a hard one. It demands great solidarity and democratic values. Few are anxious for

promotion in companies that are not technologically advanced and progressive.

We are in a crisis situation which requires a new model as an alternative or a useful means for solving unemployment and community-development problems. This is not unusual in a period when the dominant values stress individualism and earning money as fast as possible.

These ideas are aimed at making the most of the potential of the Mondragon Co-operative, which is already considerable. We are ready to face the greatest challenge - to deal with the new demands of megamarkets and megatechnologies.

Temptations

The dynamics of competition will leave anyone far behind who does not sharpen his wits and adjust to coming demands. I have attempted to paint a picture of the coming years, when we will sorely feel new and aggressive competition from companies that will approach our splendid market in an attempt to topple our national suppliers from their place.

All of them intend to put up a stiff, though non vindictive fight - and they are much better armed than we are - to gain a permanent foothold on the Iberian map, reaching out their tentacles from greater Europe. These new neighbours will put us to the hard test of competition.

The protection afforded by a co-operative megagroup is of growing inter-

est to avoid something that we can begin to sniff in the air - the dangerous temptation to change our social values and sell ourselves to the highest bidder. The endeavours of the Labour Savings and Credit Bank and others may well end up in the pockets of a few, or in the wallets of those seeking 'cut and dried' deals. This could come true if we are unable to find objective solutions for the future, more global and integrationist policies, or simply because we fail to seize opportunities.

Nonetheless, we have been warned and must actively ready ourselves,

since there may not be time for a second warning. Good professionals and interesting businesses will be coveted by the mercantilists.

Can a personalized company energize or inspire its people without creating differences among them? Can and should it create models or levels of integration that are higher than existing ones? Open new avenues for expansion through middlemen, find capital to buy shares in the market and build up resources for innovation, image-building and marketing? I leave you with this question.

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Ed.: The second part of this article will appear in the Review of International Co-operation Volume 83 No. 4 1990.

Interview with Ms. Rufié

(Cont'd from page 76):

easy life is the easy way out for a lot of women so they need to be stimulated and encouraged to come out of their passivity. Men must now help women to undo the past negative conditioning.

The primordial obstacle to women's participation is men who want to keep women down so male co-operators have to be generous and help their female colleagues to develop.

Interview with Ms. Nürria Esteve I Rufié

President of the Fundacio Roca Galès, Barcelona, Spain

by M. Treacy*

What can you tell us about your work for your own co-operative organization?

The Fundacio Roca Galès is a private foundation dedicated to giving society a better quality of life and to spreading the co-operative ideal. It publishes a review every month in the Catalan language, reports on the Catalan co-operative movement and organizes 10-day training courses in co-operative principles and philosophy. It employs a specialist in co-operative law who gives guidelines on how to set up co-ops and puts interested parties in contact with the co-operative federation. The foundation also has a department dedicated to children aged 7 - 14 years which gives information on the environment. The foundation employs two professors who go from school to school giving lectures and showing videos on the environment and environmental protection. This department also published books and posters on

*Mary Treacy is Editor of the ICA Review and Director of the ICA Communications Department



the environment. Our two most recent publications are an educational book explaining the environment to even smaller children and a book on the Pyrenees.

The Social Welfare Department sponsors studies and research about marginal sectors of our society.

Is it unusual in your movement for a woman to reach such a high position?

Yes it is unusual. Its very very difficult for men to accept orders from women and the men put the brakes on any initiative coming from women.

My position is a voluntary one. I worked very hard and feel deeply committed to the work of the foundation. Seven years ago I was widowed and like to keep active and have no-one to oppose my being involved.

I have been willing to sacrifice evenings and weekends which not everyone is prepared to do. I have also been supported by lots of friends in the foundation. Initially I became General Secretary, then the Vice President's post became free and I was elected. When the President's post became vacant, five board members proposed my candidature and eleven out of the fourteen members supported it. I have been President for two years and have, in addition, kept the editorship of the Review. As I say, I am deeply committed and prepared to sacrifice other activities - I believe in the work we do here - the Foundation is my life.

Another reason for my success is that I am a firm believer in education and believe it is a process which continues during one's entire life. I myself have continued to study independently and this is a concept the foundation also promotes.

What is your organization doing to promote the role of women?

I put information about women's activities in the review and we also have informed women workers in old people's homes about co-operative philosophy. It is quite difficult to promote the role of women in co-operatives here. There is a lack of motivation and indeed courage for women

to break through the traditional role as men do not want to take women's initiatives into consideration.

Tell us about your involvement in the ICA Women's Committee

I am not a member of the ICA's Women's Committee, but I participated in a meeting in New Delhi which I found interesting and I would like to join the group. I also intend to see if other women in our movement would be interested in joining. I have belonged to other women's groups - for example through the Catholic Church I have worked with an organization which promotes women's liberation. A lot of women join such groups after their children leave home when they have free time for such activities.

Is there a social message you would like to convey to the ICA authorities regarding the need to further promote women into positions of leadership?

Participation is the key but we must stimulate women. Co-operative leaders must see to it that women get the necessary training to bring them up to the same level as men.

Additionally, women have a humility which is negative. We have been educated to look good and say nothing and men have been educated to take responsibility and to be assertive and take risks. Women must be encouraged and little girls educated to take a more active role and to take risks, as

Cont/d on page 73

68th International Co-operative Day

Saturday, July 7, 1990

Message from the International Co-operative Alliance

The biological resources of our planet are being depleted at an alarming rate. Scientists worldwide have warned that action has to be taken immediately if we are to safeguard our common future. We know that this future is inextricably linked to human and economic development and any future development must take into account the environment - the forests, grasslands, air and water - which are the lifeblood of our very survival. **But what can we as co-operators do to contribute to the battle to save our environment?**

Co-operatives have been working quietly for years to improve their environment.

Consumer co-ops in a large number of countries have seen environment protection as part of a wider question of improving the quality of life for the consumer. Besides seeking to eliminate environmentally harmful substances from their shelves and promoting environment-friendly products, they have also promoted organically and nutritionally healthy food and sought to educate their members about nutrition, health and the environment, through member magazines and training courses.

Consumer education is a major area in which co-operatives can make a positive contribution to the environment. Consumer co-ops in the UK have recently sponsored a massive campaign which includes in-store promotions and exhibitions, the production and distribution of leaflets and other publications, educational training for staff members and the inclusion of environmental issues in all publicity and advertising campaigns, especially when the opportunity arises to do so through the mass media. The Desjardins movement in Quebec, KF in Sweden, and

FDB in Denmark, have also recently adopted environmental policies and launched campaigns to increase member-awareness and many other co-operative organizations have plans to follow suit.

Agricultural co-operative policies also play a major role in environmental protection. Movements in Czechoslovakia, Sweden, and Poland have informed ICA on measures taken to decrease pollution, including research, organic production, decrease in use of chemicals, and lobbying of governments to take national and international action.

Producer co-ops throughout the world have also adopted measures to eliminate substances considered harmful to the environment from their products.

In India co-operatives use cow dung and waste materials to provide electricity, fuel for cooking and organic manure. Members of Scandinavian co-ops have supported mass projects to reforest areas in Africa in danger of desertification. In Japan, in the 70s, co-ops sponsored a nationwide project, planting trees along major highways.

The above examples are compiled from the information sent to ICA on what actions its members are taking to safeguard the environment. We realize that co-ops worldwide are doing much more in this field. As organizations with the purpose of improving the standard of living for world populations, the members of the ICA are committed to protecting the environment and improving the quality of life for their members.

ICA calls on its 625,000,000 individual members to continue the battle for environmental protection, by supporting their societies' environmental campaigns, lobbying local governments to adopt environmentally friendly policies, boycotting products which are harmful to the environment, recycling reusable items wherever possible, and informing themselves and educating their children about nutrition and the environment.



Photo: WWF/APA Agency I. R. Lloyd

Each year an area of tropical rainforest the size of Austria is destroyed. The rainforests contain more than half the world's estimated 5 to 30 million species, most of which are undiscovered. We therefore do not know what is lost each time a huge chunk of rainforest is burned for short-term agricultural use.

The Co-operative Movement and the Environment

Did you know that . . .

- *An estimated 14 billion pounds of trash are dumped into the sea every year?*
- *99.5% of all the fresh water on Earth is in ice caps and glaciers?*
- *To produce one pat of butter, 100 gallons of water are required?*
- *You generate 600 times your adult weight in garbage during your lifetime?**

A Green Movement

The Co-operative Movement as a whole has shown itself to be aware of the environmental problems which we face today and is committed to working towards their resolution.

Retailing and manufacturing co-operatives have sought to eliminate substances considered to be harmful to the environment and to promote more environment-friendly products. In fact, they have gone even further and acted to promote organically produced, vegetarian and other nutritionally healthy foods, hoping thus to improve the diets of consumers.

Some co-ops have also seen the safety issue as part of the wider question of environmental protection and have sought to prevent the accidental consumption of household chemicals by the use of tamper-proof caps and additives which make them taste as unpleasant as possible.

The Movement also supports environmental protection by organizing its own projects and by supporting those run by others by means of participation, financial assistance, technological and marketing advice etc. Member institutions also provide funding for research and development work, and give support to businesses and co-operative enterprises providing environment-friendly goods and services.

Consumer education is a major area in which the co-operatives feel they can make a positive contribution to the environment. Action includes in-store promotions and exhibitions, the production and distribution of leaflets and other publications, educational training for staff members and the inclusion of environmental issues in all publicity and advertising campaigns, and especially when the opportunity arises to do so, through the mass media.

As organizations with the purpose of improving the standard of living for

*from The Atlantic Co-operator (Canada) March 1990

world populations, the members of the ICA have shown themselves to be committed to upholding their place in the battle to protect the environment - in the front line.

ICA Members and the Environment

In May 1989 ICA wrote to its member organizations asking them for information on the measures they and their own member societies are taking to protect the environment. The following is a summary of the information received by ICA. We know that co-operatives are doing far more for the environment than the information we have compiled and urge you to share your experiences with us so that we can show the concerted effort that co-operators are making in this field.

Canada

Canadian Co-operative Association

The CCA gives many examples of individual co-operatives which have shown themselves to be sensitive to environmental issues.

The **Calgary Co-op** has begun to use collapsible, reusable plastic containers for its produce. Produce is placed in containers at source then transported to co-operative stores, where the containers are set up in produce display areas. This means that handling is reduced, and that disposable containers are no longer needed.

Co-op Atlantic collects office paper for recycling. It also sends tyres from its truck fleet for recycling and repair,

and reuses shipping pallets rather than discarding them.

The **Victoria Farmers Co-op** has stopped dumping old produce, making it available to members, who use it as animal feed and for compost. This has reduced the co-op's waste disposal bill by 25%. It has also organized the collection of plastic refuse bags and pop bottles by children from local schools. Students conducted a survey of shoppers, finding that most were in favour of canvas shopping bags at a cost of \$15 each or plastic hampers for a refundable deposit, wanted the co-op to buy environmentally safe products and said they were willing to make personal sacrifices to reduce pollution.

Ontario's **Drayton District Co-op** opened a new fertilizer blender and shed behind the co-op's store. It makes unloading faster for the farmers, and is also situated away from roads and neighbours.

The **Vancouver City Savings Credit Union** has established 'VanCity Enviro Fund', which donates part of its visa card revenue to local environmental initiatives and projects. It also recycles paper, and has introduced an environmental audit of its purchasing and operating policies. Its Ethical Growth Fund no longer invests in companies which derive a significant part of their income from tobacco and is actively seeking out environmentally sensitive firms to support.

A national foods worker co-operative, the **Big Carrot**, has been set up in response to changing market condi-

tions. It provides consumers with an environmentally sound co-operative alternative to regular supermarket fare.

On a wider basis, the **Canadian Council for International Co-operation**, together with the **Canadian International Development Agency (CIDA)**, has initiated a series of workshops and is developing checklists to help Non-governmental Organizations (NGOs) assess the environmental implications of their actions. It is hoped that this will stop well-intentioned projects from backfiring by encouraging development workers to examine all relevant questions before embarking on new projects. Four such checklists have already been produced and there is the possibility of another 16 if CIDA funding is given.

Environmental concerns were among those most frequently expressed by Ontario co-operative leaders in discussions on the impact of globalization on urban and rural communities. One speaker expressed the close link between environmentalism and the principles of co-operation.

Desjardins International Development Society (SDID)

SDID is a financial co-operative institution which aims to increase the well-being of individuals and groups. As this well-being is also affected by the well-being of the environment in which we live, SDID believes people should understand that modern life involves waste and damage to the environment, and that their choices are not without environmental cost. It does not think it necessary to stop progress, but to

orientate it. The means by which this should be done is to prove that conservation is an affordable option and to highlight the vast cost of pollution. In order for recycling to be a viable proposition SDID thinks that the costs of combating environmental damage should be reflected in the price of the products which cause that damage.

Industries can, according to SDID, revise production techniques to become more environment-friendly, increasing productivity and reducing losses, whilst improving their image. It also claims that environmental protection in agriculture is financially realistic in the long term.

SDID has suggested various ways in which member institutions may contribute towards the protection of the environment. Awareness-raising is seen as one of the most important areas in which action may be taken, and the society stresses the importance of education by example. Members should introduce environmental questions when giving credit advice; set an example by using recycled and environment-friendly products, and banning substances identified as pollutant; publicize their commitment to environmental issues whenever the opportunity arises; advertise the success of firms involved in environmentally sound programmes; allow the distribution of literature on environmental matters; include environmental issues in all training programmes; adopt an environmental code of practice; encourage the involvement of staff in environmental issues and help to support local and regional projects. They

Pollution - Man's Worst Enemy



Photo: Alain Devanthery/WWF Switzerland

Hazardous or polluting materials irresponsibly disposed of can contaminate and kill. The Third World is much maligned for its inability to correctly dispose of hazardous waste. But both photos on this page were taken in a highly industrialized Western country where the technology and financial resources to deal with the problems efficiently are readily available.



Photo Peter Jackson/WWF Switzerland

Pesticides and fertilizers cause widespread pollution, poisoning rivers, killing fish and contaminating groundwater. Their residues become more concentrated as they move up the food chain.



Photo: Hans Östborn/Scandinavia Films, Sweden (WWF Switzerland)

Acid rain - the burning of fossil fuel releases noxious gases which cause global warming and return to earth in the form of acid rain. 4,000 of Sweden's lakes are so acidified that there are no longer any fish. Millions of hectares of forest land have likewise been destroyed and the acid also eats away at our cultural heritage; our castles, churches and historic buildings.

should make no investment in enterprises identified as pollutant, and should be aware of environmental variables (energy efficiency, appearance, respect for surroundings) and conform to planning regulations when constructing or renovating buildings.

Financial incentives can also be offered and the society can adopt credit policies which encourage investment in environmental protection. SDID can also help to finance research aimed at improving the quality of life and promoting respect for the environment.

All members of the Desjardins Movement are invited to accept and act upon its suggestions in order to give the young people of tomorrow a "different" financial institution which, in opting for development respecting the environment, will have contributed to their economic and social well-being.

Czechoslovakia

Central Co-operative Council

The co-operative movement within Czechoslovakia is actively involved in projects for the preservation and protection of the environment. Some areas in which they have a particular interest are the protection of forests, the preservation of parks in urban areas, the development of improved methods of sewage disposal and the promotion of air filters.

Ecological specialists are employed by the agricultural co-operatives to advise them on environmental matters.

These co-operatives show their commitment to the care of the environment by accepting the imposition of measures introduced with the aim of limiting the amount of chemicals used in farming.



Photo: Anaré Masizemiloro/IBL. WCS-pollution/WWF Switzerland

Farmer near chemical combinat: Pollution from factories contaminates farmland.

Denmark

Co-op Denmark (FDB)

As a consumer organization, and the largest retail trader in Denmark, FDB considers that it is its responsibility to protect the well-being of Danish consumers. Environmental protection is one of the most important ways in which this may be done, and FDB has noted a growing awareness amongst Danish consumers of such problems as acid rain, the ozone layer and the greenhouse effect.

In response to consumer demand FDB is attempting to make the goods sold in its shops more environment-friendly. It now uses less PVC and chlorine-bleached paper and cardboard. Its own brand aerosols are CFC-free, and the foam plastic packaging used in FDB stores has been produced using gasses other than CFCs. For several years it has stocked vegetables, milk and pork from organic producers.

Packaging is seen as an important way in which FDB can show its commitment to the environment. In 1987 it launched a project to reduce the amount of packaging used for its products and to substitute ecologically undesirable materials with "safer" ones. All its products are examined for over-packaging, and concentrated, condensed and compressed products are stocked. Recycled materials are used in some packaging.

Co-op Denmark presented a set of guidelines for more environmentally sound operations at its 1990 Congress. It encourages debate within the organization on environmental issues, having circulated a discussion paper

covering such subjects as safe products and packaging, energy conservation and consumer information to shop committees. FDB is also involved in schemes for the recycling of glass bottles.

FDB considers it necessary for consumers to be aware of the importance of environmental issues and has drawn up a plan for customer information and future marketing campaigns. It has introduced its own system of symbols to indicate environmentally-friendly packs and products.

FDB sees the environmental issue as a great challenge and wishes to be in the front line in tackling environmental problems.

Federal Republic of Germany

In Germany, the market share of recycled toilet paper has increased considerably. Co-operatives also sell Sevous Pro-Natur kitchen roll, which is made from 100% recycled paper.

The producer co-op, PWA Waldhof, has received an environmental protection award for its innovative work in the production of batteries. By changing from calcium-treatment to magnesium sulphate processing oxygen demand was reduced and sulphur dioxide emissions were kept within the permitted levels.

Finland

Co-operative EKA Corporation

Within EKA, knowledge about damage caused to the environment by 'progress' has increased discussion of environmental issues. Following the UN-commissioned Bruntland Report

Wood is one of our most precious resources.



Photo: Mark Edwards/WWF Switzerland

Trees protect the soil from erosion, rivers from siltation and indirectly affect the climate, through helping to regulate the amount of carbon dioxide in the atmosphere. Destruction of forests leads to the expansion of deserts. . . .



Photo: Tim Porter/Camera Press/WCS - Wood Industry/WWF Switzerland

... And yet! each year man wastes the wood from millions of trees. Here furniture and building materials made from tropical hardwood is discarded on tips and later burnt.



Photo: Marco Erbetta/WCS Fuelwood/WWF Switzerland

Millions of African women and children must walk miles each day to collect firewood. The installation of low cost, slow-burning stoves in African homes could lighten this chore, improve health (because the smoke from open fires in badly ventilated dwellings causes brochial problems) and also help save billions of trees each year.

on the environment and development, 'Our Common Future', there was positive response from the Nordic nations in the form of statements and national legislation. EKA forecasts that the 1990s will be the decade for environmental protection, with consumer pressure and the activities of voluntary organizations at the forefront.

EKA's environment programme seeks to influence members and customers through consumer education, advertising, member committee activities, campaigns and sponsored activities; staff through education and encouragement to involve themselves in environment issues; partners through advertising methods and business practices; suppliers by encouraging them to develop environment-friendly products and operations; and international and Nordic co-operatives through interaction and joint buying.

EKA tries to ensure that its sales outlets are clean and pleasant and in keep-

ing with their surroundings. It tries to select the best environment-friendly products and to present them clearly. It offers the least harmful alternative products wherever possible and gives priority to Nordic eco-brands. It also seeks to provide informative advertising, maintaining a dialogue with manufacturers and suppliers to ensure that complete information is given on product labels, and provides information about environment-friendly operations and recycling.

In its day-to-day operations EKA strives for the most efficient use of energy in refrigeration, lighting and air conditioning, etc. Its building programmes use the most environment-friendly materials available, and those which are least harmful to health. It minimizes the use of CFCs in its refrigeration and ensures that the most environmentally-friendly equipment and operating methods are used at all times.



Photo: WWF Switzerland/WIRZ

Abandoned refrigerators release CFCs contained in their freezing agent into the atmosphere.

Pollution caused by transport is kept to a minimum by means of catalytic converters and ensuring that stationary vehicles do not keep their engines idling. In manufacturing, EKA has a policy which protects both the external and work environments through developing environment-friendly products, using non CFC-expanded packaging, producing naturally treated timber furniture and using low allergen ingredients.

EKA observes the legislation regarding waste disposal, and makes an effort to keep abreast with the latest developments in refuse management. Staff are instructed in waste classification and control, encouraged to recycle wherever possible, and to process 'problem waste' carefully. In its offices EKA encourages the use of recycled paper for envelopes, forms, towels etc., and all suitable waste paper is collected for recycling.

Japan

Japanese Consumers Co-operative Union (JCCU)

Recently JCCU has been developing original environment-friendly products, including tissue paper made from 100 per cent recycled paper, which have been available to consumers since June 1990.

In February of the same year JCCU was the first organization to market the "stay-on tab" can for beverages, rather than the "pull-type tab". The "pull-type tab" otherwise used throughout Japan was found to be environmentally harmful, and has been banned in a number of countries. It

not only contributed to littering but has also been responsible for the death of waterfowl, which often choke on the tabs.

Other environment-friendly products sold in co-ops stores include laundry detergent and non-aerosol (pump type) hair spray.

The development of environment-friendly products was launched as a part of the environmental action policy recently adopted at the meeting of the JCCU board of directors. To be deemed environment-friendly, a product must meet at least one of three conditions: 1) it does not impose undue strain on the environment, 2) recycling of the product is possible, and 3) it saves energy and natural resources.

Nadakobe Co-op and other primary co-op members of JCCU have been developing and selling environment-friendly products for many years now.

However, as there has been a recent surge of public awareness concerning environmental issues, JCCU has decided to dedicate itself to the development and supply of such products. They will bear a standardized symbol to show that they are environment-friendly.

The standardized symbol to be used on products is designed with the earth inside a big C, taken from co-op's initial, and has the copy "Life on Earth, Appreciating Nature" arranged around it. The symbol will also be used on products already being sold by the member co-ops if the concerned co-op judges them to meet the required

conditions. JCCU and member co-ops expect to be producing a total of three hundred products bearing the environment-friendly symbol by next March.

Poland

Central Union of Peasant Self-Aid Co-operatives (CUC)

CUC carefully monitors any pollution to the environment which might result from their co-operative plants. In order to combat the problem of pollution it is involved in the introduction and testing of new waste water treatment units. It is also responsible for the production and sale of EKOBLOK, a system for compacting waste products.

CUC has set up a research and development centre, and has also established EKOBLOK Company Limited, to manufacture and market the EKOBLOK treatment units. It is proud of its achievement in having sold more than 100 units by June 1988.

This organization also provides training courses for those on the boards of its regional co-operative societies.

In addition to the measures outlined above, CUC sees to it that environmental issues are given a high profile by ensuring that they are discussed in the mass media, and through its participation in exhibitions and scientific conferences.



Photo: André Maslennikov/IBL/WWF Switzerland

Laboratory for environmental research in Poland.

Sweden

Kooperativa Forbundet (KF)

To satisfy its members and consumers KF has decided to make all its operations more environment-friendly. It is currently reviewing its product range to introduce more environment-friendly produce and remove that which may cause environmental damage. KF is particularly well-positioned to do this because it has its own manufacturing companies which provide stores with merchandise. These companies are making determined efforts to produce environment-friendly products e.g. Lumalampan makes Panda batteries, which do not contain mercury, and one of its subsidiaries, MRT, holds the patent for a process to recover the mercury used in fluorescent lighting.

KF is constantly increasing the range of organic products sold, and unnecessary additives and preservatives were removed from co-op bakeries' bread years ago. Environment-friendly products sold in KF stores include non-chlorine-bleached toilet tissue, kitchen rolls, coffee filters, nappies and sanitary towels.

Unbleached paper carriers have been available in co-op stores for 20 years, and a new policy on packaging was adopted in December 1988. KF now offers its societies more environment-friendly packaging in the form of bags, paper and polyethylene film, and these are being used by most of the larger societies. KF does not use CFC-expanded plastic butchery trays, or similar packaging. Member societies are considering a deposit and return sys-

tem for PET bottles and hope to enable consumer waste to be returned to shops where possible.

KF considers the information and education of customers, and the promotion of environment-friendly goods, to be a priority. Ecologically sound goods already on sale are to be better marketed and environmental issues will be included in "normal" marketing. Environmental awareness will be promoted by special advertising and a poster campaign.

KF seeks to influence public opinion by developing links with environmental organizations, organizing and participating in conferences, and publishing books and other literature. A special environment education scheme for KF staff was introduced in 1989.

Customers are provided with as much information as possible about the products which they are buying. KF uses its own symbol to mark environment-friendly products and consults environmental organizations and researchers when determining the criteria for its use. It also indicates those products which are particularly healthy from a nutritional point of view.

Store equipment and transport are to be reviewed with a view to making them more environment-friendly, and a long-term ecology and environment programme is currently being drafted for adoption in 1990.

KF sees the above as a long-term plan of action and hopes that eventually consumers will feel that shopping in a co-operative store is, in itself, an environment-friendly act.



Photo: Mark Edwards/WWF Switzerland

Co-operative Movements throughout the world are involved in campaigns to protect the environment. Movements in Sweden and Denmark have been involved in reforestation programmes in the Third World. Above: trees are nurtured in special nurseries before being transferred to plantations. Below: once denuded hillsides have been transformed into successful agro-forestry sites.



Photo: E. Kern/WWF Switzerland

Federation of Swedish Farmers (LRF)

In 1985 the Federation of Swedish Farmers adopted an environmental programme for the production of food which stated that Swedish agriculture should strive to provide fresh products of the best possible quality, and reject production techniques which adversely affect food quality or which offend widely held ethical values; maintain quality throughout production, processing and distribution, refusing to sacrifice food quality to shelf life and ease of handling; allow consumer demand to guide the nature and volume of production, check on claims to "organic" status and encourage organically grown meats and produce by helping farmers to market and process products; maintain and improve the productivity of biological resources, and refuse to retain or introduce any production technique which damages the environment, acting to see that pollutants are stopped at source; minimize the impact of agriculture on the environment by keeping abreast of the latest findings regarding the negative side-effects of their industry - early awareness of problems makes them easier to put right; provide support for research and development to improve quality of food and the environment.

Together with KF, the Swedish Trade Union Confederation, and the Swedish Central Organization of Salaried Employees, the Federation of Swedish Farmers has issued a ten-point food quality programme which states that schools should provide education on food, diet and nutrition and use school lunches to establish sound dietary habits; that consumers should be taught

about traditions, food quality and food production in Sweden; that information, controls and economic incentives (quality premiums) should be used to promote food quality in production; that production and distribution systems should promote freshness; that methods of production should be environmentally sound and favour the health and living conditions of livestock; that the organizations should use information, professional skills and technical aids to promote quality in production and distribution; that support in the form of research, services and marketing should be provided for organic production; that co-operative production and trade should be allowed to compete on an equal footing with other forms of enterprise; that the organizations should work to increase Swedish households' purchasing power so they can improve their diets; and that consumers should be encouraged to choose home-produced, high quality food.

The Confederation of Swedish Farmers and its member organizations seek to put pressure on the Swedish Government to act nationally and internationally on acid rain. Although willing to contribute as fully as possible to the protection of the environment, the LRF wishes to obtain compensation for any losses which its members might incur as a result of adhering to new environmental policies. LRF regrets that only 1/4 of the funds raised by a tax on agricultural chemicals (Sweden wants to reduce their use by 50% within 5 years) goes to farming. Swedish farmers, however, take environmental protection very seriously indeed and show this by their refusal to use industrial

waste as fertilizer, despite recommendations from the authorities to do so.

United Kingdom

Co-operative Retail Services Ltd (CRS)

In 1985, following consultation with its members, CRS adopted a statement of social goals which included the commitment "to do everything in its power to protect the environment and ensure the efficient use and protection of natural resources".

CRS has cut down on the sale of products considered to be harmful to the environment. Own brand aerosols are all CFC-free, and it hopes that all those sold in Co-op stores will be CFC-free in the near future. Co-op label toilet deodorizers do not contain paradichloro-benzene, and stores also stock several branded products which do not contain this chemical. CRS shops do not sell products made with tropical hardwoods, and none of their own brand products are tested on animals.

In addition, CRS sells a range of environment-friendly products. Organic and vegetarian products, and free range chicken and eggs are stocked. A wide range of additive-free products is also available. Several own brand toilet cleaners are biodegradable and phosphate-free, and Co-op brand detergents are 80% biodegradable within 19 days. Unbleached sanitary products are currently being introduced. CRS stores sell mercury and/or cadmium-free batteries, and candles which are not made from tallow. An own brand toilet tissue made from 100% recycled paper is available, and CRS is considering the use of biodegradable

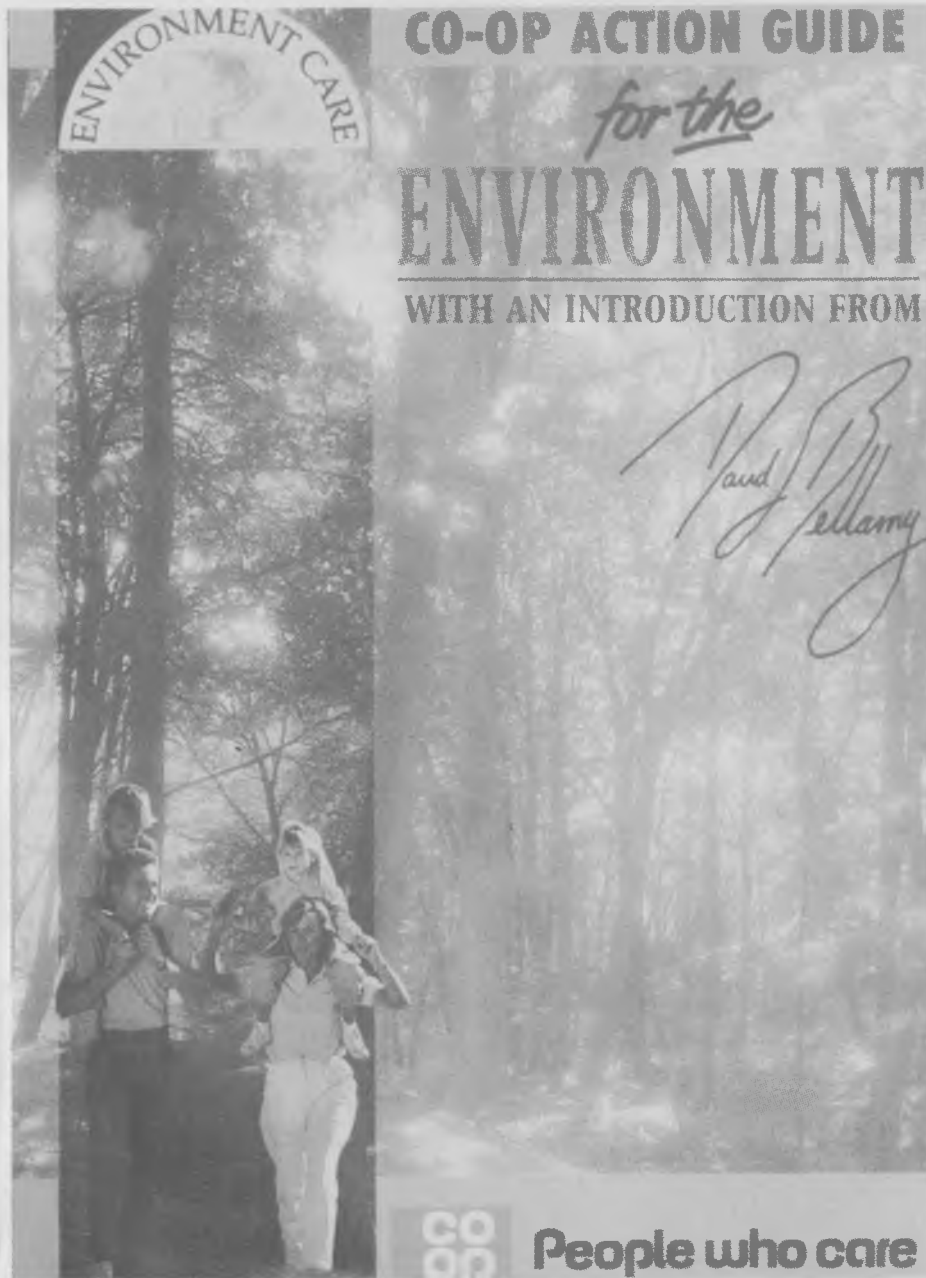
dyes in its manufacture. Safety is also a major consideration. Many products are packed in containers with tamper-proof caps, and bitrex is added to potentially harmful products so as to make them taste unpleasant.

Packaging has also become more environment-friendly, with biodegradable egg trays, non-plasticized cling film and re-usable carrier bags. CRS butchery trays are not produced with CFC gasses, and own brand Silky products use inner cardboard made from 2/3 recycled paper.

CRS car fleets use unleaded petrol (which is also sold at some outlets). Many stores provide bottle banks, R22 refrigerant (less harmful than CFCs) is being used for all new and refurbished stores, and stores are made as energy efficient as possible e.g. by using revolving doors to cut down on heat loss, and by reviewing lighting and heating arrangements. Several dairy, food and non-food businesses have received awards for energy efficiency in recent years.

CRS aims to raise environmental awareness through community projects and improved customer information. Many of its own-brand products bear messages such as "Keep Britain Tidy". Community action has included co-operation with environmental groups, insulating and draught-proofing homes, help for new worker co-operatives recycling furniture, electrical goods etc., and the organization of a poetry festival and competition on environmental issues.

In 1986 CRS won the European Conservation Award for Industry.



One of the Co-operative Movement's environmental projects is a booklet entitled CO-OP ACTION GUIDE for the ENVIRONMENT. Professionally presented and well written, this attractive guide gives information on the problems and practical measures which each of us can easily follow to contribute to their solution. The booklet is available from the CWS Technical Group on Environment Care, 28 Knowlsey Street, Manchester M8 8JU, United Kingdom (limited supplies).

Ipswich Co-operative Society launched a Save Our Countryside project in Spring 1989. This was taken up by several other co-operative societies throughout Britain. It was a competition run to encourage young people to care for the environment. Schools in the Ipswich area made 800 entries, involving 1,350 children. 21 of the Ipswich entries, and 120 entries from Scottish schools were exhibited at the Glasgow congress, together with exhibits from the Scottish Wildlife Trust. Bob Wildgust, Deputy Chief Education Officer at the Co-operative College, Loughborough, said he hoped the exhibition would generate interest in expanding the college's environmental programmes. Because the project was so successful plans were underway to launch the contest nationwide in 1991.

Co-op Insurance Society (CIS)
CIS launched an Environ Unit Trust at the 1990 Co-operative Congress. This will invest money only into companies which are involved in environmental protection.

