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The I.C.A. is not responsible for the opinions in signed articles

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## PROSPECTS FOR 1965

**W**ITH the turn of the year and another January edition of the Review of International Cooperation, we may complete our inventory of events for 1964 and look ahead to some of the prospects for 1965. In the International sphere of activity the prospects are many and varied, and perhaps the first which should be mentioned is the fact that 1965 has been declared International Cooperation Year by the United Nations. The late Pandit Nehru stated that most news items highlight international problems and difficulties, and that it might help to put matters into their proper perspective if a period were devoted to giving maximum publicity to the every-day examples of successful cooperation between nations. Now we have reached 1965, the year chosen for this purpose, and all nations will endeavour to publicise their collaboration both within the United Nations and in every other way.

### **Studying Cooperative Principles**

The ICA Commission to study the Cooperative Principles was duly constituted by the Central Committee at Belgrade in October last, and held its first meeting in London in December. Professor D. G. Karve of India was elected Chairman of the Commission and its work was planned and started. Its activities will continue throughout 1965.

The Consumer Working Party of the ICA will meet in London during the last week of January, and at this meeting will finalise their plans for a Consumer Conference to be held in Basle, Switzerland, about the 12th to 15th. October, 1965, having as its theme "Some obstacles and achievements in consumer-oriented trading by cooperatives." The ICA Consumer Working Party held discussions on its "Minimum Outline Programme for the Consumer" with two national cooperative movements, the Swedish and the British, during 1964, and the Finnish and French consumer cooperatives are currently considering to invite the CWP for discussions during 1965.

### **New ICA Secretaries**

The ICA Secretary for Women Cooperators starts her work from 1st January, 1965, and it is hoped that the first meeting of the ICA Women Cooperators Advisory Council will be held in London on the 16th and 17th March.

The ICA Agricultural Secretary started his work in October and has already prepared, in consultation with the Chairman of the ICA Agricultural Committee, a draft programme and plan for a Seminar on Fruit and Vegetables, to be considered by the Executive of the Agricultural Committee on the 4th and 5th of February with a view to the Seminar

taking place during the first week of May, 1965.

Plans for an International Cooperative School to be held in Italy in the autumn of 1965 will be put before the meeting of the ICA Executive Committee due to take place in London during the first week of February.

Representations have been made for the ICA and other appropriate international non-governmental organisations to have consultative status with the new UN Trade and Development Board and the Trade and Development Conference, at present being set up as permanent bodies of the United Nations. The ICA will continue its collaboration with UNESCO and also with the ILO which will discuss "The Role of Cooperatives in the economic and social development of developing countries" at its 1965 Conference in Geneva from the 2nd to the 24th June.

### **World Food Programme**

Close collaboration continues with FAO on the promotion of agricultural development through credit, marketing and supply cooperatives, as also with the Freedom from Hunger Campaign, and on the World Food Programme.

The joint statement of the International Cooperative Alliance, the International Federation of Agricultural Producers and the International Confederation of Free Trade Unions on an Expanding World Food Programme was published by the UN Secretary-General and was also circulated at the meeting in Rome of the WFP Intergovernmental Committee where it was introduced by the Director of the ICA on behalf of all three international organisations whose combined membership, allowing for some overlapping, is in excess of 300 million people.

The Central Committee of the ICA will meet in Helsinki, Finland, in September, 1965. The special theme for discussion there will be vertical integration in consumer and agricultural movements, especially the different forms of relationship between wholesale and retail formations in various countries.

The Press Committee, the Research Officers, the Librarians' Working Group and all the auxiliary committees of the ICA have active plans for 1965 but space does not permit of full details in this short article.

### **Plans for S.E. Asia**

The Regional Office and Education Centre of the ICA in S.E. Asia plans to hold an Experts' Conference in New Delhi in January to discuss Trade Unions and Cooperatives. The Conference will explore fruitful fields for collaboration between Trade Unions and Cooperative Societies. A Regional Seminar on Fisheries Cooperatives will be held in Kerala, India, in February. A regional Workshop on Audio-Visual Aids in Cooperative Instruction is scheduled for April. An Experts' Conference will be held in June in Thailand to consider the Contribution of Governments to Cooperative Development, and a Regional Seminar will be held in the Philippines in August on Cooperative Management. The ICA will also assist in various national seminars throughout the year, and continues to coordinate and assist the bilateral technical assistance from one national cooperative movement to another, supplemented by occasional vital multilateral assistance from the ICA Development Fund. A special report on Technical Assistance is being prepared by the ICA Secretariat for the Central Committee of September, 1965. Contacts between cooperators in

## MEETING OF RESEARCH OFFICERS AT ROTTERDAM

SOME of the most topical problems confronting modern cooperative movements were discussed at the annual meeting of ICA Research Officers held in Rotterdam from September 7th to 9th, With CO-OP Nederland as host. Mr. Olaf Moback of KF was elected chairman, and representatives from Finland (SOK and KK), France (FNCC), Germany (ZdK), Great Britain (CWS, Cooperative Union Ltd.), Holland (CO-OP Nederland), Sweden (KF), the Cooperative Wholesale Committee and the ICA took part in the meetings.

The perennial problem of *how to retain and nourish democracy within large integrated cooperative systems* was given a new twist by Mr. Moback, who suggested that researchers on this problem might have been working within too restrictive a framework derived from the traditional concept of democracy as direct participation. To correct this he proposed a "functional" approach involving investigation of formal organ-

isational structure; goals structure from the point of view of operability (clarity and precision), consistency and congruence (conformity between documented goals and members' idea of the goals); availability of suitable instruments of control including particularly adequate information; and channels for and response to initiatives on the part of members. Subsequent discussion centred on the complications introduced by growing concentration and hence indirect participation, and the resulting problems of communications and member apathy.

### Accounts and Statistics

Another contribution from KF<sup>2</sup> — a paper by Mr Tönus describing an investigation into *verification and accounting control over individual member purchases for purposes of dividend payment* — sparked an exchange of views as to the comparative efficiency and costs of different accounting systems in the various movements and the prospects for electronic processing of such data.

The ICA Director, Mr. Alexander, outlined his tentative views on *the need to improve ICA statistics* in order to eliminate gaps and duplications, to provide better comparison as between movements, and to co-ordinate them more closely with data published by the ILO and by ICA Auxiliary Committees. He suggested that any revisions should be carefully planned in close consultation with member organisations.

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Europe and cooperators in Africa and the Americas are increasing rapidly.

These are just some of our international cooperative activities which indicate that 1965 already promises to be a year full of possibilities for a further expansion of goodwill and collaboration between cooperators throughout the world, a year improving understanding which alone can create the atmosphere essential for a lasting peace.

MAURITZ BONOW

## **Euro-Coop**

The *work of the Cooperative Wholesale Committee* was described by its new Secretary, Mr. Hoff, who pointed out that the EFTA Secretariat formerly provided by *Nordisk Andelsforbund* has been transferred to the Cooperative Wholesale Committee. The long range objective is that the CWC should conduct research on trade and production statistics, and make special studies on market analysis and possibilities for cooperative integration across international lines. Currently, however, since there are only six members of the staff, the work is limited to mutual exchange of information and promotion of joint commercial ventures of integration. Mr. Hoff and Mr. Semler-Collery also sketched the functions and organisational structure of Euro-Coop, an association of cooperative wholesalers in common market countries, which is also an affiliate of the CWC.

A paper by Mrs. Stettner, ICA Secretary for Research and Statistics, pointed to a number of *economic, sociological and demographic changes which are altering patterns of consumer demand*, including shifts in age structure, rising living standards, greater variety of goods and services, shorter hours of work, more women at work, increased home ownership, and greater social mobility as a result of more fluid population, shifts from farms to cities and from cities to suburbs, rapid job turnover, and growing number of cars. Discussion focussed on the need for cooperatives to find the areas of highest growth potential; on difficulties in forecasting changes in view of the influence of fashion and of advertising, and the emergence of new products; and on the feasibility of intercountry comparisons of trends in consumption patterns.

## **Regional Warehousing**

A highlight of the meetings was Mr. Lambert's stimulating analysis of British cooperative plans for *regional warehousing*. He pointed out that a regional warehousing scheme submitted by outside consultants for the Newcastle area indicated that by the adoption of up-to-date techniques societies can have all their supplies delivered from their own regional warehouse for very little more than they are at present spending on the delivery to branches of less than half of their supplies.

The principal benefits of a regional warehouse would result from the centralisation of buying. It is the ability of the regional warehouse to receive in bulk which makes the buying economies possible. In order to buy in bulk, the warehouse must handle as large a throughput as possible. Also, to secure the full advantages of bulk handling, it is necessary that the warehouse should be able to place orders for regular delivery, probably on a replacement basis as determined by computer-controlled operations. Thus the warehouse should have assurances of full support from the retail societies, who should neither operate their own warehouses nor negotiate prices directly with suppliers.

## **Improved bargaining power**

Since the regional warehouse would greatly reduce the costs which private merchants at present incur in distributing their goods to societies' warehouses and shops, one of the principal sources of financial benefits to cooperatives would depend on the extent to which these savings were transferred to the movement in the form of lower prices. The improved bargaining power of the buying organisation should in itself

enable some concessions to be secured. The buying function would be very different from that which is necessary to supply the present very loosely-knit operation, and would probably involve more centralised negotiations.

### **Computer control**

The operation would also require a simplified, uniform system of ordering by all branches in order to facilitate computer control at the warehouse. Branch managers would be relieved of much paper work, not only in connection with incoming deliveries, but also on the ordering side of their activities. It is also highly probable that a significant reduction in stocks would be achieved.

Savings would mainly arise, however, from reductions in cost of delivery to the regional warehouse and in transport and handling. These are illustrated by a brief description of the essential features of the scheme recommended by the consultants for the Newcastle area. The warehouse would be a single-storey building. Goods would be received at one end of the warehouse.

They would be moved by means of cranes and conveyors, stored briefly, and then gathered and conveyed to the other end of the warehouse where the goods would be sorted into individual branch containers for loading into the delivery vehicles. Orders would be mechanically assembled under computer control.

It is suggested that there should be one regional warehouse to serve the Newcastle area with three distribution transfer or transshipment centres to which sealed containers would be shipped in bulk from the warehouse. Local distribution would be effected from the transfer centre by a special

fleet of vehicles located there. Delivery to the transfer centre would be carried out by special vehicles working on a three-shift basis. Local distribution would be made to coincide with branch opening hours. Deliveries would be made to branches normally once a week and possibly more frequently to the larger shops.

### **Sealed containers**

The use of sealed containers would have several advantages. It would enable the making up of orders to go on "all round the clock" and would be essential to the economic operation of the transshipment points. It would also reduce the time vehicles spend in waiting, loading and unloading. The containers would be designed for easy handling at shops and it would be possible to transfer directly from the containers to the shelves.

Mr. Lambert reminded the group that whereas regional warehousing is as yet only in the pre-blueprint stage in the United Kingdom, it has been successfully operated for some years in a number of other countries, most notably Sweden, Holland and Denmark. Current proposals in the British Movement are based on a large volume of comprehensive research by the CWS Market Research Department into the nature of current operations designed both to demonstrate weaknesses of the present system and to serve as a basis for planning the regional warehousing operation. L.S.

## THE COMMISSION ON COOPERATIVE PRINCIPLES



From the left: Professor Henzler, Mr. Bonner, Professor Karve, Professor Kistanov and Mr. Cowden

THE first meeting of the Commission on Cooperative Principles was held in London on December 15th-16th, 1964.

Members of the Principles Commission consisting of Mr. A. Bonner, U.K.; Mr. H. A. Cowden, U.S.A.; Professor Dr. R. Henzler, Germany; Professor D. G. Karve, India; and Professor Kistanov, U.S.S.R., met at the Headquarters of the International Cooperative Alliance. Mr. W. G. Alexander, Director of the Alliance, and members of the I.C.A. Secretariat were also present.

The Director of the I.C.A. welcomed the members of the Commission on behalf of the President of the I.C.A. and the authorities of the Alliance, and wished them luck in their important task.

Before deciding upon a Chairman for the Commission, the members had an informal consultation among themselves and resolved that Professor D. G. Karve should act as Chairman to the Commission, both for the present and all subsequent meetings. On taking the chair, Professor Karve thanked his colleagues for their unanimous decision, which he said would help him to discharge an important duty.

The question of selecting a Secretary to the Commission was considered in the

light of either the I.C.A.'s willingness to provide a secretary or to appoint a rapporteur among members of the Commission. The Commission eventually agreed that in view of the nature of the inquiry, it was essential that a secretary in touch with their discussions should be appointed, and they requested the Director of the I.C.A. to accept responsibility for secretarial services to be provided by the Alliance; the Director agreed to this request.

### Terms of Reference

The Commission then considered their Terms of Reference as decided by the Central Committee as follows:—

The task of the Commission shall be:

*to ascertain how far the Principles of Rochdale—as defined by the I.C.A. Congress at Paris in 1937—are observed today and the reasons for any non-observance;*

*to consider, in the light of the results of the foregoing study, whether the Rochdale Principles meet the needs of the Cooperative Movement having regard to the present day economic, social and political situation or whether any of the Principles should be re-formulated in order the better to contribute to the fulfilment of the aims*

*and tasks of the Cooperative Movement in its different branches;*

In addition, consideration was also given to the Resolution as agreed at the 22nd Congress at Bournemouth in the following terms:

### **Reformulation of the Fundamental Principles of the Cooperative Movement**

The Congress requests the Central Committee—

*To constitute an authoritative commission to formulate the fundamental principles of activity of Cooperation under modern conditions;*

*To empower the commission to study which of the principles of the Rochdale pioneers have retained their importance to the present time; which of them should be changed, and how, in order to contribute in the best manner to the fulfilment of the tasks of the cooperative movement; and finally, which of them have lost their importance and should be substituted by others;*

*To empower the commission to formulate new principles of Cooperative activity;*

*To include in the agenda of the 23rd Congress of the Alliance consideration of new principles for the activity of the Cooperative Movement;*

*To empower the Executive to request the national cooperative organisations, members of the I.C.A., to send their proposals on this subject;*

*To ask the Central Committee to consider the proposals of the national cooperative organisations and those of the commission at a meeting preceding the 23rd Congress, and to submit its opinion to the Congress.*

There were detailed discussions on important matters affecting the Terms of Reference provided by the Central Committee, and after an extensive debate, the members of the Commission accepted the summung up of the Chairman to the effect that the Commission should regard itself free to consider the subject matter, both in the Congress resolution and the Terms of Reference provided by the Central Committee, in the broadest possible way and the Commission agreed to range wide in their deliberations.

### **Work Plan for the Commission**

Consideration was given to the general plan of work to be undertaken with special reference to the Central Committee's brief, namely to ascertain how far the Rochdale Principles, as defined by the I.C.A. Congress in Paris, 1937, are observed today, and the reasons for any non-observance, as well as consideration whether these Principles, or the cooperative movement bear any relation to present day social and political conditions.

The Commission decided to begin its work by means of a questionnaire to both member and non-member organisations, the latter to be selected by the Director of the I.C.A. with the object of eliciting information regarding observance and non-observance of the Rochdale Principles.

The Commission members agreed to participate in compiling a suitable questionnaire, and it is hoped to have this document issued to member organisations by June, 1965. The hope was expressed that the final date for returning the completed questionnaire to the Commission would be about the end of August, 1965.

*(Continued on page 28)*



# BRITISH COOPERATIVES AND THE CONSUMERS

By L. Stettner,

*ICA Economic Research Section.*

**B**RITISH cooperative officials consider the servicing of consumer interests to be one of the most important functions of the movement. Cooperatives are the only important kind of commercial activity designed in the interests of the consumer, hence they make a unique contribution in this field, according to CWS directors. Since the commercial operations of a cooperative are the basis of its contribution to consumer welfare, its own products and brands must reflect consumer interests.

On the 26th of October the ICA Consumer Working Party, comprising representatives from France, Finland, Norway, Sweden, Switzerland, Germany, the Netherlands and the ICA Secretariat in London, travelled to Manchester for a two-day discussion of its *Outline Programme of Activity in the Consumers' Interest\** with directors, departmental managers and other officials of the CWS, SCWS and Cooperative Union. This was the second in a planned series of country reviews; the first took place in Sweden in March 1964. The purpose of these Consumer Action Programme Reviews is a joint consideration of the extent to which national organisations are pursuing a consumer-oriented policy as outlined in that document, and for-

mulation of possible lines of future development.

The discussion, which ranged over a wide spectrum of topics including legislation, quality control, comparative testing, informative labelling, brand names, advertising and publicity, consumer education and relations between wholesale and retail societies, was marked by a lively uninhibited exchange of views, only a few of which can be touched upon in a short article.

It was stressed that the Co-operative Movement has played a major role in recent years in stimulating legislative progress in the interest of consumers; for example, its evidence to the Molony Committee on Consumer Protection, and its lobbying efforts leading to legislation on hire purchase, trading stamps, resale price maintenance, and weights and measures, and prospective amendment of the Merchandise Marks Act and legislation on Sale of Goods. The appointment of a leading Cooperative Member of Parliament as Secretary of State in the Board of Trade with special responsibility for consumer affairs promises to give substance to cooperative initiative for a separate governmental unit for consumer affairs.

## Quality Control

The CWS attitude to *quality control* was expressed as follows: "Quality control is not merely a technique, it is a

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\* For a description of the Outline Programme see the *Review of International Cooperation*, September 1964, pp. 219 ff. and *Consumer Affairs Bulletin* 2, 1964.

philosophy based on a genuine desire to produce the best, a desire which must permeate the whole organisation. For the consumer the benefits of quality control are better quality, better design and more confidence in the merchandise. For the producer the benefits are: more efficient production, lower costs, less wastage and increased staff morale."

The Technical Research Department of the CWS, staffed by 150 scientists and technicians, is described as "A watchdog on quality, technical adviser, consultant, improver, even prophet, the painstaking friend of both consumer and producer." The functions of the Technical Research Department include protecting the CWS from complaints, ensuring the standards of products, helping managers, stimulating development work, and occasional comparative tests for purchasing purposes. The Department has many contacts with outside organisations producing or maintaining standards, such as the British Standards Institution and the Retail Trading Standards Association. It also supplies information and comments to government departments when standards are being formulated.

### **A Testing Panel**

Testing laboratories are also maintained by some of the individual production units in the CWS. In addition, the Market Research Department runs a Testing Panel to whom samples are sent periodically. This panel consists of over 1,000 volunteer Cooperative housewives, (of whom approximately a third are members of Cooperative Women's Guilds). Samples are sent to them by post, being in identical plain cartons so that the Panel members do not themselves know what products they are testing. In this way completely unbiased

opinions of the products are obtained.

There was a consensus of opinion among the representatives of the CWS and the Co-operative Union that it would not be appropriate for the Movement to engage in *comparative testing* of various brands on the market and publication of the result. Because the Movement produces many of the items it sells, it would find it difficult to claim objectivity, and particularly it would be exposed to the Law of Libel; and there would be a built-in disinclination to publish unfavourable results on its own products.

### **Informative Labelling**

Several Cooperative officials urged that more should be done in the field of *informative labelling*, particularly for textiles. It was hoped that the recent decision to set up a CWS Merchandise Approval Committee would contribute to this effort. The Committee is to be composed of appropriate trading and technical managers and have the following responsibilities: to approve the application of a Cooperative brand name or label to any item, this approval to be dependent on the maintenance of high and considered standards of quality, design and labelling; to make recommendations to the Board of Directors for the establishment of procedures to ensure the maintenance of such standards; generally to examine and report to the Board on ways and means by which the reputation of cooperative goods may be maintained and enhanced; to receive such information and require the carrying out of such tests or enquiries as are necessary for these purposes. Hope was also expressed that the trend towards informative labelling would be accelerated by current efforts of the Consumer Council and the Brit-

ish Standards Institution to introduce voluntary schemes.

### **Consumer Education**

The *consumer education* work of the Movement is carried forward mainly by the Education Department of the Co-operative Union of Manchester, the Co-operative College at Stanford Hall, near Loughborough, Leicestershire and the education departments of retail societies. The Education Department has a full-time Tutor-Organiser for Consumer Education. It has produced various publications including brochures, study guides, tape recordings and film strips, and also published an outline syllabus entitled: "*Consumer Protection*". With the assistance of the staff of the Co-operative College, the Education Department helps in organising short-term and long-term residential courses for students, and correspondence courses which cover, among other things, the subject of consumer education. Residential summer courses for adults are also organised at the College for education committee members and education secretaries, and there are special courses, such as that entitled "The Cooperative Consumer" held in summer 1963.

Various Cooperative journals publish articles on consumer protection, and some members of the various Cooperative auxiliaries are using their influence to promote consumer education among their own members, so that they in turn should promote it in the general retail society membership.

The CWS and the SCWS play a useful part in consumer education activities. In response to requests, the technical and market research departments of the CWS, its Public Relations Division and the individual trading departments of both wholesale societies assist the Cooperative

Union Education Department in the production of its pamphlets, filmstrips, etc. Further, these various departments deal with requests concerning Cooperative consumer education activities from schools and a whole variety of associations and societies outside the Cooperative Movement. The Press and Information Officer of the CWS also acts as a liaison with the Consumers Association. The CWS Countercraft Centres at Manchester, London and Newcastle, and the SCWS Countercraft Centres at Glasgow and Leith provide short courses for retail societies' sales staff to enable them to give informative answers to customers needing assistance regarding their purchases.

From the outset of the discussion in Manchester stress was put on the importance of *relations between wholesale and retail societies* and the fact that implementation of a consumer-oriented policy rests with individual societies the managers of which sometimes feel themselves pulled in two directions, the need to compete with private sellers on the one hand, and the claims of consumers on the other. As one member of the CWS Board of Directors put it, "The Consumer Working Party can help us by stimulating managers to find a way of breaking through this dilemma," and another made a plea for a factual comparative documentation by the members of the Consumer Working Party of measures taken in other national movements to cope with this problem.

## THE COOPERATIVE MOVEMENT IN POLAND

By Tadeutz Janczyk,  
*President, Cooperative Agricultural  
Union, Warsaw.*



**T**HE first cooperative societies in Poland were established between 1860 and 1870 when the country was divided between Prussia, Austria and Russia. Cooperation was the means adopted by the Polish people to fight the invaders' attempts to destroy their national characteristics and economic life and to regain their freedom. During the First World War, and again under the Nazi occupation when Poland suffered further persecution, the cooperative movement continued to form a bulwark of Polish nationality and to fight for liberation and social justice. It also defend-

ed both peasants and consumers against exploitation by private speculators.

### **Rapid Cooperative expansion**

In spite of having to weather so many storms in the past, there are many cooperative societies still in existence today, some of which are over half a century old. Indeed, there are societies such as those at Plock, Suchedniow, Wadowice, Poznan and elsewhere which are from seventy-five to over one hundred years old. The fact that the Polish cooperative movement has continued to develop is evidence of the strength of the

cooperative ideal among the Polish people and their general understanding of its aims.

After the Second World War, when Poland regained its independence and became a socialist state with a planned economy, cooperation began to expand very rapidly in many new directions. It was a medium for the distribution of foodstuffs and other commodities and for this reason it was regarded by the state as a form of social welfare.

The movement developed as a voluntary association of small agricultural producers, and village artisans as well as of consumers, labourers and white collar workers. With the help of the state, aided by their own funds, the cooperatives were able to introduce new methods of working and to establish new centres for the service of members and the community as a whole. The social and economic values of cooperation formed the basis of the great cooperative movement which exists today in the Polish People's Republic.

The function of the cooperative movement in the Polish economy was established by the Act of Constitution, passed by the Sejm (Parliament) in 1952. Subsequently, after years of study and discussion between experienced cooperators of long standing, the law governing cooperatives and their unions was passed on 17th February, 1961. This sets forth the rights and obligations of members, the cooperative principles of voluntary membership, democratic control, one vote per member regardless of shares held, and election of officers. In addition, for societies affiliated to the Central Cooperative Agricultural Union election must be by secret ballot, control must be in the hands of the members and the societies must be supervised by cooperative bodies.

### **Cooperation in the national economy**

The Polish cooperative movement plays its part within the framework of the national economic plan, which takes into account cooperative aims and requirements, a matter of great importance for the movement, since not only is the policy based on objectives previously fixed by the societies themselves, but the means to achieve them are also assured.

Combining the activities of the cooperatives with the general national economic plan in no way restricts cooperatives' independence and self-government. On the contrary both the terms of the law and the day-to-day activities of the cooperatives create enormous opportunities for the further expansion of cooperation in other economic, social and cultural spheres. The members themselves fix the rules, define the scope of operations, adopt the plans and come to an agreement regarding investment and distribution of surplus. They themselves elect the administrative bodies, i.e. the Cooperative Council or Board of Directors, various commissions, member committees and the Board of Management.

The mere fact of having to take decisions of such importance, not only for themselves but for the community as a whole, increases the members' sense of responsibility, making them more inclined to work together and thus improving economic and social relations generally; moreover, since under the cooperative system every member can exercise a certain influence over the activities of his society, he may acquire a sense of participation in running the affairs of the state also.

### **Central Agricultural Union of Peasant Self-Help Cooperatives**

The Polish cooperative movement



Some Activities  
of the Peasant  
Self-Help  
Cooperative



Rural  
cooperatives  
supply fertilisers,  
selected seeds  
and other farmers'  
requirements,  
run a spare parts  
and machine  
repair shop and  
make pre-  
fabricated building  
components





A children's clinic and a dressmaking service are among the advantages offered by the Peasant Self-Help Cooperative



Sausages, rabbitmeat (p. 12), dried and salted mushrooms and other pickles and conserves are exported by POLCOOP



comprises ten unions of which the largest is the Central Agricultural Union of Peasant Self-Help Cooperatives.

At the meeting of the I.C.A. Central Committee in Belgrade on 3rd October, 1964 this union was admitted as a collective member of the Alliance.

The Union comprises 2,375 rural societies with 4,050,000 members, which supply the villagers with both agricultural requisites and consumer goods. They buy in return about 65 per cent of the farmers' produce, operate a number of processing and industrial plants and supply certain services for the village population. The societies run 56,000 shops of which 1,200 are self-service and 5,600 "preselection" shops. The stores sell everything for the household, clothes, textiles, durable goods such as sewing machines, washing machines, refrigerators, T.V. sets, motor cycles etc., as well as all kinds of foodstuffs and other products. Within the Central Agricultural Union there is a wholesale organisation which maintains direct contact with the manufacturers and has its own transport for supplying the retail societies. The cooperatives affiliated to the union have their own bakeries, butcheries and mineral water and beer bottling plants as well as fruit and vegetable processing plants. Production is planned to satisfy the needs of members through the retail stores run by the rural societies of which there are 6,355. In addition, the societies run more than 4,000 restaurants supplying cheap and palatable meals for both the village people and tourists.

In the rural cooperatives farmers can buy fertilisers, weedkillers and insecticides, agricultural machinery and spare parts, selected seeds, seeding stuffs, fuel and oil, etc. For the past few years the societies have extended their services to

farmers to include machine repair shops and smithies, cleaning and grading of seed, spraying of protective chemicals, hire of machinery and implements, carpentering, laundry and tailoring services. In 1964 there were 27,000 of these service organisations, and in view of the proposed intensification of agricultural production, an even wider expansion of such services can be anticipated.

The cooperatives producing building materials and undertaking construction work will become increasingly important in view of the great upsurge of building in the Polish countryside. Finally, there are interesting developments in cooperative transport for agricultural produce and building materials.

### **Contract purchasing**

The other important function of the Polish rural cooperatives is the purchase of agricultural produce from the farmers. The rural societies conclude contracts with the farmers for delivery of wheat, potatoes and many other crops, as well as pigs, cattle and poultry. The contract ensures for the farmers a profitable sale of their produce as well as additional advantages such as cash payments, insurance, technical, agricultural and veterinary help and advice etc. The system of purchase contracts is of particular importance to the cooperative societies, since it has significant bearing on the planning of production in small agricultural holdings or on the location in particular districts of special crops, as well as on the general expansion of agricultural production.

The rural cooperatives, however, do not restrict themselves entirely to buying under contract, but buy any surplus agricultural produce of the peasant small holdings, with the exception of sugar-



beet and tobacco which are bought directly by the state industrial undertakings. Milk also is the province of special dairy cooperatives. Subsequently, produce is sold by the societies to both state and cooperative processing organisations.

There are certain rural cooperatives which have their own organisations such as hop gardens, nurseries for fruit trees and market gardens. Attached to many cooperative organisations there are choirs and folk dancers, drama and sports groups; altogether there are 475 cultural groups and 400 sports groups. About a thousand societies have their own centres and 1,500 run youth clubs. Every society has a library containing books on economics, agriculture, cooperation, etc. Courses in dressmaking, cookery, hygiene, beauty culture, etc. are run during the winter for women. Each society devotes an important amount of its income to this social and cultural work, the amount in 1963 being, for example, over 100,000,000 *zlotys*\*.

### **Medical care**

In addition to the rural cooperative societies there is an organisation, the Central Agricultural Cooperative for Mutual Aid to Peasants, which organises health societies to supply medical and dental care for the rural population by employing doctors, dentists and nurses. These societies run a modern medical centre, which teaches hygiene and undertakes preventive medicine and medical examination of children. There are at present 250 of these societies which serve a rural population of some 70,000 people.

The Peasant Self-Help organisation carries on important work in training employees and cooperative workers. It

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\* 33 *Zlotys* = £1 sterling approx.

also runs over 90 secondary schools, which have the same status as state schools. Every pupil from the cooperative school can, if he wishes, continue his studies in a college. Although this higher education involves considerable financial outlay, it is regarded as of great importance and an indispensable prerequisite of development in cooperative organisations.

### **Export Organisation**

Finally, a further important activity of the Peasant Self-Help Society is an Export Organisation known as "POL-COOP" which undertakes export of agricultural produce, seed, fodder, meat, etc. "POLCOOP" has business contacts with undertakings in 30 European and overseas countries and takes part in the International Trade Fairs at Leipzig, Vienna, Munich, Stockholm, Paris, Milan and elsewhere.

This article I hope gives a general impression of the cooperative organisation which the Central Committee of the I.C.A. has admitted to membership.

I wish to send greetings to all those cooperative organisations which are members of the Alliance, and to thank them for their objective attitude towards our organisation, thanks to which it has been possible for us to join the Alliance. I should also like to assure all other members that we Polish cooperators sincerely wish to work with all cooperators throughout the world, to benefit from their experience and to put our own experience at their disposal. We hope that better mutual understanding will lead to important economic relations between us. The Polish cooperators stand for collaboration between all cooperatives throughout the world and for the unity of the International Cooperative Movement.

## TRIBUTE TO MR. VAIKUNTHLAL L. MEHTA

**M**R. Vaikunthlal L. Mehta, one of the outstanding Cooperative leaders of India and a great humanitarian, passed away in Bombay on 28th October, 1964. In his death the country has lost a true friend of the weaker sections of society and the Cooperative Movement an ardent worker, a friend and a great philosopher.

Born of a rich family, Mr. Mehta had every opportunity of receiving the highest possible education in India and abroad and then settling down in a lucrative business. However, soon after his graduation in 1910, he joined the Bombay State Cooperative Bank, of which he was one of the architects, as a manager, and subsequently was instrumental in strengthening and shaping the Bank into a powerful financial institution suited to the needs of the Cooperative Movement. Later he was appointed Minister for Finance and Cooperation in the former State of Bombay. He served as chairman of many institutions, including the Bombay State Cooperative Union and the Khadi and Village Industries Commission.

Recognising the depth of his knowledge on cooperative problems and his deep attachment to the cooperative cause, the State Government and later the Government of India invited him to work on several Committees, and his contribution to the work of these Committees is well known.

The Cooperative Movement in the former Bombay State became so strong and dynamic under his leadership during the post-war period that it served as a model when programmes for national cooperative development were drawn up in the years that followed. Cooperative education was a field for which Vaikunthlal had a special affection. He nursed the State Cooperative Union very devotedly and was available for advice on its work almost till the last day of his life. He was a voracious reader and a very fine writer. His writing had a grace and a fluency which revealed his intimate knowledge and affection for the Cooperative Movement.

Vaikunthlal believed that good leadership was essential for the healthy growth of the Cooperative Movement, so during his long association with it, he made contacts with good workers at every level and initiated several projects for cooperative development through such able leadership.

Vaikunthlal will also be remembered as a great humanitarian and as a person who respected the weak and down-trodden. There are many institutions doing humanitarian work which owe their existence to him. Suffice it to say that here was a man who, while denying himself the rewards of his own efforts in several fields, worked very hard to ensure that the slightest effort of others in the cause of the Cooperative Movement was well rewarded.

M. V. MADANE

# PAKISTAN'S COOPERATIVES :

## A BRITISH COOPERATOR'S IMPRESSION

By Hebe Spaul.

ONE of the impressions that a British cooperator brings away after a visit to Pakistan's cooperative societies is that several important experiments are being made, some of them involving a departure from normal cooperative practice. These experiments are being carried out alongside an expansion of more normal cooperative enterprises.

It is natural that a nation that is building an entirely new capital city should be concerned with seeing that its foundations—in more senses than one—should be well and truly laid. The supply of pure and unadulterated food was a "must". As a cooperative union officer told me, the serious problem of food adulteration has already affected the health of the nation and the lack of farm and vegetable produce was a serious problem for the Capital Development Authority who are responsible for the building of Islamabad. They sought the help of the Cooperative Development Board of West Pakistan, a semi-autonomous body, the Government appointing up to five of its ten members, the rest being appointed by the Cooperative Union.

### A "one-unit" organisation

Meantime the help of the International Labour Office had been sought in regard to the problem of consumer cooperatives which, as in many other de-

veloping countries, had run into difficulties. Mr. Robert Staermose, adviser on the subject, suggested that "instead of practising the traditional Western two or three-tier set-up, a *one-unit* cooperative organisation could be established with the modern chain stores concern as the structural model. This would mean that the operations of wholesale purchase and supply, import of goods from abroad, manufacture of basic necessities and retail distribution would be handled by one organisation only.