Co-operative Wholesale Society Ltd (CWS)

The CWS has found that, although consumers are aware of the importance of environmental issues, the majority do not know which products are the most environmentally sound. Action has been taken to change this. A specialist has been employed to advise the organization on environmentally sound retailing and to visit Co-op superstores to talk to shoppers. CWS also has an environmental roadshow which visits the superstores. It



Photo: Vicky Alhadef, WWF Switzerland

UK Stop Acid Rain Warden campaigning in London.

has published and distributed literature on environmental issues, and has formed a group to encourage action by members. On-pack offers and sales promotions inform customers and raise money for endangered species. The information on products sold in CRS shops has been improved so consumers can choose which products to purchase or avoid. Own brand products carry recycling symbols, first aid instructions and list the harmful substances usually used in such products which have been omitted, e.g. non-CFC, phosphate-free, etc. CWS has made a commitment to review all Co-op brand products and packaging.

CWS is also experimenting with photodegradable and photobiodegradable carriers. It is involved with Stoughton Lodge, a 150 acre experimental organic farm, and also runs Stoughton Grange Farm Park, which has the purpose of promoting conservation and care of the countryside.

CWS is currently pressing for the introduction of uniform criteria to define products as green and indicate degrees of "greenness" so as to prevent the inappropriate use of invented symbols, which might mislead consumers.

United States of America

Davis Food Co-op

The Davis Food Co-op publishes a newspaper (on recycled paper) dealing with various ecological issues. It discusses matters such as nutrition, waste disposal, gardening, vegetarian cooking and the effectiveness of cleaning products. Recently staff were sent

to the National Foods Expo West, which gave them ideas for improving the co-op. The co-op has also begun a campaign to encourage customers to bring their own bags and containers for purchases, offering a small cash incentive to do so.

In Davis, to celebrate Earth Day 1990, a national event taking place on April 22nd, events were planned at the university and throughout the city to make people more aware of environmental issues and to encourage them to become involved in the decision-making process at all levels. One purpose of Earth Day is to show them how they, as individuals, can make a difference to global problems. According to Marcia Ceccatio, who is involved in running Earth Day projects for Davis school-children, once people make changes in their individual lifestyles and personal awareness 'the political changes will follow'.

Children's Earth Day projects involved students and their parents conducting a home survey on energy conservation, home toxins, transport, water conservation and recycling. At the University campus an environmental audit was carried out, dealing with waste disposal practices, recycling efforts and resource consumption. It was also hoped that an environmental resource centre would be established 'to house various campus environmental organizations and serve as a strong advocate for environmental activities at the local, state and federal levels'.

Non-profit organizations and charities were also involved, with the aim

that mass participation in Earth Day events would raise public awareness and educate people on environmental issues. Earth Day seeks to involve a wider public than those traditionally involved in the environmental movement - organized labour, religious groups, minorities and the poor. It is hoped that work for environmental protection will continue long after the Earth Day events are finished.

Earth Day organizers hope that US dependence on oil, coal and nuclear energy will be reduced over the next 25-30 years, that CFC emissions will be eliminated and that acid rain can be reduced by 80%. However, it is felt that in order to do this millions of people must change their way of life, lobby their politicians and take on polluters at the local level. It won't work if there's a split between the 'lifestyle folks' and the 'political folks'.

Conclusion

The Atlantic Co-operator supplied us with some startling information with which we introduced this article. In the March 1990 issue of 'The Atlantic Co-operator', Cathy Peck does more than merely startle, she raises some questions which need to be studied carefully before we make environmentally conscious decisions, and we will conclude with some issues raised in her thought provoking essay.

Ms. Peck explains that the solutions to environmental problems are more complex than most people think. Green consumerism can help, but is not the answer to global problems; indeed it

can confuse the issue by placing emphasis on consuming better rather than consuming less, and gives too much importance to recycling as the solution to the waste problem. According to Ms. Peck, individual action is not the answer: the whole society must change from a consumer society to a conserver society.

Ms. Peck states that most landfill refuse consists of compostable waste, paper and cardboard. She also points out that some of today's 'solutions' could cause tomorrow's problems. There is, for example, little evidence that biodegradable plastics will degrade in sanitary landfill. Their end products may cause toxic chemical and heavy metal pollution. They are also difficult to recycle because the additives which make them degrade contaminate the plastic; and their use reaffirms our throwaway 'there's more where that came from' attitude.

Ms. Peck also states that the vast majority of aerosols do not contain CFC propellants and no moulded style foam containers are now manufactured with hydrochlorofluorocarbons. In fact, polystyrene containers may be superior to treated paper, being 'hygienic, convenient where one time use is needed, cost effective and recyclable into other products and energy'.

Ms. Peck concludes by saying that consumers, industry, government and environmental groups should work together, first becoming better informed and then changing their way of life to fit in with their knowledge on environmental issues.

Food for Thought

Do Environmental Policies Create or Kill Jobs?

The ILO has recently carried out research as to the effect of environmental policies on the employment market. Its results show that the situation is not as clear as it might appear. Although many plants have been closed, as a result of new protective standards and regulations, the report claims that "plants that are closed allegedly for environmental reasons are small, old and probably would have been closed anyway. In many instances, the environmental regulations simply tend to accelerate the timing of already inevitable shut-downs". In the West the number of jobs lost as a result of such closures has been relatively small. Shutdowns, however, are only part of the story. The report also states that firms may not have expanded or plants may not have been built at all - because of the regulations.

In the East the negative effects of environmental policies tend to be greater. For example, the report found that in the Polish region of Gdansk "plant closures following environmental regulations have aggravated the unemployment problem"; and an irrigation scheme in USSR drained the Aral Sea and made the land more saline, thus

destroying a large number of jobs and forcing people to move.

The impact of new, clean technologies is ambiguous. Although labour is displaced output is raised so "employment may be maintained or even increased". There are also jobs created performing environmental control, maintenance and clean-up operations. In addition, anti-pollution expenditure increases demand for new goods and services, thus creating indirect jobs.

On the negative side, however, ambitious political statements have not been followed by action and budgets for the environment have, in many countries, remained (at best) at the same level as a decade ago.

The report concludes that, since not enough has been done in recent years, the environmental threat can only become worse and governments will be forced to take action. "Such a major shift in environmental action would no doubt have a major impact on employment and training requirements, which could reach unprecedented dimensions".

JUST
RELEASED

AGRICULTURAL COOPERATIVES IN JAPAN

The Dynamics of
their Development

By

M.V. MADANE
Project Director

ICA/JAPAN Management Training Project

With a Foreword by

THE EITIRO NODA

Ambassador of Japan in India

AGRICULTURAL COOPERATIVES

IN JAPAN

The Dynamics of their Development

M.V. MADANE



International Co-operative Alliance
Regional Office for Asia & the Pacific

The book is an attempt to bring to the reader the dynamics of agricultural co-operatives in Japan and the special characteristics of their functioning. The book does not attempt to describe in detail all activities nor it claims to cover the total canvass of activities from the national level to the hamlet groups. It is an attempt, on a selective basis, to present an overall view of the Agricultural Co-operative Movement and discuss some of its present-day priorities and problems.

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Co-op Trade

by John Julian*

When the rains come to Northern Tanzania it is hard to imagine anyone going hungry. The market stalls overflow with fruits and vegetables and food rots for want of a buyer. Yet a few hundred kilometers away, in the south of the country or in neighboring Kenya, the same products may be in short supply.

In the Rift Valley bags of maize, the staple food of the region, rot in huge stacks. Yet in nearby towns teachers and other urban professionals plant their front yards to maize because they cannot afford to buy the product from their farming cousins.

"Production is very uneven," says Ben Mutambukah of the International Co-operative Alliance's Regional Office in Moshi, Tanzania. "There may be abundance in one area, and a shortage in another, just a short distance away. Prices for fruits and vegetables can be five times as much in one part of the country as in another."

As coordinator of a project examining trade among co-operatives in East, Central and Southern Africa, Mr. Mutambukah is working to identify



and reduce the barriers to trade and equitable distribution of food in the region. Initially four countries -- Uganda, Kenya, Tanzania and Zambia -- are participating but plans are for other countries to eventually take part.

The ultimate goal of the project, which is being funded by the Canadian Co-operative Association, is to develop a trade support function to help agricultural co-operatives realize better incomes for their members. It is anticipated that local consumers will also benefit through more consistent food supplies and more stable prices. The project is looking at trade within the region as well as import and export possibilities.

In the first three years, information about customs, documentation and

*John Julian is Information Officer of International Affairs at the Canadian Co-operative Association.



Silent trucks awaiting customs clearance

trade barriers will be assembled and a data base developed detailing who is producing what, where and when. Charles Gashumba, executive director of the ICA Regional Office, believes that this basic information may be one of the most valuable outcomes of the project.

"There is a lot that co-operatives can trade among themselves, but there is very little information. For example, farmers in Kenya import cotton cake for animal feed from abroad. Meanwhile there is a surplus right next door in Tanzania. I have much hope that things can get better."

Perhaps the most remarkable thing about trade in East, Central and Southern Africa is that it takes place at all. Even among neighbors, it is often a nightmare of bureaucratic hurdles. At

the border crossing of Namanga between Kenya and Tanzania heavily loaded semi-trailer trucks sit silently. They are coated with a fine dust, testimony to the fact that they have not moved for several days. According to locals, it is not uncommon for trucks to sit for a week awaiting customs clearance.

In Uganda, until very recently there was only one office in the entire country capable of issuing import permits. A business person in the northwest corner of the country wishing to bring in goods from just across the border in Zaire had first to make the treacherous trip to Kampala for the necessary paperwork.

According to ICA Trade Officer Mutambukah, excessive bureaucracy, particularly where trade is concerned,

has been a peculiar Third World phenomenon. "In Japan one only needs to visit two offices in order to obtain the permits necessary to export. In Egypt one must visit 30. That really discourages trade."

Egypt is an extreme case, but even in the project countries Mr. Mutambukah says there may be seven or eight offices to visit in order to accomplish what should be done with a single form in a single office.

A whole new set of obstacles is encountered when the object is to export to the industrialized world. One key problem is product standards. The bananas sold in supermarkets in Europe and North America taste like cardboard compared to those available from street vendors in Northern Tanzania. But the consumers of the developed world have come to expect a product that is large, pale yellow, uniformly ripe and free of blemishes.

Compared to the genetically manipulated bananas grown in plastic bags in Central America and the Caribbean, the small, tasty African varieties just don't make the grade. The same is true for African pineapples. Unlike those grown by Del Monte in Hawaii or the Philippines, the African fruit is not of uniform size. The same is true for potatoes and tomatoes.

Even if a European importer does agree to try a shipment of a perishable African food product, there is still the problem of transport. The roads are often rough and slow, and there are



Women bagging fresh carrots

few refrigerated trucks. Few airports in the region are equipped with refrigerated storage facilities. If the flight is delayed—a not uncommon occurrence—the product may spoil on the ground, arrive in poor condition, or possibly be sold locally at fire sale prices in order to avoid a total loss. The buyer, meanwhile, has new evidence that African shippers are unreliable.

Just finding a flight can be difficult. Most of the northbound transport aircraft stopping in southern or eastern Africa originate in South Africa. That country produces many of the same products and is none too anxious to share its markets. To use such flights, East African exporters must pay for empty space from South Africa.

Lack of capital is another major impediment to trade. Most of the coun-



Broken down truck - cabbages may not reach destination

tries in the region operate under International Monetary Fund structural adjustment regimes. Lending is restricted to the point where there is rarely money to pay for crops on delivery. Farmers must wait until the crop has been sold to be paid. It can be a long wait.

While the current trade situation in the region is far from ideal, Mr. Mutambukah says there have been some very positive developments lately. One of the good things about structural adjustment, he says, is IMF insistence on trade liberalization. Another positive development is the growing effectiveness of the Preferential Trade Area for Eastern and Southern Africa. Based in Lusaka, Zambia, this 13 nation organization is dedicated to reducing trade barriers among its member countries.

Operating since 1984, the very existence of this organization is indicative of positive changes in the region. It represents the first major effort at economic co-operation since the East African Economic Community of Kenya, Tanzania and Uganda collapsed amid much bitterness in 1977.

According to Mr. Gashumba, the ICA has established a productive working partnership with the PTA. "The PTA finds it useful to have the ICA coordinate on behalf of the co-operative movement. It is also an advantage to the ICA to be closely linked with that organization."

As a result of this relationship, co-operatives are now routinely invited to the buyer-seller meetings organized by the PTA. Co-operatives also stand to benefit from the trade infor-

mation gathered by the PTA. Mr. Gashumba believes that co-operative involvement in PTA activities has helped that organization widen its focus to include not only big businesses, but the small farmer as well.

Governments in the region have also made changes that bode well for the ICA trade initiative. In the African context, marketing boards have been a method used by governments to tax producers and to ensure that trade profits go to governments, rather than producers. Increasingly, marketing boards are being dissolved or their mandates changed to allow co-operatives or individual producers to reap more of the benefits from the marketing of their products.

If there has been a surprise in the early stages of the project, Mr. Mutambukah said it has been the discovery that many of the co-operatives in the four target countries are much closer to being ready to export than anticipated. With the information-gathering portion of the project nearing the half-

way point, Mr. Mutambukah is now looking ahead to some of the export-related issues to be addressed when and if the project continues to its next phase.

Export quality standards are a particularly difficult problem. Many African producers, he says, are not aware of what is required in the products they produce. Even if they know, in many cases the knowledge and resources necessary to achieve those standards are lacking. Mr. Mutambukah can see the need for expert technical assistance if local producers are to ever crack European and North American markets.

A second pressing need is finance. Co-operatives need capital to fund the move into trade. The answer may well lie in mobilizing funds from within the co-operative movement. Mr. Mutambukah sees the large, successful credit unions in Kenya, for example, as one potential source of funds that could be tapped for this purpose.

ICA Documentation Available in Arabic

The Higher Institute of Managerial Studies, Egypt, regularly produces ICA documentation and articles on ICA and international co-operation in Arabic and disseminates this to co-operatives in Arab-speaking countries.

In order to be put on the mailing list or for further information, please contact:

Dr. Kamal H. Aboul Kheir
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Cairo, Egypt.



Book Reviews

Integration und Kooperation in Nord und Süd (Integration and Co-operation in North and South)

edited by Fried Esterbauer and Winfried Lang
Published by Verlag Peter Lang, Bern 1988, 425 pages

The book under review - jointly edited by four Austrian experts on international law - is an attempt to describe and compare the regional integration processes that are taking place in various regions of the world. The presentation of the different forms of integration in Asia, Africa, Latin America/Caribbean and Europe is preceded by a chapter on "Elements of the regional process", which summarizes factors capable of providing information on the respective state of integration from a comparative point of view.

These six factors are:

1. **Regional institutions**, which are taken to mean both policy and decision-making bodies and executive and administrative bodies. But the concept of institution also comprises arbitration bodies which in Europe, for example, have taken the form of courts. In this context institution is taken by the author to mean both international organization and supranational organization.
2. **State of development** as the most important element of the processes of integration and disintegration taking place in a region.
3. **Psychology** as a non-physical element of the regional process; this encompasses experiences and expectations, value judgments, ideological attitudes and the regional consciousness.
4. **Political system** (democratic-pluralist, authoritarian, etc.).
5. **Communications and transactions** - by this is meant overall exchanges between participants, be it physical exchanges (goods, capital and services), non-material exchanges (information, ideas) or migratory movements.

6. Environment

The complexity of the relationship between the environment and the regional process is examined from three perspectives: external influences on the region, internal effects and, finally, how the process of integration in turn affects its environment.

The survey of the various worldwide integration processes in Asia, Africa and Latin America/Caribbean and Europe is based on this "set of evaluation instruments". The comparison of European experiences and models with those of the world's other regions is of particular interest to the reader interested in international relations. This comparison makes it possible to close the information gap on, for instance, the Association of Southeast Asian Nations (ASEAN), the Organization of African Unity (OAU) and other regional integration processes, although this gap undoubtedly also exists in relation to the European process of integration. In particular, the relativity of European solutions and methods under completely different conditions is clearly emphasized.

In view of the currently accelerating process of integration in Europe, the two chapters dealing with "Europe" will arouse the reader's particular interest. From the point of view of the present uncertainty about the future of the Council for Mutual Economic Assistance (CMEA), the concise account of socialist economic integration in Eastern Europe serves as an interesting aid to understanding the present trends.

Ten documents on recent European integration are reviewed in an almost one-hundred page annex (for example, the European Parliament's draft contract for a European Union, dated 14 February 1984).

With regard to the topicality of the subject of integration, the work under review gives an effective overview of a host of institutional possibilities for regional integration processes. The book's only drawback is the lack of any summary or summaries.

Mario Paterna

People-Centred Business

by Edgar Parnell

Published by Plunkett Foundation, pp. 23, £5.00.

Recent changes in Eastern Europe have demonstrated once again the confusion which exists in the minds of many

people about the true nature of co-operatives and their relationship to the market economy.

In this short tract the Director of the Plunkett Foundation starts from the premise that co-operatives, mutual insurance societies, producer-controlled marketing organisations, and associations all share the same essential characteristic—they are designed to serve the needs of people (users) rather than capital (investors). The result is a clear and lucid analysis of the key elements of these organisations.

If, as Parnell believes, the prime objective of a people-centred business is to deliver benefits to its members (as opposed to benefits for investors in an investor-driven business), then the debate about the primacy of economic or social benefits becomes unimportant—it is the members who determine the orientation of their organisation. Other goals, including democracy and participation, become supporting objectives which, while important, are not the basis on which to define the essential character of the organisation.

Instead of “co-operative principles”, he prefers to think in terms of “policies” which will keep the business truly people-centred. These include open and voluntary membership, and voting rights based on the member as an individual rather than the level of his investment. Member control is a key corollary to member benefit.

This latter point leads to a useful analysis of the role of capital. The author argues that investors in a people-centred business are entitled to a market rate return, security, and participa-

tion in capital growth if they share in the risk; but they are not given a proportionate share of control of the business.

Similarly, the notion that co-operatives and other people-centred businesses are “non-profit” has proven to be extremely misleading since it implies that they are not efficient or economically strong. The key distinction is that profit is not an end in itself, but rather a means to the ultimate end of providing benefits to members.

As co-operatives have long known, managing a people-centred business is much more demanding than operating an investor-centred one, where the fundamental purpose is simple and clear—financial benefits to investors. The failure to establish clearly-defined objectives in support of the prime task of serving members’ interests is a common problem in co-operative and similar organisations.

The current ICA review of basic co-operative values and principles is intended to provide a clearer definition of the key elements of this different form of business. The concept of “people-centred business”, in which co-operatives are one of many similar organisations, is not unlike the concept of the “*economie sociale*” that is commonly used in France, Italy, and Spain to include co-operatives, mutuals, and associations. Both concepts should help co-operators in their current reflection on their own basic values.

Bruce Thordarson

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ANNUAL REPORT 1990

*of the International Co-operative Alliance
for the 1990 Central Committee Meeting, Madrid, Spain*

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Editor M. Treacy

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MESSAGE FROM THE PRESIDENT

Looking back at the first half of 1990 I find that the ICA offers some reasons for satisfaction, even if we can allow ourselves that indulgence for only a brief moment.

Last year brought us a continued and increased financial surplus and a little closer to one of our targets, i.e. reserves to cover one year of H.Q. operations. Our Director and Secretariat as well as our Donors have all contributed. The target should be reached in 1992-93.

Of course it has often been tempting to use more money but it seems necessary for us to prove that, after years of tapping reserves, we are able to produce accounts all in the black. I do not believe that this will tempt members to have illusions and neglect their economic duties.



Living on an annual budget of just over SFr. 2 million means we can only afford a Secretariat of a dozen. This Secretariat must serve both individual members and specialized organizations as well as the membership as a whole. That is why we need to identify priorities with extreme care; that is why we have to be flexible and move resources to areas where they can be most effective; that is why we often have to be confident in our membership and their ability to handle problems alone even though we have received their requests for assistance. Our regional offices and our collaboration with donors allows us to give assistance which is sorely needed in the lesser developed regions.

The ICA Regional Office for Asia and the Pacific arranged its first Ministerial Conference in February. It was a great success. Co-operative ministers and government representatives met our own leaders. Participation covered an area from Japan and USSR in the North, Iran in the West, Australia in the South and Fiji and Tonga in the East.

The effect of the meeting was broadened knowledge and increased respect for the co-operative sector of national economies. We also learned that Australia will join Japan in taking economic responsibility for co-operative development in the poorer areas of Oceania and Asia.

Three months later, in May, the third conference of a similar kind was organized by our office for East, Central and Southern Africa. Here the major item was the political environment of co-operative movements. Last time this conference was held I felt that governments looked

upon co-operatives as just another tool for political power. Interference was the rule. But this attitude is changing.

As you are aware, one party systems are disputed worldwide and economic pluralism as well as political democracy are gaining momentum. The conference in Nairobi came at the right time and the ICA message was clear. If our basic values and principles are not respected, those organizations masquerading as co-operatives will be regarded by us as public enterprises and their eligibility for membership in ICA will be questioned. So called Movement-to-Movement Support, if it exists at all, will have to change its name to Government-to-Government support.

Before my arrival in Nairobi I visited Dar Es Salaam for talks with government and the ruling party. The movement had been told that it was a party organization like women and youth movements, and that, therefore, the party should thus appoint its leaders.

Before I left - after tough but friendly talks - I was assured that co-operative independence was to be observed in all aspects. The same view was later shared by all government representatives in Nairobi. Of course words and deeds do not always correspond, but we shall see. Several donors are prepared to put some strength behind the ICA viewpoint and, as I just mentioned, it seems like time is on our side.

Another ICA initiative resulted in a March meeting with presidents of members in Central and Eastern Europe, and West European members of the Executive. Its purpose was to discuss how government money, donated from other countries to support the process of economic reform, could reach co-operatives in order to balance the generally held opinion that joint-stock companies offer the best way to economic efficiency.

Our conference was a good one. A number of follow-ups have taken place or are planned. At the forthcoming Madrid Central Committee a panel will clarify the situation.

What else is there to be noted?

The Executive is preparing a proposal to the 1991 Central Committee in Berlin where a new structure of operations will be introduced for discussion before it is put to the vote in Tokyo. This work runs parallel to the discussions about our basic values, and results will be merged into a proposal on new rules and principles. Specialized organizations as well as regional councils will of course be involved at an early stage.

Finally, a new ICA office in Buenos Aires is being established. The official opening will take place in the Autumn.

A few balls are up in the air and some more problems and opportunities have been identified. But some progress has been achieved. Let us indulge ourselves and enjoy our recent successes at least for a short moment. I say a short moment because there is not much time for complacency. There are still balls in the air and we can be sure that the ICA will continue to offer a lot of juggling in years to come.

Lars Marcus
27 June, 1990



DIRECTOR'S REPORT

1989-90 has proven to be a good year for ICA. For the first time in several years it has been possible to make a sizeable increase to the Reserve Fund, which will rise by some 40 per cent to over 1.1 million Swiss francs when the 1989 financial statements are approved by the Central Committee.

It has also been a period of growth, with several new activities undertaken and annual development projects increasing by some 16 per cent to over 4 million Swiss francs.

This period of relative stability--for complete security can never be expected in a multinational, multisectoral membership organization--has enabled ICA to concentrate its attention on some of the major issues facing our co-operative organizations as we enter a new, rapidly-changing decade.

The dramatic developments in Eastern and Central Europe have brought new opportunities for ICA and its members to put into practice co-operation between co-operatives. Many of the needs of the reorganized co-operative movements--for training, legislative advice, and business linkages--can best be provided by other co-operatives from the OECD countries. ICA's role in this process is essentially to provide information and advice to both sides in order to bring about this mutually-beneficial collaboration. There are already many positive results involving ICA member organizations and specialized organizations. There is every reason to believe that the co-operative movements of Eastern Europe will emerge from this reorganization in a much better position--smaller, no doubt, but more truly co-operative and united than before--by the time the ICA Central Committee meets in 1991 in Berlin.

As they enter the market economy, co-operatives in Eastern Europe find themselves suddenly faced with the same problem as their West European and North American counterparts--how to define and display their co-operative identity in a way that maintains the loyalty of their members. The ICA study on Basic Co-operative Values, designed to help answer these questions, is now in its consultative phase. By the time its final report is presented to the 1992 Congress, we hope there will be an emerging consensus among our organizations on three key aspects: the universal values which constitute the basis of co-operative identity, the way in which co-operative principles should be articulated in order to reflect these values, and the kind of operational guidelines that could be established by different co-operative sectors in order to reflect their specific needs.

Among the many important issues being examined in this review is the need of most co-operative organizations to increase their capital base. How to do this in a manner compatible with basic co-operative principles--especially member control--is a question which must be

answered if co-operatives are to meet the growing pressures for large-scale national and international activities. The Madrid meetings of the Central Committee and Specialized Organizations will also provide new information and views on this important issue.

Many of these same questions are being asked by co-operative movements in the South, where ICA's regional offices are helping them to engage in positive policy dialogue with governmental authorities. In all four regions where ICA is active -- Asia - Pacific, East-Central-Southern Africa, West Africa, and Central America -- there is a growing awareness that a new kind of government/co-operative partnership is needed if co-operatives are to play their proper role as development agents. The very welcome support which ICA receives from a growing number of development organizations has enabled it to expand its efforts in this crucial area.

A new, and overdue, area of activity for ICA is in Latin America, where the relatively strong co-operative organizations of this region have for too long been largely outside the co-operative mainstream. In collaboration with existing regional organizations, ICA has responded to the expressed wishes of co-operatives in the area by opening a new Regional Office in San José, Costa Rica, and a project office in Buenos Aires, Argentina. At least three of ICA's specialized organizations--agriculture, producers, and insurance--are holding major meetings in the region this year as well.

All of these issues--Eastern Europe, Basic Values, Development--have reinforced the need for ICA to look at its own structure and priorities in order to meet the challenges of the future. The basic goal is to bring ICA closer to its members and their needs. The ICA Structure Committee is therefore examining the possibility of a new regional structure for the organization, of new kinds of relationships with the Specialized Organizations, of fewer but better meetings, and of a broader control structure.

In the final analysis, of course, ICA will succeed in serving its members only if they support it and participate actively in its work. This is why the secretariat is particularly grateful to all those organizations, and the key individuals within them, who believe in the work of ICA and find satisfaction from their involvement.

The following reports provide additional information about the areas in which the ICA's efforts are presently focussed.

Bruce Thordarson



Meetings

ICA Executive Committee

During the reporting period, the ICA Executive Committee met in October 1989, in conjunction with the Central Committee meeting in New Delhi; in June 1990, in Strasbourg, France, hosted by the Groupement National de la Coopération; and is scheduled to meet in September 1990 in Madrid.

Two changes have occurred in the ICA Executive Committee membership during the last year:

- the co-option of Mr. Luis Armando Carello from the Argentinian Federation of Consumer Co-operatives and
- the resignation of Mr. Jan Kaminski of the Supreme Co-operative Council of Poland.



Finola Marras, Manager
Personnel and Meetings Sections

The present membership of the Executive Committee is as follows: Lars Marcus, Sweden (President); Yvon Daneau, Canada (Vice-president); Pavel Fedirko, USSR (Vice president); Dilip Bhuria, India; Luis Armando Carello, Argentina; Momodou Dibba, The Gambia; Mitsugu Horiuchi, Japan; Raija Itkonen, Finland; Michal Marik, Czechoslovakia; Jacques Moreau, France; Knud Ollgaard, Denmark; Anton Rauter, Austria; Robert Scherer, USA; Lanfranco Turci, Italy; Deshou Yang, People's Republic of China.

In place of the February meeting of the Executive, the President, ICA Director and Chairman of the Audit and Control Committee met in December 1989 to review and approve the Secretariat's workplans and budget for 1990.

The **ICA Structure Committee**, established by the Executive Committee to follow up on the 1988 Congress Resolution calling for a change in the ICA structure, met four times in the reporting period and will meet again in conjunction with the Central Committee meeting in Madrid. It comprises the ICA President, Executive Committee member Raija Itkonen, and the ICA Director.

Central Committee

The 1989 meeting of the Central Committee, hosted by the National Co-operative Union of India, and held for the first time in an Asian country, was attended by over 700 participants.

A new Central Committee schedule was introduced for the first time in New Delhi which focussed discussions on two major themes and provided an opportunity for discussions on these themes by ICA's Specialized Organizations.

In conjunction with the Central Committee, meetings of ICA Executive Committee, the Audit and Control Committee, nine Specialized Organizations, three Working Parties, and the ICA Development Forum also took place. The programme also included a welcome reception for newly admitted members to the ICA.

The 1990 Central Committee will be held from 16-22 September in Madrid and hosted by ICA member organizations in Spain. A similar schedule to that introduced in New Delhi will be developed around two important themes, "Capital Formation" and "The Environment".

Special Meetings

The Meetings Department also helped organize a Seminar for Co-operative Insurance Advisers in Rolle, Switzerland, in May 1990, which was run by the Co-operative Insurance Development Bureau (CIDB), the development arm of International Co-operative Insurance Federation (ICIF).

Personnel

ICA's objective during 1989-90 was to continue to harmonize its personnel operations with the goal of establishing an attractive and efficient work environment in each of ICA's offices.

A development in this respect during the reporting period was that development staff positions funded through donor agency contracts were brought under ICA standardized contracts. That all officers, irrespective of their funding source, be considered as ICA's employees is seen as an important factor in providing consistency in employment conditions and a clearer image of ICA to both its staff members and its working partners.

Special meetings were held between the ICA's four regional directors and the ICA Director and head office staff in New Delhi, in October 1989 and in Nairobi in May 1990, to discuss personnel issues from a global aspect and to assist head office in preparing and developing future strategies.

In view of the geographical and cultural extremes which exist amongst ICA's staff, an important ongoing objective of the Personnel Department is to reinforce ICA's corporate identity. This is achieved by the introduction and renewal of standard policies and procedures. During the reporting period, this activity was enhanced by the development of a staff exchange programme. In this context staff members from regional offices in Abidjan and New Delhi spent time in Geneva reviewing ICA's documentation sector; staff members from the Abidjan and Moshi offices visited Geneva regarding finance and other administrative issues; and another staff member from New Delhi will work with the Geneva staff on the Central Committee Communications Programme in Madrid.

At the present time ICA employs 60 people from 25 countries. Of these, 15 are employed in the Geneva office, 21 in the New Delhi office, 16 in the Moshi office, 6 in the Abidjan office, and 2 in the San José office.

New additions to staff during 1989-90 include:

- | | | |
|-------------------|---|---|
| at ICA Geneva: | - | Sonia Barakat, Receptionist |
| | - | Alexander Leukhin,
Special Projects Officer |
| | - | J. M. Rana,
Senior Development Adviser |
| at ICA Abidjan: | - | Ada Kibora, Regional Director |
| at ICA New Delhi: | - | K. J. Fogelström,
Senior Development Adviser |
| | - | Pradit Machima, Consumer Adviser |
| | - | Rajiv Mehta, Consultant Cooptrade |
| at ICA San José: | - | Juan Diego Pacheco, Regional Director |



UN/NGO Relations

During the reporting period the UN Section has focused on follow-up to the Congress Resolution calling for the Declaration of a United Nations International Year of Co-operatives (1995). Members were asked to contact their governments requesting support for the year and contacts were made with the UN Secretariat to establish a strategy for having a resolution proposed at the United Nations Economic and Social Council (ECOSOC). The Secretariat will continue to assist member organizations in the formulation of a resolution for presentation to the United Nations.



Maria Elena Chavez-Pirson
Liaison Officer, UN/NGO Relations

Other Congress resolution follow-up activities included the provision of information to members through ICA publications on the Convention of the Rights of the Child, and the International Year of Literacy.

The UN Section also provided information on a regular basis to the ICA News regarding UN priority themes such as the International Year of Literacy, the World Decade for Cultural Development, and the upcoming United Nations Environment and Development Conference. In addition, information on United Nations development activities was provided to the regional offices and to the development section at headquarters as well as to the specialized organizations and working parties of the ICA.

The UN Section provided ICA representation to NGO preparatory meetings for the United Nations Conference on Environment and Development including meetings organized by the United Nations in Geneva, the Centre for Our Common Future in Vancouver (Canada) and Nyon (Switzerland), and GLOBE 90 in Vancouver. In this regard, assistance was provided to the Meetings Section for preparations concerning the Central Committee theme of environment.

The UN Liaison Officer continued to represent the ICA and collaborate with the Committee for the Promotion and Advancement of Co-operatives (COPAC) and has established contacts with other organizations having an interest in co-operatives.

Collaboration with the International Labour Office (ILO) continues on a number of key issues. The UN Section is presently helping to organize the ILO/ICA/UN Centre for Social and Humanitarian Affairs Regional Workshop on Co-operatives of Disabled Persons to be held in the fall of 1990.

During the reporting period several meetings were held with selected UN representatives to discuss priority issues.

Ongoing representation is provided to the UN and its specialized organizations by the ICA representatives who have provided the following reports :



R. Scherer



P. Sheehan

United Nations, New York

The ICA representatives to the UN met with various UN officials to discuss plans for the proposal of the declaration of an International Year of Co-operatives in 1995. In addition, the representatives made further contacts with the United Nations Development Programme (UNDP) and with the United Nations Centre on Transnational Corporations.



A.E. Rauter



S. Schlifke

United Nations, Vienna

ICA representatives continued close collaboration with the ILO/MATCOM programme. Meetings were held with UN officials on subjects relating to co-operatives and information was provided on present ICA activities. The representatives also facilitated contacts with the UN for the ICA Women's Committee.



E. Wohlner

United Nations Conference on Trade and Development (UNCTAD)

The ICA is represented on the Committee on Invisibles and Financing related to trade (CIFT) which is responsible for insurance and re-insurance issues. Meetings of the CIFT are held every two years; the latest was held in February 1990, in which the ICA participated.



United Nations Industrial Development Organization (UNIDO)

The ICA was represented at the following meetings organized by the United Nations Industrial Organization (UNIDO).

- * UNIDO First Consultation on Small and Medium-scale Enterprises including Co-operatives, October 1989
- * UNIDO First Consultation on the Electronic Industry, November 1989
- * UNIDO General Conference, November 1989

In addition, relations between the CICOPA and UNIDO were supported.



V. Sielanko

United Nations Educational, Scientific and Cultural Organization (UNESCO)

The ICA Secretariat contacted member organizations regarding the UNESCO Travel Grants for Leaders in Workers' Co-ops and Co-operative Education, for the period 1990-1991, and undertook consultations with UNESCO on the selection of candidates in June 1990. During the review period, seven ICA candidates were awarded grants for nearly US\$ 17,000.



F. Baulier

Food and Agriculture Organization of the UN (FAO)

The ICA was represented at the following meetings:

- * 25th Session of the FAO Conference, November 1989
- * Ad Hoc meeting of NGO Representatives to the FAO, February 1990

ICA representatives met with FAO officials to discuss the "Role of People's Participation in Agricultural and Rural Development" and the "Plan of Action for the Integration of Women". Contacts were made with the World Food Programme in the context of the recent WFP/NGO policy update.



G. Vecchi

Economic Commission for Europe (ECE)

The ICA continues to be represented at meetings of the Committee on Housing and Planning of the Commission and continues to participate in its various working parties. Discussions have been focused on the following: urban renewal and modernization policies; human settlement problems in Southern Europe; urban and regional planning; and housing policies in general.



C.-J. Hachmann

Economic and Social Commission for Asia and the Pacific (ESCAP)

ICA was represented at the 46th session of the Economic and Social Commission for Asia and Pacific in June, 1990. ICA activities were presented to the commission and the text of the Sydney Ministerial Conference Declaration of 1990 was also sent to ESCAP.

Special Projects

The Special Projects Section of the ICA Head Office has been operating as a separate unit since January 1990, when a staff person was assigned full time to this function.

The Section currently deals with three major ICA projects - Basic Co-operative Values, Structure Committee, and East & Central Europe. It provides them with both policy and administrative support.



Alexander Leukhin
Special Projects Officer

Basic Co-operative Values

This important review has been developing steadily; its work plan has now been finalized and the budget approved, with special financial support from KF.

The project's timetable has been revised to bring it into line with the ICA Structure Project. Work on both issues will run parallel and terminate at the same time. The draft report on Basic Values will be presented to the Central Committee in 1991. It will then be presented to the Congress in Tokyo, together with recommendations concerning the review of Co-operative Principles.

Sven-Åke Bööck, Project Manager, has been supplementing his "desk" research on Basic Values with interviews and visits to ICA member organizations to add regional as well as sectoral views to the final report.

A good working relationship has been established between the Project Manager and the ICA Advisory Committee on Basic Values set up in New Delhi last year. The Committee had its first meeting on 28-31 May 1990 in Moscow, where ICA and Centrosoyus jointly organized a Symposium on Basic Co-operative Values which was attended by several representatives from Eastern and Central European co-operative movements.

A follow-up meeting of the ICA Advisory Committee on Basic Values will take place in Madrid on 17 September 1990.

ICA Structure

As a follow-up to the Stockholm Congress resolution on "ICA to Meet the Challenges of the New Century", an ICA Structure Committee was set up in early 1989 to review the structural and operational set-up of the ICA and produce a report for consideration at the 1992 Congress. The Committee members -- Raija Itkonen (Chairman), Lars Marcus and Bruce Thordarson -- have had four meetings to date. The committee has made an in-depth study of a broad range



of issues related to the ICA Constitution, Membership, Finance, Government, Specialized Organizations and Administration, as well as considering various procedural matters. The basic purpose of this exercise is to work out proposals for improving the efficiency of the ICA structures and meetings, making them more responsive and relevant to the needs of the world co-operative movement.

The first draft report was presented to the Executive Committee in Strasbourg in June 1990. A second draft, prepared on the basis of the June discussions, will be sent out in August to the Specialized Organizations and Regional Offices to seek their views on the future ICA Structure. Member organizations will be closely involved in these consultations.

The intention of the Structure Committee is to submit the final report to the Central Committee in Berlin in Autumn 1991. It will then be submitted to the Tokyo Congress together with proposals on changes in the ICA Rules and Standing Orders.

Eastern & Central Europe (ECE)

The sweeping changes underway in Eastern and Central Europe have already made a profound impact on co-operatives. They have opened up new and exciting opportunities for co-operatives to restore their original identity and to work in a much friendlier political and economic environment. At the same time co-operatives are confronted with a whole range of problems which make the process of their re-establishment and revival rather difficult.

Two major events took place in March this year. In Budapest, ICA's Agricultural Committee and CICOPA organized a joint meeting of agricultural and producers' co-operatives from ECE countries. In Geneva, a Consultation meeting was held on "Strategies for Co-operative Development in Eastern and Central Europe". It was attended by senior co-operative leaders in ECE countries and ICA Executive Committee members from Western Europe. The Consultation was, in many ways, instrumental in helping to assess recent trends, changes and developments in the co-operative movements in ECE countries. It identified the needs and priority areas for external assistance to the co-operatives in the region and elaborated an ICA action programme in support of co-operative development in Eastern and Central Europe.

Following up on the Consultation's conclusions the ICA Secretariat has already taken the following steps:

- created a "working group" on ECE within the Head Office to co-ordinate activities and ensure this issue remains a high priority;
- encouraged and supported the efforts of its members in the Western countries and its Specialized Organizations (Agriculture, Consumer, CICOPA, Insurance, Banking, Tourism, Fisheries and INTERCOOP) to provide direct support to the co-operatives in the ECE region;
- begun to develop a data bank on recent trends and issues in the region, and on the activities of organizations providing assistance;
- undertook policy dialogue missions to the USSR and Poland to discuss co-operative needs and interests with relevant governmental and co-operative authorities.

In addition, the Secretariat has the following plans:

- to organize a management training seminar for its member organizations in ECE countries in November 1990 and a regional seminar on co-operative legislation in December 1990;
- to add a special information session on ECE co-operatives to the agenda of the Central Committee meeting in Madrid. The session will take place in the afternoon of 21 September 1990 and will be open to all participants.

Development



Bruce Thordarson
Director of Development



J. M. Rana
Senior Development Adviser



Claes Thorselius
Finance Programme Officer

The ICA's development programme for 1989/90 followed the Development Strategy endorsed by the 1988 Stockholm Congress.

Programme Priorities

The programme has four main priorities: to improve the relationship between co-operatives and governments; to strengthen national apex and national commercial co-operative organizations; to improve the quality of assistance provided for co-operatives from development agencies; and to undertake special projects in the areas of human resource development, women, and trade.



Jane Challen
Administrative Assistant

Human Resource Development Policy

As Human Resource Development (HRD) is an important activity in all ICA offices, ICA has devoted some effort this year to developing an official policy which will ensure that this programme is carried out consistently in all regional offices. The HRD Policy, approved by the Executive Committee in June 1990, was formulated at a consultation meeting in March, which was attended by the ICA Women's Committee and INCOTEC, as well as the regional offices.

Asia and the Pacific

The New Delhi office is implementing projects funded by the Swedish Co-operative Centre in the areas of research, planning and consultancy, agriculture, trade, and human resource



development; by the Japanese government and Central Union of Agricultural Co-operatives in the area of agricultural co-op management training; by the Japanese Consumers Co-operative Union for consumer co-operative development; and by the Canadian Co-operative Association in the areas of legislation, fisheries, and insurance. Management training for fisheries co-operatives in the Region is supported by the ICA Fisheries Committee. A special Project to promote technical co-operation among co-operatives in the region was carried out in collaboration with the United Nations Development Project (UNDP).

A major recent activity was the Co-operative Ministerial Conference in Australia in February 1990, which was also attended by co-operative leaders in the region. The ministers committed themselves to providing more appropriate assistance for co-operatives and allowing them greater independence. In a number of countries there have been recent indications of considerable progress in the autonomy provided to the co-operatives. Progress will be monitored at a follow-up meeting scheduled for Indonesia in 1992.

An important outcome of the Conference was the increased level of collaboration between the ICA and the Australian co-operatives manifested in (1) the holding of a Co-op Trade Exhibition organized alongside the Ministerial Conference, (2) the funding of an ICA Project Office, and (3) the launching of an Asia Pacific Center for Research, Training and Development.

East, Central and Southern Africa

The Moshi office carries out projects funded by the Swedish Co-operative Centre in the areas of research, planning and consultancy, agriculture, human resource development, and insurance (the latter also supported by the Co-operative Insurance Development Bureau); by the Canadian Co-operative Association for co-operative trade; by Rabobank Netherlands for co-operative banking; and by Hivos Netherlands for women.

Following last year's planning session these activities were grouped into two divisions--organizational development and economic services--in order to increase collaboration among projects of a similar nature.

The use of ministerial conferences to promote co-operative autonomy began in the region in 1984. The Third Ministerial Conference was held in mid-May 1990 in Nairobi. While the general situation remained the same, some positive changes took place in the relationship between government and co-operatives in a few countries. Co-ops in several countries are being asked to take over marketing and other functions of parastatal organizations. National co-operative organizations in several countries have expressed their keenness to join the ICA.

A co-op trade exhibition was organized alongside the Conference. It demonstrated the strength of the commercial organizations in the region, especially those from Kenya.

An important contribution made by the Regional office was the consultancy service provided to member organizations in formulating their perspective plans. A manual on personnel policies and a video cassette on the Kenyan Co-operative Movement were other significant outputs. The services of the banking, insurance and trade projects are much in demand.

West Africa

Following last year's planning session the office has consolidated its work into four specific areas: legislative review and government relations; promotion of national organizations; education and training; and promotion of economic exchanges.

Funding support for the programme has been received from the Royal Norwegian Society for Rural Development. Discussions are continuing with SDID and SOCODEVI in Canada, the French Co-operative Movement, the Swiss Government, and the German Government, all of which have indicated a willingness to consider supporting the new Five-Year Work Plan.

Central America and the Caribbean

The project office in Costa Rica was transformed into a provisional Regional Office for Central America and the Caribbean in January 1990, and Juan Diego Pacheco was appointed as Regional Director. It is regarded as a provisional office since all the conditions stipulated by the Executive Committee in New Delhi have not yet been met--notably financial support from the host movement and the signing of an appropriate agreement with the host government.

Nevertheless, the office is proceeding to develop its programme of activities and has received funding from organizations in Norway, Sweden, and Canada for specific activities. Its major programme is a regional women's programme funded by the Royal Norwegian Society for Rural Development.

An important activity was the Regional Co-operative Solidarity Conference held in San Salvador in April 1990 which expressed strong support for collaborative work among movements in the region in the defence and promotion of co-operatives.

South America

In South America, a new project office was opened in Buenos Aires in May 1990. The Lega Nazionale delle Cooperative e Mutue (Italy) will fund the Office during the first year. The project director is Arsenio Invernizzi, who has wide experience of the region as former Director of the Italian development agency, COOPTECNITAL. The Project Office will examine whether this office should be transformed into a full Regional Office.

Information & Research

A membership data bank is currently being set up. All departments are giving input to the work which is designed to satisfy several requirements: supplying basic information on ICA member organizations; providing an efficient mailing list, which can be broken down into interest groups and can be drawn on to produce the organization's annual directory; and acting as an adequate base for meeting registrations, etc.

The service has already been enhanced by the addition of over a hundred new entries to the current data base, mainly concerning co-operatives in Asia.

A meeting of documentation officers from the Geneva, New Delhi and Abidjan offices was organized in Geneva in February 1990. During this meeting guidelines for the establishment



Alina Pawlowska
Documentation Officer



of a documentation centre in Abidjan were designed and these have since been implemented. Extensive collaboration between the libraries in Geneva and New Delhi, especially with regard to computerization, has streamlined the work of the two services.

The Documentation Section in Geneva has also provided research and translation for other departments and has assisted the Communications Department by receiving visitors and contributing information to ICA publications.

Over the past six months, considerable time was spent obtaining and disseminating information about co-operatives in Eastern and Central Europe. This activity is expected to develop over the next year as requests for information continue to arrive at the Secretariat and several meetings are scheduled for the Autumn of 1990.

The Documentation Section organized a meeting and workshop for the Working Party of Co-operative Librarians in New Delhi in October 1989, during which it established a programme of collaboration with Indian co-operative librarians. The members of the Working Party have been invited to participate in the meeting of the Research Working Party in September in Madrid.

Communications



left:
Mary Treacy
Director of Communications

right:
Laura Wilcox
Editorial Assistant

During the period under review the ICA has continued efforts to develop a comprehensive Communications Programme.

Publications

Six issues of the ICA news and four issues of the Review of International Co-operation, including the Annual Report for 1989/90, have been published during the past twelve months.

The second issue of the review for 1990 is a special issue on ICA members and other co-operative and co-operative type organizations in Spain which was produced in collaboration with the host organization committee. The section has also collaborated with ICA member organization in Argentina, INTERCOOP EDITORA COOPERATIVA LTD, for production of the Spanish version of the Review. The Spanish version of Volume 83/ No. 2/90 should be available at the Central Committee meeting in Spain.

In addition, the Section also provided technical and editorial assistance to other sections of ICA Secretariat and ICA Specialized Organizations and Working Parties, as well as supplying them with personalized stationery, visiting cards, promotional brochures etc.

The Section co-ordinated translation of all ICA documents into the five official languages as required and prepared the documentation for the Central Committee Meeting in Madrid.

Audio Visuals

Audio-visual equipment and exhibition stands were researched and purchased and the videotèque has been considerably expanded - a list of available videos will be published in issue No. 4/90 of the ICA Review.

Versions of ICA's first video "The Wave of the Future" are now available in English, Spanish, French and Japanese versions (in PAL, SECAM and NTSC versions). This 17-minute programme features the ICA's history and current work on behalf of co-operatives throughout the world, and includes excerpts from interviews with co-operative leaders and from a speech the UN Secretary General gave at the Stockholm Congress. It looks at the role of the Co-operative Movement in the light of the massive social, economic and political changes taking place in the world.

A complementary slide show outlining the history of ICA and its present structure, and explaining a little about the work of each of the Specialized Organizations and Working Parties, has been produced in English and Japanese, and will eventually be available in French and Spanish.

Public Relations & Promotion

A general information pamphlet on ICA and 19 information sheets, giving details on specific activities of ICA Secretariat, and each of the Specialized Organizations and Working Parties will be available in Spanish at the Central Committee meeting in Madrid. A brochure on ICA's Development Programme will be reissued in English and produced in Spanish also in time for the Central Committee meeting.

Over the reporting period information on ICA and its various bodies has been supplied on request in English, French, Spanish and Japanese and information and promotional items have been supplied to ICA members, regional offices, specialized organizations, and interested public. The Ministerial Conferences in Sydney and Nairobi were also supplied with ICA publications and promotional materials.

The Secretariat contributed articles to co-operative journals and supplied information on ICA and the International Co-operative Movement, photographs, slides and graphics to ICA member organizations for their own articles, pamphlets, slide shows exhibitions, etc.

At the invitation of ICA members, representatives from the Communications Section visited the headquarters of several co-operative federations.

Visitors

The Section organized programmes for various groups and individual visitors to the Secretariat, which included audio visual and verbal presentations.



Meetings

The ICA co-operates with host organizations in setting up a Communications Programme during ICA's Annual Meetings. For the past two years the Secretariat has collaborated in the production of a daily news bulletin with members of the Working Party on Co-operative Communications and the host organizations; there are plans to produce such a publication during the meetings in Madrid.

In return, the ICA Communications Director collaborated with the Information Section of the Co-op Union (UK) in producing a daily newsletter at their annual congress in Glasgow in May 1990.

Messages

The Co-operative Day Message for 1990, "Our Common Future", was sent out in all of ICA's official languages together with the latest statistical information.

Various other messages were prepared on behalf of the ICA Director and President at the request of ICA member organizations.

Working Party on Co-operative Communications (WPoCC)

The Communications Section provided secretarial services to the WPoCC (see report on page 46).

Specialized Organizations

There are eleven specialized organizations and three working parties in the ICA structure. They represent a very heterogeneous group although they are united by the co-operative principles which guide their day-to-day business.

Most of them adopted the themes of the ICA Central Committee for discussion at their plenary meetings. Their representatives gave reports to ICA Central Committee and, according to the survey made by the ICA Secretariat, these reports ranked high in the New Delhi Meeting's popularity list.



Lajos Varadi, Manager,
Specialized Organizations Section

In the first half of 1990, the majority of the specialized organizations dealt with three main subjects:

- Basic Co-operative Values;
- Environment and Co-operatives;
- Changes in Central and Eastern European co-operative organizations.

The individual reports of the specialized organizations will give further details on their activities (see pages 23 to 50).

ICA WORLD MEMBERSHIP

AFRICA

26 ORGANIZATIONS
18 COUNTRIES

No. of Organizations	Individuals
1 BOTSWANA	61,000
1 COTE D'IVOIRE	213,405
5 EGYPT	3,850,000
1 GAMBIA	106,000
2 GHANA	1,099,002
2 KENYA	3,000,000
1 LESOTHO	57,058
1 LIBERIA	1,000
1 MALI	4,447
1 MAURITIUS	125,000
3 MOROCCO	21,793
1 RWANDA	965
1 SENEGAL	838,000
1 SOMALIA	53,950
1 TANZANIA	640,463
1 UGANDA	980,076
1 ZAMBIA	500,000
1 ZAIRE	1,500

NORTH & SOUTH AMERICA
19 ORGANIZATIONS
9 COUNTRIES

No. of Organizations	Individuals
9 ARGENTINA	6,048,642
1 BRAZIL	3,440,947
2 CANADA	11,282,247
1 CHILE	600,000
1 JAMAICA	250,000
1 MEXICO	344,385
1 PUERTO RICO	562,436
2 URUGUAY	398,500
1 USA	58,344,538

ASIA

59 ORGANIZATIONS
22 COUNTRIES

No. of Organizations	Individuals
1 AFGHANISTAN	220,652
2 BANGLADESH	9,000,000
1 CHINA	132,000,000
12 INDIA	120,000,000
1 INDONESIA	8,492,197
1 IRAN	4,164,493
1 IRAQ	1,200,000
1 ISRAEL	1,540,274
9 JAPAN	43,696,870
1 JORDAN	38,094
1 KOREA D.P.R.	1,575,000
3 KOREA Rep. of	2,138,000
2 KUWAIT	143,094
8 MALAYSIA	1,732,620
3 PAKISTAN	2,960,448
3 PHILIPPINES	735,851
1 SINGAPORE	307,000
4 SRI LANKA	4,212,161
1 SYRIA	94,000
1 THAILAND	2,630,179
1 VIET NAM	20,000,000
1 YEMEN ARAB Rep.	12,450

AUSTRALIA & OCEANIA
2 ORGANIZATIONS
2 COUNTRIES

No. of Organizations	Individuals
1 AUSTRALIA	4,022,098
1 FIJI	30,574

630,529,454 INDIVIDUALS
195 NATIONAL ORG.
10 INTERNATIONAL ORG.
77 COUNTRIES

EUROPE

89 ORGANIZATIONS
26 COUNTRIES

No. of Organizations	Individuals
3 AUSTRIA	3,027,328
4 BELGIUM	2,725,967
1 BULGARIA	2,203,000
4 CYPRUS	287,533
1 CZECHOSLOVAKIA	3,925,883
3 DENMARK	1,208,946
5 FINLAND	2,048,084
7 FRANCE	16,978,111
4 F.R.G.	2,578,753
1 G.D.R.	4,600,000
1 GREECE	814,864
4 HUNGARY	4,692,910
1 ICELAND	45,968
3 ITALY	5,215,381
1 NETHERLANDS	1,600
5 NORWAY	1,218,600
5 POLAND	15,286,200
5 PORTUGAL	2,249,203
7 SPAIN	2,672,205
1 ROMANIA	14,976,698
7 SWEDEN	4,593,498
4 SWITZERLAND	1,281,639
5 TURKEY	8,204,516
5 UK	10,011,813
1 USSR	58,000,000
1 YUGOSLAVIA	1,506,000

INTERNATIONAL ORGANIZATIONS IN MEMBERSHIP OF THE ICA

name of organization	location of secretariat	no of countries	no of societies	no of ind. members	activity sector
Arab Co-op Fed.	Bagdad	14	23	20,000,000	regional apex union
COLACOT	Bogota	23	39	2,500,000	union of work co-ops
SIDEFCOOP	Buenos Aires	9	16	4,041,540	financing of co-ops
OCA	Bogota	17	n/a	n/a	regional apex union
CCC - CA	San Jose	11	30	500,000	regional apex union
NAF	Copenhagen	5	6	2.025.300	joint purchasing
UCI	Paris	-	-	-	co-operative university
ICPA	Doornrecht	n/a	28	n/a	supply of oil products
BfG:Bank	Basel	19	43	n/a	co-operative bank
WOCCU	Madison	79	12	73,549,960	savings & credit co-ops

"n/a" - data not available

" - " - does not have associate members



Membership

There are presently 195 member organizations in the International Co-operative Alliance representing 77 countries around the world. In addition, there are 10 member organizations classified as affiliated international organizations.

As the motion submitted to the Central Committee regarding minimum membership subscriptions was approved last October in New Delhi, the minimum annual 1990 subscription has been increased to SFr. 1,000 to reach SFr. 5,000 in 1998.

Statistics regarding membership have been prepared for the recent ICA Structure Committee in April 1990, as well as a detailed report for the Audit & Control Committee for its meeting in May 1990.



Marie-Claude Baan
Liaison Officer
Member Relations Section

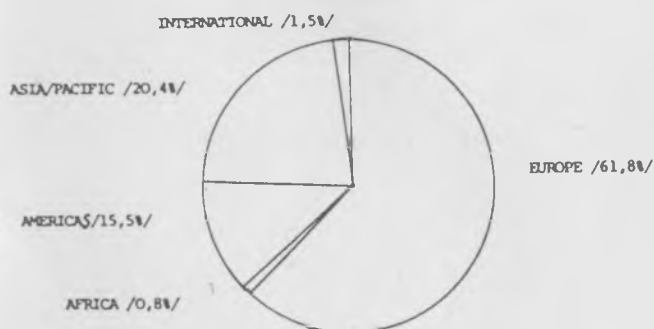
Recommendations were made to strengthen the membership policy and to implement the Rules more strictly.

Since October 1989, the following organizations have become members:

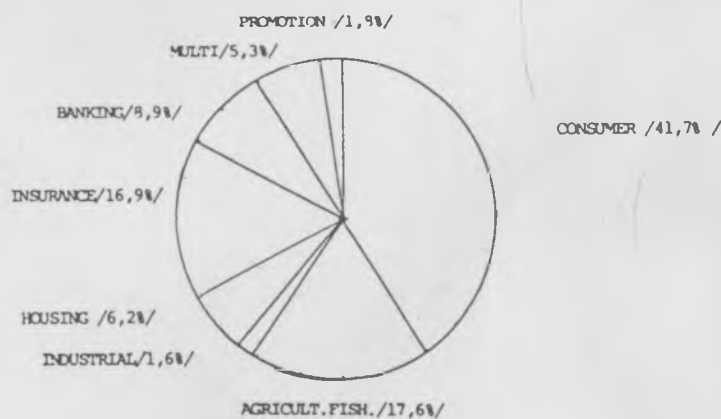
- National Co-operative Housing Federation (India)
- National Federation of Urban Co-operative Banks (India)
- National Co-operative Dairy Federation (India)
- Co-operative EMO-Baraka (Zaire),
- Union de Cooperativas Agrarias de España,
- Union Nacional de Cooperativas de Credito (Spain)
- Sind Government Employees Co-operative Housing Society Ltd. (Pakistan), and the
- Bundesverband Deutscher Konsumgenossenschaften, BVK, (FRG).

Several co-operative organizations, mostly from Europe, have shown interest in membership. Formal applications are in process and will be reviewed by the Executive in September.

Subscriptions by Regions
Year 1989



ICA Subscriptions by Sector
Year 1989



Administrative Staff Supporting All Sections



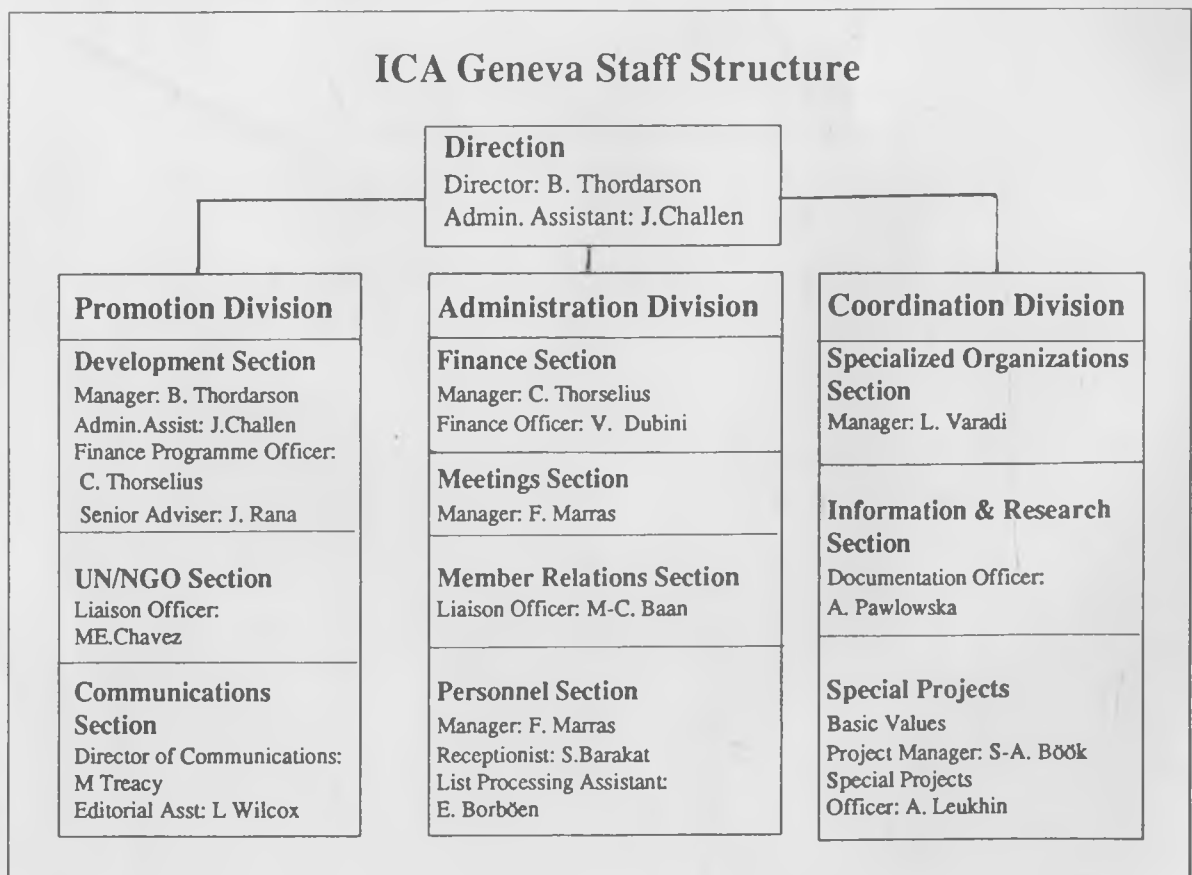
Sonia Barakat
Receptionist



Enid Borboen
List Processing Assistant



Viviane Dubini
Finance Officer





REPORTS OF THE SPECIALIZED ORGANIZATIONS

Agricultural Committee



Chairman: Jean-Louis Doumeng (France)



Secretary: Lajos Varadi (ICA)

Executive

The Agricultural Executive Committee comprises the following members: Jean-Louis Doumeng, France (Chairman); Mohamed Idris, Egypt (Vice Chairman); Miháli Lehoczki, Hungary (Vice Chairman); Shyam Sunder Dawra, India (Vice Chairman); Valentin Levisman, Argentina; Roberto Rodrigues, Brazil; Pavel Jonas, Czechoslovakia; Bruno Oestergaard, Denmark; Mamadou Dibba, Gambia; Agostino Bagnato, Italy; Odd Gran, Norway; Agustin Kilayko, Philippines; Jan de Woul, Sweden; Charles Kabuga, Uganda. Lajos Varadi, ICA Geneva, is Secretary to the Committee.

Membership

The ICA Agricultural Committee continued to attract new members and received applications for membership from nine new agricultural organizations. It now has 48 member organizations from 39 countries, representing all continents except Australia.

Plenary Meeting, New Delhi, October 1989

The main subject of the meeting was "The Role of Agricultural Co-operatives in the Socio-Economic Development of Third World Countries". B. D. Sharma, Executive Director of the National Co-operative Union of India, introduced the session with a comprehensive paper on the subject.

Discussions showed that in many developing countries co-operative officials were chosen by governments which had also drawn up the rules and regulations governing the co-operatives. This often caused problems as these officials did not have enough co-operative knowledge or experience to participate meaningfully in co-operative development.

The participants agreed that members should be given adequate information about activities, problems, possible solutions, finances and the reasons for leadership decisions.

They also agreed that positive changes in the socio-economic conditions of farmers and their communities could only be brought about if the co-operatives had a sound economic base. It was, therefore, imperative that economic viability needs to be established before a cooperative is set up.

The pricing structures for farmers' produce and products must be the subject of intensive study and possible restructuring in order to provide the necessary incentives to increase production and improve qualities. Efficiency, quality and environment-consciousness should guarantee better goods and fairer prices.

In 1989 the Agricultural Committee began research into the feasibility of setting up a buying group to purchase fertilizers. The general opinion was in favour of the project which would, however, entail considerable investment. It was, therefore, agreed to investigate the situation more thoroughly.

Joint Meeting with CICOPA, Budapest, March 1990

In view of the rapid changes sweeping Central and Eastern European countries, the two committee chairmen deemed it advisable to invite producer co-operatives from the region (farming, industrial, service and artisanal) to an international seminar. The seminar was also attended by representatives from Western European co-operatives, the World Bank, ILO, EEC and the French Government.

The discussions made it clear that co-operatives in the region need to drastically change their policies if they are to adapt to the market economy. Participants stressed four areas where they need urgent assistance:

- reformulating co-operative legislation,
- setting up a co-operative banking network,
- acquiring managerial skills,
- obtaining access to modern technologies and markets.

Executive Committee, May 1990, Sao Paulo

This was the first meeting held in Latin America which aimed to strengthen ties between the agricultural co-operatives in the region and CICOPA. The national apex federations of Paraguay and Colombia also participated in the deliberations, as well as the President of the Organization of Co-operatives of America, Armando Tovar Parada.

Members were informed on the situation of co-operatives in Brazil, where agricultural co-operatives deal mainly in soya beans, oranges, coffee beans, sugar cane and animal husbandry, and given detailed information on an exchange programme between Brazil and French agricultural co-operators, as well as on the transfer of technology in soya bean production between Brazil and the Côte D'Ivoire.

The Executive Committee designated the main subjects for the Madrid meeting in September 1990 as:

- New ways of financing agricultural co-operatives,
- Agricultural co-operatives and the environment.

Representation of ICA

The Vice Chairman, Mr. Dawra (India), made a presentation, on behalf of ICA, on the "Liberalization of the Trade in Agricultural Products and the Protection of Farmers' Interests" in Seoul, Korea in June 1990, at the request of Food and Fertilizer Technology Center for the Asian and Pacific Region.



Banking Committee



Chairman: T. J. Thomas (UK)



Secretary: Ann Page (UK)

Executive

The Banking Executive members are: T. J. Thomas, UK (Chairman); E. K. Mureithi, Kenya (Vice-Chairman); J. Moreau, France (Vice-Chairman); C. Bunwaree, Mauritius; J. Duramé, France; D. Grethe, BfG Schweiz; P. Gulaker, Norway; G. Persson, Sweden; K. Vogelsang, Switzerland; A. Yuhtman, Israel.

Structure

Representatives from Asia, South America and North America joined the Executive, following elections and co-option at the New Delhi Plenary, which gives the Executive a more representative worldwide base and allows for the effective development of a regional committee structure. It is proposed to seek a mandate for further restructuring at the Plenary Session in Madrid in September 1990.

Activities

The Banking Committee exists to provide a forum for the exchange of banking information, encourage business between members and assist in the establishment of new co-operative financial enterprises.

During the year under review, the Committee took positive steps towards its goal of restructuring its activities on a regional basis so that the work of the Committee can be geared more closely to the practical, mutual business needs of its members. Support for this approach was given by members at the Plenary Session in New Delhi in October 1989 and in the informal and Executive meetings that took place at that time

In New Delhi, the Governor of the Reserve Bank of India made a presentation on the globalization of the international economy and its implications for developing countries. That keynote address was expanded on by contributions from members based in Africa, Asia, the Americas and Europe which, taken together, gave a stimulating insight into the issues that will concern co-operative banking in the 1990s.

For the first time, a Banking Committee Journal was published and circulated to all members and to other co-operative institutions. It will be published regularly to stimulate research and debate. (Further copies of the first issue are available from the Secretary.)

A Banking Committee Scholarship has been established with the aim of enabling students from developing countries to acquire further technical banking skills. This is likely to be linked with the provision of a specialized banking course at the Co-operative College, Stanford Hall, in the United Kingdom, which will be open on a fee-paying basis to bank employees from any country. In addition, it is planned to co-ordinate more closely the employee exchange programmes operating between members.

Whilst all these developments are exciting and worthwhile, they do require a continuing commitment from Banking Committee members to make them work effectively. To that end, contributions of ideas and practical support is always welcome. The Executive also asks members to keep their nominal annual subscriptions up to date so that these promising initiatives can be maintained and developed further.

Finally, the opportunity is taken to record that, due to other co-operative commitments, Roger Jones resigned as Secretary of the Committee in May 1990 and is succeeded by Ann Page of the Co-operative Bank (UK), to whom we extend a warm welcome.

CICOPA



Chairman: Yves Régis (France)



Secretary: Lajos Varadi (ICA)

Executive

The Executive members are: Yves Régis, France (Chairman), Wiktor Sielanko, Poland (Vice-Chairman); Marco di Martino, Italy (Vice Chairman); Guiseppe Possagnolo, Italy; K. H. Patil, India; Istvan Lendvai, Hungary; Roberto Malucelli, Italy; Sayed Zaki, Egypt. Lajos Varadi, ICA Geneva, is Secretary to the Committee.



Membership

CICOPA has continued to gain additional members, especially from developing countries. At present, it has 78 member organizations from 47 countries.

Executive and Plenary Meetings, New Delhi, October 1989

Participants discussed the role of industrial co-operatives in the socio-economic development of Third World countries, especially those in Asia. D. D. Sharma, Managing Director of National Federation of Industrial Co-operatives, India, made the introductory presentation.

Members thought that beyond production of goods and services, these co-ops had an essential role in job creation. An interesting development in developed countries in recent years has been the emergence of ESOPs (Employees' Stock Ownership Plan) and SAL (Sociedades Anonimas Laborales = Workers' Shareholding Enterprises). This development is expected eventually to spread to developing countries.

Several participants from developing countries emphasized that it was difficult to promote artisanal co-ops, for artisans represented one of the most poverty stricken layers of society, and therefore start-up capital was difficult to procure.

Joint Meeting with Agricultural Committee, March 1990, Budapest

Reported under Agricultural Committee on page 23

Visit to ICA Regional Office, Abidjan, March 1990

In the frame of CICOPA's policy to promote the creation of Regional Sub-Committees, Yves Régis visited ICA Regional Office in Abidjan at the end of March, 1990. He conducted negotiations with Regional Director, Ada S. Kibora, on how to help the development of artisanal co-ops in the region. The French development authorities are ready to co-finance such projects. Mr. Kibora will identify some micro-projects in West Africa to be financed with the help of this support.