The advantage of such vertically unified operations would be that the organisation would have the combined margins of the importer, the wholesaler, the manufacturer and the retailer as its economy basis. The one-unit organisation could locate warehouse and retail outlets of different kinds in accordance with needs. It would have the power and the personnel to control stocks, to promote sales, to manage personnel and to operate generally with a high degree of efficiency with the ultimate aim of supplying the consumer with pure goods at fair prices. Under the prevailing conditions, and in the context of the economic and social changes in the urban communities, cooperative services have no chance of success unless they are operated by an organisation with a firm basis of economy and with highly efficient management."

## **New type of Supermarket**

It was perhaps with this advice in mind that the Cooperative Development Board decided it would embark on a new type of cooperative supermarket. Indeed, the right to the use of the term "cooperative" might be questioned by some authorities. It does, however, embody certain cooperative principles and the ultimate control does rest with a body to which cooperative secondary societies and banks are affiliated. It is in fact a registered society.

The problem confronting the authorities was to decide in what way to deal with the traditional vendor of food-stuffs, with his little booth or street stall. His methods of food storage and hygiene are necessarily primitive. He could not be forbidden to trade nor could he be compelled to go in for such expensive improvements as refrigeration. It was decided that the street traders should be urged to form themselves into a cooperative and to establish themselves in a large covered market which would provide all modern facilities. Early in 1964 the Development Board decided to hand over the construction and general responsibility for such markets to the Cooperative Investment and Management Agency. The Agency is a secondary society made up of a number of cooperative societies throughout West Pakistan including cooperative banks. The Board of Management is made up of both official and non-official members. The first of these super-markets to be built by the Board came fully into operation in Karachi at the end of 1964 with a membership of 250 traders. This does not, of course, mean the disappearance of all other street traders in the city.

In Islamabad constructional work on the building of similar cooperative

supermarkets was fairly well advanced when I was there in the summer of 1964. The main market is in the commercial sector of the city but each residential sector, into which the city is divided, is being provided with a similar small cooperative market. It is of course much simpler to ensure in a completely new city that all traders are grouped together in this way.

The other problem that confronted the Capital Development Authority and in regard to which they sought the help of the Cooperative Development Board was the supply of fresh fruit, vegetables and dairy produce, there being no reliable source of supply near Islamabad. The Board acquired a farm of 250 acres in the Capital Area and the management of this is also being handed over to CIMA.

## **Housing**

By far the largest housing project in Karachi is being carried out by the societies forming the Karachi Cooperative Housing Societies Union. There are twenty-four housing societies in the Union and about 1,200 acres are being developed. The Union carries out, on behalf of the individual societies, such undertakings as the provision of a maternity home and hospital, secondary schools and a technical institute, parks and playgrounds. I visited an attractive club for residents provided by the Union and saw a residential centre under construction. The houses were for the most part positively luxurious and quite outside the range of even the ordinary professional classes, let alone clerical workers. One heard complaints that people joined a society in order to acquire a house on considerably more favourable terms than would otherwise be possible, only to let it at an enhanced

rent to well-to-do people. There is no doubt that the societies are proving that cooperative housing could be an answer to the need of the people for decent housing and one hopes that the movement in Pakistan will put the experience it has gained in Karachi to the building of housing units for lower income groups.

Apart from experimental projects of somewhat unorthodox approach, there are a number of cooperative enterprises that function on more normal lines, including several that are making an impact on the country's economy.

### **Scholarships and a School Bus**

One of the newer developments are the cooperative sugar mills at Rawalpindi. The mills had previously been in private ownership. Then in 1962, 140 sugar cane growers' societies got together and formed a secondary society to acquire the mills. During the crushing season the mills employ a thousand persons, but for the rest of the year the number is reduced to five hundred. What is particularly interesting about this development is that considerable extensions have been made since the cooperatives took over, and these have all been achieved out of the society's own resources without the aid of any loan. Still other extensions were in a beginning stage at the time of my visit to the mills. Because many of the farmers grow rice as well as sugar, a small cooperative rice mill has been established by the society. Interest free loans for the purchase of seeds and fertilisers are given, and amongst the welfare services that are provided for the workers are a small dispensary, a maternity centre and provident fund facilities. A bus is provided for taking the children to

school and a certain number of scholarships—this year the number was raised to thirty-five—are given, elementary education not being free. A consumer store is run for the benefit of workers, the members electing its executive committee in the normal way.

Another and prosperous recent development is the cooperative cycle factory at Shadara near Lahore. This society was established by a commercial association of cycle dealers who decided in 1953 to form themselves into a producers' society for the purpose of manufacturing cycles. The society started with twenty-two members and now has fifty-eight. The value of a single share is Rs.1,000 and each member must hold a minimum of forty shares. Last year the turnover was Rs.10 million. Each month six thousand cycles are turned out in addition to spare parts. The factory has virtually a monopoly of the manufacture of cycles in Pakistan and has developed its own models, known as Rustam and Sohrat. About a thousand workers are employed and there is an administrative staff of a hundred. About Rs.40,000 to Rs.50,000 are spent on welfare, which includes a dispensary in charge of a doctor, a canteen and sports ground. All workers are insured. Every year eight workers are sent for technical training, all expenses are paid and a pocket allowance given. Big extensions to the factory were being carried out at the time of my visit and these were to be completed by the end of 1964. I was told that in the near future it was hoped to provide free accommodation for some of the workers.

### **Emphasis on Education**

There is a consumer's society attached to the factory and an interesting development had taken place just prior to



Housing in Islamabad  
for low-income  
government  
employees

Members outside the  
Union of  
Cooperative Housing  
Societies, Karachi



Some members of the  
Karachi Ladies'  
Cooperative Society



Some of the little  
primary school children  
in Islamabad

my visit. The store had decided to become a member of the cycle society, thus giving the consumer society the right to appoint a member to the management committee.

Cooperatives in Pakistan set considerable emphasis on cooperative education. I spent a happy day at Lyallpur as the guest of the Principal of the Cooperative College there. The college had originally been established in 1952 at Lahore as a cooperative institute and in 1960 was established in Lyallpur as a college. It owns 36 acres of land, and the college premises, laid out in campus style, include, in addition to the college buildings, student hostels and staff houses. The college has a working capital of Rs.204,384,462. In addition to the Principal, there are a Vice-Principal, six professors, four full-time lecturers and a librarian.

The college is not the only residential training centre. Because of the vast distances that have to be covered training institutes have also been established. These are at Peshawar, Lahore, Bahawalpura, Hyderabad and Quetta. Each Institute is staffed by a Principal and three lecturers. Two categories of training are provided. One consists of training classes for cooperative societies or the cooperative department who are entering the service of the Movement for the first time. This lasts for from four to six months. The other type of course is for those already in the Movement and lasts normally from two to six weeks.

### **Handicrafts**

I had the opportunity of visiting several handicraft societies. One of the most enterprising of these was the Family Welfare Cooperative Society which has

250 active members. At the time of my visit it had just moved into new premises. Handicraft industries, chiefly needlework and embroidery, are carried on by the members. They make school uniforms for two leading schools. In order to enable the members to devote more time to this work, and so earn more money, a crèche and launderette have been started. The society provides a cooperative canteen and store in a girls' school which had proved so satisfactory that another school and a college asked for similar facilities to be provided on their behalf. Another scheme that it was hoped to bring to fruition was a kitchen for the provision of hygienically prepared meals to clerical staffs in offices. A further proposal under consideration was a section for the preparation of condiments and spices. This would be an attempt to combat the twin problems of adulteration and rising prices.

Another handicraft society which has been functioning since 1952, is the Ladies Cooperative Society in Karachi. It has 153 members, each member having to hold shares to the value of not less than Rs.25. The members produce beautiful embroidery as well as clothes, particularly wedding wear, and household linen. For 1963 their turnover was Rs. 276,000. The society is fortunate in having premises put at its disposal by the General Secretary, Begum Musharrif.

Amongst other cooperative societies one may mention the fisheries societies. Karachi Region society has 2,500 members and provides cold storage and all kinds of facilities for landing catches of fish at the harbour. Pakistan's agricultural credit societies and her consumer societies as well as her cooperative banks are matters which space does not permit one to mention in detail.

# COMMENTARY

## ***The new President of the National Cooperative Union of India***

**T**HE Cooperative Movement in India is indeed fortunate to find in the election of Dr. Dhananjaya Rao Gadgil as President, an outstanding personality to succeed Shri V. T. Krishnamachari.

Dr. Gadgil was born in 1901 at Nagpur, and on completing his studies at Cambridge University he secured a tripos in economics and the degree of M.Lit., for his thesis on the Industrial Development of India which is now considered a classic.

After some years in the Government of Bombay and later as principal of the M.T.B. College at Surat, Dr. Gadgil helped to found the internationally famous Research Institute, the Gokhale Institute of Economics and Politics at Poona, which he served as Director.

Dr. Gadgil's association with the cooperative movement started early in his life. He became the Director and then President of the District Central Bank at Poona, and later joined the Maharashtra State Cooperative Bank first as Director and then as Chairman. Dr. Gadgil also founded the first Cooperative Sugar Factory at Pravaranagar in Ahmednagar, and it was that factory which laid the foundations for the developing cooperative sector in the sugar industry in India and served as the forerunner of many such undertakings later on. Dr. Gadgil also believes strongly in the need solve the agricultural problems of India in a cooperative way, and has been a prominent advocate of making finance available to agricultural cooperatives.

Dr. Gadgil is a member of numerous committees, commissions and study teams throughout India, as well as of the advisory committee of the International Institute for Labour Studies and the Central Board of Directors of the Reserve Bank and of the State Bank of India. He has the rare distinction of being at the head of three national cooperative organisations: the All-India State Cooperative Banks' Association, the National Federation of Cooperative Sugar Factories and the National Cooperative Union



of India. At present he also heads the Government of India Study Team on Cooperative Farming.

Dr. Gadgil is noted for his humility, simplicity of life and devotion to the ~~people~~ <sup>people</sup>. As an economist of national eminence and a profound thinker on social and political problems, he will undoubtedly bring to the high office of President of the National Cooperative Union of India the dynamic and unswerving sense of purpose which that organisation needs to fulfill its rightful role in the development of the cooperative sector in the economy of India. We all wish Dr. Gadgil well on assuming his new office.

## Tribute to a Cooperative Editor

*David Boydell, honoured by his fellow editors as "a shirt-sleeved journalist" (meaning a man who can do every job in the editorial production of a newspaper, as well as having a sound working knowledge of the complicated technical processes that turn a journalist's work into print) has vacated his editorial chair. Mr. D. Flanagan of the Cooperative Union Ltd. of Great Britain, has kindly given us the following appraisal of Mr. Boydell's work.*

Mr. David Boydell retires at the end of 1964 from the post of editor of the *Cooperative News*. He joined the staff of the *Cooperative News* in 1943 and succeeded the late Fred Tootill as editor in 1955. Prior to his cooperative appointment, he had had wide experience of journalism in the North of England and at one time served the British Central Office of Information.

His period of service with the *Cooperative News* covered a difficult time when the United Kingdom switched from wartime controls to the regulated economy of the Labour Government, and ultimately to the intensive competitive retail distribution which still prevails. These conditions brought innumerable problems to the Cooperative Movement and it was Mr. Boydell's task to encourage cooperators in face of their problems and to ventilate new ideas. This he did courageously.

The national weekly of the British Cooperative Movement is controlled by a separate national society, the Cooperative Press Ltd. Difficulties with *Reynolds News*, (now *The Sunday Citizen*), shared by other national newspapers, resulted in rather stringent economy being imposed on other publications of the Cooperative Press, including the *Cooperative News*. Despite this, Mr. Boydell maintained a very high standard of service for the *News*,



which commands respect inside and outside the Cooperative Movement. Nor is there any guaranteed circulation for the paper as happens with some continental papers.

In addition, Mr. Boydell developed special trade supplements of the *Cooperative News*, the Christmas supplements, and founded *Agenda*, the quarterly cooperative business publication. He was editor-in-chief of all the Manchester publications of the Press. Whilst severing his editorial connection with the *Cooperative News*, Mr. Boydell is retaining a business connection with the Press.

Mr. Boydell attended I.C.A. Congresses and Press Conferences and became wellknown in European Cooperative circles.

Succeeding Mr. Boydell as editor of the *Cooperative News* is Mr. Frank Bruckshaw, who has been on the staff of the paper since 1945. A dynamic figure with a critical mind, Mr. Bruckshaw has travelled extensively in Europe and is a man of broad interests.

## **Cooperative Institute of Management in West Pakistan**

We all know how difficult it is to face squarely the deficiencies in the running of our own business. This is humanly understandable since only saints admit their defects and that rather to themselves than to outsiders. It takes time for any organisation to accept the idea of calling in a business consultant.

To be a business consultant is the function of the Cooperative Institute of Management, started in 1963 by the West Pakistan Cooperative Union with government support. Its aim is to give to Cooperative Banks, Marketing and Supply Societies and Consumers' Societies service similar to that provided for the private sector by business consultants.

The history of this Institute goes back to 1960 when negotiations were started with representatives of the Danish Cooperative Movement where Management Consultation Departments have been successful for many years. By 1962, two prominent leaders of the Danish Movement, Professor Nyboe Anderson and Director-General Ebbe Groes, made a survey during a visit to West Pakistan, which ultimately resulted in the creation of the Cooperative Institute of Management as a bilateral Pakistan-Denmark technical project. In October 1963, four Danish experts arrived in Lahore to take up their work, aided by a contribution of equipment from the Danish Government. The local cost of running the Institute is

borne by the West Pakistan Cooperative Union helped by a government grant.

The objectives of the Institute are:— to offer consultation and advice to cooperative organisations on all problems of business management; to undertake research into management problems confronting co-operative enterprises; to publish manuals, booklets, periodicals, forms, accounting records and other instruments of management for use by cooperative organisations; to teach management concepts and techniques to the official supervisory staff, as well as to executives and officers of cooperative organisations. Of these objectives, business consultation and management advice are the most important.

At the present time the Cooperative Institute of Management has four technical sections covering the four major fields of cooperative enterprise in West Pakistan—Banking and Credit, Marketing, Agricultural Supply and Consumers' Cooperatives.

The service comprises advice on general business policy, book-keeping and auditing, staff development, public relations and promotion of cooperative services, relations between committees and managers and standard job instructions. Another interesting venture is the Institute's publications programme, which will be used for publishing management manuals in English and Urdu for all cooperative undertakings. The scale of fees to be paid by cooperative societies using the Institute is being worked out; at present the service is free.

Bearing in mind that a cooperative organisation is a business enterprise demanding efficiency, it is understandable that cooperative societies must use the best and most modern methods of organisation and operation. It is indeed difficult for the manager of any society, absorbed as he is in day-to-day affairs, to keep himself abreast of innovations in techniques and methods of organisation. He is indeed in need of regular advice by qualified specialists and this the Institute of Management will provide.

This is a most laudable venture which, if it proves successful, could well be emulated in other countries. Mr. Peder Elkjaer is to be congratulated on making an off-print of the Institute's aims available.

**Cooperative Union  
Trade Guide  
“Supermarkets”**

“Supermarkets” is the title of a most timely and attractively produced trade guide compiled by a specialist working party assisting cooperative societies in establishing and operating a supermarket. It is published at 17s. 6d.

by the Cooperative Union Ltd., Holyoake House, Hanover Street, Manchester 4.

In compiling the guide, the members of the working party had a clear conception of the kind of supermarket of which the Cooperative Movement stands in need at this point of time and have fulfilled their objective most successfully.

As well as discussing theoretical aspects of the subject, the guide concentrates also on practical matters, making extensive use of actual experience of societies in supermarket operations. It will be of considerable help to the large number of societies, which so far have scarcely, or not at all, ventured into supermarket trading. There must also be many societies outside the United Kingdom for which such a guide in English would be of tremendous use.

The main object of the guide is to help a society through the major stages and difficulties encountered in starting a supermarket, locating and planning the building and its equipment, and determining the management policies and system that are most likely to bring success.

The compilers hope that the guide will stimulate the Cooperative Movement to increase the number of its efficient, modern supermarkets. "Supermarkets" comes at a most opportune moment and should benefit the Movement greatly . . . and most of all, the consumer.

J. H. O.

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*(Continued from page 8)*

It was also agreed that in sending out the questionnaire to member organisations, an explanatory memorandum should be attached referring to the Rochdale Principles as defined by the I.C.A. Congress in Paris in 1937, the special resolution at Bournemouth in 1963 and the Terms of Reference for the Commission as determined by the Central Committee in 1964. The member organisations were invited to consult with the constituent societies before replying to the questionnaire and to supplement their replies, if desired, with published material in sufficient copies for each member of the Commis-

sion, provided the material is relevant to the question of principles. Members of the Commission would, in the meantime, write to persons with whom they thought they could correspond or make personal contact.

Discussion ranged over a great variety of subjects and it was agreed that as the work of the Commission proceeds, special attention should be paid to any diversion from the Rochdale Principles that can be ascertained.

There will be constant consultation between members of the Commission, and further meetings will be arranged as they become necessary and material for discussion is assembled. J. H. O.



## CENTENARY OF THE VIENNA CONSUMERS' COOPERATIVE SOCIETY

**I**N 1964, the Vienna Consumers' Cooperative Society (Konsumentengesellschaft Wien, KGW) celebrated its hundredth anniversary. The Society's history points to varying periods of slow but steady and peaceful development and of increasing growth in membership and stock. This was, however, twice abruptly interrupted during the century by the turbulent upheavals and catastrophic events and consequences of the two great world wars.

Unemployment, hunger and poverty gripped Vienna when, on October 9th, 1864, seventeen weavers from Vienna's suburb Fünfhaus got together to discuss their situation and to explore the possibility of improving it by way of purchasing food on a collective basis. At a subsequent meeting, agreement was reached to do so without introducing any formalities, each participant contributing ten Kreuzer (ten farthings) per week to this scheme. By the end of the month, eight new participants

had joined the pioneers, and the First Lower Austrian Workers' Consumer Cooperative Association had been formed in Vienna. This was not the first one in Austria for, already in 1856, a consumer association had come into being in Teesdorf.

The development of the Austrian consumers' cooperative movement, however, began with the First Lower Austrian Workers' Consumers' Cooperative Association whose business activity started with the purchase of two sacks of flour which was distributed among its members in the flat of one of the Association's founders. Their plan for cooperative action soon sparked off similar plans by 15 other weavers in Fünfhaus who, only a year later, formed a second consumers' cooperative society which, as the Workers' Savings and Consumer Association Fünfhaus, was in existence until after the First World War. Its members were the better off silk weavers, whereas the First Lower Aus-



The original "Konsum" store

trian Association looked after the poorer wool weavers. Of the latter's proper constitution—probably towards the end of 1865—no record was preserved, but a statement of accounts from that period has come to light, and it is known that the distribution of flour was later moved from the flat to other localities before it was finally made regularly every Monday and Saturday after working hours at the Josefi (now Tal) Street. This loose consumer cooperative had more than a hundred members when its founders drafted the first statutes, but its officially recognised name of First Lower Austrian Workers' Consumer Cooperative Association was only adopted when it was entered in the Cooperative Register after the Cooperative Law came into operation in 1873.

### **Expanding Trade**

By 1870, the number of the Association's members had increased to 1,094, three shops had been opened and the turnover amounted to 117,780 Austrian Gulden (guilders). At first, only flour was distributed, but already in 1866 eighteen other articles had been added,

refunds made and a reserve fund established. The year 1870 was, however, particularly significant in the Association's development, for it had bought its first house. Five years later, it was recorded in the Cooperative Register as a registered cooperative society with unlimited liability. During the next ten years, progress was slower, but in 1887, the Association built its own house. Since then, both members and turnover increased considerably until it had six branches by 1897 with a membership of over 10,000 and a turnover of 1,118,430 guilders. The following year, the Association built its own central building in the Wolfgang Street as well as Austria's most modern bakery, and in 1900, it operated nine stores.

Other consumer associations created shortly after the turn of the century were the "Vorwärts" (Forward) and the Workers' Consumer Association "Donaustad". The members of the different cooperatives recognised the need for contacts and collaboration among each other and it was the headquarters of the First Lower Austrian Workers' Consumer Cooperative Association in Wolfgang Street which became the spiritual centre for such cooperation and for the whole consumers' cooperative movement in Austria. The Central Union of Austrian Consumers' Cooperative Societies was founded in 1904, followed in 1905 by the Austrian Cooperative Wholesale Society (GöC).

### **Amalgamation**

After the First World War, the membership of the First Lower Austrian Association had reached 37,000 and in 1920, through the amalgamation of the three Vienna consumer associations already mentioned, the Consumers' Cooperative Society "Vienna and Sur-

roundings" emerged, later to be joined by the consumer associations of the railwaymen and the First Vienna Consumer Association, founded by civil servants, among others. Thus, there was a large, efficient consumers' co-operative embracing all Vienna, with 117,000 members and 346 stores in existence before the outbreak of the Second World War.

During the war, cooperative activities had to be stopped and the Vienna Consumers' Cooperative Society's central buildings, warehouse and 176 stores were either totally or partially destroyed through military action. However, intensive restoration work, begun immediately after the end of the war in 1945, led the Cooperative within a few years out of the devastation, and rapid progress was made in its redevelopment. In spite of the intense competition the society had to face from private enterprise, it asserted itself by introducing an elastic price policy and by systematic reform of the structure of its network of stores, thus considerably increasing its share of the market. In 1950, it had already opened the first self-service store. At present, it is making every effort to accelerate the pace of the change-over from service to self-service stores.

From the modest beginnings of the weavers of Fünfhaus, Gaudenzdorf, Rudolfsheim and Meidling who united with a view to helping themselves, a flourishing cooperative enterprise developed in the course of a hundred years, which then helped as it helps today to improve the lot of the members through self-help and whose motto is "From generation to generation in the service of the consumers". The success of the Vienna Consumers' Cooperative Society can be seen from its impressive membership of 130,000 in the



A new Supermarket in Vienna, opened in 1964

jubilee year 1964, and its 338 stores of which 54 are self-service and 27 express service ones; the culmination was the opening of new supermarkets in Vienna in September as a "birthday present" to the members. The Society's turnover in 1963 amounted to about 700 million Austrian shillings (Austrian shillings 72 = £1 Sterling).

Celebration of the centenary started early in the year with special conferences, a press reception, an exhibition "One Hundred years of Vienna Consumers' Cooperative Society" shown during the International Spring Fair in Vienna, and a large meeting held on the site of Vienna's International Horticultural Show to which more than 10,000 men and women came from all parts of Austria. The highlight, however, was the official celebration which took place in the Town Hall in Vienna on September 27th and which was attended by about 13,000 Austrian cooperators and Government officials, as well as representatives of cooperatives from Denmark, Germany, Sweden and Switzerland.

E. S.

## UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

ONE of the most notable events of the year 1964 was the United Nations Conference on Trade and Development, convened on the initiative of the Economic and Social Council in Geneva from 23rd March to 16th June, in which delegations from 120 countries participated to discuss, negotiate and—in the end—adopt a programme of practical action in the field of international trade aimed at increasing exports and the export earnings of developing countries and accelerating their economic development.

Its purpose and hopes were aptly described by the President of the Swiss Confederation, Ludwig von Moos, who in his welcome to some 2,000 delegates and observers, said that the Conference's aim was not merely to resolve particular or local problems; what was at stake was "the very nature of economic relations" between countries.

The Conference agreed in its Final Act that:

*"The international Community must combine its efforts to ensure that all countries—regardless of size, of wealth, of economic and social system—enjoy the benefits of international trade for their economic development and social progress."*

The Final Act consists of four major parts: a preamble; a consolidation of the recommendations of the Conference; a long series of recommendations (in five

sections: principles, commodity trade, trade in manufactures, financing, international machinery); it included a considerable number of "observations and reservations" whereby many countries (including all the major trading countries) dissociate themselves from many of the conclusions, recommendations or decisions reached by a majority vote in the Conference.

### **Outstanding challenge**

Included among the observations is a Joint Declaration by 77 developing countries at the conclusion of the Conference in which they declared that UNCTAD "marks the beginning of a new era in the evolution of international cooperation on trade and development." The declaration added: "Such cooperation must serve as a decisive instrument for ending the division of the world into areas of affluence and intolerable poverty. This task is the outstanding challenge of our times. The injustice and neglect of centuries need to be redressed. The developing countries are united in their resolve to continue the quest for such redress and look to the entire international community for understanding and support in this endeavour." The declaration states that the developing countries "accepted the results of this Conference in the hope that these results would lay the foundation for more substantial progress in the period ahead . . . (and) in recogni-



tion of the need for a Cooperative effort in the international field.”

The Conference agreed that developed, industrialised countries should assist the developing countries in their efforts to speed up economic and social progress, with special attention to “the less developed among them”; adopted a series of specific recommendations for action by governments and international bodies; and proposed continuing machinery in the field of trade and development. The machinery to keep world trade problems under constant review would also include the establishment of a 55-member Trade and Development Board with a permanent secretariat.

There was widespread recognition of the need for an appropriate change in the present structure of international trade in a way that would afford the developing countries the opportunity of earning adequate supplies of foreign exchange.

### **Trade and Development Board**

With respect to institutional arrangements, the Conference recommended that the General Assembly, at its 19th Session, should establish the United Nations Conference on Trade and Development as an organ of the General Assembly to be convened at intervals of not more than three years and with a membership comprising those States which are members of the United Nations, the Specialised Agencies, or the International Atomic Energy Agency; that a Trade and Development Board should be established as the permanent organ of the Conference; and that an adequate, permanent and full-time secretariat should be provided for the servicing of the Conference and its subsidiary bodies. The secretariat to be

established within the United Nations Secretariat would be headed by the Secretary-General of the permanent Conference who would be appointed by the UN Secretary-General and confirmed by the General Assembly.

The principal functions of the Conference shall be:—

*(i) To promote international trade, especially with a view to accelerating economic development, particularly trade between countries at different stages of development, between developing countries, and between countries with different systems of economic and social organisation, taking into account the function performed by existing international organisations;*

*(ii) To formulate principles and policies on international trade and related problems of economic development;*

*(iii) To make proposals for putting the said principles and policies into effect and to take such other steps within its competence as may be relevant to this end, having regard to differences in economic systems and stages of development;*

*(iv) Generally, to review and facilitate the Coordination of activities of other institutions within the UN System in the field of international trade and related problems of economic development and in this regard to cooperate with the General Assembly and the Economic and Social Council in respect to the performances of their Charter responsibilities for coordination;*

*(v) To initiate action, where appropriate, in cooperation with the competent organs of the United Nations, for*

*the negotiation and adoption of multi-lateral legal instruments in the field of trade, with due regard to the adequacy of existing organs of negotiation and without duplication of their activities;*

*(vi) To be available as a centre for harmonizing the trade and related development policies of Governments and regional economic groupings in pursuance of Article 1 of the United Nations Charter; and*

*(vii) To deal with any other matters within the scope of its competence.*

The Conference deliberations ranged over a wide area of international trade and development problems, resulting in the adoption of some 60 individual recommendations. Among them were fifteen "General Principles" and thirteen "Special Principles" to govern international trade relations and trade policies conducive to development.

After reviewing the work of the Conference, the Economic and Social Council unanimously adopted a resolution sponsored by all members, as follows:

The Economic and Social Council —

Having considered the Final Act and the Report of the United Nations Conference on Trade and Development, recognising the importance of the economic development of the developing countries for the expansion of the world economy and the maintenance of international peace and security;

Realising that economic and social progress throughout the world depends in large measure on a dynamic growth of the trade of the developing countries particularly, and of international trade as a whole, believing that adequate international machinery in the field of trade and development is essential for

the accelerated growth of the developing countries and the expansion of the world economy;

Convinced that the United Nations Conference on Trade and Development marks the beginning of a new era in the evolution of international cooperation in the field of trade and development;

1. Takes note with satisfaction of the Final Act and of the Report of the United Nations Conference on Trade and Development;

2. Expresses the belief that the Conference is an important step towards a new and dynamic international trade and development policy;

3. Notes the determination expressed in the Final Act by States participating in the Conference to do their utmost to lay the foundations for a better world economic order, and suggesting that governments, in accordance with the Final Act, consider taking further action on the recommendations of the Conference in the various fields of their national and international programmes;

4. Resolves to take into consideration the recommendations of the Conferences so far as they relate to the work of the Council;

5. Invites the Specialised Agencies to take into account the recommendations of the Conference in preparing their work programmes;

6. Transmits the Final Act and the Report of the United Nations Conference on Trade and Development to the General Assembly at its nineteenth session for further action.

R. K.

# AN EXPANDING WORLD FOOD PROGRAMME

*At the beginning of November, 1964, the International Cooperative Alliance, the International Federation of Agricultural Producers and the International Confederation of Free Trade Unions, submitted to the United Nations a joint Statement of their views in favour of an Expanding World Food Programme. A Working Party constituted by the three International Non-Governmental Organisations had worked to prepare this Statement, the final version of which was approved by the Authorities of all three Organisations, representing about 300 million individual members throughout the world.*

*The Statement has now been published as a United Nations document, and has thus been circulated to all Member States of the United Nations, as well as to all the affiliated Organisations in membership of the three International Non-Governmental Bodies. The timing of the Statement is such as to solicit the maximum support for the renewal and substantial expansion of the UN/FAO World Food Programme which ends its first experimental three-year period in 1965.*

*It is not intended to repeat the full Statement in this short note, nor to refer to all the supporting documents, since interested readers can obtain the full documentation by reference to their National Cooperative Organisation or to the I.C.A. It is, however, of interest to publish the supporting document which mentioned the rôle which Cooperatives are playing and can play in assisting in the long-term solution of the food problem in developing countries, and I, therefore, quote this document hereunder.*

*W. G. A.*

## **Note on the Importance of Integrated Development for the Long Term Solution of the Food Problem in Developing Countries and the Place of Cooperatives therein.**

At the 12th Session of the Conference of the F.A.O. it was strongly emphasized how much importance the Governments of both industrialized and developing countries nowadays attach to carefully integrated national planning for the development of the agricultural and other sectors of the economy. It has

been recognized that tradition and isolation in the agricultural sector can hold back development of the whole economy, and nearly all developing countries have made great progress with integrated national planning for all sectors of the economy, and also within the agricultural sector itself.

Economic planning by Governments of developing countries relies increasingly on the use and development of Cooperatives, and important functions are allocated to Cooperatives including their use as a means to achieve technical im-

provements. In most developing countries agriculture plays a decisive rôle in economic development, and Governments generally accept this fact in their overall economic planning. Governments feel, however, also strongly, the need of local organizations such as Cooperatives to help translate their policies into realities.

Plans for increase in food production are greatly assisted by the proper use of Agricultural Cooperatives for production, for supply, for credit, and for services. Examples which may be cited are production of power, fertilizers, quality seeds and animal feeding stults; distribution and supply of all requirements of the farmer and his family, for his land, his animals, his crops and his machines; credit, controlled credit for extension projects, medium and long term credit for such purposes as irrigation and drainage, or control of soil erosion; use of agricultural machinery and transport, spraying of crops from the land or the air, of temporary services such as the consolidation of agricultural holdings and the opening up of new land for cultivation. Cooperative action is also helpful in obtaining larger scale units for production of poultry, pigs, and young cattle, or the joint ownership and control of orchards, forest land, stud animals, or plant breeding stations. Production may be aided by cooperative organization of labour.

### **Organised marketing**

Organized marketing is essential to achieve proper movement of local or world food surpluses with maximum reward to the producer and minimum cost to the consumer. The cooperative forms of collection, processing, packing, marketing and exporting, are already much

in evidence in a number of developed countries, and are increasingly coming into use in developing countries. Efficient marketing at the earliest stage is particularly vital to areas of new or increased food production.

Distribution of local and world food surpluses is helped by Consumer Cooperatives, which can adapt themselves to special systems of rationing and controls. Planned introduction of food through Cooperatives into areas of subsistence agriculture, if coupled with adequate marketing facilities for gradually expanding cash crops, may also lead to increased productivity in that area.

### **Coordination**

Coordination of Cooperatives is achieved in different ways to provide a balanced development for the Cooperative members as consumers and as producers. Multi-purpose Cooperatives have been developed to achieve joint action and coordination with a minimum of overhead costs, and requiring the minimum number of trained personnel for their operation. Where single purpose Societies have been preferred, close links are established. Thus, consumer goods may be obtained from a Consumer Cooperative Society or Section of a multi-purpose Society and credit arrangements, as necessary, may be provided by the Credit Society or Credit Section of a multi-purpose Society, which will also arrange the credit for agricultural requirements. The Marketing Society of Marketing Section of a multi-purpose Society, will arrange the collection, packing, and sale of produce and will pay the Credit Society for credit received before handing over the balance of the proceeds of sale to the producer.

## O.E.C.D. SEMINAR ON ADVISORY WORK ON AGRICULTURAL MARKETING

A SEMINAR on advisory work on agricultural marketing was held at the O.E.C.D. Headquarters in Paris during November, 1964. The meeting was attended by eighteen member countries and by observers from the European Confederation of Agriculture (CEA) and the International Cooperative Alliance.

The main theme of the Seminar was the question of how best to succeed in convincing farmers that marketing is as important a function as production itself. The Seminar showed that in most O.E.C.D. countries a clear authority with full responsibility has not been established on the marketing side in their agricultural advisory service. The only exception to this is the United States, and in Greece a start has been made in centralising this service to the agricultural community.

### Marketing Advisory Service

In many countries, governmental units and quasi-governmental organisations, farmer organisations, co-operatives and private marketing enterprises participate in marketing advisory work. The role of the co-operatives in this function is very evident in Sweden and Norway, where 80-85 per cent of trade in agricultural produce is concentrated in the hands of co-operatives. In Sweden the main agricultural advisory work is carried on by the farmers' co-operatives and in Norway various agricultural cooperative organisations, (in the dairy industry, meat,

eggs and other agricultural produce) also make use of it. The idea of creating a marketing advisory service among the co-operatives in Switzerland was introduced at a very early stage but has not yet been coordinated at national level. Since 1959, advisory work in marketing has been carried on in France by the officers of local and national co-operatives, but the responsibility is very often divided between SICA (Society to Safeguard the Interests of Collective Agriculture) and the cooperative organisations. In Greece the Pan-Hellenic Confederation of Unions of Agricultural Co-operatives works jointly as part of a team with other bodies in marketing advisory work. In Italy some of the co-operatives are fully represented on their country's export marketing boards.

The Conference generally agreed that co-operatives and producer groups could be a very useful means for making known the objects of the advisory work on agricultural marketing to the farmers, especially in countries where small or medium sized farming prevails.

The Seminar's recommendations on how to improve the advisory work on agricultural marketing in the various countries included some more specific ones concerning the follow-up of this work through a training course for specialist advisors at international level. It was also suggested that a suitable model should be prepared, which could be used by the national agricultural advisory service as a guide to market intelligence

## BOOK REVIEWS

### A good Tool

It is not often that we review a book, whose subject lies entirely outside the cooperative field, but "POLEC" is a tool and has been found a most useful one in our translating and editorial equipment, especially to us in the International Cooperative Alliance, whose work is done in three languages.

"POLEC" is a dictionary of politics and economics containing unique and valuable reference material; it is a true polyglot, operating on the alphabetical principle. One can look up a word in English, French or German, find the definition in that language and also a translation of the word and its meaning. Supposing one looked up: "coopérative déclarée à responsabilité limitée", underneath one would find:—

La responsabilité des sociétaires des dettes de la coopérative est limitée *a priori* à une certaine valeur. — AL: Eingetragene Genossenschaft mit beschränkter Haftpflicht. An: incorporated cooperative with limited responsibility.

And in the German under: "Eingetragene Genossenschaft mit beschränkter Haftpflicht" would be found:—

Haftung der Genossen für Schulden der Genossenschaft ist im voraus auf eine bestimmte Summe begrenzt. — E: incorporated cooperative with limited responsibility.

---

and would then be available for the use of advisory officers in marketing. It was also recommended that future work after 1965 in the field of marketing might best be given priority by the holding of a conference in 1966 for the directors of agricultural advisory services in all member countries. The subject of this conference would be the scope of advisory work in agricultural development and the contribution of agriculture to general economic growth in the O.E.C.D. area. Consideration should also be given to the important field of research in agricultural marketing.

B. Z.

F: coopérative déclarée à responsabilité limitée.

And in the English under: "incorporated cooperative with limited responsibility", would be found:—

The responsibility of the associates for the debts of the cooperative is limited to a certain sum. F: coopérative déclarée à responsabilité limitée. G: Eingetragene Genossenschaft mit beschränkter Haftpflicht.

This entry and many others like it are the daily round of words to be prepared for minutes or in articles or used by our interpreters and translators and that is why "POLEC" has been found so useful by us. The publishers are Walter de Gruyter & Co., Berlin 30 and the price for this strong, plastic-bound book is DM. 38.

J. H. O.

### Co-operation—an outmoded formula, or a great 20th century idea?

By Roger Ramaekers.

The Regional Federation of Consumer Cooperatives of the Ile-de-France has published the text of a lecture given by Mr. Roger Ramaekers, Secretary-General of the Belgian Socialist Cooperative Movement. Mr. Ramaekers, a cooperator in his early thirties, has given a very clear picture of the problems which confront the Cooperative Movement, not only in Belgium but also in Western Europe.

Is Cooperation going through a period of crisis? Even if this is too strong a word, it is certainly in a self-questioning mood, if we are to judge by the spate of plans and reforms which are to be seen in Belgium, Holland, Switzerland, France and Great Britain.

As may be excepted, Mr. Ramaekers pointed out that questions which needed answers must be viewed in the general context on a world-wide scale. He stated that schemes and systems were tending to make us forget all about man, whether he lived in "the world of hunger" or in "the world of plenty." "Perhaps," he says, "it is to avoid facing the fact that, in one world as well as in the other, humanity—surprisingly enough—is still to be pitied."

The author limited the scope of his analysis by stating that Europe, now at the gates of the world of plenty, should question itself on the

economic ends in human terms, and that though this idea among cooperators was always a habitual and familiar one, it was not always clearly perceived.

"It is said that the Cooperative Movement is an economic movement which makes use of education, but it would be more precise to describe it as an educational movement which makes use of economics."

Cooperators who reject a world in which consumption is subordinate to the goodwill of production are people who want to ensure that man ceases to act in a purely passive role. This requirement, that man should have a say in the decisions which affect him, is the main-spring of all cooperative action, and Mr. Ramaekers examined the conditions under which the cooperator lends his strength to the society which he has joined of his own free will.

In order to obtain this collaboration, the knowledge of each individual must be deepened and he must be given the taste for concerted action, in an atmosphere of mutual respect between him and all who take part in it. Teaching men to participate, to be the all-round citizen of his cooperative, the best type of citizen of his country, is to harness all one's energies to adult education. It is a difficult task, but also an exhilarating one when one considers that the object of the state, the trade unions and the political parties is simply to form adherents rather than men of alert and independent minds.

So the Cooperatives have, more than ever before, an exciting educational task to carry out, with the means for its implementation.

At this stage in his lecture, Mr. Ramaekers gave a review of the results achieved and of the programmes still to be undertaken, and here he underlined the necessity of never inverting the ends: "Commercial activity should never outstrip educational and social activity."

The Cooperative Movement, Mr. Ramaekers affirmed, has all the necessary potential for complete success:

It has a doctrine.

It has a long-term objective, namely an economic system in keeping with the measure of man.

It has very precise short-term objectives, amongst which consumer protection is predominant.

It has a policy.

Thus, the Cooperative Movement must impress its style on the rapidly evolving world of today. Its militants are armed with all the necessary economic and social knowledge and have the essential qualities of leadership, of fighters; there is no reason why cooperative action should not be in the forefront of progress.

The little book which contains all these ideas

## Co-operative Union Trade Guide

No. 4

### SUPERMARKETS

The fourth in a series of Co-operative Union Trade Guides, compiled by a specialist working party to assist cooperative societies in establishing and operating supermarkets. Although similar in style and content to the three previous guides, it is much bigger. Containing plans and illustrations, the guide is in three parts, dealing with Planning the Store Buildings; Layout of Store, the Fixtures, and the Goods; Policy, Management and Personnel. An appendix deals with technical services available from the Wholesale Societies.

Price 17s. 6d., by post 18s. 2d.,  
from the

**CO-OPERATIVE UNION LTD.,**  
Holyoake House,  
Hanover Street, Manchester 4.

is followed by a postscript giving the decisions reached at the latest National Congress of the National Federation of Consumer Cooperatives in which are traced the outlines of the key-points of the new plans for expansion of the French Cooperative Movement and the directives relative to the training of the executive and supervisory grades necessary for this leap forward.

The lecture having been given before an audience consisting largely of elected leaders, technical and commercial officials of the Movement and University members, the closing remarks were those of Professor Bernard Lavergne, a well-known figure in international cooperative circles:—

"If, in a future society, we would maintain public freedom, but at the same time, establish a socialist state, it will be necessary to set up a system of cooperative socialism. The groundwork for this is even now taking shape in the world around us. Perhaps, seeing that the 20th century is already well past the half-way mark,

## NATIONAL CONGRESSES — 1965

### *Australia*

Co-operative Federation of Queensland . . . . .	Brisbane	15th-18th March
Co-operative Federation of W.Australia . . . . .	Perth	5th-6th April

### *Belgium*

Société Générale Coopérative . . . . .	Ostend	2nd-3rd October
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### *Canada*

Co-operative Union . . . . .	Toronto	7th-9th April
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### *Denmark*

Det Kooperative Faellesforbund i Danmark . . . . .	Copenhagen	21st-22nd May
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### *Finland*

Kulutusuuskuntien Keskusliitto . . . . .	Savollinna	28th-30th May
Yleinen Osuuskauppojen Liitto . . . . .	Helsinki	9th June
Suomen Osuuskauppojen Keskuskunta . . . . .	Helsinki	10th June

### *France*

Fédération Nationale des Coopératives de Consommation . .	Nice	9th-12th June
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### *German Federal Republic*

Zentralverband deutscher Konsumgenossenschaften . . . .	Karlsruhe	9th-12th June
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### *Great Britain*

Co-operative Union Ltd. . . . .	Edinburgh	7th-10th June
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### *Holland*

CO-OP Nederland . . . . .	Rotterdam	1st-3rd June
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### *Iceland*

Samband islenzka samvinnufélaga . . . . .	Bifröst	11th-12th June
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### *Sweden*

Kooperativa Förbundet . . . . .	Stockholm	31st May-1st June
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and taking into account all the immense economic experiments which we are seeing, Co-operation will be, in reality, the great idea of the 21st century."

A. B.

*Note:* Copies of Mr. Ramaekers' booklet are available to *any Cooperative organisation* free of charge. It will be sent to *anyone* who requests it, post free but against payment of 2 French francs. Please apply to: André Bayard, Secretary of the Regional Cooperative Federation (Paris Region)—F.N.C.C., 89 rue La Boétie, Paris 8e, France.

### **Cooperation for Fishermen**

in English, French  
and Spanish

Price: 5 sh.

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Grosvenor Street,  
London W 1**



# Review of INTERNATIONAL COOPERATION

The official Organ of the International Cooperative Alliance

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The I.C.A. is not responsible for the opinions in signed articles

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## EXECUTIVE MEETING IN LONDON

3RD AND 4TH FEBRUARY, 1965

**T**HE Executive Committee of the ICA met in London on the 3rd and 4th February under the Chairmanship of the President, Dr. Mauritz Bonow; the Technical Assistance and Executive Sub-Committees met on the 2nd February.

### Membership

The Credit and Housing Cooperative Society of Iran, the Cooperative Insurance Society of Pakistan Ltd., and the Association of Enterprises on a Cooperative Basis, Holland, were admitted as new members and the application of the Shahab Cooperative Society of Iran was deferred to the next meeting for further information. The "Spolem" Union of Consumers' Cooperative Societies, the National Union of Invalids' Cooperatives, the Central Union of Work Cooperatives (CUWC), and the Central Union of Building and Housing Cooperatives (CUBHC), all of Poland, were accepted as individual members. The Irish Agricultural Organisation Society (IAOS) of Eire was admitted into membership. Thus, a total of eight new individual society members were admitted with one application postponed for consideration in June.

The Appeal to the ICA Central Committee from the Federation of Hungarian Cooperative Societies against a previous decision of the Executive Com-

mittee on an application for individual membership of the ICA came before the ICA. Executive and it was unanimously decided to recommend to the Central Committee that an Enquiry Commission should be appointed. It is expected that the next meeting of the Executive may be prepared to recommend the names of members who might be appointed to such a Commission.

### The Press

The small Press Committee is expected to meet in Hamburg during March, 1965, and will consider the wishes of Press representatives with regard to a Press Conference which may be held in conjunction with the 1966 ICA Congress in Vienna.

### The International School

The International Cooperative School is expected to take place in Rome at the end of September, 1965. Its theme will be "Problems of Cooperative Functioning in Different Economic and Political Regions of the World". The fee has been specially reduced without detriment to the efficiency of the arrangements. A much more encouraging response than last year has already been received from members, and it is confidently expected that it will be possible in March to confirm that the School will be held.

## **Research Work**

The ICA Research Staff are preparing a background paper for the September, 1965, meeting of the Central Committee which will study and discuss structural changes and relations between Wholesaling and Retailing functions. Records of the Cooperative Technical Assistance, bilateral and multi-lateral, are being brought up to date for a report to the Central Committee, and the ICA Cooperative Principles Commission will be assisted to obtain and tabulate replies to a questionnaire which the members have been preparing since their first meeting in December, 1964.

## **Agriculture**

The Agricultural Committee is organising a Fruit and Vegetable Conference in Palermo, Sicily, early in May, and the Executive of the Agricultural Committee met in London on the 4th and 5th February to approve all details.

## **Women Cooperators**

The ICA Advisory Council for Women Cooperators held its first meeting on 16th–17th March in London, for which it had a very full agenda.

## **Consumer Conference and Working Party**

After reviewing the ICA Publications and the programmes of Auxiliary Committees, the Executive Committee took note of the Programme for the Consumer Conference in Basle, Switzerland, from the 12th to 15th October, as finalised by the ICA Consumer Working Party at a meeting in London on 26th and 27th January. The Consumer Working Party will probably visit the Finnish Cooperative Consumer Movement in June, 1965, and the French

Movement early in 1966, for discussions of the "Outline Programme of Activity in the Consumers' Interest".

## **Librarians' Working Party**

The sixth biennial meeting of the International Working Party of Coöperative Librarians and Documentation Officers will be held in Stockholm in August or September, 1965. The Librarian of "CO-OP Nederland", Mr. Kamp, is expected to undertake an advisory visit to South-East Asia in November, 1965, and details are under discussion between the I.C.A. Regional Office and National Cooperative Movements of the region. A comprehensive Manual for the Organisation of Coöperative Libraries and Documentation Services is now available in German. The English and French editions are being prepared during the first half of 1965. There has been a good demand for the abridged version of this Manual, especially from developing countries.

## **Meeting of the UN and its Agencies**

The Director and Dr. M. Boson of Switzerland, will represent the ICA at the ILO Conference in Geneva from the 2nd to the 24th June, when the item "The Rôle of Cooperatives in the Social and Economic Development of Developing Countries" will be discussed.

The Director attended the World Food Programme Inter-Governmental Committee from 7th to 12th December and introduced a Statement on behalf of the ICA, IFAP, and ICFTU. The President met the Director General of the FAO on the 1st February to discuss follow-up action on this agreed statement of policy.

Dr. Marcel Boson, as ICA representative, made a statement at the FAO Free-

dom from Hunger Campaign Advisory Committee of NGO's in Geneva, 22nd to 24th February. The statement concerned possible collaboration of Co-operative Youth with the Campaign.

The ICA was represented at the UN General Assembly, the UNESCO General Conference, Working Parties of the ECE Committee on Housing, Building and Planning, the Economic Commission for Africa, Conference of the Standing Committee for Housing and Physical Planning, and various meetings of the ILO in Geneva and South America, and the FAO in Rome and Manila. Representation has been arranged for the Inter-American Development Bank Workshop on Agricultural Financing in Latin-America, and for the ECE Seminars on Supply and Allocation of Land for Housing and Related Purposes in Paris, 28th March to 6th April. (Six representatives from five countries will attend for ICA and two Finnish Cooperators will represent their Government.) Dr. Ruf represented ICA at the ECE Meeting of Rapporteurs on Enquiry into Major Problems of Government Housing Policy in Geneva, 11th to 13th January.

### **INGO Meetings**

The ICA was also represented at certain meetings organised by International Non-Governmental Organisations, such as the World Congress of the International Recreation Association in Japan in October, 1964; the OECD Seminar on Advisory Work on Agricultural Marketing in Paris in November; the ICFTU/IFBWW Joint Conference "Housing for the Millions" in Brussels in October; the Friedrich-Ebert Stiftung, e.v. Conference on the Work of European Voluntary Organisations in the field of Adult Education in African Co-

operatives at Bergneustadt in November, and the First Inter-American Housing Cooperative Congress in Lima in October. There will be an ICA representation at the Czechoslovak Commission for UNESCO in Prague, 29th March to 4th April, and at the International Centre for Research and Information on Public and Cooperative Economy in Berlin from 10th to 13th May.

The ICA Regional Officer for South-East Asia will attend and address, by invitation, the Congress of the Co-operative Federation of Queensland in Brisbane from 15th to 18th March, and the Congress of the Co-operative Federation of Western Australia in Perth on 5th and 6th April. Between these dates he will attend the ECAFE meeting in New Zealand, and visit National Co-operative Federations in Australia and New Zealand.

### **Emergency Grant**

A grant of £500 was approved for emergency assistance to Co-operative Fisheries Societies in Ceylon which suffered losses of nets and small boats in the recent cyclone. These losses are estimated at £2,300. The grant will be administered by the Co-operative Federation of Ceylon.

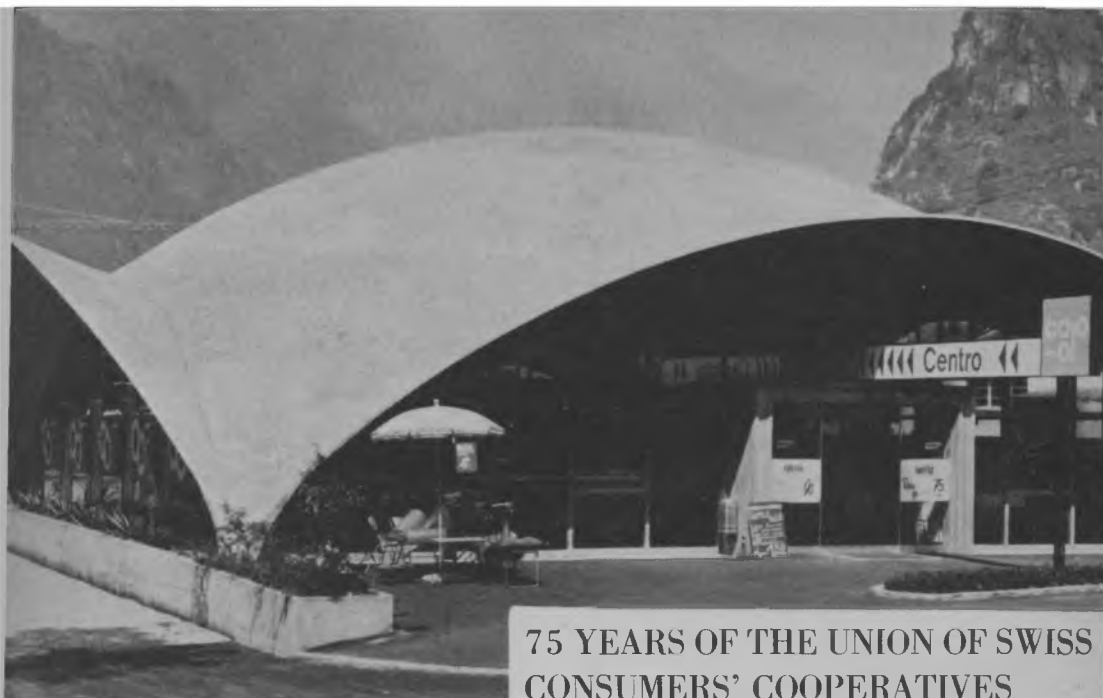
### **Malta**

The Executive decided that further approaches be made to the Government of Malta about the difficulties of the Farmers' Central Co-operative Society, and also about the delay in registration of three new Societies.

### **Next Meeting of Executive**

The next meeting of the ICA Executive Committee will be held in Oslo on the 30th June and 1st July.

W. G. A.



A modern supermarket at Biasca

## 75 YEARS OF THE UNION OF SWISS CONSUMERS' COOPERATIVES

**T**HE Verband schweiz. Konsumvereine (VSK) was founded 75 years ago, on the 11th January 1890, when National Unions had already existed for many years in Germany, England, France and Italy.

As early as 1886 the President of the Consumers' Cooperative of Geneva suggested to the Consumers' Cooperative in Basle to take the initiative for the creation of a Union of the Swiss Consumers' Cooperatives. He was convinced that the initiative taken by such an important cooperative, which was known all over Switzerland, would meet with success. At that time, however, the leaders of the Consumers' Cooperative of Basle were fighting against the unjust and groundless accusations of private traders. Under no circumstances did they want to give the impression that in taking the initiative for the creation of a National Union, they were looking for reinforcements in their local struggle.

### **Inaugural meeting**

Not until 1889, was the idea of a National Union taken up again. On the 25th September, the Administrative Council of the Consumers' Cooperative of Basle decided to send to other big consumers' cooperatives in the country a circular letter in which they enquired about their position in relation to the creation of a National Union. The answers received made it possible to organise an inaugural meeting, which took place in Olten on the 11th and 12th January, 1890.

Yet of the 140 existing consumers cooperatives only 27 were represented. The Swiss consumers cooperatives were obviously not enthusiastic about the creation of a central organisation. Only five of the societies attending were in a position to join the organisation immediately, but according to the rules, the Union could only be founded with a minimum of ten consumers' societies.



patch department of the Warehouse at Wangen

This number was not reached until the 1st February 1890. However, during the year many more applications were made and by the end of the year 43 societies had become members.

### **Role of a Wholesale**

The Union of Consumers' Cooperatives was originally intended as an organisation for the defence of the mutual material and cultural interests of the cooperatives. Economic functions were not visualised. Very soon, however, this framework proved to be much too narrow. The smaller consumers' cooperatives encountered great difficulties when purchasing their goods and urged the Union to come to their assistance. The rules were therefore altered so that the Union became a central cooperative organisation, which besides having a cultural and educational function, also undertook the role of a wholesale society.

The beginnings of the VSK were very modest. The office had only one part-time employee who also worked as a cheese merchant and as a book-keeper with the Horse-Tram-Society of Basle. Not until ten years later was the Union in a position to buy its own property, and then it acquired a mansion on favourable terms, as the house had dropped considerably in value owing to

the extension of the railways.

The first store was acquired in 1900 in Wülflingen, and in 1905 the first laboratory for the testing of commodities was established. From 1904 to 1908 the first large piece of land was bought in Pratteln where the first warehouses were built. They are still there but they have been considerably extended and modernised.

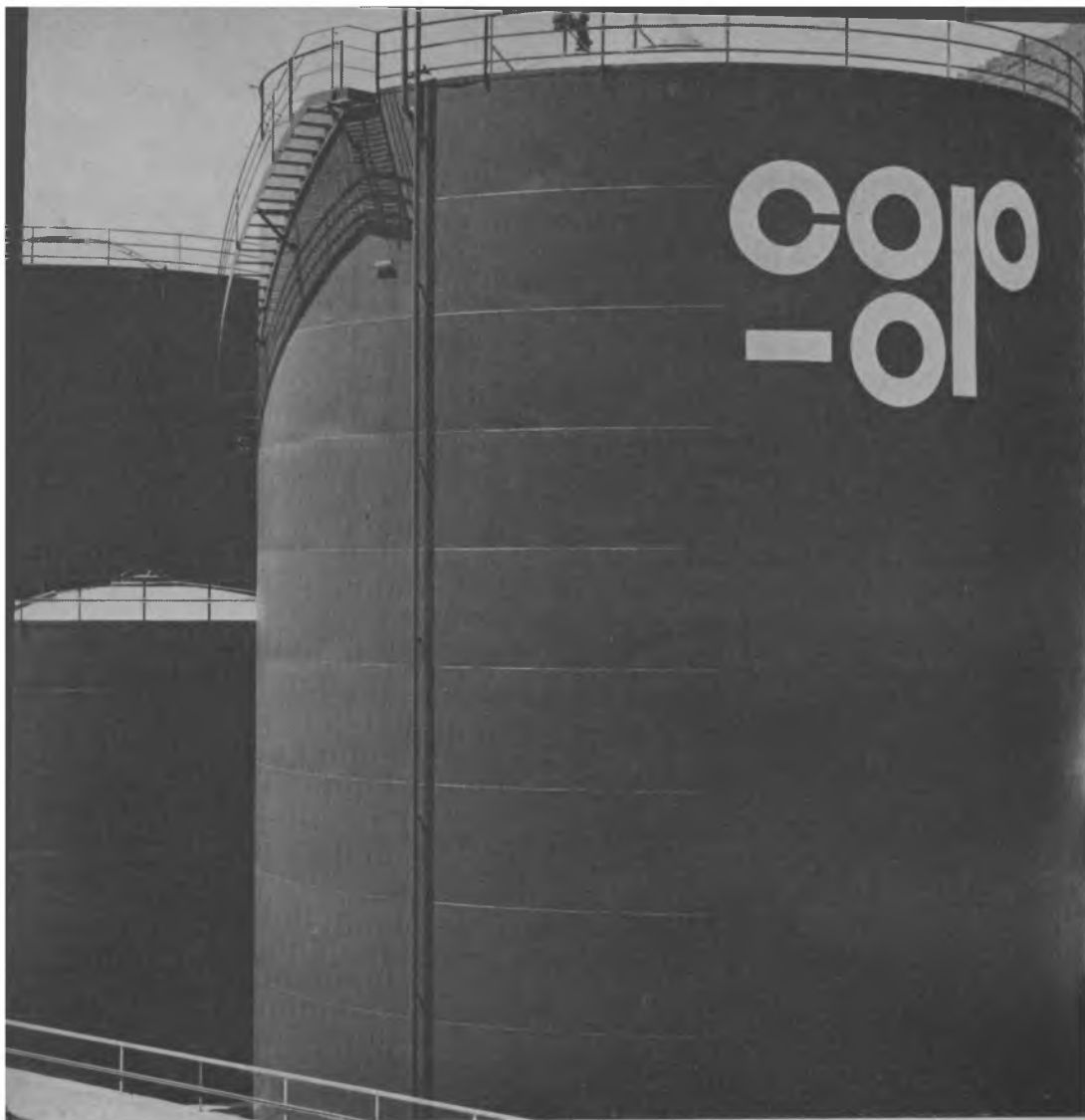
### **Brand name CO-OP**

The boycott by certain private enterprises at the beginning of the First World War led to the purchase of a shoe factory and of flour mills. The brand name CO-OP was then first introduced to serve as a guarantee of quality and favourable prices. On the 1st January 1914 the VSK acquired the majority of the shares of the firm of Bell A.G. in order to guarantee the quality of meat.

In 1917 an old age, disability and life insurance organisation was founded which has been known as *CO-OP-Leben* since 1942.

During the years 1916 to 1918, the first agricultural land was bought and the Union thus branched out into an entirely new field of cooperative activity. In 1919 a furniture cooperative was established.

The period between the two world wars was one of serious economic crises and was especially hard for the cooperatives as the Swiss Federal Government had enacted a law against the creation of new branches of business. Nonetheless, the VSK extended its services during this period and expanded its enterprises. Moreover, during these years the Cooperative Central Bank was founded with the participation of the trade unions, and two bread and cake factories and a shipping company were established.



The CO-OP sign is prominent on oil tanks in Bellinzona



The Cooperative College at MuttENZ near Basle



Central Warehouse at Wangen for textiles, shoes and household equipment

Since the end of the war the VSK has introduced, with the collaboration of the affiliated consumers' societies, important improvements in the rationalisation and distribution of commodities. Regional warehouses and the Co-op Centre in Wangen have been established and the existing warehouses in Pratteln extended and modernised.

The consumers' cooperatives affiliated to the VSK have 800,000 households as their members. With an average of 4 persons per household this amounts to more than three million people or about one half of the population. CO-OP is the biggest non-governmental enterprise in Switzerland. It is composed of many small enterprises, but the VSK and its affiliated consumers' cooperatives are so closely integrated that they now constitute one big economic whole.

The turnover of the consumers' cooperatives and of some other enterprises affiliated to the VSK amounted to nearly 2000 million Francs in 1964. The share in the retail trade of the country is 8 per cent. This figure includes services. Without these the share in the retail sale

of food amounts to 15 per cent and for some foodstuffs it is as high as 25 to 30 per cent. The Swiss consumers' cooperatives, compared with those in other countries, are not far behind the English Cooperatives. They cater mainly for the average consumer and have a selection of thousands of articles on sale.

The VSK leads in the manufacture of meat products; it owns the biggest farms, the biggest flourmill, and the second largest enterprise in the furniture trade. It uses the most modern methods and is playing a decisive role in the rationalisation of the distributive trade.

### **Social and cultural work**

Yet, in spite of its phenomenal rise, the VSK has not, during these seventy-five years of its existence, neglected its social and cultural aspirations. As early as 1909 it took a lead with the creation of the insurance society for the Swiss consumers' cooperatives and for its own employees. After the Second World War it formed the Compensation Fund for the Loss of Wages and also the Fund for Family Allowances. In 1919 the

*(Continued on page 69)*





## THE COOPERATIVE MOVEMENT IN THE PHILIPPINES

by **Basil Loveridge**,  
*ILO Senior Expert/Cooperatives,*  
*Manila.*

New National Cooperative Bank, Manila

**I**T was in the last few years of the 19th century that the Filipinos rose, to overthrow their Spanish Masters who had ruled them for 400 years. But the republic was short-lived, and for a further 45 years first the Americans and then the Japanese ruled these islands before final independence came in 1946.

All these influences have been brought to bear upon a present-day nation of thirty million people whose ancestors have reached these islands from all the many corners of Asia, but principally from Malaysia, Indonesia, and China. In addition there are those who have stayed on from Spain and the U.S.A.

### **First Cooperative enquiries**

At the time that Sir Fred Nicholson was reporting on the need for Raiffeisen

credit societies in India, a Mr. A. W. Prautch arrived in 1898 in the Philippines, after a stay of several years in India, to survey the credit needs of the masses in the Philippines. In 1907 a draft bill to enable the organisation of Raiffeisen-type credit societies was presented to the First Philippine Assembly. It was not accepted; but in 1915, a second attempt with a similar bill was passed into law as Act No. 2508 with a fund of P1-million to make loans to farmers. (Today P11. = £1 sterling).

In 1916 the first rural cooperatives were organised among farmers in Cabanatuan and at the same time the first College Cooperative Co., Inc. (the first consumers' cooperative) was organised in the U.P. College of Agriculture, Los Baños.

## **Next Steps in Cooperative Development**

In 1927 Act No. 3425, the Cooperative Law, provided for the organisation of farmers into cooperatives, for the purpose of marketing their products, but these, like earlier credit societies, failed.

In 1940 the Commonwealth Act. No. 565, commonly known as the General Cooperative Law, was enacted: it extended the scope of cooperatives, and the National Trading Corporation was created to carry on the work of supervising and administering all cooperatives. Unfortunately this work was cut short by the Second World War.

In 1940 there were 570 agricultural credit cooperatives, a small but increasing number of credit unions; 160 farmers' cooperative marketing societies; 48 consumer cooperatives; and about 60 more consumer cooperatives in the process of organisation.

### **Early Post-War Revival**

In 1945 the National Cooperative Administration (NCA) was set up by Commonwealth Act No. 715 to administer all cooperative organisations. In a time of short supply and consumer hardships, it was not surprising that the revived NCA of 1945, with an appropriation of P5-million for its operations, should attempt to set up retail cooperatives. They were registered as fast as they could be organised, but the membership was ill-informed, and too often, small groups of private citizens would take advantage of the legal minimum of 15 persons for cooperative organisation to organise themselves into a formal cooperative so that they might receive the privilege of goods in short supply. This privilege was withdrawn later in 1946, and the following year the NCA was abolished.

It was replaced by the National Cooperatives and Small Business Corporation (NCSBC) which after a short life of 3 years, was abandoned and in its place was established the Cooperatives Administration Office (CAO), (under the new Department of Commerce and Industry), which came into being on 1st December, 1950, with a staff of 38 and a budget of P132,880. At that time it was responsible for all types of cooperatives.

### **Non-Agricultural and Credit Cooperatives—CAO**

Today the Cooperatives Administration Office (CAO) has a total strength of about 130 regular employees. About 80 of these are fieldmen and the others are divided among the seven divisions at head office in Manila. During 1963-64 the office organised 285 cooperatives; 248 credit unions, 46 consumer cooperatives, 13 industrial cooperatives, and eight service cooperatives. In 1955 there were 211 registered non-agricultural cooperatives and by June 1964 this number had risen to 1,108. Of these about 700 were credit unions based on the American pattern. About 200 of them are affiliated in the Philippine Cooperative Credit Union League (PHILCUL), which has close links with the Credit Union National Association (CUNA) of the U.S.A. and provides many similar services in promotion, education and advice.

### **Other Federations**

Other prominent cooperative federations in the Philippines are:—

*The Philippine National Cooperative Bank (PNCB)—set up in 1959 to provide banking facilities and reasonable credit for non-agricultural cooperatives.*

*The Philippine Federation of Consumer Cooperatives (PFCC)*

Early in 1963 the PFCC (including industrial and service cooperatives) was organised, to be regarded generally as the forerunner of the proposed Cooperative Wholesale Society. By 1964 it had a membership of just over 100 cooperative societies, and from its small office in Manila was undertaking the import of supplies for its members.

### **Agricultural Cooperative and Credit Development—1950's**

In 1952 the Agricultural Credit and Cooperatives Financing Administration (ACCFA) was set up under R.A. 821 to organise, supervise, and finance agricultural cooperatives. It was given a revolving fund of P100-million and we saw the appearance of two administrations—one agricultural (ACCFA) and the other non-agricultural (CAO).

By 1956, repayment of farmers' loans was 75% and produce marketed through the Farmers Cooperative Financing Marketing Association (FaCoMas) in 1955/56 exceeded three million cavans of rice, (1 cavan = 75 quarts). They unquestionably did a great service in encouraging the farmers to share in economic development rather than join the secret insurgent bands which harassed the country for several years.

By 1960, however, ACCFA was on the verge of bankruptcy. At its peak the ACCFA had 529 FaCoMas with a total farmer membership of 305,318 in 13,068 villages. They owned 213 modern warehouses and 155 rice mills. At 28th February, 1962 the ACCFA had extended to the farmers and their FaCoMas loans of various types amounting to P193,473,169.57. Of these loans, the total of P113,082.43 had been collected, and P80,390,327.14 were outstanding. Of the aggregate P80,39 million outstanding loans, only some P56 million may be considered as collectable.

### **Land Reform Code 1963**

The picture of agricultural cooperatives was completely transformed with the passing of the Land Reform Code in August 1963, which provided for a revised system of land tenure. Under this system and the revitalised agricultural programme an important place is given to cooperatives. The ACCFA has been renamed ACA and provides financial and audit services as well as controlling the agricultural cooperative societies. It also finances individual farmers. A new agency has been established called the Commission on Agricultural Productivity (CAP), which provides general agricultural extension services in Land Reform areas, and in particular, has a Cooperatives Division charged with promotion and education of agricultural cooperative societies. This year it will appoint over 100 officers to this new division and in all about 500 will be appointed in the next few years.

The FaCoMas are being revitalised and reformed and over 100 of them are already restored.

### **Central Cooperative Exchange (CCE)**

Alongside the government administration there has been set up the Central Cooperative Exchange, a federation of agricultural cooperative societies concerned with supply and marketing operations with its member-FaCoMas. It is now an associate member of the ICA.

### **Cooperative Education**

In many ways a description of cooperative education plans and achievements in the Philippines should have come at the beginning of this essay, because it is in this field that some of the most substantial progress has been made in cooperative affairs in recent years.