Third Ministerial Conference, May 1990, Nairobi

According to a former decision of CICOPA's EXCO, the Chairman attended the Third Ministerial Conference for East, Central and Southern Africa on 14-18 May, 1990, in Nairobi, Kenya. He gave a lecture on CICOPA activities and offered assistance to the region's industrial co-ops within the framework of the Industrialization Decade in Africa. Further discussions will be held to identify members' requirements and funding organizations.

UNIDO Conference, June 1990, Moscow

UNIDO and the Soviet Academy of Sciences co-organized an international seminar on the role of the Industrial Co-operative Movement in economic and industrial development, on 11-15 June, 1990, in the Soviet Union. The Soviet organizer requested that CICOPA's Chairman attend this seminar and contribute to the deliberations.

The seminar worked in the following working parties:

- a) Industrial Co-operatives and Society
- b) Industrial Co-operatives: Inside Relations and Structure
- c) Economics of Industrial Co-operative Activities
- d) Social Defence of Co-op Members, Co-operative Alliances & Associations.



International Seminar of CICOPA in Montevideo - From left to right: Mr. Yves Régis, President of CICOPA, the Minister of Public Work, (hidden from view - Mr. Mighel Cardozo, President of CUDECOOP (Uruguay), Mr. Luis Lacalle, Head of State of Uruguay.

Latin-American Seminar, April 1990, Montevideo

As a follow-up of the 1989 meeting in San José, Costa Rica, an international seminar was organized with the help of CUDECOOP, Uruguay, on 25-28 April, 1990.

Industrial and artisanal co-ops from the following countries were represented: Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica (CCC-CA), Paraguay and Uruguay. Representatives from ILO and MATCOM and the ICA Project Office Director in Buenos Aires, Arsenio Invernizzi, also took part in the deliberations.

Presentations were made on the situation of each movement and its need for assistance. It was agreed that member organizations will submit 5-10 micro-projects to the Project Office Director and the Chairman of CICOPA, who, after a preselection, will submit them to the EEC for possible funding.

Publications

CICOPA held its Third World Conference in February 1988, in Paris, France. The proceedings were published in French immediately after the meeting, the English version in 1989 and the Spanish version in 1990. Member organizations received free copies.

During the reporting period, the Committee published a leaflet on CICOPA's activities in English, French and Spanish to further knowledge of its objectives.



Consumer Committee



Chairman: Turid Ström (Sweden)



Secretary: Lajos Varadi (ICA)

Executive

The Executive comprises the following members: Turid Ström, Sweden (Chairman); Masao Ohya, Japan (Vice Chairman); Luis Armando Carello, Argentina; Kalevi Suomela, Finland; István Szlamenicky, Hungary; Giuseppe Fabretti, Italy; Abdulatif Al Kharaza, Kuwait. Lajos Varadi, ICA Geneva, is Secretary to the Committee.

Membership

The ICA Consumer Committee has 28 member organizations from 27 countries, including member organizations of the ICA Sub-Committee on Consumer Co-operation for Asia. The Committee is not satisfied with the size of the membership and it will continue efforts to attract more members.

Plenary Meeting, October 1989, New Delhi

During a joint meeting with the Regional Committee for Asia, the Committee discussed the "Role of Consumer Co-operatives in Socio-Economic Development in Third World Countries".

Secretary of the Asian Sub-Committee, W. U. Herath, introduced the subject, defining the development stages of consumer co-ops in Asia as:

- developed consumer movement (Japan),
- Open market oriented consumer co-op movements (Singapore, Malaysia, Thailand),
- Distribution oriented co-ops (China, India, Sri Lanka, etc.),
- Least developed consumer co-ops (Bangladesh, Indonesia, Pakistan and Philippines).

And the common problems faced by the consumer co-ops of the region as:

- apathy of membership or inactivity,
- low market share in consumer business,
- distorted character as co-operatives,
- liquidity problems,
- obsolete business practices in terms of modern technological development.

The discussions resulted in the following recommendations:

- to launch customer oriented business practices,
- to invite more customer responses,
- to innovate purchases and selling,
- to offer quality and hazard-free goods.

Publications

In November 1989, the book "Consumer Co-operatives in a Changing World" was published and a complimentary copy was sent to all ICA and Consumer Committee member organizations. This study of ten selected countries' Consumer Co-operative Movements was made by the Co-operative Department of Vienna University, Austria, edited by ICA and financed by the ICA Consumer Committee. The book received a favourable response as contributing to a better understanding of the Consumer Movements of to-day.



(Photo: ILO)

International Consumer Day

The Committee traditionally requests consumer co-operatives to celebrate the International Consumer Day on March 15.

This year's message, "Sufficient and Healthy Food for All", prepared in collaboration with the Communications Department, was sent to all consumer co-op organizations and to 150 co-op journals.



Executive Committee, May 1990, Sweden

The Executive Committee discussed finances, membership, and preparations for the next Plenary Meeting in Madrid, in addition to changes in consumer coops in Central and Eastern European countries. Reports on the latter were presented by Dr. I. Szlamenicky (Szövosz, Hungary), Mats Ahnlund (KF, Sweden) and Lajos Varadi, Secretary.

International Conference on the Environment, May 1990, Sweden

In conjunction with the Executive Committee meeting, an International Seminar was hosted by KF Sweden and the ICA Consumer Committee. After the welcome presented by Åke Lundqvist, Chairman of the Board of KF, Sweden and Turid Ström, Chairman of the ICA Consumer Committee, the following subjects were discussed:

- The Environmental Problems and Food Retail
(Toward a new ecological world view)
- KF's Environmental Policy
(The Swedish consumer co-operation and the environment)
- Working with Non Governmental Organizations
(Experiences from lobbying)
- Environmental Policies in Retailing
(Different national experiences)
- Closing Conclusions
(Our responsibility; potential and possibilities, etc.).

The participants then broke up into working groups to discuss consumer co-ops and the environment, environmental action in practical life, and environmental strategies.

Fisheries Committee



Chairman: Jirozaemon Sato
(Japan)



Secretary General:
Yoshiaki Ichihi (Japan)



Secretary: Masaaki Sato (Japan)

President



Lars Marcus (Sweden)



Dilip Bhuria (India)



Luis Armando Carello (Argentina)



Momodou Dibba (The Gambia)



Jacques Moreau (France)



Knud Ollgaard (Denmark)



Anton E. Rauter (Austria)

COMMITTEE 1989-1990

Vice President



Yvon Daneau (Canada)

Vice President



Pavel Fedirko (USSR)



Mitsugu Horiuchi (Japan)



Raija Itkonen (Finland)



Michal Marik (Czechoslovakia)



Robert Scherer (USA)



Lanfranco Turci (Italy)



Yang Deshou (P. R. of China)

Executive

The present executive members and auditors of the Committee are as follows: P. Lacour, France (Honourary Chairman); Jirozaemon Saito, Japan (Chairman); Datuk Haji Aziz Mohd. Bin Ibrahim, Malaysia (Vice Chairman); Dr. Antal Csoma, Hungary (Vice Chairman); Erlendur Einarsson, Iceland (Vice Chairman); Hong Jong Moon, Republic of Korea (Vice Chairman); William Buckman, Ghana; Subash Chandra, India; Maurice Benoish, France; Auditors - Giancarlo Pasquali, Italy; Surin Cholpraserd, Thailand. Yoshiaki Ichihi was nominated Secretary General of the Fisheries Committee. He replaced Toro Okubo.

Membership

The present membership of the Fisheries Committee as of the end of May 1990 comprises 23 organizations from 20 countries.



(Photo: ILO)

Plenary and Executive, October 1989, New Delhi

The Fisheries executive meeting was held on 3 October 1989 at Vigyan Bhawan (Main Conference Centre) in New Delhi and the plenary meeting was held on 4 October 1989 .

It was agreed to implement the following activities in 1990:

- To hold Official Development Assistance (ODA) seminars on fisheries co-operatives in Indonesia and the Philippines. Members of the Committee from Bangladesh and Colombia expressed their wish to host future ODA seminars.
- Studies on banking and credit services to be undertaken and made available to fishermen and fisheries co-operatives.
- Membership campaign
- Publication of the Fishermen's Co-operative Bulletin.



ODA Seminar in Indonesia

The seminar in Indonesia was held in Wisma Jaya Raya in Cipayung, West Java from 20 to 28 November 1989. Thirty-nine chairmen, directors and managers of fisheries co-operatives of national, secondary and primary level organizations from 17 provinces took part in the seminar. The theme was "Fishermen's Leadership and Participation in the Fisheries Co-operative Movement in Indonesia". Participants reached the following conclusions:

- It is necessary to introduce joint marketing of products in order to meet members' interests.
- The functional abilities of fisheries co-operative organizations need to be strengthened so as to meet members' expectations. Therefore, educational activities must be improved. The ODA seminars are useful in this context and should, therefore, be organized annually.

ODA Seminar in the Philippines

The ODA seminar in the Philippines, held at Villa La Maja Inn in Baguio city from 19 to 25 February 1990, was attended by 59 participants. As a result of lectures, discussions and field study visits to primary fisheries co-operatives, the following recommendations were made:

- That a Department of Fisheries and Aquatic Resources be created.
- In order to prevent illegal fishing in coastal areas, the Bantay Dagat Council (Coast Guard) should be supported at village level by the Department of Local Government.
- The Department of Education, Culture and Sport should include co-operative education as a subject in the school curricula from primary to tertiary levels of education.
- Anti-pollution regulations should be implemented to safeguard aquatic species and thereby secure a sustainable level of income for fishermen in rural areas.

ICA Housing Committee



Chairman: Olle Lindström (Sweden) and Secretary: Kerstin Hermansson (Sweden) in front of a Housing Committee exhibition

Executive

Olle Lindström, Sweden (Chairman); Bohdan Saar, Poland, (Vice Chairman); Jürgen Steinert, FRG, (Vice Chairman); Nicola di Biagio, Italy; Rolf Trodin, Sweden; Ivar O. Hansen, Norway; Murat Karayalçin, Turkey; Herbert Ludl, Austria; Daniel Petrequin, France; Carlos Silva, Portugal. Kerstin Hermansson, Sweden, was re-elected Secretary/Treasurer. At the New Delhi meeting five new members were accepted, two from Africa and three from Latin America, and two new members were elected to the executive. There are three vacancies on the executive to be filled by by-elections at the meeting in Madrid, 1990.

Meetings

The ICA Housing Committee held its annual meeting in conjunction with the Central Committee meeting in New Delhi. The main theme was Housing in Developing Countries. Professor M. A. Windey from Village Reconstruction Organization, which has initiated and completed a physical and organizational reconstruction of thousands of villages in India on the self-help basis, introduced the discussion. The week before the meeting representatives of the executive had visited some of those villages on the invitation of Deswos, the German Development Agency for Social Housing.

The committee also resolved to arrange and partly finance two international seminars. The first will be organized jointly with certain European governments on the "Role of Co-operative Housing in Society". The second, on "Solidarity between Housing Co-operatives", will be organized with the National Co-operative Housing Federation of India. Both seminars are a follow-up of the Housing Conference in conjunction with the ICA congress in Stockholm in 1988. A third follow-up to this Conference was an international seminar on "Social Activities in Co-operative Housing Areas", held in conjunction with Riksbbyggen's Congress in Sweden in June 1990. The seminar was based on an international survey on this issue carried out in collaboration with the Swedish Co-operative Institute.

The Committee is concerned by the rapid changes in the co-operative structure of Eastern European countries. Certain bilateral contacts have been established to provide assistance for the future development of the housing co-operative movements in those countries.



International Co-operative Insurance Federation (ICIF)



Chairman: Hans Dahlberg (Sweden)



Secretary: T. H. Webb

Executive Committee

A meeting of the executive committee was held in Orlando, Florida (USA), in January 1990. John Fisher, General Chairman and Chief Executive Officer of Nationwide Insurance (USA), stood down after five years as Chairman of ICIF, having become Chairman of the American Council of Life Insurance towards the end of 1989. His successor as chairman is Hans Dahlberg, Managing Director of Folksam (Sweden), who paid tribute to Mr. Fisher's distinguished leadership during his period of office. Mr. Fisher will continue as a member of the executive committee.

This change created a vacancy for a Vice-Chairman. Tan Kin Lian, General Manager of NTUC INCOME (Singapore), was elected to this position. The committee also co-opted Denis Ploton and Kenichi Kasamatsu of GROUPAMA (France) and Zenkyoren (Japan) respectively in place of their predecessors who had retired from their member societies.

Membership

There are now 114 members of ICIF (83 groups or individual societies) from 42 countries. Six co-operative insurance agencies in four further countries have been granted observer status.

The 1987 gross premium income of co-operative insurers belonging to the Federation at present was nearly £23 billion.

Activities

The executive committee is conscious that a great deal of change is taking place, both in the insurance market and in the co-operative and trade union movements in which ICIF members are rooted. A working group under the chairmanship of Tan Kin Lian has been appointed to review and make recommendations about the organization and structure of ICIF and services provided for members. The ICA discussion on basic co-operative values will be a major issue in ICIF's workplan.

Over the last few years there have been a number of contacts at various levels with co-operative movements in Eastern Europe with a view to establishing co-operative insurance operations. The wave of democracy which has been sweeping through the region may now add impetus to these initiatives.

New ICIF Video

A 16-minute video, "Building Bonds of Co-operation", has been produced which describes the ICIF to prospective members and member society personnel. Copies are available on loan from the ICIF Secretariat.

Co-operative Insurance Development Bureau (CIDB)

The scope of the CIDB's efforts in relation to co-operative insurance development continues to widen. Although the CIDB has long experience of working in Asia, Africa, South and Central America, and the Caribbean, its involvement is not confined to the developing countries. This is exemplified by new contacts in Australia and New Zealand.

Another indication of the increasing level of activity is the appointment of an additional insurance adviser in the Asia and Oceania region, to be based in Singapore. The CIDB has been asked by UNCTAD's Special Programme on Insurance to assist with arrangements for a seminar in Africa. This is to follow on from one held in Dakar in 1988 which was concerned with the promotion of co-operative insurance in rural areas of French-speaking countries in West Africa. The CIDB has also organized a second orientation seminar, this time for francophone co-operative insurance advisers.

International Co-operative Reinsurance Bureau (ICRB)

Once again, the ICRB has recorded an increase in the volume of premiums exchanged, which in 1989 amounted to £44 million. Even after allowance is made for exchange rate movements, there is a clear trend of steady growth in the amounts of reinsurance exchanged between ICIF members. The ICRB now has 45 member offices in 29 countries.

Advising new or prospective co-operative insurers about their reinsurance needs is an important function of the ICRB. Last year the ICRB was able at fairly short notice to place the entire reinsurance programme (other than the amount which must by law be placed within the country) for a new co-operative insurer established in the Dominican Republic and played a constructive part in the design of that programme.

Regional Associations

The Association of European Co-operative Insurers (AECI) has entered upon a new phase of its development, characterized by a series of meetings for member societies' executives engaged in specific functions. Three working parties (life, non-life and company law) have been formed to monitor draft European Community legislation. A second meeting for personnel managers has been held, this time in Stockholm, and a meeting was organized in Paris for those concerned with communications and the press.

The conference on distribution systems took place in Paris in November 1989. Another conference was arranged in Vienna, in April 1990, to examine options for constituting co-operative insurers and means of raising finance. An informal meeting held in Stockholm in February 1990 to exchange experience in the use of computer data bases is a further example of the benefit available through membership.

In even years the North American Association of the ICIF (NAA-ICIF) holds a formal conference in conjunction with the ICIF conference and, therefore, will hold no plenary



activity until after the meeting of ICA central committee. The executive met in June. The Asia and Oceania Association normally follows the same pattern of plenary meetings as the NAA-ICIF. Their 1989 conference, however, was postponed until April 1990 when it was hosted in Singapore by NTUC INCOME as part of the celebrations to make the move into their first purpose-built head office building.

INCOTEC



Chairman: Dr. Robert Houlton (UK)



Secretary: David Rushton (UK)

Executive

The members of the Executive Committee are: Dr. R. Houlton, UK (Chairman); Professor U. Aziz, Malaysia (Vice Chairman); Professor A. Korobkin, USSR (Vice Chairman); Dr. Y. Paz, Israel (Vice Chairman); E. Gicheru, Kenya; L. Schujman, Argentina; Dr. R. Otto, German Democratic Republic; M. Jonsson, Sweden; Dr. J. Juhász, Hungary; F. Baulier, France; P. Agarwal, India.

Activities

The INCOTEC year began with Executive Meetings and Workshops in Berlin in September 1989. The delegates visited the International Co-operative Training Centre of VdK in Dresden. They examined the re-furbished facilities and discussed the international courses with students and staff. This provided an opportunity to examine in depth both the course content and teaching methodology. The Executive was impressed by the quality and standard of the newly published textbooks.

The INCOTEC Workshop focused on the education and training systems in Germany. Founded on over a century of partnership between the State and business, they provide many useful lessons to co-operatives in the developed and the developing countries. Each of the workshops was conducted by a leading practitioner with Dr. Rolf Otto, Principal of the ICTC Dresden, acting as the co-ordinator.

All the participants agreed that the case studies and workshops provided many insights into the process of education and training and had lessons for education and training in many areas of co-operative activity.



A group photograph of INCOTEC participants and their VdK hosts in Berlin, September 1989.

Reports and Reviews

The meeting was updated on the current work programme of the ICA Regional Offices, the MATCOM programme, ILO and the International Co-operative Training Centres around the world and developments in Malaysia, Hungary, India, France, Kenya, USSR, Sweden, Israel and the United Kingdom. The INCOTEC Executive did not participate in the Central Committee meetings in Delhi in October.

Officers' Meeting

In December the INCOTEC officers held a meeting at Stanford Hall, Loughborough, to assess the case-studies submitted for the projected International Conference in Turin in 1990.

A preliminary selection of case studies was made and the process of contacting the authors and commissioning additional material was begun. However, it became clear that the process of consultation with authors over their case studies, together with the requirements for editing and publishing, made it impossible to organize the event within the given timescale. Reluctantly, it was decided to postpone the event until August 1991. A reservation has been made at the ILO Centre in Turin.

Other Consultations

The Chairman of INCOTEC was invited to participate in the ICA's consultative meeting on Human Resource Development in Abidjan, in early March. After four days of intensive work, co-ordinated by J. M. Rana, the ICA's Senior Development Adviser, a draft policy document was agreed for submission to the ICA Executive Committee.

Administration

The administration of INCOTEC by the CLEAR Unit of the Co-operative College has changed. After serving as INCOTEC Secretary for 18 months, Cecilia McNicholas transferred to become Member Education Development Officer for the Co-operative Union. The new Secretary, David Rushton, has had a distinguished career in co-operative service. He has had experience as Chief Co-operative Officer in Vanuatu, as Accountant to the Tonga Co-operative Federations and as Assistant Co-operative Registrar in Kiribati and Tuvalu.



INTERCOOP



Chairman: Sir Dennis Landau



Secretary: J.E. Dalgaard Jensen (Denmark)

Executive

Members of the Executive Committee are: Sir Dennis Landau, UK (Chairman); L. Lewin, Sweden (Vice Chairman); E. Schuster, Austria (Vice Chairman); B. Augustyn, Poland; R. Leuenberger, Switzerland; J. Negre, France; E. Rantala., Finland; V. Rasmussen, Denmark; R. Rønning, Norway; A. Severi, Italy; I. Szlamenicky, Hungary. The Chief Executive of INTERCOOP is J. E. Dalgaard Jensen.

Membership

INTERCOOP is an association of consumer co-operative central organizations in Eastern and Western Europe, Israel and Japan. There were no changes of membership during 1989 and thus 21 central organizations from 18 countries were members of INTERCOOP at the end of the year. However, Coop AG, W. Germany, announced its intention of giving up its membership of INTERCOOP as from 1 January 1990.

Together with their affiliated 4,036 co-operative retail societies, the 21 INTERCOOP member organizations make up an economic force as a trade group and consumer movement, which exerts a significant influence on both national and international markets. In Western Europe alone they achieved in 1988 a turnover exceeding US\$ 50 billion in 19,200 sales outlets.

Activities

The aim of INTERCOOP is to promote economic collaboration among its member organizations in order to improve their competitive power on their markets. The working programme thus comprises the following tasks:

- promotion of joint purchases of food and non-food on world markets;
- promotion of joint utilization of members' production facilities;
- promotion of exchange of experience in retailing, wholesaling and logistics.

As was the case in 1988, economic developments in most member countries in 1989 and the prospects of the EEC Single Market after 1992 continued to influence the collaboration between co-op central organizations in a positive way within most activity areas.

The non-food sector, which comprises mainly joint buying activities in six regional and 11 international buying groups, continued to have an overall positive development in spite of the fact that Coop AG's intention of giving up membership in INTERCOOP temporarily slowed down the progress of the plans to establish Middle European buying groups.

INTERCOOP Far East Ltd., the Hong Kong based buying office, was established in 1979 to assist members' buyers in their Far East purchases. 1989 was characterized by a very positive development in the number of orders placed through the office, both in textiles and hardware, the value of the orders increasing by about 13 per cent.

In connection with the Far East activities INTERCOOP has established a transport system for all purchases from that part of the world. The number of containers transported during 1989 increased by 12 per cent and, as a result, it is estimated that more than 80 per cent of all goods were shipped under an INTERCOOP agreement. The policy of changing delivery terms, concentrating on a few shipping lines, and using cheaper lines within the system, has proved to be a success.



(Photo: ILO)



In the food sector joint purchases are effected through the buying offices of NAF, which are owned by the co-ops in Norway, Sweden, Denmark, Finland and Iceland. The most important products bought were coffee, cocoa, fresh fruit and vegetables as well as dried fruits and canned goods. The local market knowledge of the buying offices combined with the "on the spot" order placements has given the food buyers of the member organizations significant financial benefits.

The continued structural changes in the industrial sector of the member organizations had a positive impact on the exchange of products from the members' factories. Exports from these industries to other INTERCOOP members dropped by about 6 per cent in terms of value, and the situation is unlikely to change in future as the majority of INTERCOOP members are concentrating their resources on wholesale and retail trade rather than manufacturing activities. However, exports increased within certain product groups such as biscuits and snacks, pasta, and particularly cheese as well as oils and fats.

The exchange of information and experience in retail trade now takes place under the supervision of the Retail Committee which was established in 1988. At its 1989 meeting, the Retail Committee itself discussed "store franchising systems" and a "teleshopping system" and decided to establish ad hoc working groups for exchange of experience regarding "management development" and "electronic membership cards". Both of these ad hoc meetings took place in 1989.

A special meeting was held in Copenhagen for the so-called "1992-Co-ordinators" in the INTERCOOP member organizations. The meeting dealt with "development strategies of major retailers in Europe", "the influence of the Single Market on buying and wholesale functions", and "food industries after 1992".

The Warehousing and Distribution group at its meeting discussed "challenges of the EEC Single Market after 1992 to the distribution function", "performance payment systems in warehouses", and "distribution centre problems regarding fresh fruit and vegetables". At the meeting a workshop was arranged regarding "international collaboration possibilities in logistics".

The activities within Point of Sales (electronic cash registers), the original aim of which was to influence manufacturers' specifications and equipment to meet the requirements of the member organizations, continued in the form of exchange of experience among users of POS systems. The collaboration in this field comprises also a bonus agreement with a major German computer company.

At its meeting in New Delhi, the INTERCOOP Board decided that a special function is to be established in order to enable INTERCOOP members in Eastern and Western Europe to take advantage of the emerging new markets in Eastern Europe. This function will serve as a support for West European buyers and East European exporters as far as East European exports are concerned, and it will also have a co-ordination function as far as East European purchases on the world market are concerned.

Tourism Committee (UITCA)



Chairman: George Ganneby (Sweden)
Secretary: Finola Marras (ICA)
at the Plenary Meeting of the Committee
in New Delhi, October 1989

Executive

Members of the Executive Committee are: George Ganneby, Sweden (Chairman); Michal Marik, Czechoslovakia (Vice Chairman); Yosiharu Sato, Japan, (Vice Chairman); André Guignand, France; G. Lazarek, Poland; Siegfried Merten, FRG; R. Putzolu, Italy; Andras Toth, Hungary; José L. Pratas Vieira, Portugal; Kurt Wihlborg, Denmark; Bruno Ziegler, Austria.

Mr. Matsui (Co-op Travel Service, Japan) was replaced on the Executive Committee by his successor Yosiharu Sato. Co-op Travel has since changed its name to Nokyo Tourist Corporation. Nokyo Tourist Corporation is responsible for organizing the practical arrangements in relation to the ICA 1992 Congress to be held in Tokyo.

Mr. Putzolu, formerly the TOURINGCOOP representative on the Executive Committee, was nominated as representative of ANCT Italy. TOURINGCOOP has gone into liquidation.

Membership

The ICA Tourism Committee has 26 member organizations from 23 countries. In accordance with the ICA policy to ensure self-sufficiency of Specialized Organizations, members are required to pay annual dues for their participation in the Committee. The ICA head office continues to provide secretarial assistance for which the Committee is most grateful.

Meetings of the Committee.

During the reporting period the Committee held its annual meeting in conjunction with the ICA Central Committee meeting last October in New Delhi. The Executive Committee reconvened in Paris in January 1990. The full Committee will meet again at the ICA Central Committee meeting in Madrid.

Activities.

The Committee's activities are focused on the development of three projects, namely

- a tourist resort in São Tomé and Príncipe
- a home exchange service for ICA members
- a resource bank designed to promote and facilitate the development of co-operative tourist activities in Eastern and Central Europe.



International Federation of Popular Travel Organizations.

Recognizing that the activities of IUCAT and IFPTO are in many ways alike, the Executive Committees of both organizations have given their Chairmen a mandate to investigate how their respective activities could be combined to improve overall efficiency. IUCAT/IFPTO collaboration will be a topic for discussion at the Committee's meeting in Madrid.

Representation in Brussels

Following the dissolution of CECOTOS, the coordinating committee for co-operative tourist activities at the European Commission, the Committee has been pursuing alternative sources of representation in Brussels.

Representation by IUCAT

During the reporting period, the Chairman and Secretary have held meetings or developed contacts with co-operative organizations in Australia, China, France, GDR, Norway, Portugal, USA, USSR, as well as with the World Tourist Organization (WTO).

In addition, the Committee was represented at a Workshop on Environment, Tourism and Development held in March 1990 in Valetta, Malta, and organized by the Centre for Environmental Management and Planning, in collaboration with Globe 90, the Foundation for International Studies, Malta, the Dorset Institute, with the support of WTO, United Nations Environment Programme (UNEP), World Health Organization (WHO) and United Nations Educational Scientific and Cultural Organization (UNESCO).

The Committee was also represented at the IFPTO General Assembly held in Gilleleje, Denmark, in May 1990.



Cooptourist Hungary are members of the Tourism Committee

Women's Committee



Chairman: Norah Willis (UK)



Secretary: Muriel Russell (UK)

Executive

The Executive members are: Norah Willis, U.K. (Chairman); Evgenia Vasyukhina, USSR (Vice Chairman); Katarina Apelqvist, Sweden (Vice Chairman); Bozena Najerova, Czechoslovakia; Piroska Godo, Hungary; Ada Gillan, Israel; Natsuko Yuasa, Japan; Bernadette Wanyonyi, Kenya; Jozefa Palmowska, Poland.

The reconstitution of the Women's Committee was completed at its meeting in New Delhi. The members now number 60 representing 34 countries. The Secretary is Muriel Russell. Notification has been received that Mrs. Vasyukhina is retiring from the Committee and we record our appreciation of her valuable contribution over many years, particularly remembering her ready response in her service as Vice Chairman.

Activities

Our work has been highlighted this year by a renewed desire by members to encourage women in the developing countries to use co-operative methods and practices to improve their lives both economically and socially. The open meeting held in Ahmedabad, India, had as its theme "Women in Co-operatives in S.E. Asia". Later that week members were able to see some of the work produced in the Mobilization Project supported by Swedish co-operators; the Chairman and Secretary also saw, in Ahmedabad, the efforts by women in both urban areas (where many of them collect rubbish to make a living) and rural areas (where they are reclaiming land to produce crops). Our members are emphasizing the need to ensure that women officers are employed in each of the ICA Regional Offices.

The Committee welcomed the invitation of the ICA Senior Development Adviser to take part in drafting the ICA Human Resources Development Policy Statement. The Secretary, together with women leaders from East and West Africa and India, contributed to the HRD consultation which took place in the Côte d'Ivoire.

We have continued to seek opportunities to widen our liaison with UN Agencies. When the Austrian Co-operative Movement kindly hosted the Executive Meeting in Vienna in March,



members were able to meet officials of the UN Division for the Advancement of Women in the International Centre and to have a discussion with the Director of Material and Techniques for Co-operative Management Training (MATCOM). The Chairman and Secretary used this occasion to pay a visit to Prague where, with the co-operation of the President of Ustredni Rada Druzstev they discussed, with women co-operators from all parts of Czechoslovakia, possibilities for the reconstruction of the women's contribution to the national Co-operative Movement.



Muriel Russell, Secretary of the Women's Committee, visiting the Abidjan Women's Wholesale Co-operative Market together with Elizabeth Minde from ICA Regional Office, Moshi and Uma Mukherji from the National Co-operative Union of India.

A submission of its views has been made by the Committee to the Committee of Experts currently considering "Basic Co-operative Values".

While there have been no seminars held this year, planning has centred around a conference focussing on women's approach to the Single European Market and the development of Europe after 1992. It is expected to be held in Rome and participants will be invited not only from EEC countries but from member organizations in Eastern Europe and from the European Free Trade Association (EFTA) countries.

Current discussions are taking place with other Specialized Organizations with a view to planning joint conferences during 1991.

Working Party on Co-operative Communications (WPoCC)



Chairman: Milton MacKenzie (Canada)



Secretary : Mary Treacy (ICA)

Executive

The following members, elected at the 1988 Congress in Stockholm, constitute the WPoCC Executive Committee: Milton MacKenzie, Canada (Chairman); Anatoly Fomin, USSR (Vice Chairman); Araujo Barbosa, Portugal; Dr. Kamal Hamdy Aboul-Kheir, Egypt; Poul Dines, Denmark; Iain Williamson, UK; Götz Krinelke, GDR. Mary Treacy, ICA Geneva, is Secretary to the Committee.

Membership and Dues

The WPoCC has thirty-six members from twenty-four countries. Fourteen of those member organizations pay a subscription fee of SFR300 each. Others provide time and services on an "in-kind" basis. To obtain broader representation of practitioners from ICA-member regions, especially from Third World economies, the WPoCC has embarked upon a membership recruitment drive. A four-page brochure and application form, suitable for reproduction locally, have been produced and distributed by the Secretariat.

Activities

As the representative body of member organization editors, publishers and other communicators, the WPoCC works closely with the Secretariat's Communications Programme in support of ICA's overall work-plan. Through the Working Party, members share experiences and enhance their understanding of co-operative information media.

Projects

News Service ... the provision of a daily newsletter for delegates at each Congress and Central Committee meeting is the WPoCC's most visible project to date. Participating members provide reporting and coordination assistance to the Secretariat and the local hosts. The



service has been provided at the Stockholm and Delhi meetings. We are most grateful to our member organizations there for providing the necessary personnel and production facilities to make this project a success. The Secretary, Mary Treacy, and Executive Member, Iain Williamson, in particular, have provided invaluable assistance throughout. A similar news service is planned for the Central Committee meetings in Madrid.

Photo contest ... "The Worldwide Co-operative Family" is the theme of an ICA/VdK photography competition now under way. This WPoCC project was initiated by member Götz Krinelke of the Verband der Konsumgenossenschaften der DDR. Working Party members have been invited to act as jury for contest entries. The contest is open to co-op members worldwide. To facilitate entries from the broadest possible range of co-op activities from all sectors, the deadline has been moved to December 31, 1990. Winners will be announced at the October 1991 Central Committee meeting in Berlin. An exhibition of the photos is planned at the Palace of the Republic, Berlin.

Journalists Workshop ... careful planning is under way for the introduction of the first workshop for co-op journalists representing members in less developed countries. Building on the advice and guidance of ICA's Regional Office for East, Central and Southern Africa, the WPoCC is considering appropriate venues and financing for the seminar. Curriculum and lecture resourcing will be provided by WPoCC members.

ICA 1995 Centennial ... recognizing this event as an opportunity to promote the Co-operative Movement worldwide, the WPoCC has made various proposals for consideration by the Executive Committee. Included were recommendations for: commissioning a design for a centennial logo; asking members to approach national post offices to issue commemorative stamps; publication of a book of photos; theme selection; advertising inserts; an audio-visual production for use by television; publishing a centenary book.

Publications

Directory of Co-operative Press ... the 1990 publication is an "in-kind" contribution from Co-op Novos Pioneiros, Portugal. Member Jose Araujo Barbosa has agreed to provide annual updates based upon questionnaires distributed by the Secretariat.

Meetings Schedule

New Delhi, India, October 1989 (plenary); Copenhagen, Denmark, May 1990 (ExCo); Madrid, Spain, September 1990 (plenary); Cairo, Egypt, March 1991 (ExCo); Rochdale, UK, May 1992 (ExCo).

WPoCC plenary meetings are timed to coincide with ICA Central Committee and Congress dates. Additional meetings of its Executive are planned according to special invitation. The Spring 1991 meeting in Cairo has the additional objective of learning more about our counterparts in the Arab world. ExCo member Dr. Kamal Hamdy Aboul-Kheir produces and distributes ICA documentation in Arabic on a regular basis. The Spring 1992 meeting in Rochdale (Manchester) UK is in recognition of the 150th anniversary of the Rochdale Pioneers Society.

ICA Working Party of Co-operative Librarians, Information & Documentation Officers (WPCLIDO)



Chairman: Bernard Howcroft (UK)



Secretary: Alina Pawlowska (ICA)

Executive

Members of the Executive Committee are: B. Howcroft, UK (Chairman); M. Wangius, Sweden (Vice Chairman); T. R. Garratt, UK; M. Rheume-Champagne, Canada; H. Bockwoldt, Germany; Alina Pawlowska, ICA Geneva, is Secretary to the Committee.

Meetings

It had been planned that the Working Party's 18th Meeting should take place in Budapest in the Autumn of 1990. Throughout the past 36 years (the Working Party was formed in April 1954) librarians in co-operative organizations in Eastern Europe have played a full part in the Working Party's development and contributed in considerable measure to its work programme, notably in Poland and Hungary. By meeting in Budapest, it had been hoped that the ties would have been renewed and strengthened. Regrettably, a meeting in Budapest is not possible at this time; we shall hope to convene there in the not too distant future. An alternative venue for the 18th Meeting is being sought which is likely to be either Manchester (Great Britain) or Stockholm (Sweden).

A Meeting and three-day Workshop of the Regional Working Party for Asia was held in New Delhi from 3 to 5 October 1989. Library computerization and the attendant problems in the application of new technology were the central themes of the Workshop. Construction of the thesauri which are vital to ensure the consistent, logical functioning of any system, were particularly focussed upon. A logical extension of the discussions on computer applications in libraries is the mutual and beneficial exploitation of co-operative information resources. Sessions of the workshop reviewed problems of co-operating in developing and utilizing resources through joint procurement arrangements and the progression of that into the area of the exchange of literature between co-operative libraries.

Participants in the Meeting and Workshop were 16 in number, almost all of them from India and Sri Lanka. Included in the number were the three resource persons whose papers



introduced and formed the basis for the discussion sessions, and the Librarians of ICA headquarters and Regional Office for Asia, Ms. Alina Pawlowska and Mr. B.D. Pandey respectively, who organized and directed this very successful Meeting and Workshop.

Work continues on collecting information, by means of questionnaire, for the planned publication of a new edition of the "Directory of Co-operative Libraries and Documentation Services". To ensure that the new edition includes libraries established in the past 10 years, submission of information will be welcomed by Ms. Alina Pawlowska, ICA Documentalist, in Geneva.

Working Party on Co-operative Research, Planning and Development



Chairman: Sven Åke Böök (Sweden)

Executive

The Executive Committee members, elected at the plenary meeting in October 1989 in New Delhi, are the following: Sven Åke Böök, Sweden, (Chairman); Kaj Ilmonen, Finland, (Vice Chairman); Stefano Zan, Italy (Vice Chairman); Janos Juhász, Hungary, (Vice Chairman). Garth Pratt, UK, retired as Chairman in 1989. Lajos Varadi is Secretary for the time being (1990), the committee has no permanent acting secretary.

Meetings

The working party had its annual meeting 1989 in New Delhi, in conjunction with the ICA Central Committee Meeting, on the main theme "The relations between co-operatives and the state, particularly looked upon from a co-operative value perspective". About 25 persons participated with about 18 papers and introductions. A report will be published in collaboration with the working party, the ICA Regional Office in New Delhi and the ICA project on basic values.

The annual meeting for 1990 will be held in Madrid in conjunction with the ICA Central Committee meeting. Main themes will be "Internal Dynamism in Co-operatives" and "Capital Formation" with an overall perspective of co-operative values and principles. To this meeting also co-operative librarians are invited, particularly to discuss a bibliography on co-operative values.

Programme

A special programme committee was appointed by the annual meeting in Bologna, November 1988. The members of the committee were the chairman and the vice chairmen together with Lars Lindquist, Denmark, and Victor Pestoff, Sweden. A preliminary version of the programme was circulated among the members of the party and a final programme for the next five years was worked out at a special meeting in Budapest in spring 1989.

The programme has been sent out to researchers and research institutions worldwide with an invitation to participate.

Publications

The working party published in 1989 in collaboration with the Swedish Society for Co-operative Studies a report on the proceedings of the conference "Co-operative Development and Change" (178 pages) held in the summer of 1988. The report contains 10 of the presented papers and a summary of the others.

In June 1990 the working party will publish - in collaboration with the ICA ROA in New Delhi and the ICA project on basic values - a report on "Relations between Co-operatives and the State" (about 150 pages).

The reports are available at the ICA office in Geneva.

In order to create a network among researchers in the co-operative field, the working party started a small paper called "Cop-Net". The plan is to have four issues a year and a worldwide coverage. About 150 researchers and people interested in research are members of the network for the time being.

Plans

The working party plans to arrange a larger conference in conjunction with the ICA Congress in Tokyo in 1992.



REPORT OF THE AUDIT AND CONTROL COMMITTEE

1. Members of the Committee



Hans Thuli (Chairman)



Heinz Fahrenkrog



Erlendur Einarsson



Ivar Hansen

2. Meetings

Two meetings have been held:
2 October 1989 in New Delhi and
7 May 1990 in Geneva.

3. Organization

The Organization Chart for the Secretariat in Geneva accurately describes the division of functions and is, therefore, an effective management tool. During the year the chart has been updated reflecting the few staff changes which have taken place. A section dealing with Special Projects has also been added to the structure.

Each section produces a detailed annual workplan, which is directly linked to and reconciled with the budget for the year. Progress reports on the workplans are submitted by each staff member on a quarterly basis. These reports are reviewed together with corresponding budget reports at special staff meetings.

4. Financial Situation

4.1 Routine Control

A financial report is compiled monthly giving information on revenue and expenses compared to the budget for the current month, the accumulation from the start of the year and the projection for the full year. The net results are also reported for each section. This statement, supported by a monthly balance sheet, provides the necessary information to all those concerned.

4.2 Membership Subscriptions

The gradual increase of the minimum subscription, as approved by the Central Committee in New Delhi, has been put into effect and for 1990 the minimum amount is SFR 1,000.

By the end of March 1990 only about 55% of the budgeted income from subscriptions had been received. By the end of April 1990 the percentage had risen to 75%. Although this is the same amount in Swiss francs as was reached in 1989, it means that, by the end of April, a total amount of subscriptions of SFR 500,000 remains unpaid.

Currently (8 June 1990) the major variances compared to the previous year are: Increases from Bulgaria, Denmark, FRG, Finland, France, Sweden and UK. Decreases from Canada, Hungary, People's Republic of China, Poland and USA.

In order to promote openness and awareness regarding the fundamental issue of paying member subscriptions on time, the Audit & Control Committee is requesting that a list of those organizations, not having paid by 31 July, be made public at the Central Committee Meeting.

4.3 1989 Annual Accounts

Details of the 1989 results are enclosed as Appendix I - VII.

It is a pleasure for the Audit & Control Committee to be able to report that 1989 was financially a good year for ICA. The surplus for the year was SFR 303,481, which is more than twice the amount in the 1989 Budget as well as that of previous years. After adding the balance brought forward from the previous year, SFR 53,104, the accumulated surplus in the Balance Sheet stands at SFR 356,585.

Appendix III gives a consolidated overview of the total costs and how these were covered. As in the previous year, contributions in the form of salaries for two staff members seconded to the Secretariat by the Swedish Co-operative Centre and Centrosoyus is recognized in the accounts.



In summary, the situation is as follows:

	1989		1988	
	SFR	%	SFR	%
Total Costs	6,237,053	100	5,802,221	100
These are covered by:				
- Direct Development Support	4,059,675	65.1	3,485,486	60.1
- Utilization of Funds	178,346	2.9	117,586	2.0
- Member Subscriptions	1,982,229	31.8	1,741,948	30.0
- Interest	77,775	1.3	37,957	0.6
- Sales of Publ./Serv.	109,077	1.7	150,427	2.6
- Other Revenue - net	133,432	2.1	404,659	7.0
Remaining Surplus	303,481	4.9	136,112	2.3

There are two main variances compared to 1988. Firstly, subscriptions increased by 14% as a result of both an actual increase and a favourable currency situation for the Swiss Franc. Secondly, substantial revenue as well as expenses decreased because 1989 was an ordinary Central Committee year whereas 1988 was a Congress year. There is also a change in presentation of the ICA office in Costa Rica. In 1988 the office was incorporated as a development project under the Head Office and in 1989 it is shown as a separate entity.

The Balance Sheet (Appendix VI) reaches a total of SFR 3.46 million, which is a net total after considering the accumulated depreciations on Furniture & Equipment. The balance on the Development Fund stands at SFR 48,307. When this amount has been fully utilised in 1990, the support to the Regional Offices will be covered under the current revenue of the Secretariat.

As in the past, ICA Domus Ltd. is not included in the 1989 consolidated accounts. This company, which is the owner of the Bonow House in New Delhi, is dealt with through separate accounts and is subject to a separate audit.

We have discussed the 1989 Accounts - activities and results - with the auditors Ernst & Young SA, previously known as Arthur Young & Company SA, and on the basis of their findings we can conclude that the 1989 Financial Statements, as reported, are correct and complete.

Following the set goal for ICA to build up the Reserve Fund to correspond to one year's income from subscriptions, i.e. currently SFR 2 million, the Audit and Control Committee is of the opinion that the entire accumulated surplus should be transferred to the Reserve Fund. The new balance of the fund would then be SFR 1,106,585.

5. Development Projects

The current projects have been reviewed with the Secretariat. These projects, which have increased by more than 16% from 1988 to 1989 and now exceed SFR 4 million, are included in the consolidated accounts. Currently, ICA is collaborating with twelve development organizations from Australia, Canada, FRG, Japan, Netherlands, Norway and Sweden plus two international organizations. The projects are covering the following fields: Research & Planning, Human Resource Development, Womens' Participation, Agriculture, Fishing, Insurance, Banking, Consumer, Co-op Trade and Co-op Legislation.

6. 1990 Budget

The Chairman of the Audit & Control Committee participated in the meeting of the Budget Sub-committee to the Executive Committee in December 1989. After reviewing the proposal, including proper operational break-down by section and by month, the 1990 Budget was approved. This budget is expecting a surplus for the year of SFR 205,000. The structure of the budget gives the necessary tool for a detailed monthly budget control. A four-year rolling budget was also presented at the meeting (summarized in Appendix VII).

7. Summary

Through our meetings we have been able to establish that the financial position of ICA has improved further and that every effort is being made to reach and even surpass the set goals and budgets in terms of quantity as well as quality.

As a result of our entire findings the Audit & Control Committee submits the following recommendations to the Central Committee:

- That the audited accounts for the year 1989 are approved.
- That the total accumulated surplus of activity is transferred to the Reserve Fund.

Finally, The Director, his Management and all members of staff deserve appreciation and recognition for their good work.



STATEMENT OF EXPENSES AND SUPPORT 1989

(in Swiss Francs)

COMPARISON TO PREVIOUS YEAR

Appendix I

	Actual 1989	Actual 1988	Variance	
				%
REVENUE				
Subscriptions	1,982,229	1,741,948	240,281	13.8
Interest	77,775	37,957	39,818	104.9
Sales of Publications/Services	109,077	150,427	(41,350)	(27.5)
Other net	133,432	404,659	(271,227)	(67.0)
Total	2,302,513	2,334,991	(32,478)	(1.4)
Funds	178,346	117,856	60,490	51.3
TOTAL	2,480,859	2,452,847	28,012	1.1
EXPENSES				
Net Expenses at Head Office	1,999,032	2,198,879	199,847	9.1
Net Support to Regional Office:				
- Asia & the Pacific	40,476	45,712	5,236	11.5
- East, Central & Southern Africa	36,348	44,562	8,214	18.4
- West Africa	43,957	27,582	(16,375)	(59.4)
- Central America & the Caribbean	57,565	—	(57,565)	—
Total Support	178,346	117,856	(60,490)	(51.3)
TOTAL	2,177,378	2,316,735	139,357	6.0
SURPLUS OF ACTIVITY	303,481	136,112	167,369	123.0

STATEMENT OF EXPENSES AND SUPPORT 1989

(in Swiss Francs)

COMPARISON TO BUDGET

Appendix II

	Actual 1989	Budget 1989	Variance	
				%
REVENUE				
Subscriptions	1,982,229	1,800,000	182,229	10.1
Interest	77,775	55,000	22,775	41.4
Sales of Publications/Services	109,077	138,000	(28,923)	(21.0)
Other net	133,432	101,000	32,432	32.1
Total	2,302,513	2,094,000	208,513	10.0
Funds	178,346	150,000	28,346	18.9
TOTAL	2,480,859	2,244,000	236,859	10.6
EXPENSES				
Net Expenses at Head Office	1,999,032	1,959,000	(40,032)	(2.0)
Net Support to Regional Office:				
- Asia & the Pacific	40,476	50,000	9,524	19.0
- East, Central & Southern Africa	36,348	50,000	13,652	27.3
- West Africa	43,957	50,000	6,043	12.1
- Central America & the Caribbean	57,565	—	(57,565)	—
Total	178,346	150,000	(28,346)	(18.9)
TOTAL	2,177,378	2,109,000	(68,378)	(3.2)
SURPLUS OF ACTIVITY 1989	303,481	135,000	168,481	124.8



STATEMENT OF EXPENSES AND SUPPORT 1989

(in Swiss Francs)

Appendix III

	HEAD OFFICE	REGIONAL OFFICES				TOTAL
		Asia & Pacific	East, Central & Southern Africa	West Africa	Central America & Caribbean	
EXPENSES						
Personnel	1,485,416	279,476	450,413	267,008	149,810	2,632,123
Travel	221,451	752,729	224,420	50,164	23,233	1,271,997
Outside Services	129,987	342,242	19,095	17,672	0	508,996
Premises	205,166	132,250	25,735	69,184	31,052	463,387
Office	222,490	209,881	79,086	20,393	13,154	545,004
Publications	96,660	34,262	75,540	6,893	0	213,355
Meetings	108,109	20,172	116,606	3,631	46,254	294,772
Financial	53,923	3,049	20,331	841	0	78,144
Project Activity	68,107	33,266	0	127,902	0	229,275
TOTAL	2,591,309	1,807,327	1,011,226	563,688	263,503	6,237,053
COST MET BY						
Direct Support						
AAC - Australia	0	19,895	0	0	0	19,895
CCA - Canada	4,545	77,872	69,438	0	27,000	178,855
CIDB - Internat.	0	0	32,222	0	0	32,222
CUAC/MAFF - Japan	0	717,669	0	0	0	717,669
HIVOS - Netherlands	0	0	54,665	0	0	54,665
JCCU - Japan	0	110,397	0	0	0	110,397
NORCOOP - Norway	0	0	0	245,509	0	245,509
RABOBANK - Netherl.	0	0	97,564	0	0	97,564
SCC - Sweden	503,732	737,631	663,995	0	56,235	1,961,593
SDID - Canada	0	23,865	0	90,785	114,527	229,177
SOCODEVI - Canada	0	0	0	18,875	0	18,875
Member Organization	84,000	62,952	33,046	111,897	0	291,895
Other	0	16,570	23,948	52,665	8,176	101,359
Total	592,277	1,766,851	974,878	519,731	205,938	4,059,675
Funds	0	40,476	36,348	43,957	57,565	178,346
NET COST	1,999,032	0	0	0	0	1,999,032
Subscriptions						1,982,229
Interest income						77,775
Sales Publ./Services						109,077
Other, net						133,432
SURPLUS OF ACTIVITY 1989						303,481
Accumulated Surplus 1988						53,104
ACCUMULATED SURPLUS 1989						356,585

STATEMENT OF EXPENSES AND SUPPORT 1989

(in Swiss Francs)

COMPARISON TO PREVIOUS YEAR

Appendix IV

	Actual 1989	Actual 1988	Variance	
				%
EXPENSES				
Asia & the Pacific	1,807,327	1,473,874	(333,453)	(22.6)
East, Central & Southern Africa	1,011,226	417,409	(593,817)	(142.3)
West Africa	563,688	678,953	115,265	17.0
Central America & the Caribbean	263,503	—	(263,503)	—
Total	3,645,744	2,570,236	(1,075,508)	(41.8)
Cooptrade	—	282,796	282,796	100.0
Head Office	2,591,309	2,949,189	357,880	12.1
TOTAL	6,237,053	5,802,221	(434,832)	(7.5)
COSTS MET BY DIRECT SUPPORT IN:				
Asia & the Pacific	1,766,851	1,428,162	338,689	23.7
East, Central & Southern Africa	974,878	372,847	602,031	161.5
West Africa	519,731	651,371	(131,640)	(20.2)
Central America & the Caribbean	205,938	—	205,938	—
Total	3,467,398	2,452,380	1,015,018	41.4
Cooptrade	—	282,796	(282,796)	(100.0)
Head Office	592,277	750,310	(158,033)	(21.1)
TOTAL	4,059,675	3,485,486	574,189	16.5
COSTS MET BY FUNDS IN:				
Asia & the Pacific	40,476	45,712	(5,236)	(11.5)
East, Central & Southern Africa	36,348	44,562	(8,214)	(18.4)
West Africa	43,957	27,582	16,375	59.4
Central America & the Caribbean	57,565	—	57,565	—
Total	178,346	117,856	60,490	51.3
Cooptrade	—	—	0	—
Head Office	—	—	0	—
TOTAL	178,346	117,856	60,490	51.3

TOTAL EXPENSES	6,237,053	5,802,221	(434,832)	(7.5)
TOTAL DIRECT SUPPORT	4,059,675	3,485,486	574,189	16.5
TOTAL COVER BY FUNDS	178,346	117,856	60,490	51.3
TOTAL NET EXPENSES	1,999,032	2,198,879	199,847	9.1
TOTAL HEAD OFFICE REVENUE	2,302,513	2,334,991	(32,478)	(1.4)
SURPLUS OF ACTIVITY	303,481	136,112	167,369	123.0



STATEMENT OF EXPENSES AND SUPPORT 1989

(in Swiss Francs)

COMPARISON TO BUDGET

Appendix V

	Actual 1989	Budget 1989	Variance	
				%
EXPENSES				
Asia & the Pacific	1,807,327	1,923,000	115,673	6.0
East, Central & Southern Africa	1,011,226	1,019,000	7,774	0.8
West Africa	563,688	659,000	95,312	14.5
Central America & the Caribbean	263,503	285,000	21,497	7.5
Total	3,645,744	3,886,000	240,256	6.2
Cooptrade	—	—	—	—
Head Office	2,591,309	2,714,000	122,691	4.5
TOTAL	6,237,053	6,600,000	362,947	5.5
COSTS MET BY DIRECT SUPPORT IN:				
Asia & the Pacific	1,766,851	1,873,000	(106,149)	(5.7)
East, Central & Southern Africa	974,878	969,000	5,878	0.6
West Africa	519,731	609,000	(89,269)	(14.7)
Central America & the Caribbean	205,938	285,000	(79,062)	(27.7)
Total	3,467,398	3,736,000	(268,602)	(7.2)
Cooptrade	—	—	—	—
Head Office	592,277	755,000	(162,723)	(21.6)
TOTAL	4,059,675	4,491,000	(431,325)	(9.6)
COSTS MET BY FUNDS IN:				
Asia & the Pacific	40,476	50,000	(9,524)	(19.0)
East, Central & Southern Africa	36,348	50,000	(13,652)	(27.3)
West Africa	43,957	50,000	(6,043)	(12.1)
Central America & the Caribbean	57,565	—	57,565	—
Total	178,346	150,000	28,346	18.9
Cooptrade	—	—	—	—
Head Office	—	—	—	—
TOTAL	178,346	150,000	28,346	18.9

TOTAL EXPENSES	6,237,053	6,600,000	362,947	5.5
TOTAL DIRECT SUPPORT	4,059,675	4,491,000	(431,325)	(9.6)
TOTAL COVER BY FUNDS	178,346	150,000	28,346	18.9
TOTAL NET EXPENSES	1,999,032	1,959,000	(40,032)	(2.0)
TOTAL HEAD OFFICE REVENUE	2,302,513	2,094,000	208,513	10.0
SURPLUS OF ACTIVITY 1989	303,481	135,000	168,481	124.8

INTERNATIONAL CO-OPERATIVE ALLIANCE

BALANCE SHEET

Appendix VI

December 31, 1989 and 1988

(Expressed in Swiss Francs)

ASSETS	1989	1988
Current assets		
Cash, including interest-bearing deposit accounts of SFr. 1,359,332 (1988 SFr. 1,405,527)	2,622,734	2,515,341
Account receivable and prepayments	739,563	466,723
Total current assets	<u>3,362,297</u>	<u>2,982,064</u>
Furniture and equipment		
At cost	289,203	272,014
Accumulated depreciation	(232,295)	(212,681)
Net furniture and equipment	<u>56,908</u>	<u>59,333</u>
Other assets		
Investments	1,588	1,588
Deposits and guarantees	41,034	48,299
	<u>42,622</u>	<u>49,887</u>
	<u>3,461,827</u>	<u>3,091,284</u>
 LIABILITIES, FUNDS AND RESERVES		
Liabilities		
Creditors and accrued expenses	793,441	677,846
Deferred revenue/Support	1,513,494	1,389,778
Total liabilities	<u>2,306,935</u>	<u>2,067,624</u>
Commitments		
Funds		
Reserve Fund	750,000	750,000
Development Fund	48,307	191,533
West Africa Fund	—	29,023
	<u>798,307</u>	<u>970,556</u>
Revenue accumulation account	<u>356,585</u>	<u>53,104</u>
	<u>3,461,827</u>	<u>3,091,284</u>



**ACTUAL FOR THE YEAR 1989
& BUDGET FOR THE PERIOD 1990 - 1993**

(in Swiss Francs)

Appendix VII

	Actual 1989	Budget 1990	Budget 1991	Budget 1992	Budget 1993
REVENUE					
Subscriptions	1,982,229	2,005,000	2,100,000	2,200,000	2,250,000
Interest income	77,775	90,000	93,000	96,000	100,000
Sales of Publications/Services	109,077	120,000	82,000	90,000	93,000
Other net	133,432	105,200	105,500	187,000	113,000
Total	2,302,513	2,320,200	2,380,500	2,573,000	2,556,000
Funds	178,346	45,000	0	0	0
TOTAL	2,480,859	2,365,200	2,380,500	2,573,000	2,556,000
EXPENSES					
Net cost of Operations	1,999,032	1,960,200	2,015,500	2,188,000	2,156,000
Net Support to Regional Office:					
- Asia & the Pacific	40,476	50,000	50,000	50,000	50,000
- East, Central & Southern Africa	36,348	50,000	50,000	50,000	50,000
- West Africa	43,957	50,000	50,000	50,000	50,000
- Central America & the Caribbean	57,565	50,000	50,000	50,000	50,000
Total Support	178,346	200,000	200,000	200,000	200,000
TOTAL	2,177,378	2,160,200	2,215,500	2,388,000	2,356,000
SURPLUS OF ACTIVITY	303,481	205,000	165,000	185,000	200,000

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Review of International Co-operation

File



Volume 83 No 4 1990

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This publication has been entirely realized at ICA head office using desk-top publishing.

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Vice Presidents: Yvon Daneau (Canada), Pavel Fedirko (USSR)
Director: Bruce Thordarson (Canada)

Opinions expressed in this publication are not necessarily those of the leadership and management of the ICA.

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location of the ICA Secretariat*

Review of International Co-operation

Vol. 83 No. 4/1990

Editor: Mary Treacy

Assistant Editor: Laura Wilcox

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Editorial

This fourth annual issue of the ICA Review of International Co-operation traditionally focuses on the ICA's Central Committee meeting and this issue looks into the session which took place last September in Madrid. Most of the review is, therefore, dedicated to the three main themes of the Madrid meeting: Co-operatives and Capital Formation, Co-operatives and the Environment and Recent Developments in Eastern and Central Europe.



The Central Committee adopted a declaration calling for the unconditional withdrawal of Iraqi troops from Kuwait and the restoration of the Kuwaiti Government. Several weeks prior to the invasion of Kuwait, ICA had received an article on the co-operative movement in this country and, while the situation has obviously changed in the meantime, we thought that our readers would be particularly interested in learning about this subject before Iraqi soldiers moved in and exiled the co-operative leaders.

The next issue of ICA Review will contain other articles on the three Central Committee themes mentioned above. In addition we will publish the second part of "Neo Co-operation" by Jesus Larrañaga, which we had promised to include in this issue, but were obliged to postpone owing to lack of space. We will also have articles on co-operatives in Palestine, consumer co-ops in the UK, French social housing problems and information on the Plunkett Foundation in the UK and Alcecoop in Argentina.

Rita Rhodes, formerly Secretary of the Womens' Committee and Education Officer at ICA Geneva, has promised an article on the debates on co-operative values which took place within ICA during the 1930s and J. Rana, ICA's Human Resource Officer, will write on education for effective membership participation in co-operatives. We will also start a new series on ICA development projects with an article on dairy co-ops in India by Madhav V. Madane from the ICA regional office in New Delhi.

There are many interesting things going on in the world of Co-operation - don't forget to share them with us. Deadlines for contributions for 1991 are as follows: 30 January for No. 1, May 15 for No. 2, 1 June for the annual report and 15 October for No. 4.

We take this opportunity to wish all our readers a very Happy New Year.

Mary Treacy & Laura Wilcox
The Editorial Team

Address by F. Ceballo Herrero President of Organizing Committee



Dear President of the International Co-operative Alliance, Minister of Labour of the Spanish Government, fellow co-operative workers, honoured guests, ladies and gentlemen;

The other members of the Spanish organizing committee have given me the task of welcoming you to our country, on their behalf. This is a great honour for me and has given me one of the greatest feelings of satisfaction I have ever experienced in my life.

The Spanish co-operative movement, for reasons known only too well, has been alienated from the International Co-operative Alliance for more than forty years but has always felt a deep affinity with co-operative movements throughout the world, whilst awaiting the moment when it could join with them in the ICA. For this reason,

as soon as my country saw the removal of the obstacles preventing the right and true inclusion of the Spanish co-operative movement in the Alliance and we were able to join, we dreamed of the chance to hold a meeting of its Central Committee in Spain.

Now we have the satisfaction of seeing this dream come true, which means that for this short time, Madrid, the capital of Spain, has also become the capital of the world co-operative movement.

The representatives of the Spanish co-operative movements which have helped to organize the functions taking place on the occasion of this meeting and all the co-operative workers of this country wish you every success in your work during the Central Committee meetings and hope that your



Technical staff of the host organizing cttee (L to R: Laura Canet Aymerich, Paloma Arroyo and Conchita Castarlenas) chat with A. V. Fraile, President of the Federation of Housing Co-ops, and members of the press.

stay in Spain will be pleasant and rewarding and that you will take happy memories home with you.

As those of you who have not met us before can testify, the Spanish people enjoy a wide variety of customs, idiosyncrasies, even languages, but there remains a set of values held in common by all those who make up this people. From among those values I would like to draw particular attention to our traditional hospitality and our desire to offer unconditional friendship to everyone.

You have come to Madrid in autumn, the best time to enjoy this city, the time of the year when the climate is at its most pleasant. We trust that once the day's meetings are over, you will all be able to enjoy both the cultural and recreational opportunities that Madrid has to offer.

The organizing committee has tried to include some recreational aspects in

its programme, but I am sure that those of you who have not visited Madrid before will not waste this opportunity to become acquainted with its monuments, museums or simply to stroll around its avenues or parks.

At a time when once again the threat of warfare exists on an international level, we trust that all the co-operative workers gathered here today will continue to set an example of peace and solidarity for the world, which along with high democratic ideals, have been the essence of our philosophy.

Once again, on behalf of my fellow Spanish co-operative workers, we welcome you and hope that you will enjoy every success in your work and in the conclusions which will be drawn from this meeting of the Central Committee of the ICA.

Similarly, we trust that you will have a most enjoyable stay in our country.

Address by Luis M. Noval Minister of Labour



Mr. President, Mr. Director, Members of the Central Committee of the ICA, Ladies and Gentlemen;

It is for me a great honour to be able to address you as Minister of Labour and Social Security of the Spanish Government, speaking to you at this meeting of the ICA Central Committee. Therefore, my first words must be to thank you for the invitation to participate in the opening ceremony as well as to welcome all of you, as representatives of 625 million co-operators who make it possible for the ICA to become a forum for co-operative matters worldwide.

When we consider the political and geographical situation nowadays, it is a great satisfaction to see that ICA

considers it one of its goals to work for peace. All efforts are valid when we are trying to avoid the very serious menaces we are facing nowadays.

Co-operatives, since they exist in all countries, have proved to be an efficient formula to face social and economic problems. Their success in the management and commercialization of goods and services and in generating employment and achieving a fairer distribution of goods, should allow co-operatives to play new roles and to have new responsibilities for example in West and East discussions or in environmental protection. These two subjects are, I believe, to be discussed in the working groups of the Central Committee which opens to-day. Co-operatives also, to my understanding,



...ent, Luis M. Noval, Minister of Labour and F. Ceballos Herrero, President of the ...aving the Congress.

...bility for integral ...ent, technical train- ...management, as well ...respecting and pre- ...ment, and to en- ...ers to adopt a more ...on consumption and ...ess between human ...ore than we could ...er kind of society ...ss matters.

...and South relation- ...by the recently es- ...ic regimes in many ...the growing inter- ...sible management ...es. All these facts ...ors of society should ...ause of their special ...That is why I think ...e message of "Our ...which was issued ...what co-operators ...fight for environ- ...a. The environment

requires the establishment of an international agreement.

This meeting which opens to-day will also discuss matters related to the challenges which are facing co-operatives and their members. Many of these topics are linked to the work started in the 29th meeting of the ICA in Stockholm, concerning the meaning of the principles of co-operation. When it comes to other matters, capital and co-operatives, co-operatives and their relationship with governments, co-operation for development and how to be able to make the democratic management of societies compatible with profitability, the use of new technologies, co-operation across borders, human values in co-operation and, from a European point of view, the consequences for co-operatives of their integration into the single market, will be priority issues. The ICA, which will be celebrating its hundredth anniversary very soon, can



Friendly smiles for a positive CC Meeting - L to R: R. Parramon, Director-General Ltd. Companies at the Ministry of Labour, M. Simon, Director of ILO Office in Ma ... Minister of Labour.

play a very active role in the solution of these problems.

My presence here today stresses the support which the Spanish Government gives to the promotion and development of co-operative societies which can participate and compete in a coherent and consistent economy. I speak from the labour point of view in Spain and, taking into account that we have here the representatives of the co-operative movement worldwide, I would like to take this opportunity to stress the work that has been carried out since 1982 by the Ministry of Labour, complying with the Spanish constitution of 1978 that reads in its article 179.2: "public institutions will efficiently promote the diverse fashions of participation in business and will promote co-operative associations accordingly".

With this philosophy, the co-operative movement was approved and we are currently discussing legislation for

co-operatives. The going to create ac instruments for these and all the auxiliary sary for co-operative tion in the market implement these char participation of the tor, because, as you try is organized int ries with local gov sible for legislative the regions.

May I conclude, L men, stressing aga wishing you succes is going to be carri tral Committee of that Co-operation, ac ciples and basic val meet the challenges ety faces in terms of the distribution of g ing a better welfare text of a better wor



Director of ICA, F. Ceballo Herrero, President of Organizing Committee, Joseph Confederation of Co-operatives of Catalonia., Lars Marcus, President of ICA



... you're never too young to enjoy an ICA reception!

ICA President's Report



The reports from the Director and the President are aimed at updating the Central Committee on the work of the Executive and the Secretariat.

The Director will shortly tell you about the results of the last 12 months. As for myself, this year I will focus on some problems of our membership and raise the question as to how, or if, the ICA can be of help to them. Since reports should be short and distinct, I will limit myself to three geographical areas, but I believe these will reflect situations well known to all of you.

I will talk about co-operatives and the political system in Eastern Africa. I will talk about co-operatives when market economy is on its way in Central and Eastern Europe. I will talk about co-operatives in Europe and the consequences of the Common Market.

At the end I will a
our work with the

First of all Africa
independence was
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tool for solving ru
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We in the ICA kn
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and that responsi
others does not w
provided further e
co-operative form
under the control o
also used for other
economy of its m
mately be unsuccess

and to support the movement everywhere, enlarge its regional range conferences co-operative lead-

course have the up-do what they want but they must be the consequences. Co-operative business co-operatives will potential. In addition, co-operatives are not ap-ICA point of view les are clear.

never be an eco-party. Co-operatives are part of the state economic support for such before, not be ex-co-operative world. In ICA is not pos-

course the same to es and other bodies they could be sup-to use co-operatives than economic ones.

travels to Zambia, nia, Uganda and d our message. In Ministerial Confer-April was success-best of the three the region. But the e to disseminate its if necessary - the ed. Political power is also necessary to ive correct advice

when it is in the hands of inexperienced people. And the ICA has a special role in the Third World, where its local members might run into trouble if they speak up. Their own leaders might run considerable personal risks if they oppose the government before ICA can speak up.

The second area of my report will deal with Central and Eastern Europe where considerable changes in the economy have taken place and will continue to occur. To me it has been perfectly clear that the ICA can do nothing unless it is called upon. On the other hand, the ICA should not hesitate to defend members when a national economy is being reorganized and co-operatives are under severe fire for being conservative, old-fashioned and just another part of the past.

When I say "defend members", I am of course thinking of the movements and not of individuals, leaders and others; movements which have grown as a result of tradition, knowledge and efforts, and even sacrifices from their membership of millions, in some cases for more than a century.

To make myself clear I will cite the most recent example. In the GDR, before its reunification with the FRG, the present government indicated that co-operative property would be privatized just like state enterprises in retailing. The VdK turned to its ICA colleagues and asked them to help. As ICA President I voiced our reaction by pointing to the fact that consumer co-operatives in Germany were robbed of their property already in the 1930s. What was in their hands belonged

then, as it does now, to the organized consumers. To repeat now the criminal acts of the 1930s would definitely discredit the coalition government to the international co-operative world. The VdK should not have to suffer from being used by the old regime inside a planned economy but should be given a chance to defend the interests of its members in the new situation.

With a similar approach, I have attended congresses in Poland, the USSR and Czechoslovakia. I visited Romania last year and I will go to Bulgaria in October. We also had a meeting with all the Chief Executive Officers from Central and Eastern Europe in Geneva early this year to find out if we could be of any help.

As you will understand, I welcome the economic reform and the changes that are now occurring in Central and Eastern Europe. There has long been a strong need for more detente and disarmament. We have been voicing that in our resolutions year after year.

But together we should strongly oppose that co-operative movements which have been given specific and limited roles by governments should be further victims now that the previous national economic policy has proved unsuccessful. Co-operatives cannot be held responsible.

My third area is Europe and the effects of the Common Market.

As you know, most ICA members inside this market are organized in lobbying groups in Brussels. A number of our European Free Trade Association

(EFTA) members these groups. T ICA members in Europe will follo

During the last ye a resolution pass discussions have continue, on the Europe. A first b taken a few week rector and I met v of the agricultura sumer groups.

I will briefly repe mulated the ques

Is there, we asked on behalf of its E We know that ou generally strong of their own inter ready created m organizations and the opinion that th a European apex. the political map working on the str the ICA, we have r tions with Europe

The ICA is now pr and Latin Americ cils have been for ministerial conference intervals.

In Asia we found look upon collabo operatives also as regardless of the ty Their strong co-op to nurse the new a most members are nomic support to t

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as now. The four-
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o regional confer-

It is true that the ICA is short of man-
power and a year of several regional
conferences will prove a bit tough for
the Secretariat but we believe, in view
of our experiences in Asia and Africa,
that we shall be able to organize that
with the help of our regional offices.

The question is then if Europe should
be blank. The ICA should not and
cannot work against the will of mem-
bers. It should also be careful not to
indulge in activities for the sake of it.

We asked representatives of the pres-
ent member groups for their views
two weeks ago in Brussels. We had a
very positive reaction. Members felt
there could be a need for an organiza-
tion with a global background to speak
up for the co-operatives in the Euro-
pean arena. This should not conflict
with the interests of branches but could,
in certain fields, strengthen them. It
would also be good to have a common
forum with Central and East Euro-
pean co-operatives. These relations
are now mainly on a bilateral basis.