Mr. C. Montemayor, Cooperative Administrator, signs the agreement for training of Cooperative Officers. Behind him is Mr. B. Loveridge, ILO Cooperative Expert

ACCI, or to give it its full name, the Agricultural Credit and Cooperatives Institute, is sharing increasingly in the plans for developing cooperative education in the Philippines. It is a semi-autonomous institution under the supervision of the University of the Philippines and attached to the U.P. College of Agriculture for administrative purposes. It is located on the campus of the Agricultural College at Los Baños, about 67 kilometres south of Manila.

Apart from the academic policies of the University, policy supervision and the general direction of its programme is undertaken by an Advisory Council of which the Dean of the College of Agriculture is the chairman. Cooperatives are strongly represented; various cooperative organisations—statutory and voluntary—have seven of the ten seats on the Advisory Council. It is essentially a University Institute in terms of standards and administration, but its policy and programme are framed in active co-partnership with the cooperative movement.

The Institute operates on an annual budget, and, as its charter states, funds

are forthcoming from the following principal sources:—

1. Appropriations of the Philippine government, including any funds allocated by the board of regents of the University of the Philippines.
2. Grants in aid received under the Technical Assistance programmes.
3. Grants from government agencies desiring to help the Institute.
4. Assistance from organisations for which the Institute performs services.
5. Grants from private sources.

The National Conference on Cooperative Education which was held at ACCI on 25th January, 1964 proved an invaluable touchstone in gauging the services expected from the Institute in support of cooperative education. The senior officers of government cooperative agencies have been meeting as a “working committee”, drawing up common plans for cooperative officer training.

The agencies have their important parts to play and ACCI is happy to share the task with them. The Institute has accommodation for 40 participants and we anticipate that officer training



The sales and despatch counter of the Associated Workers Consumers Cooperative Association

*(a) In Member Education—to provide teaching materials and train discussion leaders and organisers and to arrange training courses for voluntary organisers and directors of cooperatives. In addition to the courses we shall conduct at ACCI, there will also be occasions when we shall share in similar courses in the provinces.*

*(b) Employee Training—to undertake training courses for managers and employees of all types of cooperative societies. The subject matter will cover management, shop practice, salesmanship and accounting. ACCI will prepare teaching syllabuses and guides for all subjects.*

Throughout the Philippines there are colleges of agriculture and commerce which include cooperative subjects in their curricula. ACCI has been asked to will keep us busy for 20 to 26 weeks each year.

### **Cooperatives and Federations**

Our plans in the service of societies and Federations include the following:—

prepare syllabuses and teaching manuals in 6 to 8 selected cooperative subjects so that common standards can be maintained.

### **Cooperative Research**

On ACCI falls the responsibility for cooperative research. There are four major sectors:—

*(a) General Cooperative Development—surveys and studies into the social and economic background of cooperative development—locally, regionally, and maybe nationally.*

*(b) General Cooperative Statistics—the collection and collation of statistics and financial records of all cooperatives.*

*(c) Cooperative Trade Development—usually concerned with an appreciation of the business economics of a trade problem or new project.*

*(d) Case Studies of Selected Cooperative Societies.*

These summarise the important responsibilities in the area of cooperative

education and research. They should be considered in conjunction with the aim to provide University standards in the service of the cooperative movement, which is invited to guide us in the best ways we can be most helpful to it.

### **Central Cooperative Educational Board (CCEB)**

Pursuant to Sec. 82 of Republic Act 2023, the Philippine Non-Agricultural Cooperative Act, every non-agricultural cooperative creates and maintains an Educational Fund equivalent to 10% of its net savings over the previous year. Half of this is retained by the society for its own cooperative education and promotion activities and the other half is remitted to the Central Cooperative Educational Fund to be administered by the Central Cooperative Educational Board (CCEB) in the prosecution of a national programme of cooperative education, training and promotion. The Board was organised in 1960 and consists of the Director of the Cooperatives Administration Office as *ex-officio* chairman and six representatives of cooperatives or other institutions nominated by him.

The CCEB is housed in the same building as the CAC and employs an executive officer, an editor of publications and supporting staff. Its projects include a series of cooperative seminars held over the islands in collaboration with the CAO and other bodies; pamphlets, brochures, the monthly magazine, *Philippine Cooperative Advocate*, and other Cooperative literature; outdoor billboards, posters, other promotional devices, and public relations. To date fiftyfour seminars have been conducted, attended mostly by teachers from the state schools.

*Coordinating Committee.* During 1963 the CCEB set up a Coordinating Committee which has since been responsible for initiating the wide discussion of cooperative educational plans which materialised at the First National Conference on Cooperative Education held at ACCI last January.

The work of the CCEB is seen mainly as a responsibility in local and regional cooperative education services for members and employees of cooperative organisations and societies. It is divided into two main streams:—

*Member Education*—Promoting and organising study circles, conferences, film shows, etc., among the members and committees of cooperative societies.

*Employee Training*—Preparing training courses for the various levels of training required by the employees of cooperative societies.

The preparation of teaching materials and the training of teachers for the work is undertaken by the ACCI in consultation with CCEB.

*Regional Cooperative Education Officers*—With a view to aiding the development of cooperative education among the cooperative societies in the towns and regions of the Philippines, the CCEB has appointed three regional officers who will be responsible for bringing together representatives of cooperative societies in the region (the country will be divided into eight regions) and forming a Regional Cooperative Education Committee which will work with the RCEO and the CCEB to ensure that its policies are actively supported. The officers will of course be responsible to the CCEB, but will be expected to work harmoniously with the Regional Committee on Cooperative Education, and help develop regional cooperative education.

# U.S. COOPERATORS FACE THE FUTURE

## REPORT OF THE NATIONAL COMMISSION ON COOPERATIVE DEVELOPMENT.

**T**O co-operate is the first and the last lesson that Co-operators everywhere have to learn. The reason is that co-operation is never learnt once for all time. In a world of change the forms, the methods, the objectives of Co-operation must also change and Co-operators, if their Movement is to make the passage into a new era, must re-learn to co-operate with new associates, for new objects, in new forms of organisation embodying the principles which ensure that co-operation, the more it changes, remains the same thing and is not transformed into something else.

### A changing world

In a world in which so much is being changed by American influence and the force of American example, it is of absorbing interest to observe Co-operators in the United States examining the situation of their own Movement and its several branches against the changing economic and social background of their country. The last Congress of the Co-operative League of the U.S.A., held in November, 1964, at Chicago, approved the report of a National Commission which had been at work since the preceding Congress, studying the position and problems of the Movement and drafting recommendations for adapting its structure, policies and methods to the needs of the hour.

One aspect of the changing economic

and social background is lit up, as by a floodlight, by the fact that the percentage of the U.S. population living on farms has declined from over thirty to under eight in the last 45 years. That is a fact to which the Co-operative Movement, hitherto strongest in rural areas and relatively under-developed in the towns, has to adjust itself with all possible speed. Whereas agricultural co-operation extends throughout the country consumers' co-operation, which is not the characteristic urban form, as in Europe, is very patchy in its distribution. Of the three other types of co-operative which have something interesting and beneficial to offer to town-dwellers—credit unions, housing societies, group health—only the first may justifiably claim, with its 20,737 unions and total membership around 14 million, to have attained approximately national dimensions. The others are said to have captured no more than "beach-heads" in the cities. Their immediate task is to extend them.

### A central warehouse

The situation of the Consumers' Co-operative Movement is similar, except that it is possible to point to nine areas where a definite concentration of consumer co-operatives may be said to exist. These are in New England, greater New York, Chicago, Minnesota, Wisconsin, California, Washington D.C., the Virgi-

nia peninsula, Akron, Ohio, and Dillonvale, Ohio. Altogether these societies have between them 80 stores and shopping centres, a membership of 178,000 and an annual turnover of \$125 million. The first five of the areas named are served by regional wholesale societies; the remaining four are considered to offer eventual possibilities for a central warehouse to which retail societies could be attached. Outside these areas there exist scattered societies of no great aggregate significance.

It is scarcely surprising if the commission decided that anything like national planning for the development of consumers' co-operatives must lie some distance ahead in the future. Nevertheless the possibilities of progress in the named areas are on the whole good, and development will therefore probably take the form of expansion of existing societies rather than the formation of new ones. There is no guarantee, however, that this growth will keep pace with the increase of population and the growth of the economy in general. It is considered that a minimum turnover of \$1 million per annum is necessary for a society to pay its way and survive against competition, but this minimum is probably still rising. New societies obviously need various kinds of support and assistance if they are to be launched with good prospects of success.

### **Defending the consumers**

The outlook is, however, not entirely gloomy. Firmly established, competently managed societies can and do make headway. The attitude of the public is not unfriendly. A society which questioned its new members on their reasons for joining it found that 30 per cent did so because of "co-operative principles", a remarkably high proportion by any

standard. About 27 per cent were persuaded to join by the prices and the dividend on purchases at the year's end. Another 20 per cent liked the shop and the commodities sold under the "Co-op" label.

Such answers suggest that consumer co-operatives ought to be able to gain ground by rivetting the attention of the public to the differences between their methods and those of the conventional shop or supermarket and in addition, by vigorous action in defence of general consumer interests. In California and Massachusetts for example, the co-operatives took the lead in pressing for a spokesman on consumer affairs in their State governments and actively supporting consumers' councils. Beyond this there is also the possibility of external support, either from other types of co-operative—farmers, housing, credit unions—or from trade unions which have an eye to their members' welfare beyond money wages and working hours.

### **Cooperative housing**

New York City is a kind of Mecca for co-operative housing and if its standards were attained throughout the United States, they would rival Sweden. As things are, however, 20-25 per cent of the population of the U.S.A. is poorly housed. There is thus enormous scope for co-operative housing, were it properly understood and propagated on right lines. Unfortunately, the early legislation encouraging self-help by people needing dwellings met with a poor response. Re-drafted administrative rules and regulations favoured the private developer for profit and it was henceforward necessary to campaign for the genuine non-profit or co-operative building enterprise. The Commission's recommendations therefore are addressed



mainly to the Co-operative League of the U.S.A., requesting it to organise programmes of publicity, education, research, and promotion of organisations to supervise and assist co-operative housing, especially in urban centres where the supply of apartment dwellings is unequal to the demand. The Commission also points out that the League, like co-operative organisations for housing in other countries will have to admit the participation of the State where old dwellings must be cleared before new ones can be built.

The form of co-operation called for short, "group health" implies two groups in one organisation, a group of persons or families who will, some time or other, need medical treatment at reasonable cost and a group of practitioners who between them can provide a comprehensive medical and surgical service. It is estimated that, after some thirty years of development more than four million people are now receiving health services of which they pay in advance under the group health system. The Group Health Association of America, which is an affiliate of the Co-operative League, is a national organisations for the extension of the system, and the Commission's report urges co-operative organisations of all types and their individual members to play active parts in their local group health associations and to promote such associations where they do not yet exist.

### **Credit Unions**

The credit unions, essentially thrift and loan societies of the Raiffeisen type adapted to urban conditions, are reporting a slackening in recent years in the formation of new unions, but in 1963 their total new savings, outstanding loans and assets each increased by \$1,000

million. One of their most useful services is to replace instalment credit and they supply about 10 per cent of all the consumer credit required annually in the U.S.A. They are thus able to offer effective competition to other agencies and so exert a moderating influence on interest rates to the advantage of numberless small borrowers. Although the movement is not growing so rapidly as the U.S. economy, it is large and powerful enough to attract the active hostility of the American Bankers' Association. Nevertheless its public image is good and its leaders fully recognise that they have a fight on their hands.

Rural Co-operation comprises six main groups concerned respectively with electrification, farm supplies, credit, marketing and forest products. The decline in the rural population and the suburbanisation of the villages, as anyone may see on a flight from New York to Washington, together with the growing pressure of the big units in profit business, are compelling co-operators in all these branches to think of consolidation. The smaller rural electric co-operatives are considering mergers. The number of farm supply co-operatives diminishes as their total trading volume rises, although not as rapidly as could be wished because their share of the market is growing slowly smaller. The report of the Commission therefore emphasises merger on both local and regional levels and, more particularly, the integration of marketing, supply and service co-operatives into multi-purpose units. There are still services required by progressive farmers which the societies do not yet supply. The report on marketing societies heavily stresses the need for these societies, as well as their individual members, to re-educate themselves out of their rugged individualism

in order to absorb new ideas and the results of research to broaden their horizons and provide their co-operatives with the capital needed to modernise their methods.

### **Insurance**

The one branch of the Movement which is not prevented by sectional views from taking a look at U.S. Cooperation as a whole is insurance. The insurance sub-commission reported that since 1950 co-operative insurance has been growing three times as fast as the country's total life insurance business. It is nevertheless dissatisfied with the present rate of growth and proposes to accelerate it by developing forms of group insurance in collaboration with the other branches of the Movement. It points out that if the movement's own organisations could cover the insurance needs of the 15 million families included in U.S. cooperatives of all kinds, they would constitute "the largest single force in both the life and non-life insurance fields". The way to this goal lies through inter-locking between the insurance and the various kinds of trading society and it is significant that the report states that "the opportunity for farmers and consumers to acquire an ownership interest in a major food chain has advanced considerably beyond the stage of academic discussion".

### **Education**

Education was by no means neglected in the Commission's report. It recognises the need for "extension" as well as for trained personnel. The solution of both problems lies outside the existing Co-operative Movement, in the sense that training is wasted if the right kind of candidate is not attracted by a "career open to talent", and that without a

clearer and deeper public understanding of Co-operation, the best kinds of member will not be drawn in to play an active part in it and revivify its democracy.

Mr. Shelby Southard, who edited the report, points to a phenomenon as familiar in Europe as it is in America, namely, the waning interest of members in the Movement as they climb out of adversity with affluence, especially if "they see less clearly the attributes which distinguish their co-operatives from other ways of doing business". He also indicates part of the remedy, which is for "spokesmen for the co-operative point of view to join in the general economic dialogue going on world-wide". If there are enough American co-operators prepared to do that, the Movement need have no fear for its future. W.P.W.

## **CO-OPERATIVES AT THE CROSSROADS**

This Fabian Society publication is an independent survey of the British Cooperative Movement by Dr. S. Pollard, Professor of Economic History at Sheffield University.

The author's critical but sympathetic approach to the subject makes the booklet a useful addition to cooperative literature, and the Co-operative Union obtained bulk supplies from the publishers. 44 pages. Price 4s. per copy, plus postage (4d. on single copies; 12 or more sent post free).

Obtainable from the  
**CO-OPERATIVE UNION LTD.,**  
Holyoake House,  
Hanover Street, Manchester 4.

# A HELPING HAND FROM THE NORTH

## A REPORT ON COOPERATIVE HELP TO DAHOMEY FROM NORWEGIAN COOPERATORS

By Liv Ovesen,  
NKL, Oslo

“Give a man a fish and he is provided with food for *one* day. Teach him fishing, and he will have food for the rest of his life.”

Chinese proverb.

IN September, 1961 the President of the Norwegian Cooperative Union and Wholesale Society (NKL), Mr. Peder Sjøiland, was informed by the vice-president of our sister-organisation in Switzerland, Mr. Ch.-H. Barbier, that the Government of Dahomey had decided to send a goodwill mission to different European countries, including Norway. The delegation visited Oslo in September, 1961, and the programme was prepared by the Norwegian Foreign Office and the NKL. The greater part of the programme was devoted to studies of various aspects of the Norwegian cooperative movement.

In February, 1962 Mr. Sjøiland and the then vice-president of the NKL visited Dahomey on the invitation of the Dahomey Government. During conferences our friends in Dahomey stressed that only by cooperative efforts and cooperative enterprises would the country be able to solve its economic problems and raise the standard of living of the people. Also the then Minister of Agriculture and Cooperation pointed out the importance of promoting cooperation in

the fisheries, and in that field especially some Norwegian support would be greatly appreciated.

### A proposal from Switzerland

For some time various internal Norwegian problems necessitated a temporary restraint in launching any special action for the developing countries. Mr. Barbier once more made an approach to the NKL on Norwegian help to Dahomey, and during a visit to Oslo in 1963, he submitted a concrete proposal: That the Norwegian cooperators should furnish the basic equipment of a Supply Cooperative for Fishing Gear. The cost of the equipment requested amounted to about N. kroner 500,000—approx. £25,000.

In August 1963 the Board of Directors of NKL decided unanimously to start a collection among members and staff in January 1964. We cherished the hope of obtaining half of the money required from the Norwegian Agency for International Development and such an application to the Agency was later granted.

From the very outset Mr. Barbier and our Dahomey friends were informed about certain difficulties in raising even such a modest amount, because—

- (1) an extra  $\frac{1}{4}$  per cent income tax in aid of the developing countries



E. The Norwegian Ambassador to Nigeria (left) handed over the fishing gear. With him are Mr. Drien Degbey, Minister for Cooperation and Rural Development in Dahomey (centre) and Mr. Les Laventure representing the Minister for Foreign Affairs.

was imposed upon the taxpayers from 1963, and this had caused certain ill-feeling as to the help to developing countries.

- (2) our retail societies pay a very low dividend, if any. About 25 per cent of local societies pay no dividend whatever.
- (3) of the NKL obligations to the Tanzanian project.

The sole reason for drawing attention to these points was to make our Dahomey friends understand that even a modest contribution would call for much work, persuasion and patience from our side to succeed. The Norwegian cooperators are no better and no worse than the average Norwegian citizens as far as taxes are concerned.

## „EN HAND FRA NORD”—

### A Helping Hand from the North

A small “collection committee” was appointed by the Board of Directors, and the necessary materials were prepared:—posters, folders, appeals, stamps, etc. Our cooperative journal *Vårt Blad* sent one of its journalists to Dahomey to report on the spot.

At the annual meetings of the retail societies an appeal for support of the project was made, provided that the president of the society was in agreement. The staff was asked to give two hours' wages to Dahomey. Because the support was to be given on a voluntary basis, the contributions differ greatly according to the attitude of the leaders of the individual societies. Some have supported the project whole-heartedly; some have been indifferent. On the plea that Norway has still several social problems to solve and that the obligatory tax in aid of the developing countries has to be considered sufficient for help-projects to the developing countries, some have refused to make any contributions to our cooperative project.

Nevertheless, in spite of a certain reluctance from some cooperative quarters, we shall be able to supply Dahomey with the fishing gear for the amount stipulated in the Convention. In view of the fact that two nation-wide collections were started in 1964 (one aiming at aid for refugees and one for a special international social purpose) with the official support of our government and with television and radio exploited to the fullest—means not open to us—we have to be satisfied with the results gained. Without the ready and valuable help from the USC in all stages of the project, we should, however, never have succeeded.

H. E. The Norwegian  
Ambassador and Mr. Adrien  
Degbey inspecting the  
fishing gear



In June 1964, the FAO fishing-expert in Dahomey, Mr. A. Collart, visited Norway, where he selected the material needed:—gill nets, seine nets, cast nets, lead-lines, hoop nets, spinners, twine, monofilament, sea hooks, floats, etc. According to his wish, half of the fishing gear was to be sent to Dahomey at the end of 1964 and the rest during the spring of 1965. The gear is granted exemption from tax by the Government of Dahomey.

It is particularly satisfying for us that the first part of the fishing gear from Norwegian cooperators was officially handed over on the 15th January, 1965 to the Dahomey Government by the Norwegian Ambassador in Nigeria during a visit to Dahomey by Mr. Barbier.

### **The Convention between the Government of Dahomey and the NKL**

Mr. Barbier kindly took the Convention, signed by the NKL, to Dahomey and had it signed by the Government of Dahomey on the 25th January, 1965. It runs for five years. Even if the duty of the NKL is first and foremost to furnish the Supply Cooperative of Fishing Gear with basic equipment, we also have pledged ourselves to spread knowledge and understanding of Dahomey among Norwegian cooperators by all

means at our disposal.

The FAO expert and the permanent USC representative in Dahomey are entitled to participate in the meetings of the Committee of the Supply Cooperative and will there represent the views of the NKL and will see that the spirit which permeates the Convention prevails. There is another agreement also on how the fishermen will be supplied with the fishing gear. The very fact that these agreements are drawn up by the FAO expert and our Swiss cooperative friends with their thorough knowledge of the conditions on the spot, is for us a guarantee.

We *trust* that "*En Hand Fra Nord*" in spite of its modest scale, will prove to help a group of Dahomey fishermen and their families to a better way of living. We *hope* that the Supply Cooperative for Fishing Gear in Dahomey now started will lead to the establishment of new cooperatives, when the fishermen involved gradually pay back the cost of the fishing gear supplied. We *wish* that this action should give rise to a greater realisation among Norwegian cooperators of the obligations of NKL as a member of the ICA, thus leading to better understanding and more willing support for the Alliance's work for the developing countries.

# COMMENTARY

## **Where does the cooperative enterprise stand in America today?**

THE 23rd biennial Congress of the Cooperative League of the U.S.A. authorised a Commission on cooperative development in the United States for the following purposes:

1. To make an inventory of major resources, both real and financial of all cooperatives and truly mutual enterprises in the United States;
2. To examine the factors affecting the interest of capable young people in choosing a cooperative career, and to appraise cooperative personnel policies and practices, especially from the standpoint of facilitating movement between cooperatives when desirable to increase areas of opportunity;
3. To appraise both the greatest needs of the American people and important groups among them, and those which are inadequately met;
4. To evaluate the major reasons for success and failure of various types of cooperative endeavours; and
5. To recommend an overall, coordinated plan for the development and growth of cooperative enterprises.

The Commission members were chosen with utmost care for their ability and knowledge and their places of leadership within American Cooperation and most of all their willingness to view objectively the accomplishments, or lack of them, of American Cooperatives.

Mr. Shelby Southard, Assistant Director of the Washington Office of the Cooperative League of the U.S.A., was given the task of editing the final report of the Commission. The report itself\* consists of 209 closely packed pages of answers to questions relevant to our times, as our title indicates—Where does the Cooperative Enterprise Stand in America Today? What are the cooperative resources, physical, financial, human and ideological? And a question such as “Are these resources adequate to en-

\* “Report of the National Commission on Cooperative Development”, National Commission on Cooperative Development, c/o The Cooperative League of the U.S.A., Room 400, 59 E. Van Buren St., Chicago, Ill., U.S.A. See also page 55.

able cooperatives of all kinds to meet their present and future opportunities and especially what should American Cooperatives for insurance, credit, health care, housing, farm marketing, farm supplying, electricity, consumer goods and many others, be planning and preparing for the coming decade in order to meet the challenge and the opportunity?

In his introduction, Mr. Southard writes that at times cooperation seems to be failing to make positive effort to draw into membership the underprivileged of the population who need the benefits of the cooperative technique most. Another point in many sections of the Report is touched on, and that is the important problem of the failure of cooperators to coalesce their undertakings into business unions of economically viable sizes, consonant with a rapidly changing technology and urbanisation of society.

Another important factor has been the lack of complementary relationships between cooperative business undertakings. Much more business should be done wherever possible with each other. The trade which warms international relations can likewise warm cooperative relations.

Cooperatives must also enlarge their principal focus to include not only farmers and rural people, but also the urban dweller who has now both decisive economic power and growing political power.

The Cooperative Movement will not continue to grow in the U.S.A. unless it has a special mission that it is capable of fulfilling with enough distinction to draw into its ranks a steadfast membership out of which may come the dedicated leaders and qualified managers the Movement will require. Such leaders and managers will see as their first responsibility that cooperatives pursue not narrow and short-sighted purposes, but will steer the movement into the full service of society on behalf of member and non-member as well.

The great challenge is for the institution which does not change and refuses to renew itself, it will then be faced with stagnation and extinction. Qualities that helped cooperatives when times were grim must not be lost in a future which promises to be one of plenty. Among the articles of incorporation must be a lively conscience, genuine concern for the human effect on cooperative action.

Cooperative business of all types could easily make

common cause along a broad economic front and thereby greatly enhance its effectiveness. That they are not doing so is a central fact both implicit and explicit in this detailed Report on how they now conduct their affairs. The formidable character of a coordinated cooperative approach is highlighted in the insurance section—just one of many examples—where it is pointed out that, “If cooperative insurance could effectively meet the needs of the 15 million families who are members of cooperatives in rural and urban areas, and if they were equipped to provide complete commercial insurance protection for the cooperatives themselves, there seems little doubt that cooperative insurance companies would constitute the largest single force in both the life and the non-life insurance fields.”

The Farm Marketing section notes pointedly that no national brand names on cooperatively marketed products have emerged because regional marketing patterns of cooperatives tend to promote names familiar in limited areas, but they forego the boon of a nationally familiar nomenclature which would retain the loyalty of a fluid and mobile population who move into areas where the brands they have known are not available.

In the relatively small space the Commission gives in this Report to retrospective views, it is abundantly clear that the cooperative technique generated its greatest appeal in the U.S.A. during periods of economic adversity. More cooperatives in more areas of business activity are started then and membership increases. In periods of affluence such as the early Sixties the cooperative appeal tends to blur and the loyalty of members wanes as they see less clearly the attributes which distinguish their cooperatives from other ways of doing business.

However, it is not necessary to look far to discover that this ageless appeal and impetus for cooperative growth still operates—only a few jet hours away in the nearest developing country where needs are great and resources to meet those needs scarce. For the affluent economies of the United States and the Common Market nations of Western Europe are not the lot of the overwhelming majority of the human family. As the cooperatives of the favoured nations involve themselves in the tasks of cooperative organisation in less fortunate areas, they are called upon to relieve the problems of their own beginnings and achieve thereby a political maturity and a perspective they can gain in no other way.



Shelby Southard ends his introduction to his Report by saying that it will not escape discerning readers that the material about the specific sectors of cooperative business has been assembled and related largely by people subjectively involved in those businesses. In their defence, two points should be made: (1) these men are the only ones sufficiently acquainted with the facts to report in sufficient detail, and (2) most of them have made a dispassionate and candid assessment of their areas. Several of them show this quality to a surprising degree.

Nonetheless, anyone making an overall evaluation of the Report would be justified in seeing here and there symptoms of over-optimism and could regret the absence of a more astringent handling of the data. The yardstick of progress used is too often wholly within the cooperative orbit, or the measure of a cooperative compared with other cooperatives or its own past performance and not against the sterner rule of total American business in its particular area. It is in a sense family history written by members of the family and this fact should not be glossed over. However, a thoughtful business journalist should be impressed that cooperators, perhaps to a greater extent than any other segment of the American economy, have this capacity to write objectively and critically about matters that are admittedly close and dear to them.

### **Revision of the rules of VSK**

The "Genossenschaft" of 9th January, 1965 reports that on its seventy-fifth birthday the VSK has found it necessary to amend its rules. These amendments are caused by the economic requirements of our times and the continuous growth of the VSK and the cooperative movement in general.

The amendments authorise the Board of Managers of the VSK to take limited independent action with regard to the organisation, standardisation and combination of forces. The measures are mainly intended to assist the individual local and regional cooperatives, which are not always in a position themselves to form an overall picture of the consequences of economic development as a whole. The most important amendment relates to the Board of Managers of the VSK. This has been limited in the past to a maximum of five members, whereas now the upper limit has been abolished and a minimum of three members fixed. The Board has now been given the additional task of introducing measures to increase the efficiency of its members. The organisation of sales cam-

paigns, the decision on a uniform selection of commodities, the fixing of dividends and retail prices are examples of the new tasks allotted to the Board. It is in a position to recommend to the affiliated cooperatives immediate organisational measures, a change in opening and closing times, a reorganisation of personnel, amalgamations, common management and similar measures. Disregard and obstinate rejection of these proposals can lead to the expulsion of a member. In view of the increased authority of the Board of Managers, a Commission of Business Managers will function as its consultative body. This Commission, which is elected by the Administrative Council, will be composed of a maximum of forty members. The managers of the regional warehouse cooperatives and of the large consumers cooperatives not affiliated to a regional warehouse are entitled to submit to this Commission, which acts as a consulting body, their economic, technical and organisational experiences in relation to the proposals of the Board of Managers.

The extension of the authority of the Board of Managers of course caused many consumers' cooperatives to fear for the loss of their freedom of action. Yet these new powers do not interfere with the fundamental principle of democratic self-government. The amendments of the rules have been drawn up after four years of discussion with the participation not only of all responsible authorities, but also of the affiliated consumers' cooperatives. The amendments were agreed upon after a debate of six hours during an extraordinary meeting of delegates in Bern at which 810 delegates were present. The consumers' cooperatives have the right to appeal to the Administrative Council against expulsion, and the right of appeal to a meeting of delegates, as laid down in the rules, remains, of course, unaltered.

### **To be or not to be**

There are signs that "to be or not to be" is being asked in some European cooperative consumers societies. The Fabian Society in Britain recently sponsored a pamphlet\* *The Cooperatives at the Crossroads*, written by Professor Sidney Pollard, whose interest in the British Consumers' Cooperative Movement is well known.

Dr. Pollard has indeed taken a good deal more interest in cooperation than many other British academics, and his pamphlet provides a valuable summary of the present difficulties encountered by Consumers' Cooperatives. Dr.

\* Reviewed on page 78.

Pollard's statistical arguments concerning the decline in cooperative wholesale activities are extremely well presented and speak for themselves. Perhaps one important factor could have been even more stressed by him, namely, the failure within the British Movement to merge its Cooperative Union, the C.W.S. and the S.C.W.S., a failure which must be considered a major setback at this time.

Dr. Pollard, like all of us, would like to see people from other walks of life than those traditionally associated with cooperation in Great Britain in the Movement. It would be interesting to see how the active participation of such newcomers, who obviously would have to come from what is termed "the middle class sector of the population", would be welcomed by those now at the helm of British Consumer Societies. The pamphlet is an admirable statement of the problems faced by the British Movement, and I gather from reading items from around the world, that the British situation is not unique.

Recently I read with great interest a publication at the end of 1964 by Professor G. Draheim, entitled *Problems of Management in Cooperative Industries*. Similar arguments to those used by Professor Pollard can be found in Professor Draheim's article, and as a realist he gives prominent and rightful attention to the conditions that led to the building up of flourishing cooperative institutions. He states that "the distress which in the past led to the formation of cooperative societies is no longer present. Thus today there is no solidarity arising from distress. We live in an affluent society. The cooperative society is no longer a last hope, but economically a contracting party like any other. Its members are no longer—as formerly—the neglected step-children of economic events; rather have they advanced to be the much sought-after market partners. In the political field it is the same. The "small man", the "rank and file" seen as a part of society, has attained considerable progress—unparalleled hitherto. In certain circumstances, he can, by political action and without particular effort, induce parliament to give him greater advantages than an entire group of cooperative self-help enterprises could—perhaps—accomplish in years of work.

We cooperators must remember, however, that it is surely as a result and not in spite of such self-help institutions like cooperatives that the ordinary man in the street is now having a share in the economic wellbeing of

his country. If it was only solidarity arising from distress that moved us to build cooperation, one could truly say that cooperation in that form was at an end, at least, seen from an inward-looking, purely western orientated point of view. But surely, cooperation has given us a world solidarity that today moves us to use the methods of our time to defend ourselves and the millions of co-operators in the world not blessed by over-abundance of consumer goods. Cooperators could surely never rest until all countries, regardless of size, economic or social system, enjoy the benefits that cooperation can bring. For some it will be education, for others housing, medicine, insurance, banking or any other of the cooperative activities that cry out everywhere to be included in our work as much in the west, as in less developed regions of our world.

We are all tremendously grateful for the work our academics do for our Movement and for their dissecting the body in order to get at the facts of the dilemma in which some of us are in, but at all times let us remember that the body of the cooperative idea should not be cut by the same scalpel used on a part of the body that is not functioning well.

### ***Attack on deceptive Packaging***

Some of our readers will remember the interesting article in our July-August issue of the "Review of International Cooperation" in 1962 by Betsy Wood, Home Economist of the Consumers' Cooperative of Berkeley, California, U.S.A.

Betsy Wood has again been vigorously attacking on behalf of the consumer, the shift away from standard weights and measures in food packaging, and it is a great sign of confidence in the fairness of cooperative trading that she has now been asked by the Californian Office of the Consumer Council to illustrate this theme within the compass of a small travelling exhibition. The exhibition features the erosion of standard quantity sizes in packaging, and is at present touring the seven cooperative stores of the Consumers' Cooperative of Berkeley.

The object of the display is to show that, despite reduction in the size of a box, or a bottle's contents, the price usually remains the same. The following illuminating factors are presented:

- a 16-oz. bag of rice replaced by a wider, thinner one of 14 ozs.;
- a 1 lb. box of crackers slimmed down to hold 13.5 ozs.;

- a 1 lb. can of kidney beans replaced with a slimmer can that holds 15 ozs.;
- wine vinegar reduced from a one-pint (16 fluid ozs. American measure), short-neck bottle to a 12.8 fluid oz. bottle of shorter height but longer neck;
- a 1 lb., 10-frankfurter pack changed to a 12 and 15 oz. size;
- soft drinks switched from a quart (32 fluid ozs.) bottle to 29-, 28-, 26- and 24-oz. bottles that are often taller than the original quart;
- mayonnaise from a 32-oz. jar to a 24-oz. jar that is slimmer and taller;
- an olive oil container that has shrunk from a full quart to  $\frac{3}{4}$  quart.

To acquaint the members of the public generally, and the housewife in particular, not familiar with standard measure equivalents of items such as the number of cups in a pint, and the number of ounces in a pound, the Cooperative's Home Economist has also prepared cooperatively produced booklets giving this information.

Cooperation in the service of the consumer is certainly seen here in the forefront; standards set by the Cooperative Movement are the highest to be found, and cooperative packaging and labels the fairest to the shopper.

The Consumers' Cooperative of Berkeley, California, is to be complimented on its activities on behalf of the protection of the consumer.

J. H. O.

*(Continued from page 48)*

settlement in Freidorf was established and in 1942 it created the Foundation CO-OP which brings help and improvements to poor mountain villages of Switzerland. In Mümliswil a home for children, and in Jongny a home for old people were built. During the war the VSK participated in the drive to increase agricultural arable land. In recent years it has distinguished itself mainly by its help for the people of Dahomey, of which an account appeared in the *Review* of April, 1962.

In the cultural and educational fields the Cooperative Seminar, which con-

tributes to the idea of Cooperation by organising cultural events and educational courses, takes foremost place. The cooperative press and the Union's large printing works with its numerous publications are invaluable aids in its work.