A special regional office or a presence
in Brussels was not needed or even
wanted and the general opinion was
that Geneva could well take care of the
European region.

I was very much encouraged by these
first reactions and by the fact that the
idea of a possible role for the ICA was
not interpreted as an intrusion into
forbidden territory. In any case we
cannot afford to build a structure that
members do not need. And we must
have the ability to discuss, to change
and even - if found advantageous - to
dissolve our Alliance.

Finally, a few words on where an
European region could be of use - but
only practice can tell if I am right.

Business is a necessary part of a na-
tion's life. The rules are provided by
parliaments and governments and must
be based on the knowledge of how to
bring about efficiency, but also how to
protect the interests of citizens.

Co-operatives form a small segment
of the economy based on an alterna-
tive form of ownership. They will
never achieve their potential impact in
their information to politicians if they
do not act together.

In business, co-operatives sometimes
have to fight each other in their efforts
to create maximum benefits for their

members. In this
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... at the welcome reception.



ICA Director's Report

In the Annual Report which has been distributed to all Central Committee members, there is a description of a number of positive developments regarding the ICA which should be a source of satisfaction to all of us, staff and members alike - a financial situation which, while always delicate, is at least under control and improving; the initiation of a number of new activities in response to member requests; and the improved efficiency and impact of our Regional Offices.

Without repeating what has been said in the printed report, I would like to highlight some of the major issues which ICA and its members can expect to face during the coming months.

The dramatic developments during the last year in Eastern and Central Europe are significant in many ways for ICA. In the first instance they pose an immediate threat, because there is little doubt that, in most countries, the restructured co-operative organizations will be smaller than before, for obvious reasons. In some countries it is no exaggeration to say that the co-operatives are fighting for their very existence. But, even now, it seems clear that the final result will be an overall strengthening of the co-operative movement since the co-operatives



which remain will be based and democratic. It was not possible before to remind us of an alternative truth - that co-operation is best in conditions of political pluralism. It also offers an idea of more movement-to-... between co-operatives and the Organization for Co-operation and Development in these countries, which it is to promote. Later, we have an opportunity to see recent developments.

Another ICA priority is the Basic Co-operative Movement now in its consultative project director, Sweden, had contact with n...

Specialized organiza-
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was done last year
pecialized organi-
ting in the after-

noons. Most will devote part of their
time at least to our two Central Com-
mittee themes so that we will all bene-
fit from the views of our different
sectoral organizations when they make
their reports to the Central Committee
on Friday morning. We hope that this
format will also enable Central Com-
mittee members to learn more about
the work of the specialized organiza-
tions by attending their meetings.

This change in our meeting proce-
dures, which is still very much on a
trial basis, leads me to another ICA
priority, which is the work of the Struc-
ture Committee that has been estab-
lished by the Executive to examine if
there should be major changes to the
ICA organizational structure, which
has remained largely unchanged dur-
ing its 95 years of existence. A draft
report will be circulated soon to member
organizations for review. The Execu-
tive Committee's intention is to sub-
mit a final report to the 1991 Central
Committee meeting so that any Rules
changes which result from these pro-
posals could be dealt with at the 1992
Congress. Without going into detail,
the themes being pursued by the Struc-
ture Committee at present are a more
decentralized, regional structure for
the ICA; fewer but better meetings; a
more representative control structure;
and more effective working relation-
ships with the Specialized Organiza-
tions.

Another new development of impor-
tance is the extension of ICA's pres-
ence into Latin America, a region which
has been too long overlooked by the
international co-operative community.

With the support of national and re-
gional organizations, ICA has now es-
tablished a Regional Office for Central
America and the Caribbean, and has
created a project office in Buenos Aires
to study whether a similar regional
structure should be created in the
Southern Cone of Latin America. There
would be no purpose in creating these
offices if they did not have a useful
development function to perform, and
we have been very encouraged to see
the support they have already received
from such varied sources as Norway,
Canada, Italy and the ILO. The offices
are also designed to support the ac-
tivities of our Specialized Organiza-
tions, and it is gratifying to see that
this year no fewer than three commit-
tees - Agriculture, CICOPA and ICIF -
have organized major meetings in Latin
America.

As was made clear at the Develop-
ment Forum yesterday, there is tre-
mendous potential for co-operative
growth and development in Latin
America. These new areas of activity
should not cause us to forget the other
on-going priority areas within ICA -

communications, in-
relations, specialized
son, and our three
regional offices. TH
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Capital Formation: The C for Co-operative Theory and Pra

by Claude Béland*

It is an honour and a great pleasure for me to take part in your consideration of this important question of co-operative capital formation. I thank the ICA for giving me this special opportunity of sharing some ideas with you and informing you of recent initiatives in the Desjardins Movement in Quebec.

It is an important question because capital for co-operatives is probably the subject which best gives us the measure of the co-operative convictions of their leaders and members. At home in Quebec, where savings and loan co-operatives and agricultural co-operatives have reached a good size, the question of capital formation has been, and continues to be, the subject of lengthy debate permeated with the temptation to give greater privilege to capital. However, as we know, what distinguishes co-operatives from stock companies is precisely the prerogatives or privileges conferred on capital.

* Claude Béland is President of the Movement des caisses Desjardins.



In a capitalist enterprise, the yardstick of company control; it is also a factor for profit-sharing in the companies or enterprises "capitalist". In co-operatives, capital is an essential element of the forms of enterprise, but with no rights of ownership for the members, regarded as the undertaking, and the control is subject to democratic

To put the question of capital in its proper perspective, it is useful to remember that the members are first and foremost the organizations made up of people who want to meet common needs. They are all aware, all en

erative need essen-
n order to develop:
and customers. No
can survive if one of
missing. Capital
of tools required for
productive activity,
needs raw materials
enable it to operate:
up its capital. With-
e enterprise simply
proper foundation

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e goods or services.
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workers and employees want better wages and salaries and the consumer wants rock-bottom prices. This is known as the struggle for survival.

In a co-operative, matters are so arranged that the three elements are in the hands of the same people, and these people are together not in order to try and jockey "their" element into the best position, but to provide each other with the requisite goods and services. So, in a co-operative, members are also owners and users, which minimizes conflict between capital and consumer. In co-operative consumer organizations, the seller and the company owner are also the customer; in a labour co-operative, the employer is also the hired hand; and in a housing co-operative, owner and lease-holder are one and the same person. So the three company operation elements are as little as possible in conflict. While the capitalist system is based on the principle of the struggle for survival, the co-operative system offers the approach to life - "union is strength".

Problems

It is none the less true that these fundamental differences mean that capital for co-operative companies is not as attractive a proposition as in a stock company. And since people are born individualists, co-operative thinking has not been sufficiently drilled into them as yet to make them genuine co-operators. Our co-operative members are human beings like everybody else and often want to go for the fattest profit or "the fast buck". They are willing to acknowledge the principle

of holding down interest on capital but, then, they invest less in capital and look for something to offset that by demanding re-imbusement of over-payments in the form of a dividend, which means that there is less in the general reserve with which to build up real capital.

It must be admitted, then, that individually it is always tempting to wield power when one holds most of the company capital. It is also tempting to invest in capital that could gradually produce value added or appreciation. That is why it is sometimes very tempting to turn the co-operative company into a stock company - particularly when it has achieved a certain size and accumulated a substantial amount of capital.

The temptation is so strong that it led the philosopher Joseph Folliet to say that when the co-operative gives power to capital then the co-operative is no more, and once the co-operative is just a matter of money with no place for intelligence and feeling, co-operatives are in a state of degeneration. "In general," he used to say, "the early co-operative founders were pioneers, which entailed courage and trail-blazing. The second generation was made up of organizers who used the results produced by the guts and imagination of the pioneers. The third generation, if we are not careful, may just turn out to be beneficiaries, in other words, people who profit from the benefits of the co-operative but give nothing in return."

Solutions

Given these all too seems to me that as place emphasis on co- ing we must also so competition from sto tal and give capital earnings - the fair fixed by market forc ing the liquidity of However, in so doin low ourselves to dis ture - the specific diff us what we are.

At home, to resolve operators in some s erted substantial su in the form of shares maturity. Thus divi the end of the comp only after 10 years. capital formation su operative. In long p tion has not given ri lems, since the own operative is usually and funds invested tor involve fairly n However, in some ture in particular, ar mulated do involve members are tempte ment.

In the Desjardins M bec, we have exper formation problem i loan funds. Till rec formation rate set l was 3.5 per cent of and such capital w made up of general

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only one form of capital, in other words that which confers voting rights and a share of the profits, or even of the value-added.

We therefore obtained from the legis-
lation the power to issue in January
1990 our first standing shares, capital
which, while being the property of the
funds, also remains the property of
each of the members individually.
These shares are transferable from one
member to another and are paid in the
same way as the overpayments and
according to the decision of the Gen-
eral Assembly. Our aim was to pay
out on these shares by giving 1 per
cent higher interest than on 1 year
term deposits. These shares are in-
tended, therefore, for members who
want to be real owner-users of their
co-operative and they are of interest to
the clever investor who understands
the merits of being on an equal footing
together with like-minded people in a
company which meets his needs. In
return for this right to collective own-
ership, he accepts the yield which the
co-operative could pay and becomes
part of a form of long-term savings.
We should add that the Quebec legis-
lation favoured this sort of capital
formation by granting, at least for the
first few years, distinct tax advantages
as was done, in any case, for other
forms of company capital formation.

The result is that the standing shares
favour capital formation for our sav-
ings and loan funds. But these shares
are more than a mere capital forma-
tion tool. They are, at the same time, a
valuable means of getting the co-op-
erative message across. Because what

we offer our members through stand-
ing Desjardins shares is not only the
opportunity of directly contributing
to the development and progress of
their co-operative by investing in it
like real owners, but also the possibil-
ity of embracing a set of human and
social values involving solidarity,
sharing, respect and trust.

In the Desjardins Movement, we re-
fused to trade our co-operative status
for traditional capital, and that is why
we arranged to have a capital issue
which recognizes the right of our
members to fair and reasonable com-
pensation. We remembered what our
founder, Mr. Alphonse Desjardins, who
has guided our development for al-
most ninety years, used to say: "It is
important to strip oneself of the dan-
gerous ambition to sacrifice the solid-
ity of the progress sought for the sake
of speedy implementation."

In other words, we
our movement, like
self, developed acco
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May I express the w
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Operative Capital: Challenge for Co-operative and Practice

Co-operatives are an important part of the agricultural sector for farmers aimed at increasing farm income and market. They are the extension of the market.

In the legal form, agricultural co-operatives are associations of services of the market and controlled by

In the economic environment have forced agricultural co-operatives to rethink and reshape this strategy:



the economical environment have forced agricultural co-operatives to rethink and reshape this strategy:

- the farm has become a capital intensive and highly specialized enterprise that sets high technical professional standards in the area of business management,
- on the supply side a strong concentration has developed between means and market impact,
- in areas of processing and sales of products, economies of scale lead to large undertakings,
- the distribution of food is increasingly subject to concentration and internationalization,
- demand will dominate the market and orient itself toward healthy, lean and fresh products.

Director of BIJ De Belgische Farmers Union) and Party for Co-op Law of the Fédération des Co-opératives

Allow me to briefly describe these developments.

The Farm

Developments in agriculture since World War II have led to larger production units that are not only very capital-intensive, but also very specialized. In the recent past, high-technology on the farm has increased greatly and continues to do so. The farm has thereby become more financially sensitive, that is financial risks form a real threat when growing crops cannot be quickly sold as a matter-of-course and for insured prices.

The farmer has become a manager in the full sense of the word. In a business sector where extreme efficiency is expected in order to maintain the necessary productivity, the farmer is expected to have a thorough knowledge of the capacity for modern business management. Wide access to the profession and mutual production shifts between the different sectors demand the greatest flexibility in thought and quickness of action.

In the area of business management, co-operatives are invaluable. Purchasing co-operatives cannot limit their activities only to the supply of high quality, low priced production components, but must also increase the amount of technical assistance provided to its members, especially in the area of production where more information and knowledge should be provided. The most important area for a sales co-operative, next to the realization of an adequate market price for goods, is in ensuring the ability to sell the products.

In other words, the company manager must become in a very concrete way a manager who has a growing need for services from co-operatives that can guarantee a certain degree of security in supply and that can advise in management.

Product Supply

In the supply sector, it is necessary to distinguish between the co-operative as a producer, and the co-operative as a saler. In the latter case, actions are limited to the sale of products.

In both areas, co-operatives must be able to handle a great number of products and services further than just the traditional products.

In the sector of "food products", for example, activity in the area of materials supply is of great importance, which a handful of large corporations dominate. In this sector, a stronger balance can be found in a co-operative demand oriented approach with overseas products.

In the "wholesale" sector, concentration is even greater. Large co-operatives are to be found in food and agriculture. Large co-operatives continue to absorb the market with agricultural activities, counter-balance mutual activities on a European scale. The co-ordination of co-operatives with the private sector is of great importance for the future of agriculture. The co-operative is increasingly influencing the technological development.

and biotechnology, face the challenge of integrated and collective

ably, farmers represent which is shrinking. Supply co-operatives that can satisfy the factory breadth and network of acceptance will become more future. Supply co-operatives also consider how to in the light of internal competition in market; how to set the use of the technology; and which stance with respect to the activities.

in processing and of products are so importance of a low cost some large producers can produce at full capable of keeping constantly occupied. This be, to a situation in internationally active national firms are s. Small companies ng their grip on the eing considered for re pushed back to local market.

maintaining a market, publicity and promotional, if not a Eu-

ctor, scale increases on in production on

both national and international levels. In sales and distribution, only a strategy that covers a global market will lead to success.

Distribution

In the last decade, there have been continuing concentrations in the area of distribution. The small village store has disappeared in favour of large department stores, and where it has been maintained, it has been connected to a purchasing combine. The sales co-operatives come to a standstill in the face of powerful purchasers.

A more recent phenomenon is the internationalisation of distribution. International groups appear on the market and stock up across borders. Large distribution companies have the power to realize purchasing combines.

The concentration on the demand side requires an equilibrium-resulting action from the production side.

The Consumer

The consumer is confronted with a constantly increasing supply of goods that s/he cannot consume.

The consumer has become choosier; s/he demands higher and higher levels of quality, takes health considerations increasingly into account in nutritional questions, and demands much more sophisticated services. The seller's market of yesteryear has become the buyer's market.

All of this has created the necessity to offer to the consumer an impeccable quality guaranteed by directed brand policy. Integral quality control is much more than a passing fashion. More than ever, co-operatives must achieve

the combination of producer and consumer in order to realize this concern over quality.

These developments have a significant influence on the policy of co-operatives. On the level of the enterprise, this leads to:

- Small margins

The structural reduction of sales possibilities for agricultural products leads, for co-operatives, to a shrinking of the market, increased competition, and the possibility of stagnation or reduction in turnover. This is also indirectly the case for suppliers as well.

In the area of business economics, unused capacities which create increased costs arise. This occurs at the precise moment in the competition battle when a low cost price is of the utmost importance to maintain market position. Efficiency in business management becomes paramount for survival and success.

- International co-operation

In the process of cost reduction, economies of scale will gain importance. They force co-operatives to specialize in production not only among themselves, but also relative to the private sector. Purchasing contracts and franchise agreements could bring this about. Multinational corporations have already enjoyed the benefits of international co-operation for a long time, and co-operatives must also take this route. Co-operatives, via international co-operation, can combine their regional function at the production stage with a greater

effectiveness in market without the feeling for t

The main question of the strategy is whether the co-op traditional financial derwrite the necessary not, which financial be employed with characteristics of namely self-financing. Regardless of whether are sought within bers, or from outside importance of risk-ca be felt in an increa

Solutions

Financing by m Liability versus ca Considering that a eratives belong to t ers, it is the farmer the risk of the ente ity can be realized and paying up shar ing guarantees vis-

The motivating fa work together in a improvement of position and not th tal with a view to return. The capital at their disposal is i ence, in their own period when most tives were organiz had enough means own enterprises, a possible to put co their own individua

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balance, the price correction is in the form of an additional payment, or in the case of a negative balance, and if the statutes allow for it, a repayment to the co-operative.

Membership responsibilities

An additional important, but less measurable, security for creditors is formed by the tie between the members and their co-operative, especially in the area of mandatory supply or purchasing requirements as well as resignation regulation. With a mandatory supply or purchasing requirement, the continuity of the co-operative is better insured and can combine the profitability of necessary investment with more security if this is of importance for those responsible for the acquisition of outside capital. This importance is increased if resigning members, who are naturally released of their supply or purchasing requirements, are required to pay a certain "exit fee". These supply or purchasing requirements as well as the "exit fee" are not only important for those responsible for the acquisition of outside capital, but especially for those remaining members.

Indeed, if a part of the membership does not supply or purchase any products in a given year, or resigns without having to pay an "exit fee", this could directly affect the price that remaining members receive for their products due to a loss because of undercapacity. This can even lead to endangering the continuity of the co-operative by requiring the remaining members to cover past losses or remaining debt due to the loss assessment statutes or liability clauses. It should be noted

that the EC Commission, in the framework of competition policy, tends to denounce very stringent resignation policies as barriers to international competition.

The Co-operative's assets

The importance of the co-operative's own assets as a financial tool has been increasingly recognized. These assets determine, to a large degree, the lending capacity of the enterprise and can serve as a buffer to cover risk. From the point of view of the enterprise, own assets can also be a relatively cheap financing tool which eventually leads to better prices for the members. Indeed, large assets minimize dependence on outside capital by which interest payments are significantly decreased and disbursing capability is increased.

Own assets are usually formed by the capital of the members then increased with the reserves. If capital formation is a difficult operation for the members, then the maintenance of a healthy reserve policy in the co-operative becomes an infernal task.

Tension exists between short and long-term payment instalments of the members on the one hand, high sums are paid out in the short term, with the consequence that few assets are built up within the co-operative, and on the other hand a high pay out price is paid in the longer term for which large assets are necessary. There also exists an objection by members to the formation of large internal reserves. Here the permanent loss of membership fees to the co-operative is incurred. Except in the case of liquidation of the co-operative, members could not usually

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co-operative own as-
sets via cash flow. The
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charges, is an important
part of necessary invest-
ment usually occurs
at historical cost price
and the cost of replacement
is based on
prices which are much lower
than replacement costs
and the net profit payable
is higher than what
would be as a dividend to
members if a simulated profit
is made. A part of this profit
is used for amortization costs. By
economically non-justi-
fied amortization, unnec-
essary costs are created when the net
profit is paid into pay-off to the
members. These consid-
erations are the fact that amortiza-
tion of replacement cost is
not a good method, which ap-
plies to co-operatives than other

investment capital is an
essential member capital.
The member's own capital is
based on the basis of the
relationship between itself
and the co-operative. This applies to re-
tirement accounts.
For a member, this means
participation in the fi-
nancial life of the co-operative. The prod-
ucts are thus indivisibly
linked to another.

Taking into account the type of invest-
ments co-operatives must make in the
near future, it is very possible that
members will prefer the co-operative
to increase its own assets outside the
business relationship between itself
and its members. One possibility is to
attract capital that seeks the best re-
turn on its investment. The provision
of this capital is not connected to the
supply or purchase of products and is
completely voluntary.

The motive of the relevant investors to
make risk-bearing capital available to
the co-operative is not the realization
of a better pay-out price, but rather an
optimal return on their investment.
For this reason, the relevant capital is
described as investment capital. In
practice, it is necessary to imagine that
a part of the co-operative's assets are
formed out of the turnover relation-
ship between the members and their
co-operative, and another part by
voluntarily transferred amounts that
do not have their origin with the
members. This latter part should be
rewarded by a specified compensa-
tion.

The disconnected relationship between
the production and the capital can
lead to a certain tension with the co-
operative. On the one hand, the
members wish to attain the best pay-
out price possible, and on the other,
the investors want the highest return
possible on their investment.

While the provision of risk-carrying
capital has always been a necessary
means for members to achieve their
goals, namely the best possible price
for their delivered or purchased prod-

ucts, the provision of risk-carrying
capital by investors provides a goal in
and of itself, i.e. the highest possible
return on the relevant investment.

In conjunction with this point, the
composition of the decision-making
bodies is of importance. A minimum
requirement for the maintenance of
the co-operative business is that deci-
sion-making should be dominated by
the members on the basis of the busi-
ness done with the co-operative.

Because of opposed interests and the
maintenance of the member dominance
in the decision-making, a responsible
balancing must be achieved between
the bonus to members on the one hand,
and the dividend to investors on the
other.

With respect to the capital, the divi-
dend and the decision-making, there
are a number of combinations. For ex-
ample: considering the capital, both
capital that is limited by time and
capital that is permanently available
could be taken into account. The title
on assets can give a right only on the
nominal value, or on the total assets of
the co-operative. The titles could be
negotiable or non-negotiable.

The dividends could be in the form of
a fixed amount (e.g. a cumulative
preferred dividend) or a payment based
on the balance profit or a combination
of both.

As to decision-making, the following
could be possible: either total exclu-
sion of voting rights or voting rights
proportionately linked to the amount
of capital, or the right to appoint mem-
bers of the board of directors of the co-

operative. Naturally,
are not to be chosen
uncertainty regardi
the investor will d
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The dividend on in
a large role in pro
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Capital Resources

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ked to a fixed bonus.

Another possibility to strengthen the assets of the co-operative is the issuing of a convertible subordinate loan, for which conversion takes place in certificates/participation or shares that represent a part of the co-operative's assets. In this way, external investors, after a period of risk-free investment, can switch over to risk-carrying investment in the co-operative. Depending on the trust that they have in the co-operative, the investors can themselves determine whether or not they wish to participate in the co-operative's own assets.

The "Titres Participatifs" introduced in France represent bonds that carry risk and represent a nominal value. The amount of the bonus can, to a degree, be linked to the return on government bonds and the average return in the sector. These titles could be considered for listing on the public stock exchange. The rate that is achieved by such a bond would be dependent on the term, the return, and the profitability in the sector (i.e. the company and its financial situation). In addition to the right to a bonus, the holders of the relevant bonds should also have a right to information.

A widespread and effective method to work together with other firms in some sectors is the Joint Venture. Using this instrument, the co-operative can enter into a specified, new sectoral activity with another firm in a limited company where both invested capital and control is shared with the partner. In this way, the risk of the activity is separated from the members because the company is a separate legal body in which risk does not go beyond the

amount of invested share capital. The striving towards profit does not necessarily have to be opposed to the members' interests nor to the co-operative; the members indeed can make claims on the realized profits in the holding company. Experience in our country tells us that this method is to be used with the utmost of care and suggests that it is only to be used in exceptional cases. The different attitudes that the private sector partner and the co-operative have easily lead to disharmony concerning the strategy of the common enterprise. The winding up of the Joint Venture is then unavoidable. Given this experience, I would not suggest the use of this formula, especially in the basic activities of the co-operative.

A formula that is gaining more and more popularity is that of a Public Limited Company (PLC) set up by the co-operative. Co-operatives that have put their activities in a PLC can attract capital from third parties by the issuing of shares. Different variations to give substance to the relationship between the co-operative and the investors are possible here as well. In the case of a title on the total assets, as is usual with stock capital, provided the shares are transferrable, a possibility for rate gains exists by the realization of the intrinsic value of the stock. To facilitate the use of third party assets, and to stimulate third parties to invest in the co-operative, the creation of an independent holding company could be of invaluable use.

The attraction of risk-carrying capital can also be achieved via the stock market. Here, too, different possibili-

ties exist, such as th
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Conclusions

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ted, considering the
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investments, that the need for risk-
carrying capital will greatly increase
in the near future. Caution is to be
used when weighing different financ-
ing options for the co-operative to
ensure its security.

The co-operative elements of involve-
ment and apportionment of the re-
turns to the members must not be
unnecessarily threatened. It will re-
quire considerable insight and crea-
tive thinking on the part of those re-
sponsible to weave these imperatives
together.

New Approaches to Co-operative Capital

by Rauno Kousa*

The Finnish capital market underwent a fundamental change in the 1980s. One of the clearest indicators of this was to be seen in the behaviour of investments. Between 1980 and 1988 the share of bank deposits on the capital market fell from 72% to 40%. During the same period, the share of listed securities grew from 3% to 26%. The role of the Helsinki Stock Exchange has also grown significantly, with the overall value of trading increasing from around FIM 2 billion in 1985 to approximately FIM 33 billion in 1989. Corporations, realizing the opportunities offered by this development, have actively used the market to raise risk capital through new issues. The market value of new issues by listed companies rose from some FIM 2 billion in 1985 to FIM 9.3 billion in 1989.

The reasons for all this can be recog-
nized in such factors as the favourable
development of the national economy
throughout most of the decade, grad-
ual deregulation in the Finnish and
international capital markets, new
legislation, especially in regard to

* Rauno Kousa works with the Investment
Division of EKA Corporation in Finland.



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success of the soci-ends on the mem-services produced. Financial solidity haveugh internal financ-allowing assets and accumulate in the ng investments and in the parameters he past decades co-generated consider-e financial standing es not significantly other types of enter-

even by European h co-operatives are The Eka Corpora-with its FIM 20 bil-the fourth largest nd, the 13th in Scan-oth in Europe. Even hods of raising share financing are clearly intain an adequate ng a period of radi-and change in eco-ss life.

osal by the co-opera-e Ministry of Justice ng group in autumn n amendment to the eties Act. The spe-oup was to discover -operative societies apital on the open me way as private e working group's nent was ultimately evised Co-operative e into force at the

The amended Act contains three main provisions: raising new equity through issuing investment shares, merging co-operative societies into new, separately constituted bodies, and reconstituting societies as limited companies.

The most important of these is the system of investment shares. This means that in addition to its share capital, the co-operative can also amass investment capital. The investment share is as negotiable as any other corporate share and can also be quoted. Upon introduction of the system, investment shares may be available to members only. At the next stage, issues will be like any other, either rights or directed issues. Investment shares offer the owner the same entitlement to the society's net assets as member shares, and a dividend is paid on them from the profits. Investment shares could also be given a preference dividend right. Although investment share owners have no right to vote in the co-operative, they may attend and speak at its meetings.

The objective has been to make the investment share a safe, profitable and appreciating security for members and investors alike, and to turn co-operatives into an attractive investment proposition. The system contains both opportunities and dangers.

The co-operative will accumulate permanent capital, and the investor gain both a dividend and the possibility of capitalizing on any appreciation in value. The society will acquire a new group of owner-investors equally as interested in its success as its ordi-

nary members. This interest also makes it possible to persuade investors to use the services produced by the society. A creative investor-oriented policy and correct dividend and issues management will create for the society a body of investors who will also be interested in the future in investing in the co-operative in a stable, non-speculative fashion.

The issuing of investment shares will make it possible to reward members for their contribution to the society's equity and use of its services. The inclusion of a bonus issue in investment shares will offer members, owners, a profitable and negotiable share in the society's assets.

In order to become a viable instrument, it should be possible to trade in investment shares. Public quotation is a positive action for the society. It increases public interest in its operations, makes it more known and creates a positive corporate image. Simultaneously, the development of the share price is a public measure of the success and standing of the society. This plays its own part in stimulating and enhancing corporate operations, not least those of management.

Investment shares enable directed issues to personnel, members, partners and anticipated allies. Like private corporations, the society can also use its securities to finance company acquisitions. Furthermore, investment shares open up foreign capital markets to capital issues, thus helping the society in its efforts to internationalize.

In addition to inv will also be possible tal through such i ments as debenture successful impleme vestment share sy raising co-operativ advantageous term positive effect of inv the solidity and ot company to be igno

The most significan ment shares is that t react favourably to coming, as it does, new source. Also s teristics make it le the familiar ordina share: it is non-voti co-operative, its sha not constant.

The absence of the important. In high elsewhere, particu Europe, there is an voting shares, but n The market deman on this kind of sha conjunction with th tem of taxing divid tively high cost equ

As investment shares of owners into the c may arise a conflict b ests and those of th correct pricing of su fore of major imp extremely difficult i mulated net assets Underpricing will le assets from the men

pricing will lead to under-subscribed. They also arise in the operations. According to the purpose of the co-operative member benefits from a favourable price in support of these investments, on the other hand, the investor, on the other hand, has a good return on his investment to a growth in assets.

...ion may present a difficult choice, as they are supported by decisions from the representative owner-members. It could also lead to passing members as a new member enters the co-operative.

...ethods of a publicly listed co-operative must correspond to the needs of listed corporations. It demands, for example, for examining and execution of business, internal control, information, bookkeeping, and its attitude towards the business environment and its attitude also precisely to the conditions of listed com-

...operative societies must have a share system that leads to a great extent to a large or small, open or closed. It is necessary to carefully assess the dangers, its inter-

nal strengths and weaknesses, and only then take a clear decision and consistently work towards its fulfillment.

In principle, the Eka Corporation has already taken the decision to implement the investment share system. The matter is now under preparation and it appears that the first issue could be in spring 1992.

In certain cases restructuring of the co-operatives has led to a situation whereby the business operations have been hived off into limited companies, with the society acting as their parent company. This is what has happened in the Eka Corporation, where its operations are either already limited companies or at least function like them. These companies continue to produce services required by members and direct benefits to them, with the parent co-operative responsible for their overall strategic planning and direction. Members own the companies via their shares in the parent co-operative.

The limited company model allows equity to be acquired from other sources than the parent company alone. It enables the company to enter the capital market and become listed on the stock exchange. Thus a member of the parent co-operative can take up shares directly in one of its divisions. Through these companies, the society can then obtain equity from entirely new sources of investment.

Cont/d on page 42

Some Observations on the Raising of Capital

by Sven Ake Bök*

Since one of the main themes of this Central Committee Meeting has been capital formation, I will contribute some observations on that theme from our discussions in the Research Working Party and Advisory Committee on Basic Values

By capital, I mean physical and financial assets. I am not including what is often referred to as 'human capital'; i.e. 'investment' in persons, knowledge, education, etc. Of course, such investment has always been important and is becoming of increasing importance in the highly industrialized and postindustrial parts of the world; the so-called 'information society' or 'knowledge society'. Although this is undoubtedly important for the future, especially in a co-operative context, I prefer to include it in the broader concept of human resource development rather than that of capital.

A Complex Institutional Pattern

Firstly, one can clearly observe that it is not easy to make a general discussion on raising capital equally valid

* Sven Ake Bök is Chairman of the ICA Research Committee. These observations were part of his presentation made before the Central Committee in Madrid.



for the whole of the co-operative sector. This is because the institutional pattern is very different in various types of co-operatives with different basic structures in different environments, different legislation and different stages of development.

There are also special cases, such as co-operative organizations, set up for the purpose of raising capital. These include co-operative banks, the co-operative specialized departments, co-operative organizations, etc.

The main problem for co-operative organizations is to raise capital, while others are

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tive economic system itself. The most fundamental is the nature of capital as servant in the co-operative economic system. We normally, but not always, need capital as much as, or even more than, other economic organizations. But within the co-operative economic system we distinguish between capital as a factor of production on the one hand, and capital as a source of fortune and power on the other. Within the co-operative system the respect for, and power of, capital is limited. And the surplus belongs to the members, individually or collectively. The members are the masters.

It is also significant that in practice many co-operative organizations have never been very interested in trying to express the value of the co-operative society in terms of the member shares. There are some exceptions, but normally co-operative organizations have used the practice to plough back quite large parts of their surpluses as collectively-owned member capital in order to get 'cheap capital' and/or to give the co-operative organization strength as a joint instrument for common purposes. The provision of good services by the co-operative has been seen as the main objective, and collectively-owned capital has been looked upon as an efficient way to obtain such services.

This practice varies in different types of co-operatives and in different environments. Another subject of debate has been; what is the right balance between collectively and individually-owned member capital? Today inflation, the widening gap between the

explicit (nominal) value of member shares and the calculated implicit value, together with the more individualistic climate, seem to have made this old question even more crucial.

Preliminary Observations

Thirdly, as has been said, we can observe that these basic distinctions have been the subject of much discussion in recent years. In our seminar we discussed some case studies of this, especially characterized by changes of the co-operative form of organization into companies with ambitions to attract more outside investors by taking steps towards being quoted on the stock exchange and by explicitly expressing the value of member shares.

Our case studies are still too few to enable us to draw any general conclusions, but from them we were able to observe that, in the long-term, these new tendencies seem to threaten co-operative identity, member democracy and member control.

In the short-term such measures might be looked upon as the only possible way of raising capital in the changing environment. In the longer term, however, if we are not extremely careful, these make the members lose control of their organizations. As long as there is a fairly good co-operative economy such problems do not seem to pose too much of a threat. But if and when economic problems arise, or there are problems in raising the necessary capital for approved and on-going investment plans, then the threat becomes worse.

We need to collect a case studies of this draw some more ge about the good and new methods of raising the time being we receive warnings about the p effects. What might in the short run might bad in the long run.

The Unity Principle
Fourthly and finally, alternative models of organization. In doing that entered into the tradition, i.e. that the union and the financiers should people in co-operative Members should be the services of their societies. In order to get members must also ers and the main fin

Of course, in reality strictly applied that co-operative capital accept some loan capital sources. On the other been careful to apply principle in building up outside financing terms principle and to bring elements into it. And the working of the economic system.

Alternatives

When considering the alternatives we face a challenging idea: we rethink the concept of membership? Why not

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we must be very careful when we make changes or modifications. But why not experiment further - and let researchers examine those experiences that have already been made?

In our seminar we discussed the very interesting multi-stake-holder model from Canada, in which the insurance co-operatives have members as financiers, customers (the members as users) and employees (the members as workers). We also briefly examined the Mondragon model. We now need to examine other such models, both in their theoretical aspects and in their practical consequences.

operative-run savings funds must not be forgotten. With the liberalization of capital markets, compulsory specialization and open competition in banking operations, the savings funds offer attractive new opportunities for properly allocated member saving.

Co-operation is facing new times and new challenges, not least of all in the capital markets. Whether working as elected administrators, managers or employees of a co-operative, it is our duty to carry co-operative enterprises through the process of restructuring, whilst at the same time remaining true to the basic values of co-operation.

Consumer Co-operatives the Environment

by Turid Ström*

William Morris, the British author, architect, utopian socialist, published his futuristic book *News from Nowhere* in 1892. In this he lets a person dream that he enters into the New World. The visitor's first surprise is that the water of the Thames has become crystal clear; salmon is fished in the Thames.

Morris and many other radicals of the early industrial era thought that the factory could be tamed to provide both freedom and beauty from the smoky hell that was the 19th century industrial city. They foresaw the technological revolution with its enormous growth in productivity and the flow of goods. They identified a good environment, with access to clean water and fresh air, as basically an issue of freedom and human dignity.

Today, salmon is fished in the waters of Stockholm, in the centre of the Swedish capital. It is not even dangerous to eat it. You can also take a swim in the centre of the capital. Today the water of Stockholm has become clean.

* Turid Ström is Chairman of the ICA Consumer Committee.