This short review shows how a big movement has been built up from almost nothing simply through industry and devotion. At this seventy-fifth jubilee, we offer our congradulations and our conviction that the future of VSK will be equal to the great tradition of its past. (From "Genossenschaft")

# COOPERATION IN GEORGIA

By **N. Dzhavahidze**,

*Chairman of the Board of Tsekaushiri.*

**I**N just over forty years the Georgian people were able to achieve considerable success in the economic and cultural development of their country. The turning point was in 1921.

By 1964 the development of the national economy reached a very high level. As compared with 1913 the volume of total production increased forty times: heavy industry 114 times, coal 43 and production of electricity 195 times.

Between 1959-63 production of industrial goods increased by nearly 44 per cent, notably in the field of ferrous metals, building materials and the tea industry. Production in light industry, textiles and food has also grown rapidly. The total yearly production of leather footwear in 1927 was only 200,000 pairs, but today the output is 2.5 pairs per head, i.e. over 10.7 million pairs a year. Present-day production of woollen materials is over 50 million metres per annum. In agriculture, collective and state farms are spreading. Georgian tea, wine, cognac and canned foods are in great demand everywhere.

The working hours for labourers and employees have been reduced without loss of pay.

Children, mothers and pensioners are well cared for, and in 1963 the total state subsidies for these services amounted to several million roubles.

At present the following educational facilities are provided:—

## **Education**

There are 4,700 general educational establishments of all types attended by over 700,000 students. Many more people are taking advantage of professional, technical, secondary and university education. In 1963, over 102,700 students were attending 18 higher educational establishments and secondary schools; of these students, 57,300 were following their studies at their place of work.

Consumer Cooperation plays an important part in the life of the working people, in strengthening industrial relations and supporting the Soviet government and the party in the introduction of new legislation for the benefit of the workers. The first consumers' society with 75 members was established in Georgia in 1877 under the name of "DEPO" in the village of Sagaredzho on the initiative of A. Tsvedadze. In 1878 there were already three "DEPO" societies in the country at Tbilisi, Sagaredzho and Tianeti, and later another consumer society was established at Kvemo-Makchaani.

## **Union of Consumers' Societies**

At the beginning of the twentieth century during the first World War, many consumers' societies were formed by the people to protect their interests, and by 1916 the number had grown to 173 with 67,000 members. In October, 1919, the Tsekaushiri Republican Union

of Georgian Consumers' Societies was formed to unite all Georgian consumers' societies in one central organisation.

In 1921 the state handed over to Tsekavshiri 100,000 roubles worth of textiles and 58,700 gold roubles in cash.

By 1926 the Georgian Consumers' Co-operative Movement had 208,000 individual members. Between 1926-29 the membership increased to 471,000, the share capital rose from 570,000 to 4,184,000 roubles, and the number of co-operative trading enterprises to 1,854. The turnover for the same period increased by 41.1 per cent and by 1929 it had reached 127.5 million roubles. Between 1958-63 it increased by 29.6 per cent and at present the total turnover in goods handled by Consumers' Cooperatives represents 30 per cent of the total turnover of the Republic.

With the increase of purchasing power and in the cultural requirements of the population, demand has also grown for agricultural products, textiles, raw materials and household goods. In 1963, purchases for stock reached 116 million roubles and the figure for the following year was 125 million roubles.

### Rural Services

The Consumers' Co-operative Movement in Georgia and in adjacent republics is endeavouring to improve its services in rural areas. In the last five years the turnover in commodities has increased by 44.6 per cent; 959 shops, 246 catering establishments and 212 bakeries have been built. In one year the output of 821 Tsekavshiri bakeries was 261,173 tons of bread. In 1965 new canneries and breweries will be opened in five other localities.

At present Georgian Co-operative Organisations have over 135 self-service stores, 89 shops and 316 sales points at



Books are among the goods on sale at the collective farms

collective farms. There are over 500 self-service counters operating in schools and farms. More than 420 village shops are selling goods on credit. In 1963, 59 shops with modern equipment were built in villages, many large department stores were opened in local and regional centres. In accordance with the capital building project for 1964, 44 shops, 11 warehouses and seven trading organisations were expected to be ready for service by the end of that year.

A good delivery service has been organised by consumer societies supplying field and other agricultural workers with hot meals from field kitchens, and mobile shops supply consumer goods.

With the development of the Georgian Co-operative Movement, relations with other international organisations abroad have also expanded, and since 1957 trade with more than ten foreign countries has developed. In the last few years many leading cooperators from Poland, India, Italy, Japan, Denmark, Finland and other countries have visited Georgia and all have expressed a desire to strengthen and extend relations with the Consumers' Cooperatives of Georgia.

# TRAINING OF COOPERATIVE ADVISORS FOR DEVELOPING COUNTRIES IN THE FEDERAL REPUBLIC OF GERMANY

By Dr. Theo Vosschmidt.

**G**REAT importance is attached to Cooperatives in most developing countries, to help to bring about substantially better economic and social conditions for larger parts of the population. The promotion of cooperatives, therefore, plays an increasingly important rôle in the various technical-aid programmes. However, as there is generally a lack of experts in these countries, it is of vital importance to make them available in order to give advice and support to the Authorities responsible for the development of Cooperation.

## **The difficulty of recruitment of advisors**

The German Federal Republic, with its efficient cooperative movement and its great cooperative traditions, has for many years done all in its power to be of assistance. This is not an easy task for the responsible departments of the German government and of the German cooperatives. They soon discovered how difficult it is to find sufficient numbers of experts with the qualifications required in the developing countries, who are prepared to leave their secure employment in Germany for an indefinite period of work in Asia, Africa or Latin-America.

The Joint Committee of the German Cooperative Unions, the body on which all German cooperatives are represented through their apex organisations, decid-

ed, in view of these circumstances, to introduce with the assistance of the Federal Government a Training Programme in order to train twenty German candidates thoroughly and systematically for future advisory tasks in the developing countries. For this purpose an entirely new and unprecedented training programme had to be created which could not be based on any experience at home or abroad.

## **Basic training problems**

Two questions needed immediate clarification. One concerned the general character of the Training Programme, namely on which subjects the training should be concentrated. Should it be directed to such particular fields as Credit, Agricultural or Consumers' Cooperatives, or should it deal with functional tasks such as Cooperative Education, Accountancy, Organisation and similar subjects? Should the training be specialised or should it proceed on more general and broader lines? A decision with the following questions in mind was finally reached.

The demand for cooperative advisors and the fact that it would increase in the future was, at that time, generally recognised, but it was not known for which concrete tasks and in which countries they would be required. After elaborate discussions in the Working Group specially appointed by the In-



dependent Committee of the German Cooperative Unions for the implementation of this Training Programme, and after consultations with the ICA, the FAO and the International Labour Office, the Independent Committee decided for training on a broad basis without, however, renouncing the right to put emphasis on certain important points. It was clear to all concerned that this solution was not an ideal one, but under the circumstances it was the only one possible. What is the point of training a candidate in the marketing of fruit and vegetables, if the ultimate demand would be for an expert on the building up of credit cooperatives?

The other question concerned the linguistic qualifications of the candidates. It was not known whether their future activities would take place in English, French or Spanish-speaking areas. The selection for training could obviously not be made dependent on the condition that the applicant also possessed, in addition to his personal and professional qualifications, sufficient knowledge of these three languages. The Independent Committee therefore required the applicants to give proof of sufficient knowledge in at least one of these languages, but knowledge of more than one would, of course, be taken into consideration. It was gratifying that at least a few candidates were found who were in command of more than one foreign language and who were at the same time otherwise suitable.

After the general idea of the Training Programme had been conceived, with the two unknowns—concrete task and language area—in the background, twenty persons were selected from the number of applicants. Partly they were experienced cooperators and partly young academicians, who had little or

no practical experience, yet a good theoretical knowledge of Cooperation. The length of training, one or two years, was decided upon in each case on the basis of the candidate's knowledge and experience.

### **Training Procedure**

The training was divided into several different periods.

1. By far the longest period was devoted to *practical training* in the four branches of cooperative enterprise, their unions and central business organisations, and the same applies also to agricultural cooperation. The practical experience of participants was taken fully into consideration when the length of practical training in various cooperatives was determined. An individual plan, with special consideration of the above mentioned emphasis on certain important points, formed the basis of each individual practical training course.

The trainees had to send progress reports about their practical work to the apex organisations responsible for the practical training. They had moreover to write about subjects given to them by these organisations. If, during training, the possibility arose for a trainee to work in a developing country, then the original Training Programme was changed and adapted to the new and now known work.

2. All participants attended a number of seminars.

- a. In the *two seminars on Cooperation* the knowledge and experience gained in the practical field were analysed and theoretically reinforced. The object of these seminars, however, was mainly to acquaint the trainees

with the conditions and problems of the cooperatives in the developing countries. For this purpose a number of national and foreign lecturers had been appointed who had worked as cooperative experts in developing countries or who had in the course of their professional activities acquired an intimate knowledge of conditions in the cooperative movements of these countries.

- b. In a *seminar on cooperative education*, attended by Africans who are actively engaged in adult education, the future advisors were finally acquainted with particular educational problems of the developing countries. The special advantage of this seminar for the trainees was the fact that they had the opportunity to give trial lessons on Cooperation in the presence of African participants. There was subsequently a discussion about these lessons which was concerned more with methodical and didactic points than with the actual subject matter.
3. The candidates were urged to work during the entire period of training for the improvement of their knowledge of languages. They could do this either by attending language courses or by private studies. They also had the opportunity to go to cooperative or language schools in foreign countries where their training included some field work, for instance England, France or Israel.
4. The Training Programme further required an extensive study of cooperative literature by the candidates. They were also regularly supplied with brochures, reports, magazines and other useful material.

## **Intermediate and Final Examinations**

After the first six months all trainees had to participate in an intermediate examination during which their knowledge of their various subjects and languages was tested. Further attendance at the course depended on the result of this examination.

After the completion of the training, a final examination had to be passed before a Commission composed of representatives of the Cooperatives, a specialist on Cooperative Science and a language teacher. For both, actual subjects and languages, an oral and a written examination had to be passed. When the Commission had decided that the candidate would be able to fulfil his task as a cooperative advisor in the developing countries, the appropriate certificate was given to him.

## **Selection is the decisive factor of success**

By now this serious Training Programme is almost completed, only one participant is still in training. In an attempt to draw the lessons of progress and actual results of the Training Programme at this early date, the following could be said:

The idea which was at the basis of this Training Programme proved fully adequate, although experience shows that certain details and aspects of procedure call for improvement. A decisive factor for the success of the Training Programme is, however the selection of candidates to which, unfortunately, not enough care was given.

For future Training Programmes improved selection methods will have to be used. Not all candidates selected for the first Training Programme were able to complete it successfully. This is regrettable, not only because the demand

## The Research Institute and College for Cooperation in Developing Countries at Marburg University

*The following outline of the training offered at Marburg University will serve to give readers a more detailed idea of the Training Courses considered in the preceding article. Ed.*

THE function of the Institute is to train students from developing countries to become lecturers on cooperation and to plan research and studies to fit the requirements of the developing countries. In order to promote self-reliant Co-operative Movements in the developing countries, well-trained staff is essential whose training should if possible be obtained in their respective countries. As yet, however, there are not sufficient trained teachers for this purpose.

The Research Institute and College for Cooperation in Developing countries at Marburg University is therefore offering three-year courses which will fit these students to teach cooperation in

their own countries and to fill official cooperative or government posts.

The Institute was founded as a result of the Third International Conference on Cooperative Science held at Marburg in 1960, with the collaboration of the Government of *Land Hesse*, which offered thirty Scholarships for the first course. These cover travelling, living expenses and tuition for three years, as well as the cost of a six months course in the German language. Of the three-year course ten months will be spent in practical training in a German Cooperative Society and in visiting Cooperative Organizations in other countries.

Applicants must be proposed by their Governments, be approved by the Government of *Land Hesse* and hold a Certificate of Education up to University standard.

The course of study is divided under four headings:

### *First Term*

Basic Economics

Training in the German language.

### *Second & Third Terms*

Economics, Business Administration, Accountancy and Statistics with special reference to Cooperative Organization.

Further study of German.

---

for cooperative experts is continually increasing but also because of the high costs involved in such training.

The Programme as a whole was nevertheless a success.

It produced seventeen well educated and thoroughly prepared Cooperators who now participate as advisors or junior experts in cooperative projects of the German Federal Republic or of international organisations in the developing countries of Asia, Africa or Latin-America.

#### *Fourth & Fifth Terms*

Cooperation in Europe and in the developing countries and their own special problems. Different types of society will be considered: Agricultural, Consumers, Artisanal, Housing; their function and administration.

Special consideration will be given to the promotion of agriculture in developing countries through rural cooperatives. This section will also include lectures on the sociological aspects of cooperation and on cooperative legislation in England, France and Germany.

#### *Sixth Term*

Adapting European cooperative principles to the requirements of the developing countries. Each student will prepare a thesis on the requirements of his particular country.

Management and Education Theory.

Students must take examinations after every second term and those who fail will be suspended. The final examination, both written and oral, concludes the course. Students will also be expected to write reports during their practical training.

H. S. M.

## WHY A LEASE?

*The need for issuing leases on flats in cooperative housing has often been discussed and an answer to this question: "Why a Lease?" has recently been stated in Co-op Contact by the General Secretary of the United Housing Foundation, a Member of the Cooperative League of the U.S.A. It was thought important to make the reason known to our readership. Ed.*

THE question "why leases in cooperative organisations?" is frequently asked. The dual capacity of the member of a cooperative as both tenant and owner causes the doubt about the necessity of a lease, or occupancy agreement as it is often called.

A member of a cooperative does not own his specific apartment. The cooperative leases him an apartment for a period of time. For the tenants' protection, the lease specifies the obligations which the organisation assumes for the welfare of its tenants. It also states the responsibilities and obligations of the tenants. During the term of the lease, one of these obligations is to pay his share of the carrying charges. He is

responsible for these charges only during the period of the lease.

The agreement is one of the methods by which the cooperative seeks to protect the rights and the investment of its members, as well as those of the organisation itself. It is for the same reason that cooperatives carry all kinds of insurance and that many have reserve funds.

A cooperative organisation in which hundreds, if not thousands of families have invested their savings in order to obtain decent homes, would be negligent if it did not do everything possible to protect its members' investments as well as their rights to enjoy a decent home. Hence the reason for a lease.

In joining a housing cooperative the member assumes certain obligations and responsibilities for the welfare of its members. The lease spells out the obligations of each party to the agreement. The purpose of the lease is to protect both the interests of the members and the interests of the organisation.

One of the amazing things about cooperative housing communities is that there are so relatively few un-cooperative people living in them. However, even one can sometimes be so obnoxious that he can make life very unpleasant for a great many people. This the organisation cannot allow to happen. Safeguards must be provided to protect the vast majority against the few who might not be considerate of their neighbours, or the welfare of the cooperative. It is for this reason that the occupancy agreement contains guideposts designed to make apartment living as pleasant as possible for all of the occupants of the buildings. These rules and regulations are for the benefit of the entire community.

### **Dealing with differences**

As cooperators are only human, there are apt to be, occasionally, differences between them. And on rare occasions, as the managers of cooperatives are human too, there may be differences between a cooperator and the manager. Generally, however, these differences are settled quickly and amiably because most people are reasonable and considerate of other people. However, because occasionally there is apt to be a person or two who will not be considerate of his neighbours and who thinks only of himself, a lease is necessary. Often, just because there is a lease in which the regulations are spelled out, it is possible to

use the agreement as a tool for education. Once people understand the regulations they are usually willing to comply with them.

Eviction is always a final and drastic measure undertaken when all other methods of persuasion fail. It is used in cooperatives only rarely. But it is possible and necessary to evict a cooperator when he flagrantly violates the provisions of the lease.

### **A three year lease**

There is another method, just as effective as eviction to remove a recalcitrant member of a cooperative. That is by not renewing the lease on his apartment. A lease is for a specific period of time, usually three years. At the end of that period, if it is *mutually* agreed between the member and the cooperative to renew the lease, it is extended for another period of three years. If the member does not wish to renew his lease, he is free to leave. If the cooperative does not wish to renew the lease, it may repossess the apartment.

This procedure also rarely happens in cooperatives. Most agreements are renewed almost automatically. Nevertheless, renewing a lease requires mutual consent between both parties and should the cooperative consider the tenant undesirable, it is under no obligation to renew the agreement.

Whenever a large number of people congregate together in close proximity there must be laws to protect both society and the individual. It is the same in cooperatives. The lease might be considered as the code of laws for governing our cooperative societies. Most people would agree it is a good idea to have laws to protect their rights and their property. A lease in a cooperative is a good thing.

## BOOK REVIEWS

### **The Cooperative at the Crossroads**

By Sidney Pollard, London, the Fabian Society, 44 pp.

### **La Coopération et les Méthodes Modernes de Distribution**

(Cooperation and Modern methods of Distribution). By Charles Veverka, offprinted from the *Annals of Public and Cooperative Economy*. Liege, International Centre of Research and Information on Public and Cooperative Economy, 19 pp.

### **Auf neuem Kurs**

(On a new Course). By Andreas Korp, Vienna, Regenbogenverlag, 15 pp.

Obvious differences of personal standpoint, experience and national circumstances apart, these three pamphlets, which all appeared within a few months of one another, all deal with the same complex of problems.

The English pamphlet, published by the Fabian Society, is written by a university professor well-known as one of the closest friends of the Cooperative Movement in academic circles. It presents a picture of the Movement, as seen by a somewhat detached but friendly observer and as he would wish others besides committed cooperators to see it.

The French pamphlet contains the text of a lecture delivered to the French section of the I.C.R.I.C.E. by the director general of one of the outstanding regional consumer cooperatives of France, who also happens to be a member of the I.C.A. Committee on Retail Distribution. It is therefore a report from the retail battle-front to an audience which included not only co-operators, but others interested in non-profit economy.

The pamphlet in German written by the President of the Austrian Union of Consumer Cooperatives is also a survey of the competitive battlefront from the standpoint of a national leader with thirty years' experience of direction of a Wholesale Society and its appendant chain of department stores. It summarises a series of addresses delivered at regional conferences in the course of 1964 in order to expound to the societies' delegates the pattern of strategy and tactics which, in the view of the authorities of the Central organisations, the whole movement should adopt for the immediate future.

All three authors are concerned that the Con-

sumers' Cooperative Movement shall successfully weather the competitive storm already raging in some countries and looming over others. In what condition the national movements eventually emerge from the tempest depends on how they are navigated, in other words, on how they are led and disciplined. Wedded to democracy, the national movements cannot survive through the skill and perspicacity of a few, but only through the wisdom and fidelity to principle of the many. The British Movement, already exposed for several years to the full blast of the gale, is still waiting for the concerted effort which will check the leeway and set it on its right course. The French Movement, not yet apparently under such severe pressure, has the advantage of having already achieved a high degree of consolidation through widespread regional organisation on the retail level, with a corresponding advance in stock control and other management techniques. The Austrian Movement although much smaller in membership, is consolidated to the extent of having only three provincial, and twenty-two district, retail societies. It is now engaged in clearing its decks and setting its course before the threatening hurricane arrives. The regional conferences already referred to really constituted an educational campaign the purpose of which, as Mr. Korp says, was to outline a concept of cooperative development approved by the authorities of the National Union, which can be implanted in the consciousness of every colleague as an obligatory working programme which possesses all the greater authority because it is a synthesis of ideas which have already been tested by the experience of various societies.

Addressing his audience of practical cooperative administrators, Mr. Korp could take the Cooperative Movement's wider objects for granted and content himself with emphasising the necessity of success in competition in order to ensure the Movement's future development. Both Professor Pollard and Mr. Veverka however, are concerned to draw attention to the role which consumers' cooperation ought to assume in a "welfare state" or "affluent society". Professor Pollard is anxious that the British Consumers' Cooperative Movement should throw off the burden of tradition it has accumulated during its long history and boldly assume positive functions in the interests of all consumers, functions which are educational as well as economic since they would include not

only bargaining with producers, but also raising consumers' standards of values and powers of discrimination in matters of taste. Mr. Veverka would assign to cooperation the role of countervailing power on the consumers' behalf. He would have the Movement combat misleading advertising, attempts to "condition" consumers and what he calls "dumping" prices. He would have it promote the liberty of consumers by providing them with information through its press and by urging the public authorities to do their duty in this respect.

All these consumer-defensive activities will remain largely ineffective without a considerable increase in the Consumers' Cooperative Movement's power to compete and attract new customers in the market. The primary requisite for this, as all three authors agree, is the consolidation and streamlining of its structure. Professor Pollard accordingly deplores the defeat of the plan for amalgamating the Cooperative Union, the English C.W.S. and the Scottish C.W.S. approved by the Congress of 1964 through the opposition of a small minority. He would wish the retail societies to accept the obligation to concentrate their purchases through the wholesale, but he also advocates the creation of larger operational units, not simply through the fusion of local societies, but the organisation of even regionally-directed chains. Mr. Veverka recognises that the concentration of wholesale purchases is an indispensable condition of competitive retail prices. Similarly, cooperative production is a means, not only of restraining prices but also of setting standards of quality and liberating consumers from brand-addiction. Mr. Korp also favours the amalgamation of neighbouring societies into more efficient units, particularly for warehousing. But he also gives the most cogent reasons for consolidation by pointing out that the battle on the "sales front" is nowadays directed from the central organs of the big trading groups, and that the progress of cooperation on that front depends on the efficiency of the rearward services, that is to say, the procurement of foods, transport and storage; sales, price and advertising policy; accounting, including business statistics and their analyses.

All three authors recognise that the Movements' power to re-fashion its structure and employ contemporary techniques depends ultimately on its command of two elements: trained intelligence and finance. Professor Pollard emphasises that standards of efficiency in management are rising with the intensity of competition and recommends that the British Cooperative Movement should not only recruit from higher levels in the public educational system but also give more scope and greater incentives to the able men among its present personnel. Mr. Veverka is content to call attention to the French Movement's technical train-

ing system. Mr. Korp points out the emergence of a new science of modern distribution, the need for early training of candidates for management and the constant instruction of employees on the sales front itself.

In the field of finance all three again stress that the Movement could make considerably better use than it now does of its own financial resources. Only Mr. Veverka considers the possibility of government loans. Mr. Korp believes that overall planning will show how far the retail societies' own financial resources will be adequate, but that an important fund for investment should remain in the hands of their central finance institution, the *Zentralkasse*, to be used to support structural improvements at two critical points, namely, warehousing and the establishment of common large-scale selling units by the societies and the cooperative department-store enterprises. He maintains that modern distributive technique pre-supposes large-scale investments in equipment but that this only becomes fruitful when technique is employed purposefully by those with high professional skill. In other words, the result of the Cooperative Movement's battles for trade and finance hangs upon the result of its quest for ability.

W. P. W.

### **Management of Urban Cooperative Consumers' Societies**

#### **Cooperative Book-keeping as Introduction to Management**

— *Robert Staermose, published by the Cooperative Institute of the West Pakistan Cooperative Union Limited with the support of the Asian Foundation.*

Management teaching is a relatively new activity in the world generally. In the developed countries there has been in recent years, a considerable growth in good teaching material on this subject. In the developing countries, however, the position is very different and little material has been available on which management teaching can be based. This naturally has repercussions in the cooperative movement. Great efforts have been made in recent years to provide manuals which will improve the standard of management of cooperative societies and train potential management.

Mr. Robert Staermose has been seconded for a six-year period from the Danish Cooperative Movement to serve as ILO Advisor on Cooperative Education to the Government of Pakistan. From his knowledge of what is required in Pakistan plus his training in a well-developed cooperative movement, he has written two books beamed towards management and potential management in the consumers' cooperative movement.

The need for a strong consumers' cooperative

movement is far from being met in urban areas. There is a growing urban population which is badly served both in prices and quality. Consumers cooperatives have important tasks to do in this field, but they can only be successful if they have both lively members and an efficient management. It will be a long time before Mr. Staermose's book, "*Management with Cooperative Consumers' Societies*", can be bettered as a cooperative management manual in this field. The book is comprehensive, ranging from an analysis of cooperative principles, through budgeting and the use of statistics, to an account of the committee of management at work.

Management techniques and services are dealt with in such a way as to be applicable to small urban societies without the financial resources for the more sophisticated techniques now so prevalent among consumers societies in more highly developed countries.

Both these books will have great value as text-books and will doubtless be used in many small study circles in Pakistan (and elsewhere), for there are questions for discussion included in each chapter together with practical exercises for group work. The chapter headings are well arranged with a helpful page index and the books also include an excellent general index. There is a bibliography of works published in English, although some are at present out of print.

Altogether, these books are excellent examples of aid which can be given to the developing countries in such a way as to ensure that such help will put down roots which will survive the withdrawal of the helper.

R.P.B.D.

## **Reformulation of the Rochdale Principles**

The Twenty-Second Congress of the International Cooperative Alliance, held at Bournemouth, England in October 1963, passed the resolution on the

### **"Reformulation of the Fundamental Principles of the Cooperative Movement"**

In order to facilitate the work of its affiliated Organisations arising from this resolution, the International Cooperative Alliance thought it to be useful to make available to its members the report entitled

### **"The Present Application of the Rochdale Principles of Cooperation"**

approved at its Fifteenth Congress at Paris in September, 1937. Copies of this off-print are available in English, French and German and can be ordered from the Publications Department at 2s. 6d. including postage.

## **22nd CONGRESS REPORT**

**Bournemouth, England  
14th—17th October, 1963**

The Verbatim Report of the 22nd Congress of the International Cooperative Alliance is now available — Price £4 sterling.

Order your copy from the  
**Publications Department,  
I.C.A., 11 Upper Grosvenor  
Street, London, W.1.**

By decision of the Executive Committee of the Alliance, the Full Report is published in English only.



## 34th INTERNATIONAL COOPERATIVE SCHOOL — 1965

**R**EPLIES from our affiliated organisation about their probable support for the International Cooperative School for 1965 show that this support is strong enough to proceed with final arrangements.

The Thirty-fourth International Cooperative School will therefore be held in Rome, at the *Casa Internazionale dello Studente* (near the Ministry for Foreign Affairs) and the dates are likely to be 29th September—9th October. The cost will be £44. The *Casa Internazionale dello Studente* is a modern international student centre, established by the Italian Government in 1960, for university and post-graduate students. It is situated in Rome itself in the Farnesina District near the Olympic Stadium on the west bank of the river Tiber. Students will be mainly in double bedrooms. The centre has a self-service restaurant, bar and television hall. Students will be entitled to special reductions to sports facilities at the Stadio Italo.

Simultaneous translation for English, French and German will be provided.

The theme of the School is "*The Problems of Cooperatives in Differing Political and Economic Systems*". The School will concentrate on the following main topics:

1. Cooperatives in a Planned Economy Country.
2. Cooperatives in a Market (Mixed) Economy Country.
3. Cooperatives in Developing Countries.

Within these topics, discussion seminars will centre on:

- a. The cooperatives within the national economies.
- b. The structure and organisation of the cooperatives.
- c. The problems of cooperatives in relation to cooperative (Rochdale) principles.

In addition there will be lectures and seminars on the Italian Cooperative Movements and discussions and visits to the Food and Agriculture Organisation (which has its headquarters in Rome) led by the Head of the Cooperative Department of the Organisation.

### Some I.C.A. Publications

*International Cooperation*  
—Reports on the Cooperative  
Movements in 38 countries  
between 1949-57.

In English—Price £1.15.—.

*Cooperation for Fishermen*  
—a study of Fishing Cooperatives,  
published in conjunction with  
FAO. By Margaret Digby.  
In English, French and Spanish.  
Price 5sh. 75 US cents.

*The Place of Cooperation*  
*in the World Economy,*  
by Thorsten Odhe.  
Price 4sh. 6d.

*Directory of the World*  
*Cooperative Press*  
7th edition published in 1963.  
Price 5sh.

**ICA, 11 Upper Grosvenor Street,  
London, W.1.**

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### Affiliated Organisations (continued)

- Association of Enterprises on a Cooperative Basis, *Bloemgracht 29, Amsterdam.*
- ICELAND: Samband Isl. Samvinnufjelaga, *Reykjavik.*
- INDIA: National Cooperative Union of India, *72, Jorbagh Nursery, New Delhi-3.*
- All Bombay Consumers Cooperative Societies, Federation, Ltd., *3rd Floor, Military Square Lane, Fort, Bombay 1.*
- National Agricultural Cooperative Marketing Federation, Ltd., *34, South Patel Nagar, New Delhi, 12.*
- IRAN: Cherkate Taavoni Masrafe Artêche (Army Consumers' Co-operative Society), *Avenue Sevvom Esfand, Rue Artêche, Teheran.*
- The Credit and Housing Society of Iran, *20-22 Şahabad Avenue, Tehran.*
- ISRAEL: General Cooperative Association of Jewish Labour in Eretz-Israel „Hevrat Ovdim”, Ltd., *P.O.B. 303, Tel-Aviv.*
- Affiliated societies and companies (1963): 1,855 in all branches.
- “Merkaz” Audit Union of the Cooperative Societies or Loans and Savings, *P. O. Box 75, Tel-Aviv.*
- “Haikar” Audit Union of the Agricultural Societies of the Farmers Federation of Israel, *8 Harkrya Street, P.O.B. 209, Tel-Aviv.*
- ITALY: Lega Nazionale delle Cooperative e Mutue *Via Guattani 9, Rome.*
- Confederazione Cooperativa Italiana, *Borgo Santo Spirito, 78, Rome.*
- Associazione Generale delle Cooperative Italiane, *Via Milano 42, Rome.*
- JAMAICA: The Jamaica Cooperative Union, Ltd., *74½ Hanover Street, Kingston, W.I.*
- JAPAN: Nippon Seikatsu Kyodokumiai Rengokai, (Japanese Consumers' Cooperative Union) *Tanro-Kaikan, 9 Ichigaya-Kawada-cho, Shinjuku-ku, Tokyo.*
- Zenkoku Nogyokyodokumiai Chuokai, (Central Union of Agricultural Cooperatives) *11, Yutakucho, 1-chome, Chiyoda-ku, Tokyo.*
- Zenkoku Gyogyo Kyodokumiai Rengokai, (National Federation of Fishery Cooperative Associations), *Sankaido Building, Akasaka-ta meikomachi, Minato-ku, Tokyo.*
- JORDAN, Jordan Cooperative Central Union Ltd., *P.O.B., 1343, Amman.*
- KOREA: National Agricultural Cooperative Federation, *75, 1st street, Chung-jong-Ro, Sodaemun-ku, Seoul.*
- MALAYSIA: Cooperative Union of Malaya, *8, Holland Road, Kuala Lumpur.*
- Federation of Cooperative Housing Societies, *8, Holland Road, Kuala Lumpur.*
- Sarawak Co-operative Central Bank Ltd., *3-J. Clifford House, Kuching, Sarawak.*

# Review of INTERNATIONAL COOPERATION

The official Organ of the International Cooperative Alliance

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## THE I.C.A. PRESS COMMITTEE

### Meeting in Hamburg

*By invitation of the Zentralverband deutscher Konsumgenossenschaften, the German Central Cooperative Union, the I.C.A. Press Committee met in Hamburg from the 6th to the 8th April, 1965. The meeting was attended by:—*

R. Kérinec	F.N.C.C., France	Dr. C. Bock	Z.d.K., Germany
Th. Viergever	CO-OP Nederland, Holland	H. Sommer	Z.d.K., Germany
E. Nielsen	F.D.B., Denmark	G. Schweer	Z.d.K., Germany
E. Descoedres	V.S.K., Switzerland	Lesser	Z.d.K., Germany
L. Eronn	K.F., Sweden	Dr. Bredehöft	Z.d.K., Germany
H. Steele	C.W.S., U.K.	R. P. B. Davies	I.C.A.
Dr. C. Schumacher	Z.d.K., Germany	J. H. Ollman	I.C.A.

The Committee elected Mr. Kérinec as its Chairman for the Hamburg meeting.

AT the beginning of the meeting, in the absence of Dr. Schumacher, Dr. Bock welcomed members of the Committee on behalf of the Z.d.K. and assured them of warm cooperation from his organisation.

### The Cooperative Press and the Consumer

Dr. Bock presented a paper on "The Cooperative Press and the Consumer"—the main points of which were:—

1. The place of the cooperative press is, so to speak, between the cooperative sphere and the public sphere, i.e. on the frontier where both spheres touch each other.
2. Therefore the cooperative press has to reflect events and occurrences from both

spheres as far as they refer directly or indirectly to cooperative work.

3. All the questions in which the cooperative and the non-cooperative public are interested and which they have in common refer to the consumer in general and his economic and ideal wellbeing in particular.
4. Topics concerning the consumer are, therefore, an intellectual link between the cooperative society and the public and, therefore, an important thematic start for the cooperative journalist. This is all the more true as consumer topics in all their aspects are becoming more and more important in the modern economy and society.
5. It is, therefore, advisable to deal in future in greater detail with questions concerning the consumer as far as these are not in contradiction with other economic and cooperative tasks.

6. The partnership between consumer and producer and the harmonisation of the interest of consumers and producers must be the guiding principle of journalistic activity.
7. One has to realise that the means of effectively tackling consumer topics are different in different countries and, therefore, it is necessary to consider different starting-points and aspects.

Provocative points raised in discussion were:—

In our conception of the consumer, do we tend to think just of economic man, and omit the “whole man”?

Must trading interests be paramount at all times?

The need to distinguish between consumer education and advertising. National practice differs, e.g. in Denmark the law does not allow price comparisons to be made; in Sweden the Cooperative press eschews mention of trade brands.

With increasing attention being paid to the Consumer by the State and private traders, it is apparent that the cooperative movement is not widely regarded as a consumers' movement. (The Swedish view was, that in Sweden the consumers' movement *was* the cooperative movement, despite attempts to start other consumer movements.)

It is essential to give editors great freedom and to feed them with the latest thinking of the top executives of their own movements. If a business is run by its members, it should in consequence be self-evident that the consumer will be well served. This was the basis of the current English C.W.S. advertising campaign, “*Come Cooperative Shopping*” featured in the national non-cooperative press.

How far should cooperative principles be included in consumer education?

The discussion ranged widely and showed that not all participants agreed with Dr. Bock or each other.