The water of Stockholm is a great illustration to what has happened to our environment during the last thirty years. Year after year a serious problem we identify is to clean pollution from the city's sewage pipes. More and more and heavy investment is needed to solve these problems. A great deal still remains to be done, at least in Eastern Europe. However, that, thanks to technical progress, we have found solutions. It is only a matter of time to be done correctly.

The environmental issues of today, and of the future, are more and more serious. It is a matter of diffuse environmental

...y or a sewage pipe. Thinking of all sub- and artificial, which d at present, such as energy production and chemicals that we sink, from refuse and n or pile up. These mful to our air and destroy the protective ch, in the long run, climate.

...mental problems, if new, are to a great our lifestyle. If we , it is necessary both cal solutions and, at rn world, to be pre- ur way of life.

...n the industrialized have accounted for the environmental o-called industrial- duce 75% of carbon from the use of coal, also account for the CFCs (chlorofluoro- so contribute to the . Furthermore, we umers of the world's ources and account growing mountains will be the effect on if the developing the consumption ustrialized countries, opulation totals 10 e year 2000? Against is positive that more eact, call for change, n a more environ- manner themselves.

Surveys made, for instance, in the USA and Europe show that interest in the environment has never been greater than it is today. In the USA, nine out of ten consumers say that they are worried about the fact that their own purchases affect the environment in some way. A survey of 40,000 European households indicates that as many as 34% of West-Germans, 30% of Austrians and 32% of Norwegians are ready to make sacrifices to protect our environment, and that between 59 and 62% are what we call environmentally conscious.

The most interesting thing about the surveys is not necessarily the high percentages. It is that today there is a "green consumer", and that this consumer is here to stay. It is also interesting that the "green consumer" is not unusual; it is we consumers in general who have now turned green.

The success of books on the environment and green consumer guides is an example of the fact that environmental issues are important to many people. In Sweden no less than 200,000 copies of the book "Handla miljövänligt" (environmentally friendly shopping), published by the Swedish Society for the Conservation of Nature, have been sold. This is a record edition in a country with only 8 million inhabitants.

Nor is there anything that points towards a decreasing interest in the environment. The reason for this is simple and depressing; irrespective of what we do today we shall be hit by serious environmental catastrophes for

a long time to come. Damage is done quickly but takes a long time to repair.

The "green consumer" should, naturally, feel welcomed by the consumer co-operative movement. Co-operative activity is there for members and their requirements. Even in the days of our childhood, one of the co-operative movement's principal aims was to offer 'pure and unadulterated goods'.

Of course, trade plays a strategically important part in work for the environment. If trade does not offer environmentally friendly goods it is difficult, or impossible, for consumers to follow the dictates of their consciences. Any efforts on the part of industry will have no effect if distributive trades do not make demands on manufacturers and suppliers to see to it that new products that are well adapted to the environment are manufactured, and that harmful products are removed. Together with our members we have great possibilities for forcing development in a more environmentally friendly direction.

The sale of paper products in Sweden is an interesting example. As you probably all know, paper is often bleached by means of chlorine. Until about a year ago, the Swedish paper industry dumped as much as 150,000 tons of chlorinated organic substances into lakes and rivers, substances which unquestionably do great harm to both plants and animals.

The interesting thing is that the whole Swedish paper products market has changed in a couple of years, and that

emissions of chlorine considerably as a result despite the fact that manufacturers, as recently in 1987, said that it was possible to produce, chlorine-free printing paper impossible to buy elsewhere. Paper in Sweden today all paper products environmental demands of all tissue paper kitchen roll paper and produced totally without the same thing goes for

The Swedish paper industry is a good example of a technically complicated production can be changed by consumers' demand change was, above all, the organisations that raise for chlorine-free paper

Another example is the expanding market for (which is ecologically) produced in Denmark. Every forest sold by the co-operative chain in Denmark to a farm which does not use fertilizers or chemicals is despite the fact that a litre is about 2 Danish kroner than for 'ordinary' paper

In May, 1990, Koop and the ICA Consumer jointly organized a theme "The environmental challenge for the co-operative movement?" Because of experience betw

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that many consider
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cept. For example, Mr. Patrick Car-
son, Vice President of the Canadian
food chain, Loblaws, told us at the
conference that they have had great
success with their green brand. Ac-
cording to him, their 'Green' brand,
comprising about 60 environmentally
friendly products, was one of the main
reasons why they had increased their
market share by 2 per cent.

Another example of the environment
as a business concept came from Ms.
Sandy Gooch, who owns and runs a
chain of seven stores in California in
the USA. Ms. Gooch's concept is based
on healthy and environmentally
friendly products. She has also given
her stores an environmentally friendly
image, with wooden shelves and plenty
of green plants.

The fourth and last point I would like
to mention from the Stockholm con-
ference is that there is a great interest
in the environment within the con-
sumer co-operative movement. Vir-
tually all members of the ICA have in
some way been paying attention to
environmental issues. And more is
under way. This is a positive trend.

The Swedish consumer co-operative
movement adopted a new programme
for the environment in May this year.
The programme is a result of demands
expressed by our members and own-
ers. As a basis for the work on the
programme, a member consultation
project was organized, with 6-7,000
members participating.

The long-term goals of the programme
have been set high. In future, when

people shop in our stores, they should
be able to feel certain that they are
being offered the best possible selec-
tion of merchandise from an environ-
mental point of view. Our produc-
tion, our store equipment and trans-
portation should also be as well adapted
to environmental needs as possible.

The programme represents a total view.
Environment, health and ethical ques-
tions are interlinked, and are all im-
portant parts of our environmental
work. The total view also means that
we should consider how our actions
influence other parts of our earth.

The programme for the environment
contains both long-term and short-
term goals. We are making demands
on ourselves, and on the Swedish
authorities, in a number of areas:

- Merchandise range,
- Store equipment, transport, ware-
houses and waste handling,
- Our industrial companies,
- Education and information,
- Our role as a popular movement.

The fact that our environmental pro-
gramme was only adopted in the spring
of 1990 does not mean that we were
previously inactive. Environmental
issues have been important to us for a
long time. One example of this is that
the Swedish consumer co-operative
movement has introduced its own
symbol for environmentally friendly
products. The symbol, in the form of
a green spruce, will later be replaced
by a joint Nordic symbol for the retail
trade.

Other steps, which
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to use alternative methods of cultiva-
tion, without commercial fertilizers
and chemicals. If organic and conserva-
tion grade products are to become a
genuine alternative to conventionally
cultivated products a larger supply of
products at more competitive prices
will be necessary .

In these areas, international collabora-
tion would be interesting. Together,
consumer co-operatives could become
a major buyer and would be able to
make stringent demands on produc-
ers. Let us take detergents as an ex-
ample. Is it really necessary for us to
develop our own environmentally
friendly brand? Would it not be cheaper
if we could do it together?

Besides being an aid to collaboration
in matters concerning product devel-
opment and buying, the ICA could
play an important role as a forum for
the exchange of information about co-
operatives' experience in the environ-
mental field.

Together we can influence develop-
ments and contribute to the solution
of environmental problems. Co-op-
eratives have no interest in making
profits at the expense of the environ-
ment. Quite the contrary, it is in the
interest of our members to husband
the resources of the earth. The con-
cept of pure and unadulterated goods
is at least as important today as it was
150 years ago. Let us bear this in
mind. Together we can make the co-
operative movement part of the global
environment movement.

Co-ops and the Environment

by Campbell Weir*

Last year, 1989, was the year of the
environment with greatly increased
media and political interest. This year
that interest is certainly being main-
tained.

At the forefront of this debate in my
country have been the major U.K. food
retailers, including some of the six
multiple retailers who between them
control some 70% of the food trade.
Naturally, they are trying to enhance
their public image. Public interest has
been so great that retailers' perform-
ance in environmental matters has been
analyzed and reported on in a best
selling book - "The Green Consumer
Guide to Supermarkets". Co-opera-
tives, which account for about 12.5%
of the UK grocery trade, are highly
regarded on environmental matters
and have built up a good reputation.
In the last independent survey by the
authors of this book, co-operatives took
second place overall.

The reason for our success has been
two-fold. Firstly, it is based on all the
many different initiatives which we
have taken on environmental matters
in recent years. Secondly, it is because
we have adopted an overall approach;

* Campbell Weir is General Manager, Food
Marketing, Co-operative Wholesale Society,
UK.



products and pack-
disposal - not emp-
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business.

The main vehicle for
activities however,
Co-op brand. This
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Our whole approach
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the quality of all our products. We use the same thinking to ensure that our position is soundly based, and our association with him is valuable in our public relations. Naturally, his association with a major, and important, reputable retail organization provides him with a strong platform to promote his work.

size that we always ensure that we always place more environmental information where environmental information, or don't work as well as we always try to offer the best alternative.

note, too, that the typical "Green" label has also changed quite recently the "Green" label looked upon as a little intellectual, a little oddity. Our consumer, however, now shows the "Green Consumer" before one of a respondent certainly more mainstream of the society. Not been Consumer" but increasingly for consumers are being encouraged to act "Green" by encouraging children encourage people who care about the environment.

Associate, in the torrent of media publicity, I realize that sometimes become we felt it very important, totally independent advice. We have, indeed Professor David environmental consultant not only a respected expert, but is also probably the best environmentalist

in Great Britain. We use his advice to ensure that our position is soundly based, and our association with him is valuable in our public relations. Naturally, his association with a major, and important, reputable retail organization provides him with a strong platform to promote his work.

As far as our products are concerned we are working on improving on-pack information, we are progressively changing formulations and packaging, and we are actively introducing alternative products and ranges where they are necessary.

I mentioned earlier that we had taken a number of initiatives, and whilst time does not permit me to go into details, may I briefly comment on a few of them. We have removed CFC's from our products, and as many other undesirable elements as possible. We have moved from chlorine-bleached to oxygen-bleached or to non-bleached products. We are introducing phosphate-free products, we are introducing vegetable-based products as an alternative to petroleum-based, we are moving away from PVC (Polyvinyl chloride) packaging, we are using recyclable materials wherever possible, and are encouraging customers to recycle packing after use. We are actively engaged in energy saving programmes in our factories, and in our distribution, we are encouraging bottle banks in our shops, we have a pilot organic project on one of our farms and all our farms are committed to a policy of responsible commercial farming and to nature conservation.

Naturally, our Co-op brand toiletry products are not tested on animals. We have just launched an alternative 'Environmental Care' toiletry range. After such self advertisement perhaps I had better be careful what I say, but we are also deliberately avoiding irresponsible over claiming. Some claims about other products of this type, we believe, are irresponsible and misleading. For example, advertisements which read something like "products of this kind do not normally contain phosphates". We are not seeking this kind of cheap publicity.

Our approach is based on the whole of the product life cycle. We try to consider environmental factors from production of the product and its packaging, through its distribution and use, and including its ultimate disposal. We try to make our approach 'from the cradle to the grave'. We believe that the environmental quality of a product is not just a single issue, as perhaps with the 'Blue Angel' scheme. We believe that the environmental quality of a product has to be judged against many, perhaps conflicting, issues. We have been calling for a carefully defined national or EEC wide labelling scheme.

We think we are leading the way in the U.K. with our clear, informative 'Consumer Care' labelling including, for example, information on first aid, detailed ingredients, animal testing, our guarantee and the recycling symbol. But consumer information does not stop on the back of the pack. We want to persuade our customers to

improve their attitude to the environment and monitor how those attitudes are changing.

We also communicate environmental activities in various ways. Our 20 page Guide to the Environment is distributed free of charge and through shops and many other consumer simple guides for consumers we think are a vital communication with the public also a number of special promotions like the 'Mission Earth Spree' tree planting kit, and the 'Green Gardens' kit, and the 'Green' booklets for children including Professor David

In addition, we have our media advertising various care themes the care of the environment, and information

For many years we have ourselves in advertising. The People Who founded the foundation of the market place.

All the available information that environmental information is so important now, and will be in the future - both socially. That is why the environment is so important to the people who care



North of Manaus in the Brazilian Amazonas (FAO photo).

Co-ops and the Environment

by Dr. Roberto Rodrigues*

A global awareness of the conservation issue began in the 1970s, highlighted by the holding of the United Nations Conference on the environment in Stockholm in 1972.

In the 1980s, and especially from 1985 onwards, world attention was increasingly focused on environmental problems, such as the heating of the earth (greenhouse effect), the depletion of the ozone layer, acid rain, river and maritime pollution, the destruction of tropical forests, nuclear accidents and oil spillages at sea. One of the most significant studies on the subject was a report prepared by the United Nations, known as the Brundtland Report, published under the title 'Our Common Future', which gave a joint approach to development and environmental issues.

These events were followed by intensive debates which culminated with the United Nations declaring 1989 to be International Environment Year.

* Dr. Rodrigues is President of the Brazilian Co-operative Organization and Member of the ICA Agriculture Committee.



There will also be a Conference on Development and Environment, in Br

In other words, the community has a great opportunity at present to address environmental and development issues. Their economic, political and social implications, for the World Economic-Ecological system, will emerge.

Against this background, the following must be analyzed from a different view:

- on an international scale, the opposition between industrialized countries and developing countries

level where it is a development versus the environment.

International level on the fact that two-thirds of the population is caused by the developed countries, which are the world's population, the developed countries, which are criticized the environment and other ecosystems. Although the CO₂ concentration are accounted for tropical forests must be protected, there is no 'greenhouse effect' arises from the pollution caused by the developed countries.

Developed countries are prepared to set standards for the conservation of natural resources, and especially forests. It may be argued that the efforts of developed countries should be a burden for the third world countries, which are burdened by the weight of their own development.

Therefore, that this is catered for through technical and financial assistance to the Third World. The objective effects such as the interest on environment are financed by multilateral institutions such as the IBRD (International Bank for Reconstruction and Development) and the IDB (Inter-American Development Bank).

Still on an international level, another major problem emerges, namely the GATT (General Agreement on Trade and Tariffs) Uruguay Round, which is entering its decisive final stage without any major advances. For the first time, GATT is dealing with agricultural trade and produce problems. One of the major issues in the negotiations has been the question of protectionism and agricultural subsidies. The opposition between the United States and the EEC has contributed, to a large extent, to blocking discussions on a world level. The United States is defending trade liberalization, with the dismantling of trade barriers and the elimination of subsidies (which does not tally with current practice in terms of its agricultural policy). The EEC is defending the basic postulates of its Common Agricultural Policy (CAP), based on interventions in the market through protection and subsidies for agriculture.

Brazil, which is part of the Cairns Group (which defends the position of medium-sized countries with a competitive agriculture), has been arguing in favour of improved access for its agricultural produce in the international market, considering agricultural protectionism as a practice, which not only distorts international trade, but is also reflected in environmental questions in the Third World.

The developing countries, many of which labour under heavy external debt and significant public sector deficits, cannot enter into the so-called 'subsidies war'. They can only react by implementing productive processes

based on an exhaustive exploitation of their natural resources, contributing thereby to the degradation of fragile ecosystems. Limited access to international markets is accompanied by limited access to new technologies.

On an internal political level, the International Environmental and Development Commission, the FAO (Food and Agriculture Organization), UNEP (the United Nations Environmental Programme) and other international organizations are providing assistance and support for strategies and programmes leading to sustainable development, on the assumption that development and protection are neither independent nor contradictory, but are part of an attempt to define interdependent policies, which try not only to promote long-term economic and social development, but also to preserve the environment. According to the FAO, the concept of sustainable rural development is complementary to that of rural development, along with the need to correct the processes of environmental degradation and deterioration of natural resources.

Some national economies and their concern for the environment are worth mentioning as models for all countries.

In Sweden, where most farms include a respectable area of reforestation, farmers work during the available period, in the very hard winters, cutting trees. After the thaw, at the beginning of Spring, for every tree cut down for economic purposes (furniture, etc), the farmer plants a new cutting.

In Western Europe, the problem is extremely acute. I heard a farmer saying that 'it is better to have a forest than to eat well'. In Germany, 40% of Germany's timber is in woods, most of which are traditionally exploited. In medium-size towns, the forests are by extensive, thick, and the ordinary care of his birch are always to be found, which are more extensive green coverage in Germany and Canada.

China is engaged in a large project, the Green Great Wall, which consists in planting millions of trees, a view to reducing the problem of dense sand dunes across China, carried by the winds blowing across the desert.

In Japan, respect for the environment is considered in popular belief to converge on the religious belief.

In Brazil, the subject of environmental protection is treated with great concern by the government authorities and the population. The recent Brazilian Law of 1988 included a chapter on the environment, which was one of the most advanced in the world in this respect. Current legislation requires the preparation of an Environmental Impact Assessment prior to the installation of any new or polluting industrial or agricultural activities. Measures are being initiated to control an extensive broad-range

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o has at present some

4% of forest cover, which is mainly due to the Atlantic Forest. In effect, this is absurd when compared with Germany, France or Italy, for instance, countries structured on a similar urban-industrial model to that of São Paulo. In the State of Paraná, we already have some regions where microbasin programmes are making progress, thanks to the joint efforts of government bodies, local authorities and the private sector, especially co-operatives and associations of producers.

2. In the irreversible conquest of the 'cerrados' (Brazilian savannah), especially the so-called 'Centre-West' region, a gigantic area which will place our agriculture on an international footing, there is a definite need to preserve the ecosystem, by protecting sources and water courses. Available modern technology is sufficient for the implementation of programmes in that area - which accounts for one-third of Brazil's potential farming area - so that it is now only a matter of an economic decision by businesses.

3. What can one say about the controversial Amazon region? Brazil owns some 30% of the Amazon Tropical Forest, sharing with Colombia and Peru the privilege of housing the greatest ecological diversity on the face of the earth. It also shelters some 15 million Brazilian citizens, who all need food and clothing. There is a need, therefore, to produce food, and it is obviously preferable to produce as much as possible per hectare rather than use antiquated technology in the name of ecological equilibrium. Development

in this area, as in other regions, must consider specialization in the use of the land. There are also studies in this case which single out areas more appropriate for agriculture with the currently available technology (in this connection, I might report that Brazil, with the co-operation of the FAO, has already initiated an enormous work of agro-ecological zoning).

This type of modern, competitive agriculture can be achieved using already-defined conservationist mechanisms, in line with international standards of agricultural technology.

4. As far as the Marshlands Region is concerned, this obviously needs to be firmly preserved. This ecosystem includes the low, floodable flatlands of the States of Mato Grosso do Sul in Brazil and regions of Bolivia and Paraguay, covering some 230,000 km² (7 times the total area of Holland), including 140,000 km² in Brazil (equivalent to the areas of Holland, Ireland, Switzerland and Belgium put together). The fluctuations in the water levels and the resulting deposit of sediments are suitable for particular types of farming, especially livestock. The region offers an incredible biotic diversity, with some 1,500 animal species and 120,000 plant varieties in the Brazilian part alone. Agriculture in the area cannot use pesticides, since the toxicity would be immediately transferred to the river systems. It is possible, however, to develop profitable and relatively unaggressive stock-breeding activity, compatible with this genuine ecological sanctuary, which is already under such pressure owing

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At present, some 15 years
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is worth noting that the
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the greater part attribut-
o-operatives. The possi-
being considered that Brazil
alcohol fuel with a view

to adding it to petrol, a project which
would contribute quite substantially
to reducing urban pollution caused by
the combustion of this by-product of
oil.

Lastly, with regard to the question of
co-operatives and the environment,
what we hope is that the co-operative
movement will extend the scope of its
action - through agricultural and agro-
industrial production - to incorporate
a conservationist dimension. This is
not only on the understanding that
recovery activities imply much higher
costs than those of conservation, but
also bearing in mind the objective of
'taking the train of history' in the sense
of pursuing self-sustainable develop-
ment.

In conclusion, I would like to mention
that the motto of the Brazilian co-
operative movement is expressed in
the words of a great poet:

*'The soil is the motherland; to cultivate it
is to increase it'.*

I would like to add to that:

*'The soil is the motherland; to cultivate
and to preserve it is to increase it'.*

Recent Developments in Eastern and Central Europe

by Bruce Thordarson*

Introduction

As a starting point in any review of the
current situation in Eastern and Cen-
tral Europe (ECE), it should be em-
phasized that the situation is still
evolving and is far from settled. Al-
though new elections have taken place
in almost all the countries, the political
and economic changes which have been
promised are only beginning. It is also
obvious that the seven countries in the
region--Poland, Czechoslovakia, GDR,
Hungary, Bulgaria, Romania, and the
USSR--are undergoing change in very
different degrees and speeds. Political
democracy and economic liberaliza-
tion have progressed most rapidly
in Hungary, Czechoslovakia, and
Poland. The GDR situation is unique,
as is that of the Soviet Union.

It is hardly surprising, therefore, that
the co-operative movements in these
countries are also evolving in differ-
ent ways. The homogeneity in struc-
ture and activities that previously
characterized the movements in the
seven countries has given way to
considerable heterogeneity. At the

* Bruce Thordarson, ICA Director, made this
presentation at the Central Committee Meeting
in Madrid.

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few exceptions, the movements were not allowed to offer the financial services - banking, credit, or insurance - which could have promoted their economic independence. Even in the traditionally-strong consumer and agriculture sectors, they were subjected to strict controls on pricing and purchasing

General Trends

In spite of the dangers of generalizing about current changes in the region, there are three main trends which are having a significant impact upon all co-operative movements.

1. Deofficialization

The introduction of multi-party democratic structures, and the election in many countries of new, reformist leaders, has begun to sever the link between the co-operative movements and party politics. New governments are now looking at the co-operatives in a way not unknown to western co-operatives—with indifference or even hostility.

The most dramatic manifestation of this attitude was the decision by the Polish government in January 1990 to liquidate all co-operative regional and national unions (except the Supreme Co-operative Council) and to order new elections in all the local co-operatives. The problems resulting from this hasty attempt to reform the movement by cutting off its head have been pointed out by many outsiders, including the World Bank, and the Polish parliament has now insisted that the liquidation process be completed by the end of September. It would not

be surprising if new national unions were to be formed, on a voluntary basis, even before the current legislative restriction on them expires in mid-1991.

2. Democratization

At the same time as most movements have severed their privileged links with government, they are also moving closer to their members. This is a natural result of the abandonment of socialist systems in which co-operatives were an important means of attaining national economic and social objectives; without this purpose, the co-operatives are now able to return to their "other" function—that of serving the interests of their members.

Amendments to co-operative legislation have been introduced in most countries in order to promote this democratization process. Primary co-operative membership in central unions has largely become voluntary; co-operatives have more autonomy in establishing their own by-laws and in deciding upon their priorities.

Even without the influence of such political pressures, co-operatives in the Soviet Union are emphasizing increased democracy as one of their current objectives. The emergence of so-called "new co-operatives" has also focussed attention on the ability of co-operatives to satisfy needs of members which cannot be met from other sources; however, for a variety of reasons many have become little more than partnerships or family businesses and have discredited other more legitimate service co-operatives because of questionable business practices.

3. Competition
Having lost their p
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Restructuring

result of all these trends significant restructuring of movements, again with the Soviet Union. In the changes have been to top leadership, as in Bulgaria. In Hungary however, the changes have far-reaching, and in a they have clearly

ess in April 1990 the national consumers union ded to form three separate representing the consumer, credit sectors. They will collaborate on some matters remain affiliated to a coordinating committee, as industrial and agricultural

ce of this split has been ion in funding for the institute and the co-ol system. These institutions suffering in other ly Poland, as a result on of the national un-

in Poland on creating national unions until parallel structures are created, sometimes as d often under the auspitions. Rural Solidarity period of hesitancy, strong supporter of co- s actively supporting nt in rural areas.

In terms of new leadership, the changes are not proceeding as rapidly as the new government had hoped. During the spring elections this year, the local co-operatives elected only 20 per cent new leaders. But at the national level, almost all of the Supreme Co-operative Council's 98 delegates are new people. As in other countries, the national apex body has found its finances suffering now that affiliation is voluntary. By the end of May some 1,000 out of 15,000 co-operatives had joined.

In addition to Poland and Hungary, national Congresses have recently been held in Czechoslovakia, Bulgaria, and the USSR. In Czechoslovakia some 60 per cent of elected officials are new--perhaps a reflection of the fact that elections were held later than in Poland. The GDR has scheduled a Congress for April 1991. There is as yet no indication of when such an event might be held in Romania.

Another important component of movement restructuring is co-operative legislation, which is regarded by most movements as a high priority. New laws have been passed in Bulgaria, Czechoslovakia, USSR and Romania. Poland and Hungary are examining possible amendments in collaboration with experts from the ILO and World Bank.

New Structures

Another important development, although difficult to document, is the growth of new organizations and activities. Although many are still at the

planning stage, a number of concrete developments have occurred.

In Poland, in addition to the parallel structures mentioned earlier, a new foundation has been established to promote the development of credit unions. Formed at the initiative of Worker Solidarity, and with technical support from the World Council of Credit Unions and its members, this foundation is expected to lead to the development of the first credit unions in the region--a trend likely to be continued in other countries as well.

In Hungary, in addition to the creation of new unions already mentioned, a previously defunct consumers co-operative union, Hangya, has been revived.

The introduction of new services is being actively examined by a number of movements, both as a means of serving their members and as a way of generating additional revenue. Financial services are high on most priorities--insurance, banking, and credit union structures are all in demand, and are likely to emerge soon in several countries.

In the USSR, some 200,000 "new co-operatives" had been established by the beginning of 1990, representing 4,850,000 members and a turnover of 40 billion roubles. Centrosoyus has responded to this development by creating a new union, Coopsoyus, to support and represent this sector, although only a small proportion of the new co-operatives have become members.

Reprivatization

Another issue movements is the erative property all sectors, if is the agricultural forced collectiv Different measures reduced to return ous owners or, if provide comper this indemnity state, while in C co-operative wh

Another means cooperative move the ownership st In Hungary co-op to sell co-operat members through ing the member not a vote. Under vak legislation, c are allowed to p than the one all bers in order to of financial resp they still have o

In some countries are being affected desires to abolish listic situations. a "decartelization ing government p co-operatives fou ened with the f large proportion vigorous lobby ported by ICA members in We pan, appears to h effects of this leg

Co-operation

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tion at present is the munity, which has es- d of 300 million ECUs illion for 1991, and 1 r 1992. The Commis- en asked to coordinate ogrammes of the other s. The most tangible e the initiation of the ne, limited initially to ngary as the countries in the process of eco- tion. Recently Phare 2 s assistance to Czecho- lgaria.

However, exist a great st of this aid will by- rative organizations. the recipient govern- portive of including n this restructuring e common attitude, ed to the EC by the Poland and Hungary, ves are part of the old t emphasis must be rivate sector and on such as debt and the

There is, nevertheless, some flexibility within this programme, which contains a component for small projects that do not require the approval of local governments. The Brussels-based representatives of the Western-European co-operatives have already applied for such support--both through the Coordinating Committee of the European Co-operative Organizations, which has suggested itself as the logical coordinating body, and through its members such as CECOP (which has already organized training seminars for worker-production co-operatives) and COGECA (which has created a consulting group from among its agricultural members to examine and advise on project requests).

1. Movement-to-Movement

It is likely that the most useful assistance for co-operatives in ECE will come from movement-to-movement contacts. As was made clear in March, when the ICA organized a consultation with its members from the region, their needs fall primarily into four main areas--training assistance in all the management skills necessary for the market economy, legislative advice in order to create the proper public policy environment; the introduction of new services, especially insurance, banking, and credit; and commercial contacts with the OECD countries.

As none of these areas are especially capital-intensive, ICA member-organizations have responded with enthusiasm to the challenge. To date virtually all countries in Western Europe and North America have sent study mis-

sions to various countries. In cases where activities would require funding support from their own national governments, little concrete progress has yet occurred, but where the co-operatives have been able to use their own resources, a number of exchanges have already begun. These preliminary contacts include:

Finland - The consumer movement intends to provide training assistance to Poland and to the USSR (primarily the Baltic region).

Sweden - The co-operative sectors have created a consortium to coordinate information and activities; the consumer sector has plans to support the Co-operative College in Poland and to support training in Czechoslovakia; the agricultural sector is looking at assistance and joint venture opportunities in Poland.

Norway - The housing sector is in contact with its counterparts in Poland.

Denmark - The agricultural co-operatives have established an exchange programme that will bring to Denmark 100 families each year from Hungary, Czechoslovakia, and Poland; commercial contacts are being explored through their federation office, which now includes an Eastern European representative.

West Germany - The consumer and housing co-operatives have established joint ventures in a number of areas with their counterparts in the GDR.

The DG Bank branch offices in E

United Kingdom sector has initiated and Czechoslova

Belgium - Discus at the governme possibility of est slovakia a co-c system and an in for pharmaceutic support from the

France - The bank sectors have ha with Poland.

Switzerland - Co provided human nia and is studyi to Poland. Migro ing programmes USSR.

Italy - As the Le eral contacts wi the region, it is lo venture possibil possible starting

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Tourism Committee - Has contacted
ICA members in the region to discuss
their interest in joint ventures and
training.

Fisheries Committee - Has approached
the Japanese government about pos-
sible funding support for training
programmes.

4. World Bank and ILO

Two other important sources of sup-
port are likely to be the World Bank
and the International Labour Office.
The World Bank has sent missions to
Hungary and Poland and is likely to
provide significant support to the
restructuring of the agricultural co-
operative movement in Poland. It has
also participated in dialogue with the
Polish government in an attempt to
improve the policy environment for
co-operatives.

The ILO, through its Co-operatives
Section, has been active in providing
legislative advice and assistance to
movements and governments in Po-
land, Bulgaria, and the USSR, and is
organizing training for Hungarian co-
operatives at its Turin training centre.

5. The ICA

ICA's activities in this area are moti-
vated by a double concern--to support
its member organizations in the re-
gion in their efforts to participate
positively in their new environments,
and also to strengthen the image of co-
operatives in the eyes of local govern-
ments and development agencies alike.
Movement-to-movement assistance is
especially useful for both purposes,
for, in addition to providing much-

needed practical support, it also dem-
onstrates the common values and tra-
ditions which unite co-operatives in
the East and West.

ICA's Geneva office is developing a
data bank on recent developments in
the region (from which much of this
report is drawn), and acts as a source
of information for co-operative move-
ments, development organizations, and
the media. The president and director
have met with government officials in
USSR, Poland, Czechoslovakia, and
Romania so support the position of
the co-operative sector.

ICA is devoting special attention to
the important area of co-operative
legislation. It has organized a regional
policy seminar on this subject for
December 1990 in Prague, and has
collaborated closely with the ILO's
Co-op Branch, which has very useful
expertise in this field.

Conclusion

At this point it is difficult to do more
than draw tentative conclusions, since

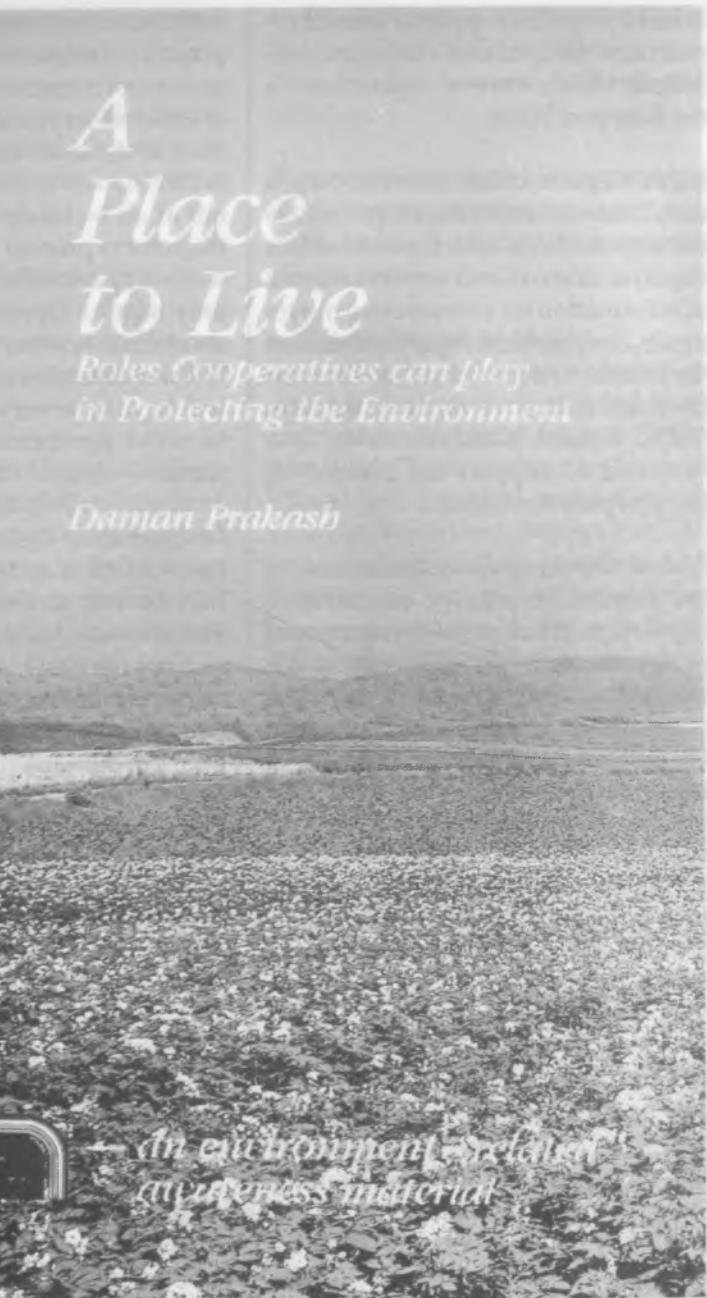
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A Place to Live

*Roles Cooperatives can play
in Protecting the Environment*

Daman Prakash



*An environmental-related
awareness material*

by Daman Prakash

to alert and create environmental awareness among co-operators all over the world. The role of cooperatives in protecting the environment is also analyzed. Available from the ICA Regional Office, Pacific, Bonow House, 43 Friend's Colony, New Delhi 110065 India.

Co-operatives in the Unified Germany

by Wolfgang Seibt*

As I write these lines the unified German state is just ten days old. The relevant treaties entered into force on 3 October 1990. For someone like me, who has spent his childhood in Nazi Germany, has lived most of his life under what passed for socialism, and now has to come to terms with the requirements of a market economy, this is a colossal change.

I have not moved, yet I am living in a different country. I have not emigrated, yet I get it wrong when people ask me where I come from. My soul has not yet arrived at the place where my body has been living since 3 October 1990 - in Germany.

This is what I want to say right at the beginning, and to express two different things as I do so:

German unity may be formally complete from the legal viewpoint, but the actual unification process is only just beginning.

We former citizens of the GDR are faced with a major transformation of

* Wolfgang Seibt, after 15 years as Director of the Department of International Relations at VDK, became Director for Corporate Strategy in 1990.



our entire lifestyle. The transition from the old system comes as something that causes the system to change. The introduction of a market economy brings with it a change in the economic conditions. It also entails entirely new legal requirements that are hardly imaginable around. It is a new system that requires some practical experience to become accustomed to.