### **The Press and Cooperative Principles**

Dr. Schumacher presented his paper on the Press and Cooperative Principles, although he stated that in view of the principles Commission of the I.C.A., it was not really opportune for cooperative journalists to comment until the report of the Commission is published. He

asked some pointed questions about the movement's attitude towards its “principles” pointing out that their number ranged from one to fifteen, according to the compiler.

For 80 years the Rochdale “principles” had never been questioned and never appeared on any Congress agenda. At the I.C.A. Congress in 1937, seven principles were defined in the light of co-operative experience at that time. Why is it that only 25 years after that acceptance, it is felt necessary to look at them again? Dr. Schumacher suggested a number of reasons: closer links with each other's countries; a differing industrial and economic climate; the emergence of under-developed countries, eager to develop their economies quickly; the development of non-trading cooperative activities. We are questioning the seven principles accepted in 1937, because each principle is now operating in such very different circumstances.

He emphasised that “principles” should not be a straight-jacket, preventing the acceptance of new ideas; but remembering that the Rochdale pioneers evolved some excellent rules which were profitable and appropriate for their time.

A discussion took place on Dr. Schumacher's paper and examples were quoted of the way in which attitudes differed according to the prevailing economic circumstances, e.g. the retail movement should not sell to non-members, was possible in the Germany of the early 1930s, but could not be considered appropriate in the 1960s.

### **The Press and Organisational Structure, especially Vertical Integration**

Dr. Schumacher gave a short paper outlining the subject on the agenda for

the I.C.A. Central Committee at Helsinki in September, 1965. He thought the press had given excellent coverage to the structural changes taking place and it was clear from any reading of national cooperative journals that almost everywhere there was discussion of structural change, wherein the cooperative principles played an important part. He posed the question of how the democratic structure of the movement could be preserved in these changes. The public was not so interested in ideals, but it was interested in economic matters, because these affected our everyday living. The movement faced antagonism from competitors when structural change was mooted as well as from within; such structural changes were always said to mean a lessening of our ideals. If we are changing the structure in order to regain our strength, we must tell the public so, and this is one of the tasks of journalists. Democracy is affected by centralising tendencies and the local man *will* tend to be left out, as experts tend to take over the apparatus. The journalist can play a great part in keeping the lay member informed and in reporting on local action and local policies.

The discussion after Dr. Schumacher's talk covered experience in making the structural changes known. It was apparent that journalists must be very well informed not only on what has happened, but on future plans likely to affect structure.

### **German Consumer Publications**

An account was given by Messrs. Schweer, Bredehöft and Lesser of the use of *Der Verbraucher* and *Verbraucherzeitung* in furthering consumer education vis-à-vis the cooperative movement. It was noted that there was a

tendency for articles in the *Verbraucher* to be written increasingly by eminent economists who were also cooperators. The *Verbraucherzeitung* was more simply written than *Der Verbraucher*. Readers' letters showed that the paper seemed to be effective and outside surveys showed that the paper was widely read and remembered. Many of the articles were taken up by the national press.

### **Joint Conference for Press and Education: I.C.A. Congress, Vienna, 1966**

Discussion took place on the subject for a general conference for Press and Education, which the Conference at Bournemouth in 1963 had agreed should again be convened at the 1966 Congress. The following suggestion for the I.C.A. Executive Committee was unanimously agreed.

"The Cooperative journalists at their meeting in April, 1965, at Hamburg, having considered the recommendation of the joint meeting for Press and Education held in 1963 at Bournemouth that another such joint meeting be held prior to the next I.C.A. Congress in 1966, would like to suggest to the I.C.A. Executive Committee that the subject of the joint conference be one of the following subjects, either of which is acceptable to the Press Committee, although the members appreciate that the Educationalists may have a preference for one or the other:

- 1) What are the responsibilities of Co-operative Education and the Cooperative Press to the Consumer?
- 2) If democratic control is to remain one of the basic cooperative principles, to what extent does the Movement have to rely on a Cooperative Press and Cooperative Education?"

## The Press and I.C.A. Publications

The journalists present were asked to note the need for closer collaboration with the I.C.A. in terms of their "news" which would be of international importance and it was agreed that more collaboration could be secured by marking articles appearing in the national cooperative press of international importance to be sent to the I.C.A. Editor. Secondly, the meeting was asked and it was agreed to publicise I.C.A. efforts jointly undertaken for the cooperative movement, e.g. ICFTU/IFAP/ICA declaration on the World Food Programme. Thirdly, the assembled journalists agreed to make available free space for the advertisement of I.C.A. publications, especially the *Review of International Cooperation*, in their national cooperative press and the I.C.A. was able to hand each of the assembled journalists a mock-up of three advertisement suggestions in their own language.

## Constitution of Press Committee

The history of the Committee was outlined and discussion took place as to whether a more formal constitution was necessary; whether the membership should be enlarged and whether meetings should be more frequent. The following suggestion for the Executive Committee of the I.C.A. was unanimously approved.

"The Cooperative Journalists, at their meeting in April 1965, at Hamburg, would like to suggest to the I.C.A. Executive Committee:—

- 1) that as there is great value in the personal exchange of views and experience on cooperative problems in relation to the part that can be played by the Press in the discussion and solution of these problems, the Committee feels that it should meet more frequently than hitherto, and suggests an annual meeting, i.e. two meetings between Congresses, and the meeting at

Congress to be widened so as to include a large gathering of the working practitioners of the Cooperative Press;

- 2) that although the Committee would be happy to remain as presently constituted, it would have no objection if its membership were to be increased to include a Cooperative journalist from Eastern Europe: this might be on a rota system from Poland, Russia, Czechoslovakia; the present practice of naming substitutes, not necessarily from the same country, should be adhered to;
- 3) that as much of the value of the informal discussions of the Committee arises from the absence of a rigid constitutional framework, the Committee feels it should continue to operate within the existing flexible terms of reference.

During the meeting, the Committee visited the printing works and publishing house of the Z.d.K., which gave an opportunity for a survey of technical processes adopted by Z.d.K., which was of great interest to all members.

The Committee expressed its great appreciation to the host organisation, Z.d.K., for the hospitality and efficient arrangements for the meeting.

R.P.B.D.

Publicity for  
**INTERNATIONAL  
CO-OPERATIVE DAY**

Saturday, July 3rd, 1965

An illustrated list of the Co-operative Union's range of posters, pelmets, flags, badges and other material for Co-operative Day celebrations is obtainable free of charge from the

**CO-OPERATIVE UNION LTD.,  
Holyoake House,  
Hanover Street, Manchester 4.**



## WOMEN COOPERATORS' ADVISORY COUNCIL

WHEN the members of the Women Cooperators' Advisory Council met in London on 16th-17th March for their first meeting, this was the fulfilment of proposals initiated two years previously. At that time, the International Cooperative Women's Guild discussed with the Executive Committee of the I.C.A. the possibility of working more closely and as a result, at the 1963 Bournemouth Congress, it was agreed that a department should be created within the organisation of the I.C.A., which would deal with Women Cooperators' special interests. An Advisory Council would be formed of women nominated by national cooperative unions or a collection of cooperative unions where more than one existed in a country. A secretary, responsible to the Director, would be appointed.

### Thirteen countries represented

In response to an invitation circulated by the I.C.A., the following thirteen countries were represented:— Austria, Belgium, Czechoslovakia, Finland, West-Germany, Great Britain, Holland, Israel, Poland, Sweden, Switzerland, U.S.A. and U.S.S.R. Unfortunately, by reason

of illness etc., the representatives from Bulgaria, India, Italy, Pakistan and Yugoslavia were not present. Several other countries have expressed interest and it is hoped that later more members will be nominated. It was noted that every woman who had been chosen was a prominent cooperator holding leading positions in her country's cooperative movement and public affairs.

The Director, Mr. W. G. Alexander, in welcoming the Council, pointed out the very wide scope of interests in which it would be involved. In its advisory capacity it would inevitably overlap at times with many aspects of the work done by auxiliary committees. He emphasised that all subjects should be approached in the light of their relevance to the Cooperative Movement.

The Secretary, Mrs. Muriel J. Russell, who had taken up her duties in January, expressed her pleasure on being appointed to the post. Mrs. Russell, who studied at the Cooperative College in England and gained the Cooperative Honours Diploma, has spent all her life in the Cooperative Movement and has played a prominent part in the national events of the British Movement in recent



years. She has also been a magistrate for fourteen years.

The Council elected Mrs. E. Tas-Callo (Holland) as Chairman and Mrs. M. Lonsdale (Great Britain) as Vice-Chairman.

The Council fully discussed its terms of reference which had been adopted earlier by the Executive Committee. They are as follows:—

The purpose of the Council is to advise the I.C.A. on promoting the active interest and participation of women in every aspect of cooperative activity and particularly—

- a. on the forceful promotion of education, information, and enlightenment for consumers;
- b. on promoting cooperation between cooperative movements and women's organisations pursuing similar aims;
- c. on the work with cooperative youth; and
- d. on interesting women in International Co-operation and in the publications of the I.C.A.

Two amendments were suggested and it was recommended that both should be submitted to the next meeting of the Executive Committee.

The terms of reference applying to the Secretary's position are laid down in similar phraseology and if the amendments are accepted, suitable adjustments will be made.

Three subjects received special consideration.

These were:—

- i. what rôle the Council must assume in bringing help to women in developing countries;
- ii. the special part that women cooperators must play in ensuring a maximum consumer orientation in cooperatives; and
- iii. the best means to increase the contributions of women to cooperative literature and especially international literature.

The I.C.A. is already active in South-East Asia where a seminar for women was held in New Delhi in 1962. This was followed by a six-and-a-half weeks' study tour of South-East Asian countries by

Dr. Mahboob Shahzaman of West Pakistan whose report was before the Council.

Information was also given by Mrs. Bala Tall of Israel about two seminars which are organised in her country at Haifa and Tel-Aviv. The first is for women only and many African students have studied there, returning to their own continent well equipped to participate in development programmes. Assistance to this Seminar is already being given by members of the Swedish Women's Guild.

### **Technical Assistance**

Much practical help had also been given to Dahomey by the Swiss Women's Guild, in association with the special interest which the Swiss national movement had taken in that country.

The Director mentioned that if women cooperators wish to contribute to the Technical Assistance Fund of the I.C.A., it is possible to earmark sums contributed for special purposes. It is also necessary to know what courses of training are available and to ensure that suitable candidates are found to derive maximum benefit.

It is obvious that those most vitally concerned in matters of consumer affairs are women, and most of the members confirmed that in their respective countries, public opinion had been alerted to the need for standards and regulations to be evolved which would ensure adequate safeguards. The various cooperative movements had shown initiative in national efforts but would welcome the added pressure women cooperators could give. It was agreed that cooperation with the Consumer Working Party was essential, and the Council approved a report that liaison had already been established between the two secretaries.

At the same time, and underlying all of these objectives, there is the necessity for cooperative movements to retain their identity and flexibility as independent, private, self-help organisations engaged in giving aid directly from co-operators to cooperators.

This is a "tall order". It might, indeed, be written off as visionary, were it not that an intriguing and distinctly encouraging start in this direction has already been made in the United States.

### **The "Humphrey Amendment"**

In November 1961, with the enactment of the Foreign Assistance Act, cooperation as an active and permanent feature of U.S. foreign aid policy was given official governmental blessing through what has come to be known as the "Humphrey Amendment" to that Act. The amendment states: "... it is declared to be the policy of the United States ... to encourage the development and use of cooperatives, credit unions and savings and loan associations ...".

This was one of the consequences of a ferment that first came to a head with a memorandum in June 1961 by the then Special Assistant to the Director of the International Cooperation Administration (predecessor to AID) recommending a policy statement on cooperatives. In response, the Director appointed a Special Advisory Committee on Cooperatives which reported about the same time as enactment of the Humphrey Amendment; and in January 1962, the administration of AID set up a permanent Cooperative Advisory Committee, and also an International Cooperative Development Service within AID's Office of Material Resources. Thus was constituted the institutional machinery from which there has evolved the *contract system* as vehicle for the cooper-

ative idea, a technique for marrying finances and cooperative expertise.

### **International Cooperative Development Service**

AID has concluded a number of basic overall agreements—known as "worldwide contracts"—with more than a dozen non-governmental organisations, mostly cooperative, as the framework within which AID's regions and technical offices and country missions can undertake individual cooperative projects. These basic agreements are approved and supervised by the International Cooperative Development Service, and each has a central coordinating projects director. When an AID region (more than one country) or mission (one country) wants the help of a U.S. cooperative organisation, it attaches a request or "task order" (previously approved by ICDS) to the worldwide agreement with that organisation. This is the device by which the technical assistance provided by cooperators is linked with the funds provided by AID (supplemented in some cases by the participating organisation).

The International Cooperative Development Service, which enjoys the support of both Congress and the White House, is staffed with experienced co-operators. It functions as a secretariat for the Cooperative Advisory Committee. It provides liaison with programmes and staff officers of AID, and also with such international agencies as OAS, ILO, FAO and IDB. It services the regional bureaux of AID with technical advice, liaison, recommendations on opportunities for cooperative projects, evaluation of regional and mission proposals, and assistance in contracting. And it maintains a directory of qualified specialists in cooperatives, credit

unions and savings and loan associations.

Thus a promising start has been made on coordination in the two senses noted above. By linking the cooperative contribution to the evaluation of requirements provided by the AID region or mission "on the spot", an effort is made to ensure that the aid meshes in with the development planning of the recipient country. And coordination as between cooperative donors is stimulated in a number of ways; by the uniform operating procedures achieved through use of worldwide contracts; by careful central planning within ICDS designed to ensure that individual projects are directed towards a common goal rather than each being an end in itself; and by encouragement of "package" efforts, i.e., pooling of the efforts of various cooperatives in order to offer a recipient coun-

try a whole range of services including education, credit, savings, marketing, supply, food, fuel and electric power.

Yet with all the stress on coordination and integration of cooperative efforts into official aid policy and administration, the contract system provides a continuing guarantee of the independence, initiative and flexibility resulting from direct aid by cooperators to cooperators. This can only be made clear through concrete illustration.

For the fiscal year 1964 the cooperative projects under AID contract have been summarised as follows: <sup>1</sup>

<sup>1</sup> *Implementation of the Humphrey Amendment to the Foreign Assistance Act of 1961.*

Third Annual Report to the Congress (Fiscal Year 1964), prepared by the Agency for International Development, Department of State, September 25, 1964, p. 15.

#### COOPERATIVE PROJECTS UNDER AID CONTRACT, FISCAL YEAR 1964

Name of contractor	Number of contracts	Number of country projects	Full-time and short-term technicians hired by contractors	Total AID obligations through fiscal year 1964	Estimated expenditures in fiscal year 1964
American Institute for Free Labor Development (AIFLD) .....	3	20	—	\$1,558,000	\$1,050,000
Cooperative League of the U.S.A. (CLUSA) .....	11	51	28	1,376,315	403,000
Credit Union National Association (CUNA) .....	8	30	23	1,145,865	430,000
Farmers Educational & Cooperative Union of America (NFU) .....	8	16	18	962,000	348,000
Foundation for Cooperative Housing (FCH) .....	21	55	58	1,005,000	276,000
Fund for International Cooperative Development (FICD) .....	2	21	5	332,000	10,000
International Cooperative Development Association (ICDA) .....	2	2	1	112,000	5,000
International Cooperative Training Center (ICTC) .....	2	1	23	358,500	132,000
National League of Insured Savings Associations (NLISA) .....	7	25	19	175,149	65,000
National Rural Electric Cooperative Association (NRECA) .....	23	38	32	679,307	181,425
Joint Commission on Rural Reconstruction in China (Vietnam) .....	1	1	—	300,000	300,000
Fellman Associates .....	2	10	—	31,000	31,000
Goldberg, Milton, Associates .....	2	8	—	50,000	50,000
	94	278	207	8,085,136	3,281,425

It may be of interest to look into a few of the human situations hidden in this plethora of titles, categories and figures.

For example, through the American Institute for Free Labor Development, North American trade unions help Latin American free labour unions to develop projects in the fields of credit unions, cooperative housing and cooperative food stores.

The Cooperative League of the U.S., the national organisation of cooperative societies, is helping to organise Latin American cooperatives into national federations which will then confederate into the Organisation of Cooperatives of America (Latin America, United States and Canada); it is introducing cooperative insurance throughout the world; and it is assisting Latin American countries to develop U.S. markets for cooperatively produced goods of cottage industries and native crafts, e.g., panama hats from Ecuador.

The Credit Union National Association is prepared, under its worldwide agreement with AID, to furnish technical assistance to any country in the free world interested in starting a credit union programme. "Credit unions are among AID's most effective training centres. Their small size, and the simplicity of their structure and operation, have given many of them the character of schools. In these classes, people in rural areas with limited economic experience have received a basic understanding of economics bookkeeping, and democratic procedures, as well as cooperative training." <sup>2</sup>

Under the National Farmers Union's agreement with AID, the U.S. members of the International Federation of Agricultural Producers help AID to secure competent personnel for rural cooper-

ative projects abroad, to develop cooperative leadership, and to provide teachers and training facilities for cooperative classes. It is also involved in transactions of a more commercial nature; for example, the Farmers Cooperative Commission Company of Hutchinson, Kansas, representing 50,000 wheat-growers, signed an agreement with AID to make an investment survey on the feasibility of forming a cooperative food distribution system in Colombia. If conditions are favourable, the farmers' cooperative will invest up to \$250,000 to help develop cooperative food markets and stimulate the sale of packaged bulgur wheat. Equity in the stores would eventually be acquired by Colombian cooperatives.

The Foundation for Cooperative Housing, Inc., a non-profit organiser, builder and manager of cooperative housing developments, has a three-phase programme to assist in home-building; an office of coordination for technical assistance; a training course for sponsors, managers, and members of housing cooperatives, and a housing programme to develop a sustained volume of 5,000 cooperative housing units a year in each of the participating countries.

### **Inter-American Cooperative Finance Institute**

The Fund for International Cooperative Development has undertaken to organise and develop the Inter-American Cooperative Finance Institute whose purpose is to provide needed capital to finance cooperatives, other than housing and rural electrification in Latin America. Agricultural, marketing, producer and consumer cooperatives are being

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<sup>2</sup> *Op.cit.*, pp. 7-8.

encouraged to participate in the ownership, operation and use of the Institute.

The International Cooperative Development Association has a contract with AID to develop a systematic method for evaluating and cataloguing cooperative resources in the United States and matching these with the cooperative needs and opportunities in developing countries.

The International Cooperative Training Centre at the University of Wisconsin, created under cooperative sponsorship in 1962, provides specialised and advanced cooperative training for participants sent to the United States from foreign countries. Already it is beginning to earn a reputation as a world training centre for developing cooperative teachers. It has also prepared a bibliography of cooperative material and periodicals, has furnished material to former students, and has begun to build a cooperative library.

Food for Peace (Public Law 480 concerning surplus food stocks) has been used by AID for projects ranging from the revival of ancient cooperative patterns of work for whole villages to school lunches, relief feeding and food-for-work programmes.

To summarise in the words of the Humphrey Report: "AID has helped large groups to become involved in many self-development efforts, because people find in them benefits that are tangible and within their reach. Many of these small, people-involved efforts serve to bridge a timelag in progress, giving planners and builders of giant developments the extra years they need to finish their factories and power plants, and dams and highways—goals which are essential to progress, yet which too often people cannot feel are of any direct benefit to them. In most

fields cooperatives provide the structure which can offer immediate economic advantages to the people. That idea is gaining a firm foothold in the developing countries.

"Cooperatives . . . grow best in an atmosphere of self-reliance. In the essentially self-governing cooperatives, economic gain is not the only motivation. Living and vital cooperatives embrace the social, moral and cultural values of the members. It is here that the intangible but enduring values of cooperation are to be found. These are what give cooperatives their high value as an exportable product of our democracy."

"These values can regenerate a people and the land on which they live. Unless these values are harnessed, however, they may become wasted resources. When purpose and hope become identified with economic effort, and leadership proves wise and courageous, the individual's power is multiplied through cooperative initiative." <sup>3</sup>

Thus, "the cooperative idea, backed by cooperative know-how, is becoming an important export of American democracy." <sup>4</sup>

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<sup>3</sup> *Op.cit.*, p. 12.

<sup>4</sup> *Op.cit.*, p. 3.

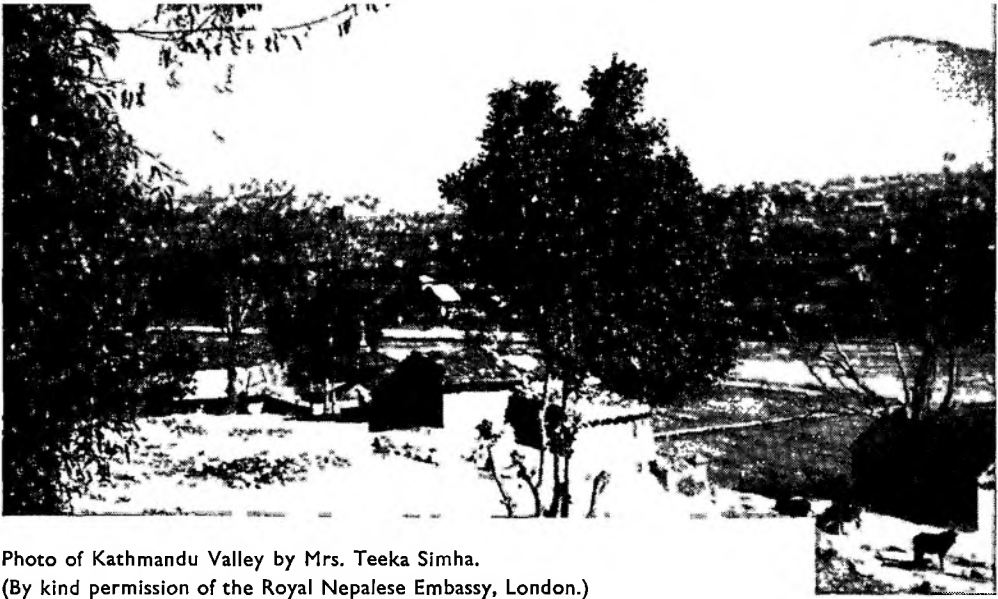


Photo of Kathmandu Valley by Mrs. Teeka Simha.  
(By kind permission of the Royal Nepalese Embassy, London.)

## COOPERATIVE MOVEMENT IN NEPAL

By Satish C. Prabasi.

COMPARED with other movements in South East Asia the Cooperative Movement in Nepal is of very recent development, being now only in its twelfth year. This is mainly due to the long period of isolation lasting over a century during which the autocratic Rana rulers kept Nepal shut off from the main stream of Asian socio-economic developments. Consequently, the economy remained primitive, the social structure became more feudalistic, illiteracy increased and the country as a whole became stagnant. Obviously under such conditions it was impossible for a democratic movement such as cooperation to grow spontaneously, nor was it, of course, introduced by the rulers.

When the Rana regime came to an end the country was in a very poor economic condition. Agriculture, on which 95 per cent of the population depended for a living was primitive and con-

trolled by a few landowners; there was no system of credit for farmers and marketing facilities were rudimentary. Although agriculture and forests provided 63.5 per cent of the total gross domestic output, agriculture was only on a subsistence level with no marketable surplus.

Such a situation called for a rapid change in the traditional pattern of agriculture and the creation of new conditions favourable to economic development. To do this a system was needed which, as well as promoting economic development, would also inculcate in the people the habit of managing their own affairs.

### Cooperative Department formed

As the cooperative movement had proved effective in other countries in promoting economic development and educating people in economic manage-

ment, the Nepalese government established a cooperative department in 1954 to organise and support cooperative institutions. Thus the beginning of the cooperative movement in Nepal coincided with the first attempts to effect a fundamental change in the economic structure of the country.

After the establishment of this department three major problems of cooperative development became apparent:—

- 1) The need for suitable cooperative legislation.
- 2) Training of cooperative personnel.
- 3) The financing of cooperative organisations.

For the first three years of its existence the department concentrated on these problems and the cooperative movement did not begin to show any systematic development until 1957.

In 1956 the first Five Year Plan was launched in Nepal. Under it an important role was assigned to the cooperative movement as a means of reducing rural indebtedness and improving economic conditions among the people. An ambitious target of 4,500 cooperative societies was set, and by the end of the Plan period 378 societies had been formed. A Three Year Plan was launched in 1962 which concentrated on developing agricultural cooperatives within the framework of the present Land Reform Programme. By the end of last year a further 728 cooperatives had been formed, making a total of 1,106 societies in 50 development districts of Nepal with a membership of 29,000. Of these societies 700 are multi-purpose, 250 are credit societies, 16 are marketing and credit unions, and the rest cottage industries, consumers' stores, milk producers' soci-

eties etc. The large number of multi-purpose and agricultural credit societies is an indication of the importance of agricultural credit in the Nepalese Cooperative Movement.

### **Two Grades of Society**

Two grades of society have now begun to emerge: primary and secondary societies. The former consist of credit and multi-purpose societies which deal directly with individual members. The second type comprises societies grouped in marketing and credit unions to increase their efficiency and strength.

The function of the marketing unions is to store produce, advance loans and arrange the sale of produce in distant markets which cannot be done satisfactorily by the primary societies themselves. The Marketing Unions also carry on processing, as for example oil processing in the plant installed by the Rapti Valley Marketing Union.

In addition to the types of society mentioned above there are the "Sajha" societies and a cooperative bank at apex level which has been established under separate legislation since August, 1963, to finance the Land Reform Programme already under way and meet the credit needs of cooperative societies.

### **The Sajha Experiment**

"Sajha", a Nepalese word meaning "belonging to all", is the name given to a Central Cooperative Organisation covering the whole country whose function is to give financial and technical help to such societies as need it. Since finance is the greatest problem facing all average sized cooperative societies, and also in view of the fact that other cooperative institutions such as the cooperative bank are not yet able to provide adequate funds, it is essential to raise

capital from internal sources. "Sajha" is employing three means to obtain funds for investment:

- 1) By charging a nominal fee equivalent to U.S. \$1.25 for membership.
- 2) By accepting donations from rich philanthropists.
- 3) By investing capital in profitable cooperative enterprises.

This ensures for "Sajha" a quick return on its capital to provide funds for re-investment in other needy organisations. At present money is invested in a cooperative transport society, a cooperative medical store, a consumer store and a cooperative printing works. The transport cooperative has brought about a revolutionary change in the transport situation in Khatmandu, the capital of Nepal and in the surrounding Valley.

For the time being "Sajha" deviates from the general cooperative principles of management since it is administered by a nominated board of directors. This is not in conformity with the cooperative principle of elected management, but in view of the fact that "Sajha" is still in its initial stages and of the vast country-wide area of its operations, it was thought that to follow the cooperative principle of elected management would not be conducive to the successful realisation of the aims and objects of "Sajha" itself. As the society grows in strength, however, it is hoped that in time elected representation on the board will be introduced.

The "Sajha" experiment is unique in the sense that, if it could meet the financial and technical needs of cooperative societies at the primary level while still retaining the characteristics of a true cooperative, it would offer a solution to the problem of limited fi-

nancial resources so apparent in all developing countries.

Since 1955 the cooperative movement has played an increasingly important part in the rural economy of Nepal and its influence is now beginning to make itself felt in the urban sector also, particularly in transport, cottage industries and some other activities.

### **Cooperative Education**

Parallel with the growth of cooperative organisations, cooperative education has also made great progress on two levels. At the higher level the cooperative department trains personnel at the Cooperative Centre, Jawala Khel, Lalitpur. Training consists of three courses designed for different cadres. The first lasting six months is for sub-inspectors and managers and the second lasting three weeks is a refresher course for field workers, presidents, secretaries, etc. There is a third section for specialisation and higher studies in cooperation in developed countries which normally covers a period of six or twelve months. In these courses 209 persons have already been trained. Cooperative education has contributed greatly to the growth and expansion of the movement.

Since, in the final analysis, the cooperative movement is a peoples' movement, considerable effort has been made to educate members and officials of cooperative societies in the principles and practice of cooperative management. In State-sponsored movements the degree of success or failure of cooperative organisations largely depends upon the extent to which cooperative leadership is available within the movement. Bearing this fact in mind, the educational programme for non-official cooperators has been so designed as to encourage local leadership as well as to educate





A sub-committee at work during the seminar



The National Cooperative Seminar was inaugurated by the Chairman of the Council of Ministers



A general meeting of the Rapti Valley Cooperative Marketing Union

The First regional seminar of Nepalese Cooperatives held in Bharatpur in the Rapti Valley in 1958

Hanro Mill, the first cooperative processing plant in Nepal, belonging to the Rapti Valley Marketing Union



members to tackle the day-to-day problems of their cooperative organisations. To achieve these ends training camps, field training courses, local and regional seminars are all used.

In this connection the first national cooperative seminar held in Khatmandu in collaboration with the ICA Regional Office for South East Asia merits particular attention. The seminar was organised in the first week of September, 1964, and lasted for five days. Fifty permanent cooperators from different parts of the country took part in it. In keeping with the character of the Nepalese Cooperative Movement, the seminar was devoted to a discussion on the role of Cooperation in Agricultural Development in Nepal, although the whole range of problems relating to cooperative development was also covered. The two ICA officials present made positive contributions to the discussion which were of great help in arriving at constructive conclusions. Indeed, the seminar will prove to be a milestone in the history of cooperative education in Nepal.

### **Problems Facing the Movement**

Though the Cooperative Movement has achieved considerable progress during the last ten years, the road has not been easy. The movement has been faced with a number of problems, foremost among them being the lack of adequate and timely finance. Though a vigorous savings campaign has been started with a view to tapping internal resources, the success of the programme depends upon the provision of facilities for storage, successful marketing and banking, since the lack of these has meant that a large number of cooperative societies have not been able to

meet the requirements of their members. Furthermore, the rapid increase in the number of cooperative organisations has resulted in a somewhat shaky structure of some of them. Also the field of operations of certain societies is too small to allow of economic functioning, while in other cases it is too unwieldy. Obviously, careful thought must be given to a policy of consolidation.

Marketing, finance and storage facilities require particular attention, since without an effective link between cooperative credit and marketing operations, the movement cannot achieve the economic position in the country's economy at which it aims. Although efforts have been made in this direction they still leave much to be desired.

Last but not least is the problem of attuning cooperative education programmes to the actual needs of cooperative organisations. In the initial stages knowledge of cooperative principles and practice was spread through educational activities among people previously ignorant of them. Today, however, the Nepalese Movement has reached the stage when its success depends largely on managerial skill and operational efficiency. Educational work should accordingly be concentrated on these aspects of cooperative business.

Cooperation has become a stabilising influence on the economy of Nepal. It has created economic awareness among the people and for the first time in the country's history it has shown people of small means how to run their own affairs in a democratic yet effective manner. If by no means insignificant achievements so far are anything to go by, it may fairly be said that in coming years cooperation will play an increasingly effective part in the economic development of the country.

# POWER IN COOPERATIVES

(Reprinted with the kind permission of the Cooperative Party, from their *Monthly News Letter*, Feb. 1965.)

THERE is a well-known saying of Jean Jaurès comparing the Cooperative Movement to a laboratory in which we investigated the problems of future society. One of these problems is undoubtedly how a society whose principle of government is democracy can, without loss of efficiency, bring its economic activities under direction and control. Left to itself modern economic organisation, as Saint Simon pointed out evolves towards hierarchy rather than democracy, because specialisation always demands a coordinating authority.

Hence the key role of the entrepreneur and, as economic life grows more and more complex, the domination of management over the other entrepreneurial functions. Does cooperation, which implies the assumption by an association, presumably democratic in its constitution, of the functions of the entrepreneur and their delegation to elected or appointed offices, offer a truly practicable solution to the problem of social control? Would anything approaching a managerial revolution in the Cooperative Movement signify that cooperatives have abandoned democracy and abdicated? If the Cooperative Movement shirks the answers to these questions, what has it to offer the rising generation of citizens? To begin to answer them we must know where power resides in the typical cooperative of today.

*Power in Cooperatives* by A. H. Halsey and G. N. Ostergaard, is not so wide in its scope as might be inferred from its title. It does not deal with cooperatives in general but concentrates on one form of cooperation in one country—retail consumer cooperatives in Great Britain—apart from occasional references to cooperation elsewhere. Nor is it concerned with every kind of power generated by or in the cooperative economic system, but only with the power to govern, that is, to shape policy, to take and execute decisions, to elect and remove from office, to administer and manage. It is therefore a study, not of the economic, but of the internal political structures and processes of British consumer cooperatives. It has a message to deliver that they will be wise to heed.

The authors rightly claim that their study is in some ways (important, in this reviewer's opinion) complementary to the Report of the Gaitskell Commission of Inquiry. It is no secret that they have been engaged upon the study for nearly ten years. Some of the findings based on their researches have already appeared in various forms, chiefly review articles. In the present volume they have gathered together the pieces of the jigsaw, put them in their proper places and

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**Power in Cooperatives** by A. H. Halsey and G. N. Ostergaard is published by Basil Blackwell (Oxford) at 35/- . Supplies can be obtained from the Cooperative Union, Publications Dept., Holyoake House, Hanover Street, Manchester 4.

made a complete picture. It is a pity that it could not have been available at the same time as the Report of the Inquiry Commission.

What does the picture comprise? In seven chapters the authors proceed from an examination of the machinery of government of the retail cooperatives (Ch.1) to the experiments made and innovations introduced to adapt the machinery to the changing conditions of democratic control in societies constantly increasing their membership and extending their area of operations (Ch. 2). Next follows consideration of the degrees of membership participation in the government of their societies and the advantage taken by members of their rights under the rules and of opportunities otherwise open to them (Ch. 3). This leads naturally to an account of group action (Ch. 4) aiming at the election of favoured candidates to office, the exercise of control over governing authorities such as management committees, and the adoption and implementation of specific policies. Prominent among the groups and increasingly influential as a rule, when societies expand their business undertakings, are the employees (Ch. 5). The emergence to greater importance and authority of the hierarchy of managers and its relation to elected boards (Ch. 6) raises acutely questions of democratic theory and leads to a discussion (Ch. 7) on how far the theoretical basis of cooperative democracy should be conceived as selfgovernment or responsible government.