If, basing myself on the experience just mentioned, I consider the requirements arising from a market economy for the co-operatives in the East of Germany, so from a background of limited practical experience,

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The reforms affecting the societies of most of the East European countries are occurring at the same time as the completion of the single market in the European community, which will add a new dimension to competition.

The ecological balance needs to be restored. We have to do everything in our power to ensure nature is able to regenerate itself, and this calls for a transformation of society along ecological lines.

The dual strategy on the agenda for the consumer co-operatives in the East of Germany therefore entails :

- adjustment to the requirements of a functioning market economy, and
- integration into the German and, beyond that, the European market combined with the expansion of traditional links with Eastern Europe.

We are facing up to these complex challenges and working hard on the necessary corporate concepts. What makes it such a difficult task and one of such a tall order is the fact that we have no time. In a manner of speaking, we have been thrown in at the deep end, head first, and are expected to perform a "salto mortale" with a net.

The shops run by Konsum remain important local suppliers in the market economy.

The experience of the first few months of a market economy for the Konsum group in the former GDR has shown that in overall terms its employees

and members, retail outlets and manufacturing units constitute a strong enough potential as a group together, but also individually, to ensure their viability.

It must also be pointed out that our entry into the market economy was accompanied by sincere wellwishers and by concerned pessimists who gave us no chance at all. Sad to say, it was also accompanied by betrayal of trust, as exemplified by an act adopted by the former GDR parliament with the aim of increasing further the disadvantages in competition which the consumer co-operatives had inherited from over 40 years under a planned economy. The idea was to place the consumer co-operatives and their members at the back of the field from the outset. We are aware of these facts, and our corporate philosophy - which is based on a commitment to the Co-operatives Act - takes them into account.

The technological standards of manufacturing and the goods produced, the condition of Konsum's model and peoples's way of living and working are determined by the market, and those who can offer the most appropriate standards are successful in competition.

Product X gets the better of product Y; supplier A overtakes supplier B. What we have is a departure from turnover as the decisive criterion in favour of returns. Not turnover, but the efficient use of all assets and resources is the key - that is the sober lesson of the

first few months. understand this w to go under.

Becoming compe foremost a questio What are needed a gies, and they hav consistently and i undertaking.

We are convinced co-operative as t ganization is conc legitimacy in the r up special oppor

That the idea has shown by a memb has remained lar stands at over 4.6 out saying that w our retail turno month since 1 Ju though the pictu region to anothe sumer's mind we lished as an effici all these indicati take a rather sob ation.

It would not onl also stupid, to l None of those happened in the f the introduction will be typical in

Structural Ch
One of the most facing the Konsum of Germany in th

structural change. It is the most complex challenge, particularly in the transition from centrally managed planned to market economy.

Change may sound innocuous at first, but the issue is complex and the risks are

and new factories are part of the concept as well as closure. And the attendant job changes must be taken into account. We shall be in the process of what economic historians call "creative destruction". The challenge is to make our own decisions competitively nationally and internationally. For this we will need to create legal structures of unit, trading and other structures which stand up to their own against tough competition. This calls for a great deal of flexibility.

Changes are the consequences at work at all levels.

In the past 40 years we have had to adapt to the system. Quantitative changes have to be had without

at deal of commitment from employees and staff and they also showed it. The motivation to act did not come from the dictates of a market economy. The emergence and adaptation of structures which, in

a manner of speaking, provide fertile ground for the new structures. It resulted from the mere prescription of structures which had been laid down and were virtually immutable. To put it more drastically: too much was kept alive which had become inviable.

Forty years of guaranteed material security came to play such a dominant role that creativity was relegated to the sidelines. What I mean to say by this is that the individual will now be made to bear a share of the responsibility for his own material security.

The structural burdens of the past have left deep disfigurements which are not to be rectified overnight. The corporate concept has to take account of this starting position.

Customer Contact

An important part of the new strategy is to maintain the sense of identification with the organization. We have to put it figuratively - to radiate a homely warmth, to make it apparent to our members and customers and to retain the sense of identification of our consumers and target groups.

Our concepts rely on our members and closeness to our customers. We seek to address them "on the spot". We consider the place where people live to be the basic unit at which our strategy is aimed, and the key to our success. The goods go to the customer - this might be another way of expressing what we have in mind. The approach taken by our friends in Western and Northern Europe is such that their members have no need to go out

in search of the appropriate outlet. They do their shopping in the immediate vicinity of their homes and find everything they need. Suppliers who fail to meet these needs, who fail to offer a wide range of goods, will lose out and leave the market to the competition.

Structural change also provides an opportunity to take into account many secondary considerations right from the outset. In this respect our belated embarkation on a market economy offers the chance for us neither to join in the mistakes being made in other countries and companies nor to repeat them. Let us take the problem of environmental protection. Our entire marketing concept is to provide in the short, medium and long term, ways of ensuring environmental protection on our own premises and also by agreement with the partners we work with, in industry, for example. Certainly, this will entail expense, but it will bring success in the long run. The corporate philosophy of CO-OP in Switzerland provides an exemplary lesson in this respect. One of the considerations in environmental protection is how it can be used as a factor in advertising. When environmental protection becomes a component part of corporate strategy, this breeds confidence among employees and customers alike.

New corporate strategies also include making up for losses in traditional areas by entering into new fields of business and purchasing, renting out or leasing existing capacities. We did this for the first time with the pur-

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Member Security

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tional Co-operative Alliance ought to be more active in future, in which it ought to bring its influence to bear. Europe is, of course, only a small part of the International Co-operative Alliance's activities, but a priority beyond any doubt.

Meeting Future Needs

In all our considerations let us not forget to mention that there are also drawbacks to the co-operative option as a form of business organization. The fact is that it is more difficult to obtain the necessary finance. There will be a great need for finance in the future, owing to the cost of bringing retail trade structures in East Germany up to the West German standard - this alone is estimated at about DM 50 billion in the next 20 years. Here, too, we shall have to pursue new paths.

This refers, for example to the further development of the co-operative as a legal form in which context the legislator provides greater scope for raising capital. This is the objective to be pursued in particular with the intended revision of European co-operative legislation. Another major source of finance is to be seen in our members themselves. Additional sources of finance will have to be tapped by attractive offers such as additional interest-bearing shares or the payment of dividends on shares. In the final analysis, if profitability is consistently ensured, this in itself represents a source of new finance.

The year 1990 to date has shown us what our position is. Let us keep look-

looking to the future. We intend to see the unification process as a challenge for the co-operative idea as well. And, among other things, this means mobilizing forces, bringing new potential to life, sharpening our eye for the overall picture, stepping up solidarity and showing a will for consensus and success. Let us use our abilities and experience to forge a strong co-operative movement in the interest of our members and staff. And let us recall Totomianz, who described the co-operative idea as "the cause of a

people"¹, as "the human race". The meeting of the International Co-operative Alliance in September 1991 in Berlin offers an opportunity to present the co-operative worldwide as a part of the global co-operative movement which we have been fighting for a grateful right from

¹ Totomianz: *Theorie der Konsumenten-Organisation*, Berlin, 1923

New Co-operative Union in Czechoslovakia

by Tomáš Glückauf*

The 11th Congress of the Central Council of Co-operatives was held in Prague at the beginning of October 1990. It decided to change the previous council into an organization of societies and unions named "Co-operative Union of the Czech and Slovak Federal Republic" (CSFR), which will rigorously defend co-operative interests. The main task it set itself was to represent the needs and interests of

member organizations, the government and other organizations at the federal level and in the regions. It will also be responsible for the training of co-operative workers, with the help of the Co-operative School. The development of activities and the agreements that will be concluded with member organizations, the setting up of a reciprocal system. The assembly stated that the co-operative is an expression of citizens' individual

* Tomáš Glückauf is long-standing Editor for the Co-operative Press in Czechoslovakia.

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did have close links with the political and economic system. It is therefore necessary for them to regain their original mission, which means that the co-operatives have to exist for their members, for their economic development". He further stated that the International Co-operative Alliance has some financially strong members with a wealth of experience. Several consultations had already been held in the course of this year about how to utilize the available resources to help the co-operative movement in the Eastern European countries. He said that formerly the co-operatives had been integrated in the planned economies of the Eastern European countries. This was no longer the case today and they would have to operate under completely different conditions. And it was precisely for this purpose that they could gain from the experience of other European countries. "We already have a territorial council for Africa and Asia", he said. "We would also like to create a similar forum for Europe in view of the specific topical issues facing the co-operative movement in this area."

During his stay in the CSFR, Mr Lars Marcus was received by the Czechoslovak Prime Minister, Mr Marian Calfa. At the meeting, which was also attended by the President of the Co-operative Union, Mr Ota Karen, it was noted that the Czechoslovak co-operative movement had a good history and good traditions, especially from the pre-Second World War period and, in the view of Prime Minister Calfa, they also had a good future. The meeting stressed the idea that people would join forces in co-operative organiza-

tions not only in order to meet various needs, but also to jointly create work opportunities and ways of furthering them.

We asked Mr Ota Karen, the newly-elected President of the Co-operative Union, what the concept of a "return to Europe", which today was being bandied about in the CSFR, meant to him: "We are happy that we have good personal contacts with representatives of co-operative organizations in a number of highly-developed countries," he said. "To us the concept of a 'return to Europe', in the context of the co-operative movement, means the strengthening of these contacts, the establishment of further links, and active participation by the Czechoslovak co-operative movement in the further development of the basic co-operative values.

As regards economic co-operation, which in my opinion has the greatest chance of success, I would like to say that the Co-operative Union is now beginning to play the role of an initiator and coordinator of foreign contacts in this field. As a result of the transition to a market economy, direct economic co-operation by co-operatives and co-operative enterprises with foreign countries will increase, new

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The State and the Co-op Movement within the N Economic and Political C in Hungary

by Tanka Endre*

The Heritage of Etatism

It is the fundamental contradiction of existing socialism that although its ideology professes that Marxism is "state religion", the dictatorship of state power has denied the Marxist basic values of statehood ever since its birth. Way back in the middle of the 19th century Carl Marx said that the essence of freedom is that the state, and statesmen are free or less free, depending on the extent to which they restrict the freedom of the state. It follows that Marxism gives priority to individual freedom over the state which it considers as a means. This is a theory still to be implemented, yet it is absolutely alien to the model of Stalinist etatism (state socialism).

In state socialism, society is completely dominated by state power, which is omnipresent and omnipotent. The

* Tanka Endre is Head of Co-operative Policy Department in the Research Institute for Agricultural Economics in Budapest.



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For this reason dictatorialism creates obstacles to bringing autonomy of state and property. Instead of giving them, it deprives them of their own features.

It placed the players on the board into different ownership categories through various laws. The state ownership slotted society into the overall system without differentiating various sectors. While it simplified the scheme of ownership, it attempted to deprive individuals of their freedom to keep their activities separate. Thus a bureaucratic scheme of economic ownership was made uniform. As a result of socialist modernization, it abandoned its declared principle of focusing attention on the citizen or producer subject unmotivated by the community and the outcome of the struggle in actual terms of acquisition by the State.

It did this by referring to and undermining the party-state limitations of any individual's powers to spheres of ownership. It blurred the dividing line between private ownership status and public ownership. The first impetus for the total nationalization, the economic rationalization which in turn made

the State the biggest potential producer in the national economy, and paved the way for it to combine its owner's position with its public power status.

This historical heritage of Central European etatism makes it clear that, vis-à-vis the State, none of the players in the economic scene can be an owner. The owner's function of the party-state and public power constitutes a monolithic unity which has been built up informally. That is why the laws regulating acquisition do not vary according to whether the State is exercising its right of ownership, or acting on behalf of the people.

Loss of Value of the Movement

The co-operative is by no means a socialist invention, for it dates back to the 19th century when it was used as an efficient socio-economic means of defence by small scale producers against the domination of monopoly and oligopoly. As far as the socialist adaptation of the co-operative is concerned, the predominant ideology succeeded in covering up the fact the elimination of the self-organization of citizens and the destruction of group ownership were at stake. The underlying reason was to enable the dominating elite to manage production and impose uniform taxes on the whole national economy, without control by society. In this connection, one only has to refer to the forced collectivism of agriculture by the State as sufficient proof that co-operatives did not come about as a result of the voluntary joining of forces by individuals. In reality small scale producers were made to

join the co-operatives even if this ran counter to their individual interests. This dictatorial approach followed from the false rationalism of the state agricultural policy which assigned co-operatives the role of leading small scale producers into the socialist production, thereby transforming private property into community property and small scale production into large scale production. In addition, the intention was to introduce this system of organization into the agricultural sector which was rooted in the first industrial revolution and was based upon principles of labour organization governed by Taylorism, a method that had become very much outdated by the 20th century.

In actual fact, under the socialist system a member of a farming co-operative could be no more than a worker earning wages and interested in short term profit; he could not be an entrepreneur. Etatism imposed its own value system on the co-operative movement, designed for the smooth process of acquisition by the State and far removed from the interests of producers. The principal elements of this value system are as follows: obligatory character instead of voluntary approach, alienation from property instead of ownership, centralization of decision making and authority instead of democracy, loyalty to the elite in power instead of independence, toleration of the status of being at the mercy of others, state control of the co-operative, taxation and redistribution according to economic regulators applying to the state sector.

Essentially, the party-state lived up to its proclaimed ownership autonomy and co-operative movement methods. One socialist overall planning system implemented democratic co-operative spheres of "manual control" with a negative reputation. This system consisted of complete requirements of the State in managing them by economic regulators in the state sector. The party implemented uniformity by adopting economic rationalization providing equal chances for all sectors. In practice, it was "hidden nationalization" of co-operatives.

So far as the first stage was concerned, it gave special use of the term "co-operative" in analyzing co-operative movement. Evidence was supplied by empirical research in the early 1980s which showed the party treated the co-operative as the core of the current economic system. The implementation of the party's interests to society's interests was achieved merely by working in co-operatives. It became the task of the district party committee to implement the party's policy. The "co-operative movement and policy, co-operative policy", emerged as the result of the party's policy by which the party's interests and interests could be reconciled in practice. The competition between the party and the co-operative which the right of ve-

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The above two very serious disadvan-
tages gave rise to the question: if eta-
tism was successful in destroying the
basic values of the co-operative move-
ment, what were the factors that saved
the system from collapse in the 1970s?
Let me single out only one. It would go
beyond the scope of this study to ex-
amine the conditions of land owner-
ship, so let me confine myself to men-
tioning briefly that in vain did the
party-state pass a "death sentence"
on small scale-production. The small-
scale producer's behavioral pattern
which allows skills and abilities to
support the interests of individual
acquisition were concealed both within
and outside the co-operative move-
ment; the entrepreneurial small-scale
producers went underground and came
into the open only recently to demand
their due rights. Thus, for instance, a
smallholder who was forced to earn
his living from the land he owned was
invariably assisted by ingenuity, in-
ventiveness, finesse, diligence and
readiness to make sacrifices, to stick to
his property however heavy the odds
were against him. Agricultural policy
makers were forced to admit, prior to
the scientific and technological revo-
lution in agriculture, that private small
holdings are one of the foundations of
food production which is tied to the
social reproduction of both the indi-
vidual and the community by a thou-
sand threads. Gradual concessions
made to the co-operative households
and other auxiliary farms, small-scale
land-lease programmes designed to
act as substitutes for ownership, and
the second economy sprang to life as
part of the "silent revolution" from
below.

Historical Turning Point - The Renaissance of Co-operation?

The socio-economic change of regime
following the peaceful revolution of
1989 offers some real chances for the
Hungarian co-operative movement to
rid itself of the difficult heritage of
Stalinist etatism. For the success of
such a process there are a lot of pre-
conditions. The party-state must be
transformed into a state which up-
holds the law and, at the same time,
the communist pseudo-cooperatives
must be developed into voluntary, self-
governing organizations based on free
cooperation among private owners.

As the new co-operative policy was
being formulated, it became obvious
that the actors in the future market
economy, including the co-operatives,
could no longer be satisfied with the
constitutional declaration of the equal-
ity of the different sectors. The consti-
tution must ensure for all types and
forms of property, including co-op-
erative property, basic principles
governing legal rights.

Let me investigate briefly what has
happened legally to secure the free-
dom of co-operation for all citizens.
Above all the Act on Free Association
has introduced a multi-party system,
one of the essential initial steps to
separate the state's ownership func-
tions from those of its public power.
Moreover the new Constitution also
expresses the changed legal status of
public power, namely the state as an
economic actor will be placed under
social control; it is not allowed to use
its public power licenses against the

different legal su-
omy. As for opera-
place, the state
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by using effective

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political state the
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tion; neutralize the
of the market by r
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pluralistic ownership
economy.

It is a far-reaching c
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gricultural Co-opera-
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leave their society if
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re or join another.

garian law has made
y lifting the ban on
operative property.
f co-operative prop-
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On the other hand the new institution has caused a lot of trouble in the area of co-operative land ownership. Historically, this is because Hungary - alone among the COMECON countries - legally institutionalized common land ownership for farming co-operatives in 1967. That is why large-scale land concentration under the pretext of "socialization" could easily deprive co-operative members of their land.

Since July 1989, co-operative land can be mobilized both for citizens and for their companies. The acceleration of such land mobilization can easily lead to a decrease in food production. Speculators may leave arable land fallow while waiting for prices to rise before selling at large profits. Consequently the new Hungarian Parliament has been obliged to freeze large-scale land mobilization, including that belonging to co-operatives.

As the above-mentioned example shows, in today's Hungary it would be sheer illusion to believe that the values of modernization can be captured at one stride by carrying out a surprise attack. The changes on which our society and economy are now embarking are no more than the first steps in an historical process. At the same time I am profoundly convinced that co-operation, a highly successful institution of the self-organization of society all over the world, can make the process substantially richer by regaining its own, original basic values.

New Co-ops in the USSR

Interview with L. Babaeva

by Svetlana Nazarenko

The Institute of Sociology of the USSR Academy of Sciences has conducted a sociological analysis of public opinion about the new wave co-operative movement as part of a joint Soviet-American research project called Regeneration and Development of the Co-operative Movement in the USSR. The author, L. Babaeva, Cand. Sc. (Philosophy), has given the following interview with Svetlana Nazarenko.

Today many people have got the impression that the overwhelming majority of the nation's population takes a negative attitude to the new co-operatives. Members of different segments of the population are demanding that these "profiteers" be banned. Is the percentage of opponents of this type of co-operative movement as great as it appears to us?

We polled thousands of people in dozens of big cities, co-operators themselves, and also employees of state bodies regulating co-operative activity. What is more, a number of economists from the same cities were polled as experts.

The overall findings do not attest that the population is especially thrilled over the co-operatives, but they do not give cause for overly alarming conclusions. What is more, the

* This interview has been reprinted by kind permission of Centrosoyus. It appeared in the August 1990 issue of the publication.

prerequisites for
co-operatives in
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...s of the population are
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the growth of the shortage of goods has coincided with the upswing in the work of co-operatives, the "image of the enemy" has easily begun to form in mass consciousness. All the more so since ordinary profiteers cannot be "banned" (no one has "permitted" them), but co-operatives can be.

The taxing system today is of concern to everyone. How, in the view of the majority, should co-operatives be taxed?

The responses to the tax issue show no special aggression on the part of the population regarding co-operatives. 38.5 per cent of those queried believe that co-operators' incomes should be taxed at a higher rate than those of employees of state-run enterprises; 37.7 per cent do not agree with this.

At the same time it turns out that in all areas the number of people who consider state support to co-operatives necessary surpasses the number of those who adhere to the opposite view by a factor of between four and seven.

Is it prestigious to be a co-operator today?

A number of people's deputies speaking at the congresses and sessions of the USSR Supreme Soviet have said that the working class does not accept the new co-operatives. At the same time they have related how many highly qualified workers today are leaving their plants and going into co-operatives. This real contradiction of public consciousness is also borne out by our study, in particular, the answers to the question: "Would you like to become a co-operator yourself?" The

group most loyal to the co-operatives - persons with a higher education - exhibited the least readiness to join the ranks of co-operators. On the other hand, other groups espousing sentiments antagonistic to co-operatives showed a desire to engage in this work.

Typically, the correlation proved different in Tallinn, the city most "favourable" towards this type of enterprise - it was people with a higher education who wanted most to become co-operators.

Almost a third of those polled would like above all to work in this field. It can be assumed that with the increase in the number of co-operatives and the possibility for working in them the share of people satisfied with the prospects that are opening up will grow.

At the same time and this is still another contradiction in our reality co-operative activity, for all its allure (material reward, self-realization) still enjoys little prestige in mass consciousness. This is evidenced by the response to another question related to the previous one: "Would you like your children to become co-operators?" Those who answered in the affirmative were outnumbered by opponents three to one (7 and 20 per cent).

What are new co-operatives like to you as a co-operator as the public?

Interestingly enough, the answers to the assessments, and the responses are polarised - either in general or categorical co-operatives are a way out of the people, a countrywide level ulcer on the body of the country and "A form of the new method of production relations in communism, a practical method" Elation and interest are divided in half. It is felt that the same notion of "entrepreneurship" is both the positive and the negative, but with opposing

Whereas in mass responses were divided into favourable and unfavourable reaction to the question "Do you feel is most people like co-operatives?" 70 per cent believe "not so much" and condemn" and 30 per cent "most people still like" respondents there of those well-disposed was much higher and can hardly be explained as one's own opinion

Letters from our Readers

Letter from William Pascoe
former Director of the International
Co-operative Alliance (1951 - 1963)

I read the Annual Report
and congratulate you on a
document, worthy of the
International Co-operative
Alliance now holds in
high esteem. It is a
document of associations. When I
was in the Alliance is respected
and compared with the manner
in which it was patronised by
national bodies in my time, I
was impressed by the progress which
has been made in the last few years.



Progress is not yet sufficient. Some means must be found
to raise the level of consciousness of the average co-operator,
to make him know more of its possibilities and take more pride in
participation in its activities....

I am particularly interested in what Sven Åke Bööck is doing,
to feel that the Movement has moved on from the epoch of
1945, and my own book on the "Principles" does not give
the thought to "tomorrow" as it ought. The chapter on
Social Responsibility was a first experiment and could have
been...

Watkins celebrated his 97th birthday on 5 December, 1990.
I wish him many happy returns of the day on behalf of the
International Co-operative Alliance and readers of the ICA Review
and International Co-operation, of which he is a former editor.

The Role of Consumer Co-operatives in the Economic and Social Development of Kuwait

by Abdullatif Al Kharaza*

Editor's Note: This article was received by ICA a few weeks before the invasion of Kuwait. In September exiled Kuwaiti co-operative leaders attended a Central Committee Meeting in Madrid where they appealed to delegates to be asking for the unconditional withdrawal of Iraqi troops and the recognition of the Kuwaiti Government. The following declaration was adopted:

DECLARATION OF THE ICA CENTRAL COMMITTEE

Recalling the fact that one of the objectives of the ICA is to "work for the achievement of lasting peace and security";

and the delegates attending the 1990 ICA Central Committee meeting in Madrid from all 5 continents:

1. Express their solidarity with ICA member organizations in Kuwait in the face of the recent invasion of their country and deeply deplore the harm to the co-operative movement, and
2. Reaffirm their view that problems of international peace and security, in the present case, should be resolved through the implementation of Resolutions of the ICA Council.

Although the situation in Kuwait has changed since this article was written, we hope our readers will wish to learn about the co-operative movement in Kuwait after the invasion.

Introduction

The history of the Kuwaiti co-operative movement dates from 1941. The

first co-operatives were established as educational establishments intended to encourage democracy and self-reliance in addition to providing services in housing and food.

* A. A. Kharaza is General Manager of the Union of Consumer Co-operatives in Kuwait and executive member of ICA Consumer Committee.

formation of the co-operative society for the Department of Social Labour, followed by a Department, set up for the employees of members with essential and social services, and savings. Although there are regulations governing co-operative societies, such co-operative societies are subject to the laws and social establish-

The constitution of 1962 was a landmark in the history of the Co-operative Movement in Kuwait. It regulated co-operatives and stated in Article 23 that the government should supervise non-profit organizations. In 1971 there was an important development in the Kuwaiti Co-operative Movement: a special department for co-operatives was established at the Ministry of Social Affairs and Labour to control and plan co-operatives. In the same year the Co-operative Societies Law was established to lead members and defend their interests. Its provisions are as follows:

Engaging all members in dealing with official and unofficial, national and international organiza-

Encouraging the consumer co-operation in Kuwait and developing the material and moral welfare of its members.

Increasing consumer awareness and encouraging member-

ship in the consumer co-operative movement.

4. Organizing the consumer co-operative movement, coordinating the activities of its members and achieving harmony between the co-operative societies.
5. Working to improve the performance of member societies with the aim of achieving the goals of the consumer co-operative movement and enabling it to provide the best services to consumers.
6. Coordinating member societies to arrange collective purchasing, the establishment of productive units and other allied activities. This results in reducing costs and improving the level of services of the member societies.
7. Working against any artificial hike in the price of consumables.

Another of its functions is to unify prices amongst the co-operative societies.

The achievements of the co-operative movement and the commitment of the State and its citizens to the concept and practice of co-operation led to an expansion in the number of co-op.

Goals of the Kuwaiti Movement

It can be said that the consumer societies of Kuwait are working towards two main goals. The first, economic, goal is to encourage the development of the economy by using the framework of the co-operative society to tailor individual efforts to public needs and interests, fully utilizing all available human and material resources to

ensure that the individuals within the organization benefit from its services. The second, social, goal is to promote social development through a series of official and unofficial measures intended to protect the poorest sectors of the community from exploitation. It also attempts to spread concepts of democracy and equality among the people and to consolidate social links among them; training co-operative leaders, and promoting the co-operative values, concepts and practices which will lead to social harmony and solidarity throughout Kuwaiti society.

Thus it can be seen that the co-operative societies are not merely markets for the purchase and sale of essential commodities, but are democratic social institutions, serving the needs of their communities and providing equal benefits to all the societies' members, irrespective of the number or value of shares they own.

The progress made by the Consumer Co-operative Movement in fulfilling its economic and social goals can be seen as follows:

Economic Development

Co-operative societies play a prominent role in the field of economic development. They influence, and are also affected by, foreign and internal trade, consumers' priorities and their selection of goods and services. Co-operative societies are present in almost all regions of Kuwait, selling about 70% of all essential goods and services in the country. Co-operative sites throughout the country each have at

least one main unit and 40 smaller branches. Co-operative societies are present in all parts of the country. The movement has developed in many ways. For example, the government wanted to distribute land to the public, it decided to carry out this project through the co-operative societies. Co-operative societies were also established to handle the sale of government property because they already had the necessary organization.

The co-operative movement has affected other economic sectors.

Internal Trade

As previously stated, co-operative societies, with their many branches, market essential consumer commodities. In addition to providing a marketing outlet for their products, because of this they have been able to regard by imported goods a marketing outlet.

Collective purchasing societies to gain advantages which can be passed on to the consumer. Furthermore, the Co-operative Movement provides the Co-operative societies with warehousing, which is even more.

External Trade

Although the United Arab Emirates exports more goods than it exports, imports are the primary source of goods. Co-operative organizations and co-operative societies' members provide commodities

ces, irrespective of the balance of trade.

Income and Investments
The Union's annual reports show that co-operative societies employed 10,000 people in 1986. The success of Kuwait's economy, the distribution of income, the provision of social services and the price of goods and services encourage the co-operative societies to buy from the co-operative societies.

Family Budgets
The co-operatives' attractive lay-outs, the variety of products, the wide range of purchases and, besides, the different brands are available, consumers are encouraged to buy different brands of the same item in their family budgets.

Banking System
The success of banking operations in Kuwait is due to the support given by the co-operative societies. The co-operatives' shops and branches should also be mentioned. The co-operatives' shops have at least one bank, and the public can easily gain access to banking facilities.

Production and Supply
The co-operative movement in the field of consumer goods has begun to diversify. The 'Production Societies' and 'Resources Societies' were producing fruit and vegetables, poultry, meat and dairy products. Although these societies are small, they have, nevertheless,

had a beneficial effect on the national economy in that the movement supports Kuwaiti industry, preferring to stock home-produced goods, even if they are slightly more expensive than imports.

The co-operative societies' effect on supply and demand is no less important, particularly because Kuwait is an open market for all world countries and the competition among them is tough. The influence of the co-operative societies on supply and demand can be summarized as follows:

- a. They are an important market for essential commodities and services and attract a large number of consumers.
- b. These societies have many branches throughout the country, facilitating the distribution of goods to consumers.
- c. Good marketing techniques encourage consumers to make more purchases. This allows the co-operative societies to buy at competitive prices and to obtain beneficial payment terms.

Effect on the Construction Industry
Recently many of the co-operative societies have either constructed new supermarkets or renovated old ones. They have also established many new branches without needing state subsidies. Some of the societies have also begun to construct other buildings as community centres and for other purposes.

In the Field of Social Development
Undoubtedly, co-operative societies play a prominent role in the social development of Kuwait, having allocated 20% of their profits to community projects. A special council called the 'Area Council' has been set up to cater for the needs of the community. Areas in which the co-operative movement has an interest are:

- a. Assistance for needy families (a joint project with the Zakat house).
- b. Free provision of further education.
- c. Donations to mosques, clinics and public gardens.

The societies also raise public consciousness through posters in supermarkets and branches. Some co-operative societies have established nurseries and medical centres, others provide community centres, and all help the State with reforestation projects.

Recently the Ministry of Social Affairs and Labour asked the co-operatives to play a role in providing aid to youth centres, homes for the disabled, cafés and homes for the aged.

The possibility of allocating part of the social budget to the Area Councils to help them carry out these duties is currently being examined. Moreover, the co-operative societies have been asked for their assistance in the field of public hygiene. Some co-operative

societies have been providing rubbish bins in the streets and others have been providing bus shelters to protect people from sun and cold.

It was at the request of the co-operative movement that the State established its co-operative societies to spread co-operative ideas, educate national employees for the co-operative movement, asked the Education Ministry to promote co-operative education in all the educational institutions and assist in publishing magazines to publicize the co-operative movement. The State also asked the Ministry of Education to provide courses for co-operative

We can summarize the role by stating that the co-operative movement has played a prominent economic and social role in Kuwait. The State through the co-operative societies has reduced the price of basic commodities, the creation of a network of essential services, working to control costs and contribute to the national budget such as the establishment of nurseries, and cultural, entertainment activities.

Policy on Human Resource Development in Co-operatives of the 3rd World

International Co-operative Alliance has promoted and organized co-operative and training programmes for a long time in accordance with its co-operative education and its development policy.

Changes affecting co-operatives demand that the ICA redefine Human Resource Development in order to better respond to the requirements of co-operators. The ICA Executive Committee has adopted a Policy on HRD in Co-operatives to prepare the co-operatives for the 21st Century.

HRD in Co-operatives

Co-operatives as a result of changes in the socio-economic environment, in the future, co-operatives assume wider responsibilities and respond more effectively to members' needs. Interaction with the members must be based on information and communication. Understanding the principles and practices of co-operation and participation in co-operative work require a deeper commitment. There is a need for intensified education and mobilisation programmes for co-operatives, particularly for women and youth which, to a great extent have been neglected but are essential to the overall success and development of co-operatives. Furthermore, the increasing needs of products and services and the competition faced by co-operatives require that they perform far better by adopting modern technology and new systems and techniques. Also, the work environment of co-operatives has to be substantially improved so as to respond to their personal needs in terms of remuneration, motivation and future prospects. In the light of the above, the concept of HRD in co-operatives is defined as follows:

HRD in co-operatives means all the planned information, education, training, mobilisation and manpower development activities undertaken by co-operatives so as to create economically efficient organizations providing services required by their members."

Development Objective

The overall aim of the ICA Policy for Human Resource Development is to contribute to the effective implementation of the ICA Policy on Human Resource Development, viz. "the establishment and growth of independent and viable co-operative organizations, in which men and women work on equal terms. These organizations must be capable of serving their members efficiently and contributing to economic growth and social development of their respective communities and/or countries".

Target Groups

HRD in co-operatives should enable members, committee members and personnel of co-operatives to realize their potential and enrich their lives socially, socially and culturally.

1. Members

The raison d'être for the co-operative movement are the members. The strength lies in the quality of its membership and its ability to mobilize resources. Therefore, it is essential that:

- members have an awareness and understanding of the co-operative principles, practices and values;
- women and young people are included in co-operative activities and sufficient levels and resources are made available for appropriate programmes.

2. Committee Members

Democratic control is an essential pre-requisite for the development of economically efficient co-operative organizations. This can only be achieved through enlightened and capable leadership. It is therefore essential that:

- committee members have an awareness and understanding of co-operative principles, practices and values and
- they are trained for their leadership roles.

In small co-operative societies, management functions are carried out by members of elected committees. Hence it is essential that committee members of such societies are also trained in carrying out management functions to meet their needs.

3. Personnel

Employees of co-operative organizations have a vital role to play in the establishment and management of economically efficient co-operative organizations.

essential that:

Personnel policies be applied;

awareness and understanding of the co-operative practices and values, and

professionally qualified and given the required training.

Members

Knowledge should be disseminated among potential members at large.

Stakeholders

Government ministries/departments and development agencies should be aware of co-operative HRD and other co-operative development activities.

Activities

To achieve the objectives stated above, the ICA shall provide technical assistance to member organisations and co-operative training institutions in the implementation of HRD Policies and Plans. The following shall be supported:

Education including methodologies for increasing member participation;

Women's and Youth participation;

Development of leadership skills;

Resource management;

Financial Management;

Personnel Policies - Job enrichment, compensation

and career development;

Training;

Employment of trainers and training directors/managers;

Application of modern/appropriate technology and information

Role of the ICA

The ICA shall:

- a. be a catalyst and co-ordinator of human resource development programmes for co-operatives;
- b. organise the HRD activities through projects at the Head Office and regional offices and identify donor support;
- c. promote the work of HRD committees in the ICA region which would guide not only the work of ICA's HRD projects but also think tanks on HRD issues in co-operatives;
- d. promote discussion and action on HRD issues in ICA's member organisations;
- e. assist member organizations and co-operative training institutions to establish standards for HRD performance and systems, conduct assessment and evaluation; and
- f. maintain close collaboration with UN agencies such as the ILO, FAO and UNESCO and with other development agencies concerned with HRD in co-operatives.

Priorities

The priorities for HRD programmes would differ from region to region. It is suggested that various regional offices should formulate priority HRD programmes in consultation with regional HRD committees and member organisations.

Conclusion

The Executive Committee calls upon the member organizations and developed countries to implement the HRD Policy with vigour and development partners to support the efforts of the ICA and its regional offices in this direction. A concerted effort of this nature is enjoined on all engaged in development programmes for preparing the co-operatives to enter the new millennium with renewed confidence and strength.

*(adopted at the ICA
Meeting 18-20 June 1997)*

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