Here there is no space to discuss the painstaking and fascinating research which provided the material for these chapters, but only the introduction which precedes and the conclusions which follow them. In the introduction the authors formulate the central ques-

tion of their inquiry as follows: How does the cooperative society now stand as a microcosm of the democratic order and as a communication and training mechanism for the democratic state? That is hardly a question which many British cooperators, if left to themselves, would be asking today. The fact that the question has been left for somewhat detached although sympathetic observers to ask, reveals how much cooperatives in Great Britain are lacking in awareness of their social as distinct from their economic tasks and objectives. They are far more likely to be asking whether the Movement's democratic traditions and procedures are a help or a hindrance in the battle for survival in the market now forced upon them by the contemporary revolution in distribution. Some would definitely answer that democracy is more hindrance than help, and that managerial, not democratic, skill is essential to the Movement's salvation. Many more, while not going so far, feel unable to defend democracy, because they are conscious of its degeneration throughout the present century into minority rule, and are helpless to stem it. There is every danger at the present time that attempts will be made to make progress by putting the economic cart before the democratic horse.

### **Revival needed**

If it be true, as this reviewer believes, that the consumer societies have lost ground economically because their democratic vigour has declined, it follows that a democratic revival is the only final remedy. Whatever may have been achieved by brilliant business leadership here and there, even if widely imitated, will not ensure the survival of the Movement as a whole. The Movement must revive the consciousness

among its members of its social and civic mission, in order that it can rediscover and demonstrate the true meaning and goal of its economic action. And the purpose of its political action is not simply to provide an umbrella for Co-operative business, but to enable the Movement once again to realise itself as "a microcosm of the democratic order."

### **Democracy must evolve**

Turning to the authors' conclusions, we may note that the first is that the retail societies are still democratic in form; the members' traditional rights are preserved. True, but while the form remains, the substance has been seeping away. Democracy has been disappearing after the fashion of Lewis Carroll's Cheshire cat, leaving only its grin behind. One member, one vote in the rule-book, though essential, does not guarantee democracy, unless the machinery and procedures for consultation and decision are in continual evolution, keeping pace with a society's growth in membership and the development of its services. If democracy does not so evolve, it declines at first relatively; in the end absolutely. This happens apart from changes in the external world which, as the authors point out, have dissolved in the twentieth century many conditions which favoured cooperative democracy in the nineteenth. The extension of the parliamentary franchise, the rise to power of the Labour Party, the growth and enhanced authority of trade unions, the spread of adult education all offer alternative outlets for the democratic spirit and community service. Failing to answer Arnold Toynbee's call to educate the citizen, the consumer's cooperative diminishes to a more or less convenient shop or savings bank.

Along with the ebb in member partici-

pation the authors point to the development within the societies of a perennial contest for power among minority groups of various kinds, external interests often fishing in the troubled waters. Behind much of this is an outdated and oversimplified concept of democracy; direct instead of responsible democracy. From the time that the Rochdale Pioneer's committee appointed Samuel Ashworth salesman, instead of themselves serving behind the counter, the trend towards responsible democracy was inevitable. Forty years ago the first chairman of the Co-operative Party, after twenty years on the management committee of a large society and four wartime years as a virtually full-time president, declared that it was inconceivable that a retail co-operative with an annual turnover of £ millions could be in any real sense managed by any group of people in their spare time. If that was true then, how much more is it true today! The obvious and only solution is the division and proper articulation of functions between the membership, elected officers and fulltime officials, coupled with appropriate training for each group in their efficient performance.

### **A two-tier structure**

This is what the authors seem to be driving at when they recommend what they call a two-tier structure of management, combined with a representative assembly to take the place of the free-for-all general meeting. The fact that such a system has been working effectively for two generations or longer in Central Europe and Scandinavia, where competition is no less fierce, has so far failed to penetrate the insular complacency of multitudes of our British colleagues.

The authors move to more controversial ground when they suggest that the

introduction of party systems would make a useful contribution to vitalising democracy in the retail cooperatives. This is an attractive idea, especially to this reviewer, whose apprenticeship to Cooperation was served in the one society where an organised two-party system, already working before he was born, has maintained itself until the present time. Parties certainly excite interest and, where there is interest, there is always the possibility that something will be learnt. If they serve to increase the numbers of members who think earnestly about Cooperative aims, principles and problems, they are good, but if they carnalise into themselves enthusiasm and energy that should be expended in wider fields, they will do harm.

There is space for but one final point. Cooperators must beware of the mechanistic fallacy. Redesigning the Cooperative Movement's machinery of government, long overdue and urgently needed, will not of itself revive its democracy. Democracy only resides in the machine if that is created and animated by democrats—a species of mankind that is not born but made. To make democrats is a function of the political education of Cooperators, a task that the Movement has yet to undertake on an adequate scale.

W. P. W.

## COOPERATIVE HOUSING IN THE U.S.A.

### UNITED HOUSING FOUNDATION

THE United Housing Foundation recently announced its new plans to build the world's largest housing development in the Bronx area of New York. Already seven large housing cooperatives throughout New York City, for some 15,000 low- and middle-income families, have been erected and the decision now to undertake this large cooperative venture merits report in a world which is suffering greatly from a lack of housing for the lower income groups in its main cities.

The United Housing Foundation is a non-profit federation of twenty-three housing cooperatives, civic associations, trade unions and other non-profit organisations. It was started in 1951 to help people to obtain good housing at the most reasonable price possible.

The Foundation is an outgrowth of the Amalgamated Houses in the Bronx which were founded in 1927 by Abraham E. Kazan, a pioneer in cooperative housing. Later Kazan organised two similar projects on the Lower East Side, Amalgamated Dwellings and Hillman Houses, and the three cooperatives formed the nucleus of the United Housing Foundation.

"We asked labour unions and civic groups to join us in providing help

Plan of Co-op City



to people who might wish to organize or join a cooperative," says Kazan, who has been President of the Foundation since 1959. "Part of our aim was to set up standards to enable the average applicant to distinguish between a genuine consumer cooperative organized to benefit the member-cooperator and one that is organized to supply a profit to some individual."

In private developments the builder generally supplies cash required above the mortgage loan. In a cooperative the cash equity must be supplied by the member-cooperators.

### Service instead of Profit

"However," Kazan points out, "just because a building is called a cooperative doesn't necessarily mean that the tenant will get the most for his money. Often a so-called cooperative arrangement is just a financing gimmick of a builder, a device whereby he can take his capital and profits out of the venture as soon as it is completed. This doesn't apply only to luxury housing, either. Even in many lower-profit, middle-income co-operatives, this quick builder profit is the main incentive to building.

"I think you could sum up the basic difference between United Housing Foundation undertakings and those of the builder-speculators by saying that we build for service while they build for profit."

He explains that the Foundation is interested in building a community. It will offer its assistance as long as the cooperative desires it. Many Foundation officers serve on the boards of directors of the member cooperatives.

### Community Services

Since the most important aim of a cooperative is to provide the best housing for the least money, the Foundation set up a subsidiary corporation called Community Services, Inc. Through Community Services the Foundation is able to provide competent direction from the initiation of the idea to the operation of the project once it is finished for any group wishing to start a cooperative.

Community Services is prepared, on a contract basis, to represent the sponsor in negotiating mortgage loans, in winning approval for a tax abatement, drafting plans, handling construction, selling to tenants, relocating any families





Cooperative flats of the International Ladies' Garment Workers' Union before reconstruction



The same estate after repinning and reconstruction



East River Housing Estate



THE LATEST VENTURE  
OF THE UNITED  
HOUSING FOUNDATION



Aerial view of the replanned estates



and businesses which may be displaced and supervising numerous cooperator-owned services such as laundries and garages.

"The value of Community Services to the sponsor," Kazan says, "is that it operates on a profit margin of one per cent or less by eliminating the general contractor and builder."

Members of the Foundation's cooperatives pay a cash equity of from \$400 to \$650 per room and their rental is in the form of monthly carrying charges ranging from \$12 to \$24 a room a month. Units vary in size from two rooms to apartments with three bedrooms. The organisation estimates that monthly carrying charges are 30 per cent below what a family would have to pay for comparable private rental housing.

Should the income of the cooperative exceed the expenses, the surplus could be returned to the members in the form of a rent rebate, based on the amount of each member's carrying charges. The surplus might also be used for other corporate or community purposes. A board of directors elected by the tenants decides such issues.

### **Non-speculative and non-profit**

The cooperatives are non-speculative as well as non-profit. On leaving, the tenant gets back the exact amount of equity he invested, no more or no less. The economic advantages these cooperatives offer are the lower monthly carrying charges and the soundness of the member's investment. In the history of the cooperatives affiliated with the United Housing Foundation, no member has ever lost a dollar of his investment, even during the depression.

Sponsorship of a project could work in several ways. A union, business group, civic or fraternal organisation

may approach the Foundation for assistance. Or the United Housing Foundation and one or more of its members may co-sponsor a project. In other instances, the Foundation itself will directly sponsor a new Housing Cooperative.

The three original cooperatives were sponsored by the Amalgamated Clothing Workers of America, which has since co-sponsored with the Foundation the Amalgamated-Warbase Houses in Brooklyn. The first of 2,585 families moved in there on July 14, 1964.

The International Ladies Garment Workers Union co-sponsored two developments which the Foundation has built in Manhattan since 1952. They are the 1,672 unit, East River Housing Corporation on the Lower East Side, and the 2,820 unit Penn Station South project on the West Side. The Van Cortlandt American Veterans Committee co-sponsored the Foundation's 274-unit Park Reservoir Housing Corporation in the Bronx. The 1,728-unit Seward Park Houses in Manhattan were sponsored by the United Housing Foundation with the assistance of several unions—the painters, the hatters, and the electrical workers—and the Workman's circle. The Foundation itself sponsored the 123-unit Mutual Housing Association in the Bronx and Rochdale Village, a project for 5,860 families built on the site of the old Jamaica Race Track in Queens. It plans to do the same with Co-op City (corporate name River Bay), the community for 55,000 people that it is building in the Bronx. The new 15,500 unit development will have its own power plant similar to those which provide central air conditioning, heat, hot water and electricity at Rochdale Village and Amalgamated-Warbase Houses.

Among the thirteen other housing

cooperatives affiliated with the United Housing Foundation are the four Electchester Housing Companies in Flushing with a total of 2,226 units, Big Six Towers in Woodside with 982 units and Queensview and Queensview West in Long Island City with 1,090 units.

### **Low and moderate-income housing**

The Foundation has also drawn up detailed plans for a redevelopment scheme which would furnish low and moderate income-shelter for 5,500 families in the North Delancey Street area. The proposal, which is being studied by city agencies, calls for replacing a slum area with units renting for \$16 to \$28 per room a month, for families with incomes of from \$2,700 to \$10,440.

The plan's objective is to rebuild the area in such a way as to make it possible for many of the present site families to return there to live. The economic integration of \$28-a-room accommodation with that costing \$22 and \$16 is aimed at preventing the area from ever deteriorating into another ghetto.

The proposal also calls for half-a-million square feet of shopping facilities so that all businesses could stay in the section if they want to.

The Foundation's purpose is to spread the idea of cooperation in as many fields as possible. To this end it has, with the help of Community Services, organised cooperative insurance companies offering automobile, fire, boiler, machinery, public liability and Workmen's Compensation coverage. Mr. Kazan is President of five cooperative supermarkets. On March 19, 1964 a Foundation-sponsored furniture cooperative opened at 309 West 23rd Street in Manhattan.

All cooperatives organised by the

Foundation or affiliated with it are open to anyone who wants to join. Each member receives one vote regardless of the number of shares held or equity invested.

### **The Man behind it**

Vast areas of New York City have been transformed because Abraham Eli Kazan once lived in a slum on the Lower East Side—and never forgot the experience.

He arrived in the U.S.A. from Russia as a child in 1904, and he and his parents followed thousands of immigrants into the ghetto tenements from which many never escaped. Memories of the smells, the dirt, the lack of sunlight and the absence of grass and trees have never left him.

Thanks to Kazan thousands of families with modest means will never know the miseries of slum-living. They dwell in cooperative housing developments which Kazan, President of the United Housing Foundation, organised to prove what people can accomplish when they are willing to work together for a common objective.

Kazan, now 76, pioneered in Co-operative Housing long before he brought comfortable living, sunlight, fresh air and gardens to the 20,000 people in four housing cooperatives that he helped to organise on the Lower East Side—Amalgamated Dwellings, Hillman Houses, East River Housing Corporation and Seward Park Houses.

After World War I, when he was working as a clerk for the International Ladies Garment Workers Union, Kazan saw himself and his fellow workers through the post-war food shortages and subsequent high prices by organising buying cooperatives. Later he realised that the same policies could help solve

the still acute housing dearth of the 1920's.

While manager of the Amalgamated Clothing Workers' Credit Union he organised, with the Unions' help and an insurance company loan, the Amalgamated Houses on Van Cortlandt Park South in the Bronx. In 1927, 303 families moved as their own landlords into homes which they had pooled their meagre resources to buy. Each invested \$500.00 per room and paid \$ 11.00 per month a room in carrying charges, or rental. That was the beginning of the cooperative housing movement. Abraham Kazan has been responsible for building ten projects housing 17,540 families in Manhattan, Queens, Brooklyn and the Bronx.

Today the original cooperative has grown to a community of 1,800 families. Kazan still lives in one of the buildings and is still President of the Housing Corporation. He is greatly interested in anything that consumers can do together to help themselves. "Why", he asks, "should people pay a profit to someone else when they can provide themselves with goods and services cooperatively and pay the profits to themselves?"

In 1951 Mr. Kazan helped to organise the United Housing Foundation, a non-profit federation of housing cooperatives, civic associations, trade unions and other non-profit organisations. Kazan is President of the Foundation and of its subsidiary corporation, Community Services, Inc., which plans to build Co-op City, the huge development that will house 55,000 people in the Bronx. He is also President of six individual housing cooperatives, five cooperative supermarkets which each do a million dollars in business yearly, a newly-organised cooperative furniture centre, and several other consumer-owned coopera-

tive enterprises. He is also a long-time member of the Cooperative League of the U.S.A.

Since he devoted himself to housing in 1926, Kazan has often built the "world's first" or the "world's largest" in the field. Thus he approaches with equanimity the task of overseeing the expenditure of about one-third of a billion dollars to build the new 15,500-unit project on the Hutchinson River which will be the world's largest housing development, cooperatively or privately-owned.

Governor Nelson A. Rockefeller has said of Kazan that "he could have gone into private business for himself and made a fortune." Mayor Rober Wagner deems him "a hard man where a dollar, or even a penny, is concerned." He overlooks no detail in his busy office and signs all cheques after scrutinising every invoice, no matter how small.

Despite his concentration on details, Kazan is essentially an idea man—a dreamer and planner—what he calls "somewhat of a practical dreamer."

His practical, penny-watching side has enabled him to provide luxuries like central air conditioning and hard-wood-parquet floors in homes that people with modest incomes can afford. It has also led him into controversies with such men as Con Edison, proponents of aesthetic architecture, defenders of relocated small businessmen, and those who are nostalgic for old city landmarks and "the old neighbourhood flavour".

Mr. Kazan is a shy, gentle man who loves classical music and gardening.

To Con Edison, understandably un-enthusiastic about the fact that he has built his own generating plants to provide less expensive electric power, heat, hot water and air conditioning for three developments and plans the same thing

for Co-op City, he says: "We're protesting against a profit-hungry monopoly which gets rate increases as regularly as clock-work."

To opponents of his high-rise architecture: "We can't accept the theory that the exterior design of a building is worth the difference of \$7.00 a room per month to the man of low or moderate income. We're trying to help the people who aren't poor enough for public housing or rich enough to live on Park Avenue."

### Slum clearance

To the defenders of relocated small businessmen: "We are told slum clearance is causing them hardship because they are deprived of valuable goodwill. I question the value of the goodwill in a blighted area that is crying to be rebuilt. The long-time business people there are in part responsible for permitting the neighbourhood to become a slum. While making their living from slum areas, a good many live in other parts of the city or in suburbs."

As for the destruction of neighbourhoods: "It is difficult to believe that disease-ridden rookeries, old clothes shops, vacant stores where gypsies lived, or stoops lined with garbage cans are preferable to the gardens, sitting areas and playgrounds provided in the new neighbourhood."

Kazan's ultimate answer to critics of his slum clearance method is: "Ask the people in our new houses. They'll tell you what it means to live in a decent place and have a say in things. It means self-respect. In 37 years since Amalgamated Houses were built in the Bronx we've never had anybody there go to jail, no juvenile delinquency. Because the people are part of a community. They're involved in something positive.

They're self-reliant and their children grow up the same."

### Problem of Integration

Mr. Kazan stated recently another object that the United Housing Foundation had in mind and aimed at was help in the programme of integration. He stressed how important in this aim was the recent foundation of the Rochdale Village, which serves well as a large-scale practical illustration of what can be achieved for integration if the question of housing is solved satisfactorily:

"At Rochdale Village, approximately 4,700 white and 1,200 Negro families have jointly built a cooperative housing development where they intend to live together, and equally enjoy all the benefits that they may expect from this cooperative development.

"It is one thing for people to attend political or union meetings or even religious or social functions where there is integration for a few hours and then return to their segregated neighbourhoods. It is quite a different thing, however, to achieve an integrated community where white and negro families live next door to one another; where children share the same play areas, attend the same schools, where teenager and adults participate in the same community activities; where people are people regardless of their colour.

"We all know that millions of dollars are being spent to eliminate the racial strife that exists in all of our cities. Volumes are being written on how to achieve better human relations. However, if we could concentrate our efforts on one phase—housing—we would be attacking the root of many of our other problems. By integrating our neighbourhoods we will, at the same time create

well balanced communities with integrated schools, churches, recreational and social activities. More than that, we would at the same time provide decent shelter for a good many people who are badly in need of it."

### **Co-op City**

The latest and most breathtaking venture of the United Housing Foundation is its plan for the world's largest apartment development, which was announced in February of this year.

This development will be sponsored and built by the United Housing Foundation with mortgage financing etc. and will be situated in the Bronx. It will be built on a three hundred acre site bounded by the Hutchinson River Parkway, the New England Thruway and the Hutchinson River. It will contain 15,500 moderately priced apartments. The Foundation is purchasing the land from the National Development Corporation.

The project will be financed by a loan of \$263 million from the New York State Housing Finance Agency established in 1960.

"No other agency in the country could consider such a mortgage," Governor Rockefeller said. "The amount of funds required is greater than the combined mortgages for nine previously approved union-sponsored projects financed under the State's Middle Income Housing Programme. Because funds are available from the Housing Finance Agency for mortgages of this scope, the Union Group sponsoring Co-op City will be able to develop this vast area with equity of only \$22 million, about seven per cent of the total cost. With the addition of this project, the commitments of the New York State Housing Finance Agency in New York City reach \$800

million to finance 47,000 apartments for middle-income families.

"The genuine housing needs of this group are being met by an imaginative programme which provides good homes for family living—our most vital resource for healthy civic life."

"The merit of this undertaking goes far beyond mere size or volume," Mayor Wagner said. "It will indeed be a tremendous addition to our housing supply and will benefit many thousands of our middle-income families. Its sheer magnitude could by itself be a source of pride to all of us. But it also reflects the kind of comprehensive community planning thinking which we in New York City believe must be a part of every new housing development. It will provide a full range of school, recreation, shopping and other community facilities. These are essential to healthy family and community life. They are what, in the final analysis, make the difference between just good shelter and really good housing in the full neighbourhood sense of the word. I am delighted to bring the City's resources to bear to help make this worthy proposal a reality."

Plans for Co-op City are in the formative stages according to Abraham Kazan. "However," he said, "our objective is to provide large numbers of families with good housing at charges which will average between \$22 and \$23 a room, a month. Without the support of the City and the State of New York the development would not be possible."

It is estimated that the whole scheme will cost about \$285 million. As a cooperative, part of the financing will be provided by the families who will live in the dwellings. The cooperators' share of the financing will be based on

an investment of not more than \$450 per room. The Foundation has applied to the New York State Housing Finance Agency for a \$ 263,000,000 mortgage through the State's Limited Profit Housing Companies programme.

In order to maintain the moderate charges at Co-op City, the Foundation has applied to the City of New York for partial tax exemption under the Limited Profit Housing Law. Even with such partial exemption, the City will gain approximately \$5 million a year in taxes from the development.

Mr. Kazan said that he was pleased by the encouragement and support the United Housing Foundation has received for Co-op City from Governor Rockefeller, Mayor Wagner, State Housing Commissioner James William Caynor, City Housing Coordinator Milton Mollen, William Ballard, Chairman of the City's Planning Commission, and others.

The mortgage the State is providing for Co-op City is the largest single mortgage ever granted in New York City. "It is most gratifying," Kazan said, "that cooperative housing has reached the stage where such a loan is possible. This is recognition of the fact that many people can cooperatively assume the responsibilities involved in providing themselves with good housing. The City of New York is helping to make this community a reality by providing the necessary schools, parks and other amenities for the 55,000 people expected to live in the cooperative."

The preliminary plans for Co-op City envisage the construction of centrally air-conditioned residential buildings. Apartments will range in size from one to three bedrooms. Approximately seventy-five acres of the site will be set aside for public facilities—schools, parks library, streets, etc.

The community will have its own power plant, community recreation centres and shopping facilities. Indoor and outdoor parking will be provided for 10,850 cars. Only a small percentage of the site will be covered by buildings, most of it being used for gardens, playgrounds and sitting areas. Herman J. Jessor is the architect for the development, Zion and Breen the site planners, and Farkas and Barron the structural engineers.

Co-op City will far exceed the size of any other housing scheme in the country, private, public or cooperative, and it will belong collectively to those who live in it. At present Rochdale Village in Queens, with 5,860 flats, is the largest housing cooperative in existence. Co-op City will be one and a half times larger.

Rochdale Village was sponsored by the United Housing Foundation in 1960 and financed by the New York State Housing Finance Agency and the State of New York.

The Foundation is a non-profit federation of housing cooperatives, labour unions, neighbourhood and civic organisations interested in the development of low and moderate cost cooperative housing. Since its inception in 1951 it has sponsored the following cooperatives: East River Housing Corporation (1672 units), Seward Park Housing Corporation (1728 units), Park Reservoir Housing Corporation (273 units), Mutual Housing Association (123 units), Mutual Redevelopment Houses (2820 units), Rochdale Village, Inc. (5860 units), and Amalgamated-Warbase Houses, Inc. (2585 units). In each case the objective has been to provide people with good housing at the lowest possible price.

# COMMENTARY

## *Good Prospects in Swaziland*

**E**NERGETIC spade-work has been done during the past two years by the Registrar of Cooperative Societies and his new Cooperative Department in Swaziland, the small British Protectorate which lies between the Transvaal and Mozambique. Not only are good results already showing, but the prospects of sound Cooperative development in the near future are even better.

Since April 1964, Swaziland has its basic Cooperative legislation in the form of the Cooperative Societies Proclamation issued by the British Commissioner. This is supplemented by a set of Regulations the purpose of which is to give effect in precise terms to the principles and provisions laid down in the Proclamation. Registration is granted under the Proclamation to societies, with or without limited liability, whose object is the promotion of the economic interests of their members in accordance with cooperative principles and every registered society must include the word "cooperative" in its official title. No enterprise other than a registered society may call itself "cooperative".

Inevitably in the circumstances, the Registrar is invested with extensive powers and functions. In order to register a society he must be satisfied of its bona fides and, at the same time, that there is a reasonable expectation that it will benefit its members, that it will be properly financed and that it is not overlapping with any other registered society. If the Registrar refuses an application for registration, an appeal against his decision may be submitted to the Commissioner. There is no clause specially defining cooperative principles, but the various regulations ensure that the societies will conform to them. Marketing societies are empowered to contract with their members for the delivery of the whole of the latter's output of produce and to sue members for damages if they do not fulfil their contracts.

The precision and strictness of the Proclamation and Regulations are necessitated by prevailing low educational standards. The rate of expansion of both the

Department and the societies is severely limited by the scarcity of people with business training and an adequate background of general knowledge. Nevertheless, one of the assistants in the Department is being recommended this year for a scholarship in the Overseas Course at the British Cooperative College. With the availability of trained assistants, the work of the Registrars Department will become more decentralised and the supervision of the societies closer and more effective. The Department has already produced several excellent papers explaining in direct and simple English the principles of Cooperation and the finance and administration of cooperative societies.

In the south of Swaziland there are now half-a-dozen farmers' associations which are really embryo cooperatives buying fertilisers and seeds for their members. They may be expected to emerge from their probationary stage and be registered in the course of this year. A more ambitious, long-term project is a settlement for 25 farmers who will grow pineapples as members of a multipurpose society which will provide them with credit, buy their requirements, and market their output in bulk. Other projects are a milk marketing organisation and a credit and savings bank on the Uganda model.

### **Twenty-five years successful editorship**

At the famous Ryslinge meeting of Cooperators during a very bad economic time for Denmark in 1926, a number of important cooperators discussed how to get the cooperative idea across to other people and as a result, a paper, *Brugsforenings-Bladet*, was subsequently launched, paid for by the local Danish Societies.

In 1944 the paper's name was changed to *Samvirke*. It has proved extremely successful, and has now the largest sales figure of any magazine in Denmark. Incidentally, its circulation is also the largest among cooperative magazines in Scandinavian countries.

The man, who, through immensely skilful journalism, was able to make a success of this venture, Eggert Nielsen, is now celebrating his 25th year as Editor-in-Chief of this great cooperative magazine. Mr. Nielsen indeed, is a "grass-roots" journalist, who started working life with several small Danish provincial newspapers; he saw something of the world by making a trip on a bicycle to India and on his return, became a journalist in Copenhagen and a London correspondent just before the Second World War. Mr. Nielsen started cooperative journalism



first by editing a farm weekly, and then in 1940 by taking over *Samvirke*. In spite of wartime restriction of paper and other difficulties, he managed to bring out his paper fairly regularly. From his colleagues, who undoubtedly have put their full weight behind him, I hear that he is a most inspiring editor and achieves a happy collaboration from all with whom he has dealings.

Mr. Nielsen's great love, apart from his paper, has at all times been the theatre. He was the founder of the first Danish Cooperative Theatre venture, which, on the smallest stages and in the smallest towns, serves people who would otherwise never have met live theatre. This venture has now become a great success also and has resulted in the foundation of the Danish Tour Theatre, perhaps the only one working on a virtually cooperative basis.

As author of a most successful play called: *Under the Sign of the Rainbow*, Mr. Nielsen has won fame as well. He is widely-travelled and well-known to the I.C.A., which sends him best wishes for his first twenty-five years.

### **A Foundation for the Protection of the Consumer in Switzerland**

On the 16th June 1964 the Union of Swiss Consumers' Societies (VSK) and the Trade Unions of the workers and employees created the "*Stiftung für Konsumentenschutz*" (Foundation for the Protection of the Consumer). The founding document formulated the following functions: Protection of consumers against all malpractices, the spreading of greater knowledge about quality and prices, enlightenment and information about consumer goods and services. To achieve these tasks, the following measures are recommended: testing of commodities and services; better labelling and description of the quality of commodities; instructions for suitable treatment of commodities; a critical investigation of all advertisements for commodities and detection of all exaggerated claims.

The founding document emphasizes that the organisation will go about its task without concern for business enterprises or organisations and in complete independence of all party politics.

It will by no means confine itself to the circle of the founders, but intends to collaborate as far as possible with other organisations with similar aims, so that the testing of commodities on a large scale can be financed. The first results of a commodity test were already submitted in the middle of October 1964. The objectivity of these

## **Cooperative Self-Help in Bechuanaland**

tests is proved by the fact that the product of a competitor of the soap factory of VSK received considerably better marks than the product of VSK itself.

Great, new developments of importance to Bechuanaland, as it moves slowly towards independence are its acceptance of and commitment to self-developing movements inside the Protectorate.

Following the re-building of an old dam, by voluntary work organised by the Students' Union, it was heartening to hear of another successful struggle accomplished in the field of cooperation and that is the founding of the Swaneng Cooperative Society.

An unusual picture was presented to a visitor to Swaneng showing the members of the newly-formed cooperative society, men and women, digging together the foundations of their future cooperative store. The African authorities had presented the new society with a piece of land and the first act of the members at its inaugural meeting was to decide to devote their labour to building the store. This is a story now typical of African endeavour to win a new way of life, through the application of self-help.

The Swaneng Cooperative Society was originally founded in 1963 but it soon came into conflict with the established rights of the traders, and no legal provision existed at the time for the formation of a cooperative society. The twenty original members, each with a share capital of five shillings, had to look around for another way to get the Cooperative Society accepted. In the meantime, however, the members invited interested people to meetings held every Saturday where the workings and aims of cooperation were explained, and consequently many more people asked for membership. The object of the original members was to enlarge the group to one hundred members before calling the first General Meeting.

In its early stages, the cooperative simply operated by accepting orders for goods from its members, mainly for sugar, maize meal and other items needed in an African household. A price list was agreed among the members. Unfortunately, however, there was a law in the Protectorate making illegal the carrying on of any trade, calling or business without a trading licence. After a complaint to the police about the activities of the as yet unregistered cooperative, threats of prosecution were made and the little society had to stop trading. However, at the begin-

ning of last year, after the society's licence had been refused, a petition to the Commissioner was drawn up and by February, 1964, a Registrar of Cooperative Societies was appointed for Bechuanaland, who set to work to change the law so as to enable a consumers' cooperative to trade with its members. The by-laws of the Swaneng Cooperative Society were accepted by the new Registrar.

We congratulate Swaneng Cooperative Society. May it serve as an example to many more to be established.

### **The First Consumers' Day of the German Consumers' Cooperative**

The first Consumers' Day of the German Consumers' Cooperatives took place on the 3rd May, 1965 in Bad Nauheim, at which 128 delegates of 119 consumers cooperatives participated. These participants are members of individual consumers cooperatives, who have been elected in the membership meetings as delegates. Also included among them are 33 delegates from the Women's Guilds. Fulltime representatives of local, regional and national management boards of cooperative enterprises are not allowed to participate in this conference. The motto chosen for Consumers' Day is: "The consumers as equal partners of State and Economy." The main paper on this subject will be presented by Mr. Friedrich-Wilhelm Dörge, Scientific Advisor of the College for Economics and Politics in Hamburg and representative of "Produktion", the biggest German Consumers' Cooperative in Hamburg.

With the introduction of Consumers' Day, the German Consumers' Cooperative Movement is following the present trend towards group action which is now usual among consumers in general; so much so, indeed, that customers' and readers' parliaments have recently come into being similar to those which originated in newspaper offices and commercial firms. Consumers' Day is intended to serve as a public forum through which members can make known their wishes and requirements.

Thus contact between members will be strengthened, the right of the Consumers' Cooperatives to defend their members' interests will once again be emphasised and work in the field of Consumers' Cooperation intensified. In adapting the societies to present-day needs, the Movement is only continuing what has always been its policy; to promote the economic and political interests of its members.

Consumers' Day in Bad Nauheim is an up-to-date expression of the aim which has activated the Consumers'

# COOPERATION COMES TO BECHUANALAND

by **T. N. Bottomley,**

*Registrar of Cooperative Societies,  
Bechuanaland Government.*

It is customary, when discussing some aspect of life in one of the lesser known countries of the world, to assume ignorance on the part of the reader and to commence with a brief description of the country, its people, and history. The Bechuanaland Protectorate, almost three times the size of Great Britain, is one of the great land-locked territories of Southern Africa. It is bounded on the east and south by the Republic of South Africa; on the west and north by South-West Africa; and on the north-east by Rhodesia. In the far north it has a narrow common boundary with Zambia. The Kalahari desert forms the greater part of the country. The great majority of the population (750,000), live in a relatively narrow strip on the eastern side of the country.

The great problem in the way of development is the lack of water. Except in the far north, natural surface water is

non-existent and underground water in usable quantities not easily found. Rain-fall is intermittent and variable.

## **Mineral Resources**

Mineral potential is promising though as yet largely untapped. There are rich deposits of brines in the Makarikari regions which can be exploited if convenient markets for soda ash can be found. Significant deposits of copper have been discovered; and there are extensive coal deposits, the economic exploitation of which is dependent on industrial development. Deposits of other minerals—gypsum, nickel, talc—are currently being investigated.

The Tswana people are formed from eight main tribes each of which lives in and, to a great extent, administers, its own tribal territory. It would, however, be misleading to infer that tribal divisions are any substantial bar to the na-

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Cooperative Movement from the outset. It may indeed be looked upon simply as an experiment of very uncertain outcome. There are, however, well-founded expectations that this experiment will lead the Consumers' Cooperatives into new fields of action and give fresh impetus to the women's cooperative guilds in the various unions.

The consumers have often been compared to a "sleeping giant", and a part of their potential power rests with the two-and-a-half million members of the German Consumers' Cooperatives. Consumers' Day will be a contribution towards the awakening of this dormant strength. J.O.



These Bechuanaland children still live in thatched huts

tional identity of the people. Recent political party development cuts across tribal boundaries and loyalties. Imminent political changes in both central and local government have not been hindered by tribal organisation. The people are pastoral, cattle being the main prop of the country's economy. In recent years an increasing number of people have taken up agriculture, though this is mainly confined to the south-east where climate and soil conditions are most favourable. Politically the country has been administered by Britain since 1885.

The general picture then is of three quarters of a million people living in a large, hot, semi-arid country, tending their cattle, which represents their principal source of wealth. Even by contemporary African standards they have a hungry existence in a country which offers little prospect of substantial development, but which should, nevertheless, have the capacity to

provide a reasonable living for its relatively small population.

### **Cooperative Department**

In this situation Cooperatives have the potential to make a very significant contribution to the social and economic development of the Tswana people. And that contribution is desperately needed. In 1962 a representative of the British relief organisation, OXFAM, making a survey of famine relief needs in the territory, recommended the creation of a Department of Cooperative Societies as one measure for tackling the root causes of famine—under-employment or waste of resources, insufficient production and inefficient distribution. His organisation offered £6,000 towards the initial cost and the decision was made to launch Cooperatives in Bechuanaland. It was not until February 1964, however, that a start was made. In that month a Registrar was appointed and commenced work in the territory.

The first task was to undertake a survey of the territory to assess the possibilities for Cooperative development. It quickly became clear they were very promising. Indeed the difficulty was in assessing of priorities and the most productive use of available resources. At this time the Registrar headed a one-man Department and had only the prospect of two untrained clerical grade officers joining him within the first six months. Fortunately, an appeal for aid to the Canadian Government resulted in the secondment of a Cooperative expert to the territory who has assumed the temporary post of Assistant Registrar and brought much needed help. The decision was taken to concentrate on the organisation of four to six marketing and supply societies in the south of the territory where agricultural activity was

most advanced, with the objective of having these ready to commence operations in the 1965 harvest season (April/July) and as a second line of approach, to seek the establishment of five or six thrift and loan societies.

### **Cooperative marketing essential**

These priorities were determined by several factors. First, as has been indicated, the Government Agricultural Department had had considerable success in stimulating agricultural production in certain areas, resulting in the production of crops surplus to the farmers' own needs. It was important that this work be followed up by the introduction of a marketing organisation. Farming is a tough job in any country—in the conditions of Bechuanaland it is a hard, grinding (but often the only) way to earn a living. Agricultural Officers by patient, insistent effort had begun to make a break through in persuading people that with good seed, modern methods, and hard work a reasonable or at least a better, living could be made. But people can only be expected to work hard and take risks (for example, in investing some of their limited capital in implements) if they can be satisfied they are getting the best available return for their labours. There is insufficient margin in this sort of exercise to afford profits to traders or speculators. Every penny is important to the cultivator of marginal land. Cooperative marketing societies are therefore necessary both to serve the farmer and to carry the agricultural education programme forward. The farmer/member will only be assured he is getting the best deal available in the market, if he has some hand in the marketing arrangements.

Secondly, there is at present virtually no indigenous stake in the commercial



Sorting bean leaves which are dried and used for food when greens are scarce in spring

life of the country and it was important to begin to create agencies that gave the Tswana people some training, interest, and control in this sector of the economy. Thirdly, it was frankly realised that crop marketing societies in the particular areas concerned held out the best prospect of early success. Once achieved, this could then be capitalised as useful propaganda in other areas.

### **Loan capital a drawback**

The temptation, in seeking development in an emergent territory, is to think in terms of loan capital as being essential in order to get things moving. Frequently, of course, it is. To the co-operator, however, it has several drawbacks. Firstly, if the loan is substantial, the lenders, reasonably enough, wish to exert considerable control over the affairs of the borrower to ensure that their money is safe. This restricts the freedom

of the society and inhibits the educational value of the Cooperative action.

Secondly, it undercuts the principle of self-help and tends to foster the attitude of willingness to rely on others. Psychologically, this is very significant in colonial territories. There is a great need to break the idea of reliance on outside agencies and to give people confidence in themselves. It is likely that much of the more frenetic political attitudes that display themselves in some emergent countries spring from a basic lack of confidence when people are confronted with new-found opportunities and responsibilities.

Thirdly, borrowing is expensive and a society launched with a large capital loan spends the first years of its existence carefully husbanding its slender surpluses to meet its debt commitments. Again this has adverse psychological effects. As people become familiar with the capital equipment provided by the loan, they become progressively disheartened as every spare penny they have goes to pay for it.

### **Teaching the right lessons**

Fourthly, in teaching people the hard facts of learning to live in the tough world of business it is tremendously important to teach the right lessons. Teach the wrong ones and you do more harm than good. One of the lessons people have to learn is that we get nothing for nothing in the world of business. And cooperators, whether we like it or not, have to live in that world of profit and loss in which everything is costed and charged. For example, a good deal of harm can be done, in educational terms, by providing subsidised or sub-economic services however well-meant, when these have to be followed by the need for people to rely on their own resources. It

must be frankly faced that the European administrator, bred in paternalism, is tempted out of sheer good will to construct schemes of development which, being promoted by Government, carry substantial hidden subsidies and are rarely properly costed. The tendency is to think that once promoted, they can then be carried forward by the people themselves. But when the hidden subsidies are withdrawn the whole operation is seen in a different light and may well be quite unviable. The natural reaction is to "let Government do it" or, more unfortunate, "the European officer must help—we can't do it alone." Government promoted schemes are not easily converted to business principles. Indeed, it must be recognised that the easy way to seek short-term development is to leave it to government and its ability to ignore the harsh realities of profit and loss.

Fifthly, people are notoriously more careless with other people's money (and particularly government money) than they are with their own and a sense of responsibility about money and property is one of the lessons infant cooperatives have to teach.

All this appears to run against the general theory of credit as the essential agent for economic growth, agrarian development, and the free flow of commerce. In fact in terms of provision of proper security and ability to meet interest charges it does not. It also appears to oppose the doctrine that undercapitalisation is as wasteful and dangerous as over-capitalisation. In fact there is no intention of entering upon that sort of argument at all.

### **Danger of crash programmes**

What is being advanced is that, for sound cooperative development, short-

A group of students with the Registrar (in centre wearing white shirt)



In class

term crash programmes involving substantial loan capital investment are not the right approach, even where development is urgently needed. The reasons spring from sound cooperative principles. Such a programme inhibits the concept of self-help and self-reliance; it involves substantial risk; it confuses the educational values of cooperative activity; it tends to push development beyond the capacity of the members to understand and control.

In Bechuanaland, therefore, the line taken is that loan capital is neither being sought nor offered. The societies are being told bluntly that for capital investment they must rely on their own resources. The response to this has, so far, been excellent. The people have understood and accepted the reasons and have, on their own initiative, usually fixed the minimum share holding at R 10, (£5). This will not, of course, provide adequate capital for

development and emphasis is, therefore, given to the need to create surpluses and to use these as the main source of capital for expansion.

### **No credit trading**

It would be worth while adding a word here on trading policy. *No credit trading* is the first principle established and much care is taken to stimulate discussion and argument on this so that the reasons are fully understood. Being understood they are accepted, though it is of course recognised that there will nevertheless be continual pressure for credit trading as the months and years go by. As it is, however, the societies themselves have readily accepted inclusion of a by-law preventing sale of goods on credit.

There has been a trend in some countries in Africa to develop cooperatives which act mainly as collecting or forwarding agents for other agencies; or to



create systems in which the Cooperative sells crops for members and takes a commission on the deal. In Basutoland, for example, the practice for many years was for the Wool Marketing Cooperative to receive a member's wool, send it to the market and receive back a cheque for the particular member concerned. The society then charged a fixed commission to cover its handling costs. There are several arguments against this arrangement:—

- (a) it makes for a complicated system of book-keeping and records; an important point in the conditions in which the societies operate;
- (b) it restricts the ability of the society to operate to the collective advantage and to seek the best markets;
- (c) it confuses the simple business calculations (and lessons) of buying price and selling price; gross profit and net profit; profit and loss;
- (d) it restricts the ability of the society to budget for a surplus in relation to its capital and development needs;
- (e) provided the price is reasonable the member (the seller) prefers to have cash down and may well be tempted to take his produce elsewhere if cash is not paid.

For these reasons it is important that the societies have the capacity to pay cash at the time of receipt of produce. Clearly, in the early years they are not able to raise sufficient funds for this purpose from their own resources. The buying season is a time when a good deal of money is required for a short period. Arrangements have been made, therefore, to make crop buying loans available to approved societies on short-

term conditions. This money will be made available by the National Development Bank who will place the sum advanced to the credit of the society concerned in a special account at a commercial bank. The society will then use this account for buying in crops from members, paying the member by cheque. By arrangement with the commercial bank concerned a mobile bank will be available at the society's headquarters on the fixed buying days and members receiving cheques can then either deposit them in their account at the bank or cash them direct. This procedure means that, so far as loan moneys are concerned, the society handles no cash at all and security risks are greatly minimised. Again it is a procedure which requires careful explanation so that members understand what is being done, and why.

Loans for this purpose are seen in a quite different context to capital loans. In the first place they are adequately secured and covered by a lien on the crop. Secondly, they are short-term (3-4 months) only and repayable from the income from sales of crops. Thirdly, they are essential if cash trading is to be adopted.

### **Other types of societies**

In this article we have been concerned mainly with describing the approach in (cooperatively-speaking) virgin territory, to the development of cooperative marketing societies. There is, of course, great need for other types of societies and indeed some are in process of being organised. A consumers' society, already registered, has done an average of R 400 (£200) a week in its first six weeks. A society to provide a maintenance service for the plant used at water bore-holes is well advanced. There is a proposal for a

cooperative housing society at the new capital town of Gaborones. After the first group of marketing societies, however, the next priority is the organisation of a group of thrift and loan societies. The arguments for this type of society are familiar enough, and they all apply to conditions in Bechuanaland: the need to encourage thrift and saving; to improve the credit-worthiness of the peasant; to provide a source of small loans for provident and productive purposes; to harness the small savings of the people in the interests of social and economic development generally.

The tasks are there, and present themselves clearly enough. A start—albeit slow—has been made. As has been indicated, three attitudes dominate the approach to development. First the overriding need for education, explanation and understanding, which is subjected to no other consideration. Second, the need for steady growth and sound organisation. Cooperatives can serve the

people only to the extent that they are efficient and responsive to the disciplines and requirements of sound Co-operative and commercial practice. Third, the need for the power of self-help to be seen as a reality; for people to gain sufficient confidence to rely upon their own efforts, and to use their own resources of imagination, energy, and ability.

All this means that the principal task of the sponsoring Department is education and training. As in any other country, cooperatives can only be established when people know and understand what they are doing; they can develop and grow only within the capacity of the people to finance and manage. Growth, therefore, has to proceed in step with ability. The aim, as in so many other places of different conditions, is the creation of a vigorous, independent cooperative movement based on the principles of self-help, mutual aid and voluntary association.

## INTERNATIONAL COOPERATIVE STATISTICS

### THE COOPERATIVE SHARE IN THE WORLD POPULATION

THE *Mitteilungen der Deutschen Genossenschaftskasse* (The Information Bulletin of the German Cooperative Savings Bank) published, under the above headings, extracts from the annual statistics of the I.C.A. These statistics are, however, only approximate, as they are based exclusively on information received from the cooperatives affiliated to the I.C.A. One must also take into consideration that one person is very

frequently a member of more than one cooperative.

Nonetheless, the survey represents an approximately correct picture of the cooperative movement today.

In 1962, the proportionate share of the cooperative movement of the populations of the countries affiliated to the I.C.A., estimated at a total of 1,730 millions, amounted to 10.64 per cent (1961: 10.20 per cent). In Europe the share



amounted to 17.70 per cent (1961: 17.24 per cent). In America and Asia the figure was between 7 and 8 per cent, in Australia about 6 per cent and in Africa less than 1 per cent.

Of all countries, Israel with 45.91 per cent (1961: 44.94 per cent) takes first place. It is followed by Finland with 37.80 per cent (1961: 37.99 per cent), Denmark with 31.95 per cent (1961: 32.94 per cent), Great Britain (almost exclusively consumers' cooperatives) with 25.70 per cent (1961: 25.79 per cent), and Austria, Canada and Cyprus with 20 to 30 per cent. The corresponding figure for the German Federal Republic for 1962 was not more than 7 per cent.

In the countries under communist rule, which depend almost entirely on the supplies of the consumers' cooperatives, the percentage varies between 15.40 per cent (Czechoslovakia) and 33.19 per cent (Rumania).

### **Consumers' societies**

For consumers' cooperatives only, the average percentage for all countries was 4.83 per cent (1961: 4.62 per cent). First place is again taken by Israel with 26.18 per cent (1961: 25.19 per cent), followed closely by Great Britain with 24.59 per cent (1961: 24.71 per cent). Finland's share is almost equally high: 23.03 per cent (1961: 22.99 per cent). Without the countries under communist rule, these three countries form the leading group. Following these are Iceland and Sweden with 17.33 per cent (1961: 17.62 per cent) and 16.40 per cent (1961: 16.03 per cent) respectively, Switzerland with 14.34 per cent (1961: 14.28 per cent) and Denmark with 12.57 per cent (1961: 12.82 per cent). For all other countries the proportion was below 10 per cent. Of the non-European countries only Japan with 4.11 per cent approaches the average.

Most non-European countries did not reach even 1 per cent. In the U.S.A. the figure was 0.90 per cent (1961: 0.79 per cent).

### **The Wholesale Societies of the Consumers' Co-operatives**

These are without exception affiliated to the I.C.A. The statistics of the I.C.A. should therefore give a fairly complete and accurate picture of the turnover, if one leaves aside the fact that the parity of the purchasing power and of the currency is only approximate. One must further take into account that a clear distinction between the wholesale purchases of the consumers' cooperatives and the centrally organised supply of agricultural requirements cannot be made in so far as the U.S.A., Canada and Iceland are concerned. The total turnover for 1962 amounted to £1,518 mill. if one deducts the figures for the centrally made purchases of the Rumanian and Russian wholesale societies, who have more or less a monopoly character and cannot be compared with the wholesale societies in the West. (In the other countries under communist rule the purchases are the responsibility of the State). Of these £1,518 mill., more than one third of the purchases—£568.5 mill.—were made by the two British wholesale societies. Then follows Kooperativa Förbundet (Sweden) with £198.4 mill. and SOK and OTK (Finland) with £182.3 mill. These two countries, with their considerably smaller population and membership, are proportionately on the same level as Great Britain. Then follow the Federal Republic of Germany mill. (but the latter consists predominantly of agricultural supplies), France with £107.7 mill. and Switzerland (VSK and VOLK) with £99.5 mill. With this figure Switzerland occupies the first



## BOOK REVIEWS

### **Das Genossenschaftswesen in den Entwicklungsländern**

*(Cooperation in the Developing Countries). By A. Ghanie Ghaussy, Freiburg im Breisgau, Verlag Rombach. With select bibliography and index. 341 pp.*

A book which surveys the whole field of Cooperative activity in the developing countries is in any event useful because it brings together between one pair of covers, information which would otherwise have to be collected from widely scattered sources. But if such a book is lucidly written on a logical plan, properly indexed and equipped with a full list of original sources, it can be very valuable indeed, not simply for the author's conclusions, but also for constant reference. And that is one of the merits of Dr. A. Ghanie Ghaussy's work reviewed here.

Dr. Ghaussy was born in Afghanistan, an Asian country which began serious experiment with Cooperation relatively recently, and pursued his university studies at Munich and at Hamburg. As might be expected, he would obtain excellent guidance for research into Cooperation at both universities and its influence is apparent in this book. His point of view, however, is that of a citizen of a newly-developing country seeking to accelerate its economic growth by the most appropriate and effective means, not that of a western cooperator or citizen anxious to help by making the advantages of cooperation available to countries in the early stages of their industrial evolution.

At the outset Dr. Ghaussy makes an important distinction between cooperation as an end and cooperation as an instrument of devel-

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place. Proportionately, the second place is taken by Denmark with £54.7 mill. The turnover of Canada, similarly to that of the U.S.A., consists mainly of agricultural supplies.

A turnover above £10 mill. was reached by Austria, Holland, India, Iceland and Norway. Iceland, with only 182,000 inhabitants, is a special case, since, in proportion to its population, it would occupy the first place.

opment policy. Cooperation can be both end and means of course, but when it is chosen as an end, under the name of a Cooperative Commonwealth for example, it is nearly always for ideological or political reasons by those seeking for a third course between two such mutually opposed extremes as capitalism and communism. Dr. Ghaussy has little difficulty in showing that such "cooperatisation" of economic and social life really transforms the ordinary course of cooperative development into a political programme and that is not capable of realisation, even in western countries where the Movement is already well-established and powerful, still less elsewhere.

Dr. Ghaussy also avoids the heady idealism which makes exaggerated claims for Cooperation as an instrument of economic development and which ignores the practical difficulties, some inherent in Cooperation itself, some rooted in the circumstances of the developing regions, which limit its immediate possibilities and retard its advance in many African, Asian and Latin American countries. The body of the book consists of a sober examination of the functions which cooperation can perform in the developing countries as they evolve politically, socially and economically. This examination does not remain on the level of generalisation, but is brought down to the specific merits, possibilities and limitations of every one of the types of cooperative society commonly promoted. There is no attempt to gloss over difficulties. In fact, Dr. Ghaussy seems at times to emphasise them too much, as when he says that the difficulties to be overcome in to-day's developing countries are greater than any encountered by cooperative pioneers in western countries. Well, none of us was alive a century ago, but Dr. Ghaussy might with profit read the report on Eastern Europe submitted to the I.C.A. Congress at Budapest in 1904.

Dr. Ghaussy is quite right, however, when he maintains that external aid to the developing countries, if it is to be effective, must be cleansed of all pre-suppositions, which, although underlying western experience, are simply not valid elsewhere, and when he points to help in "making cooperators" as a special task devolving upon the State and also the Cooperative organisations of the industrialised countries. It will be a pity if his book remains available only in the German language. It deserves the widest possible readership.

W. P. W.

## Nepalese Cooperative Movement,

by Satish C. Prabasi, Co-operative Officer, Kathmandu. Published by His Majesty's Government, Cooperative Department, Kathmandu. Printed by Nepal Cooperative Press, 5/622 Ombahal, Kathmandu, (No price given).

In an article in this number, Mr. S. C. Prabasi has given us a view of the Nepalese Co-operative Movement. It may be, however, that some readers will be interested in learning more about the Nepalese Cooperative Movement and a book written by Mr. Prabasi, "*Nepalese Cooperative Movement*" published by the Co-operative Department in Kathmandu, will be of help in a study of that country's cooperative activities.

Nepal as a country has always exercised a strong fascination on many people and this for various reasons. The mountain range of Everest has perhaps the strongest fascination for Europeans; to the Asians, Nepal is a melting pot of Asia's religious expressions like Hinduism, Buddhism and to some extent Lamaism; Nepal has also a great fascination for students of iconography. The beautiful sculptures of the gods of the many religious expressions found in Nepal are some of the greatest created by Nepalese craftsmen.

The people of Nepal had lived up to about 1950 in almost complete seclusion from the outer world, the only Nepalese that people have come across outside the country being those very brave and sturdy soldiers known as Gurkhas, who were perhaps, the only known export commodity of that country.

To find, as I did recently, a Nepalese co-operator definitely with both feet in the twentieth century and trying to bring his country into the world of today was an exciting experience, which was completed by reading his book on the Nepalese Cooperative Movement. Mr. Prabasi vividly describes the revolutionary changes brought about in the area of South East Asia, and he tells us of the hard times as late as 1950 when his nation was under family rule, and how an independent life was denied to most of the Nepalese. Not until 1951 was the policy of imposed isolation abandoned, active participation in international affairs permitted and an intensive effort made to raise the general living standard of the people.

Nepal is a truly land-locked country, 56,000 square miles in area, facing the Tibetan plateau in the north and bordered by India on its other three sides. The land is generally held in three systems of land tenure, one of them going back to the feudal structure of Nepalese society. In some instances land was given by the State to previous owners, in others it is owned by the State. The third form is that of land owned by religious institutions, monasteries and large

temples. Barter is still to some extent the Nepalese way of marketing, but some of the produce is sold for cash through a chain of middlemen operating between seller and buyer. Credit is provided mainly by private dealers, and since there are no processing plants or warehouses, the farmers receive very low prices.

The agricultural sector on which the population depends offers the best impression of the country's economy. Of the total land area of Nepal only 33.9 per cent is cultivable and of this a mere 17.7 per cent is under the plough today. Obviously, therefore, there is great scope for expansion in agriculture.

Cooperation is not a new idea in Nepal and there are many customs and social practices of the past where voluntary cooperation has been employed in the economic activities of the people. An interesting example of this is the "Dharme-Bhakhari", which means a village storehouse to which after the harvest every farmer must contribute a quantity of good grains according to his economic capacity. This grain was stored in the common storehouse under the supervision of an elected council of villagers. At times when food was scarce, the needy people in the community were given grain from this store, for which they paid when the hardship had passed, a certain percentage being added for the loan. The money received was added to the original storehouse fund and in this way a system of "loans in kind" was perpetuated for the benefit of all.

Such a background was a good basis for a general understanding of cooperation. The beginning of modern cooperation dates from 1953 to 1955, when a Cooperative Department was established to help small peasants and artisans to achieve economic justice and a better standard of living. It was not easy to find people in the country sufficiently educated to teach cooperative principles and practice, and the dearth of trained personnel greatly limited the scope of cooperation at its inception.

Not until 1956/57 was it possible to obtain full recognition for cooperation which was then included in the official planning which produced the first five-year plan. This plan resulted in more credit for producers' cooperatives and marketing. A few multi-purpose societies were formed and a start was made in the distribution of consumer goods. In spite of the general poverty, great emphasis was placed on co-operative education. By 1962, 203 societies of such widely different types as multi-purpose societies, consumers' societies, credit societies, cottage industry societies, market produce societies and credit unions, were founded. It is obvious that there is in Nepal a very close relationship between the attitude of the State towards cooperation and the scale of services which cooperatives are able to provide, and the

Nepalese Cooperative Movement conforms at present to the general pattern of relationship between State and Cooperative Movements such as exists in most of the new emergent countries. Based on the Cooperative Law now on the Nepalese Statute Book, cooperation has a sound legal foundation in the economy of the country.

Whatever the trials and errors may have been, there is justifiable hope that a balanced co-operative sector covering agricultural and other activities will advance progress and bring prosperity to Nepal.

J. H. O.

### La Doctrine Coopérative

*(The Cooperative Doctrine). By Paul Lambert, Professor at the Faculty of Laws, Liège. Third edition with new preface and epilogue. Published by Propagateurs de la Coopération, 17 Place E. Vandervelde, Brussels. 373 pages.*

The appearance of a third edition in French of Professor Paul Lambert's book on the theory of Cooperation is cause for rejoicing by all whose main concern is that, in these changing times, cooperators everywhere shall be clear in their minds about the Movement's principles and aims. It is just six years since the first French edition of Professor Lambert's work was published, and in the interval it has also appeared in English, Russian, Spanish, Hungarian and Greek translations. These have given it very nearly a world-wide circulation.

The book was welcomed in these pages on its first appearance as the first major treatise on the principles of Cooperation to be published for a quarter of a century. Wherever it has circulated it has admirably rendered the invaluable service of provoking, not always agreement, but much-needed serious thought and discussion. It would be a sad day for the Co-operative Movement if earnest discussion of its principles and their application slackened or died out. Professor Lambert's book came like a powerful draught, re-kindling the flames of argument.

Considerate of his readers, including his reviewers, Professor Lambert has left the text of his second edition unchanged. Instead of amending it he has written a new preface and added, in a "postface" or epilogue, three studies, already published in 1960, 1961 and 1962 respectively, dealing with Cooperative doctrine, the nature and criteria of cooperatives of public authorities and planning and cooperative action. Although Professor Lambert has made no fundamental change in his position, the Movement has seen some changes and developments in the last six years and he feels obliged to comment upon them, as well as to add some explanations designed to clarify or reinforce his position.

Professor Lambert reiterates that the aim of

his work is to arrive at a general definition of Cooperation which will embrace the multiplicity of its forms, among which he would include cooperatives of public authorities such as exist notably in Belgium. Not all would agree with him on that point, but disagreement is not of vital importance. If there has been an overflow of cooperative ideas into the public sector, no cooperator need complain. The sectors do not operate in water-tight compartments, nor is social organisation obliged to conform in practice to the definitions formulated by scientists for the purposes of analysis.

It is important, on the other hand, that the various forms of organisation which are indisputably cooperative should recognise the identity of their fundamental principles and set a higher value on their differences. The cooperative sector in our time has to consolidate itself to meet and survive the crunch of competition, nationally and internationally. The search for a general definition of Cooperation is therefore a contribution to the International Co-operative Movement.

Over and above this, however, Professor Lambert rightly emphasises that Cooperation represents a form of organisation of significance for the economic system in general. Paradoxical though it may seem, the Cooperative principles do not belong exclusively to Cooperation. That is why they often evoke echoes in the wider world and why Cooperation can derive invaluable support, for example, from the trade union movement in the countries of advanced industrial development or from what is known as community development in the regions where economic development is still in an early stage. It is not by accident or mere administrative convenience, but through recognition of an underlying identity of aim, that the Indian Government entrusted the promotion of Cooperation, community development and *panchayat raj* (village self-government) to a single ministry. Cooperative principles are not the beliefs of an exclusive economic sect, they form a universal basis of welfare, as against ordinary, market economics.

This is all the more important because *laissez faire* has long ceased to be a practicable policy even in the older industrialised countries; in the newer it was unthinkable from the very beginning. Government must play a vital and often a dominating role in planning economic development. Professor Lambert is concerned to show how Cooperation in its various forms can contribute to a planned economy important advantages, notably a responsiveness to consumers' real needs in regard to qualities and freedom of choice, that are beyond the reach of purely governmental planning. But if it is to do so effectively, Cooperation requires from government a proper understanding of its

aims, structures and methods, especially of the federalism which links the individual household through a more or less coordinated series of institutions with the economy as a whole. On the other hand, collaboration with government in planning for the nation demands from cooperators an acknowledgement of the movement's duty to consider the public weal as well as private welfare. It is of the greatest interest to compare Professor Lambert's observations with the celebrated passage of Albert Thomas's report to the International Labour Conference of 1932 and to note how Cooperative thought has advanced in thirty years. It is a great pity that an accident in the paging has left a gap in Professor Lambert's text.

The present reviewer is grateful to Professor Lambert for his explanations in reply to certain observations made in a review of the first edition in the *Review* for May 1959, for they show that our respective standpoints are nearer one another than at first appeared and that the differences are partly due to the meanings attached to certain terms. Professor Lambert would not distinguish too sharply between the principles, the practical rules and the ideal aspirations of Cooperation. Democracy, he says, is a moral imperative and it is the duty of co-operators to ensure that it is effective in their enterprises. It is also a practical rule determining the functioning of their societies, as well as an ideal aspiration, because cooperators wish to substitute the rule of democracy for the rule of capital in industrial organisation.

This sounds well, but the term "rule" is capable of several meanings. By calling democracy a moral imperative Professor Lambert seems to agree, as would this reviewer, with Dr. Fauquet who understood by principles, not the rules fixed by cooperative custom, but the moral postulates from which the rules are derived. Rules, to this reviewer, mean the ensemble of statutes, regulations, conventions, procedures and usages needed to ensure the observance of the principles in cooperative practice. Of all the principles, democracy is the one which demands no more than a single rule: one member, one vote, for its effective operation, even in a simple primary cooperative, but in one of the gigantic urban consumer cooperatives, what an elaborate apparatus for information, consultation and decision! The principles are constant, but the rules are variable according to the type of cooperative, time, place and other circumstances. And this distinction is of the utmost importance at the present time when some cooperators are demanding changes of principle which would transform the movement into something completely different, while others refuse any modification of present rules, no matter how obsolete, because they fear the authority of the principles may be undermined.

Between this Scylla and Charybdis the International Cooperative Movement, with the help of the I.C.A. and its special commission, has to steer its way.

Moreover, cooperative ideals change from generation to generation, for they are the form in which cooperators cast their hopes. At one time Cooperation was to find its ideal fulfilment in the self-supporting community, at another in the Cooperative Commonwealth. Both these ideals seem to be behind us now. The present generation has to find the proper relation between the cooperative microcosm and the social macrocosm before it can cast its hopes in a form which will attract mankind to it.

As to the primacy of association or democracy among the principles, all depends on what is meant by "fundamental". Of course, democracy is the logical "difference", or a part of it, which distinguishes Cooperation from other forms of association. But for cooperators association is not a mere expedient; it is a moral imperative just as much as democracy and because it is the source of the Movement's economic power, as well as of that federalism which Professor Lambert rightly extols, it is fundamental. The necessity of maintaining unity at all times governs the application of all the other principles and gives association (or unity), in this reviewer's opinion, an over-riding authority.

W. P. W.

### Essays on Modern Cooperation

*Laszlo Valko, Washington State University Press, Pullman, Washington, U.S.A., Price: \$4.25*

Professor Valko, after studies in Budapest, Vienna and Iowa State, is a professor at the Washington State University where he lectures on cooperation and conducts research projects in that field. He is widely known for his "*International Handbook of Cooperative Legislation*" and he has now given us a series of studies on problems facing cooperation in our age.

*Essays on Modern Cooperation* contains various studies on the most striking problems of modern cooperation. It is designed for both the specialist and the general reader, and will also be useful in classroom teaching of modern theory of cooperation.

The author has considered the latest theories pertaining to the economic, social, and legal status of cooperatives in the modern economy. Since the early pioneers started the first successful cooperatives more than 120 years ago, the cooperative movement has undergone significant changes. Similar to other economic institutions, it faces today the problems of an ever-changing and complicated world. How the original characteristics of cooperatives can be preserved in

this changing world is discussed in the first section of the book.

The economic, social, and educational nature of cooperation is considered in relation to conditions in various countries, including the newly developing nations as well as the highly developed states. Important theoretical questions such as the relation of cooperatives and the state, the difference between cooperative and collective organisations, and the varied levels in the evolution of cooperatives are objectively discussed.

A special section is devoted to the legal status of cooperatives as defined in different cooperative legislation dating from the first cooperative law of 1852.

As the author emphasizes, the future devel-

opment and progress of cooperatives will depend not only on simple economic factors. Cooperation has its individual characteristic which is not simply the reflection of material benefits. Therefore, the educational programme for modern cooperatives is an essential element. People working for cooperatives, and also the general public, should understand the basic nature of modern cooperation. The method of undertaking an effective public relations and educational programme is described in the third section of the book.

French and Spanish editions of this book are also available:

*"Etudes Sur Le Mouvement Coopératif Moderne"*, *"Estudios Cooperativos"*.

W. P. W.

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#### Affiliated Organisations (continued)

Association of Enterprises on a Cooperative Basis, *Bloemgracht 29, Amsterdam.*

ICELAND: Samband Isl. Samvinnufelaga, *Reykjavik.*

INDIA: National Cooperative Union of India, *72, Jorbagh Nursery, New Delhi-3.*

All Bombay Consumers Cooperative Societies, Federation, Ltd., *3rd Floor, Military Square Lane, Fort, Bombay 1.*

National Agricultural Cooperative Marketing Federation, Ltd., *34, South Patel Nagar, New Delhi, 12.*

IRAN: Cherkate Taavoni Masrafe Artèche (Army Consumers' Co-operative Society), *Avenue Sevvom Esfand, Rue Artèche, Teheran.*

The Credit and Housing Society of Iran, *20-22 Shahabad Avenue, Tehran.*

ISRAEL: General Cooperative Association of Jewish Labour in Eretz-Israel „Hevrat Ovdim“, Ltd., *P.O.B. 303, Tel-Aviv.*  
Affiliated societies and companies (1963): 1,855 in all branches.

“Merkaz” Audit Union of the Cooperative Societies or Loans and Savings, *P. O. Box 75, Tel-Aviv.*

“Haikar” Audit Union of the Agricultural Societies of the Farmers Federation of Israel, *8 Harkrya Street, P.O.B. 209, Tel-Aviv.*

ITALY: Lega Nazionale delle Cooperative e Mutue *Via Guattani 9, Rome.*

Confederazione Cooperativa Italiana, *Borgo Santo Spirito, 78, Rome.*

Associazione Generale delle Cooperative Italiane, *Via Milano 42, Rome.*

JAMAICA: The Jamaica Cooperative Union, Ltd., *74½ Hanover Street, Kingston, W.I.*

JAPAN: Nippon Seikatsu Kyodokumiai Rengokai, (Japanese Consumers' Cooperative Union) *Tanro-Kaikan, 9 Ichigaya-Kawada-cho, Shinjuku-ku, Tokyo.*

Zenkoku Nogyokyodokumiai Chuokai, (Central Union of Agricultural Cooperatives) *11, Yutakucho, 1-chome, Chiyoda-ku, Tokyo.*

Zenkoku Gyogyo Kyodokumiai Rengokai, (National Federation of Fishery Cooperative Associations), *Sankaido Building, Akasaka-ta meikomachi, Minato-ku, Tokyo.*

JORDAN, Jordan Cooperative Central Union Ltd., *P.O.B., 1343, Amman.*

KOREA: National Agricultural Cooperative Federation, *75, 1st street, Chung-Jong-Ro, Sodaemun-ku, Seoul.*

MALAYSIA: Cooperative Union of Malaya, *8, Holland Road, Kuala Lumpur.*

Federation of Cooperative Housing Societies, *8, Holland Road, Kuala Lumpur.*

Sarawak Co-operative Central Bank Ltd., *3-J. Clifford House, Kuching, Sarawak.*



- Singapore Cooperative Union, Ltd., *Post Box 366, Singapore.*
- MALTA: Farmers' Central Cooperative Society Ltd., *New Building, Middleman Street, Marsa.*
- MAURITIUS: Mauritius Cooperative Union, *Dumat Street, Port Louis.*
- MEXICO: Confederación Nacional Cooperativa de la Republica Mexicana, C.C.L., *Av. Cuauhtemoc 60, 5e Piso, Mexico 7, D.F.*
- NIGERIA: Cooperative Union of Eastern Nigeria Ltd., *Cooperative Bank Buildings, Milverton Ave, Aba.*  
 Cooperative Union of Western Nigeria, Ltd., *c/o Cooperative Buildings, New Court Rd., Ibadan.*  
 Lagos Cooperative Union Ltd., *Cooperative Office, 147, Broad Street, Lagos, W. Nigeria.*
- NORWAY: Norges Kooperative Landsforening, *Organisasjonsavdelingen, Kirkegaten 4, Oslo.*  
 Affiliated societies (1962): 1,037; membership: 320,000; turnover of local societies: Kr. 1,600 mill.; of N.K.L.: Kr. 458 mill.  
 BBL A/L Norske Boligbyggelags Landsforbund, *Trondheimsveien 84-86, Oslo.*
- PAKISTAN: East Pakistan Co-operative Union, Ltd., *9/D-Motijheel Commercial Area, 3rd. Floor, Dacca. 2.*  
 West Pakistan Co-operative Union, *31, Lower Mall, Lahore.*  
 Karachi Central Cooperative Bank, Ltd., *14, Laxmi Building, Bunder Road, Karachi, 2.*  
 Karachi Central Cooperative Consumers' Union, *Block No. 53, Pakistan Secretariat, Karachi, 3.*  
 Karachi Cooperative Housing Societies Union, *Shaheed-e Millat Road, Karachi, 5.*  
 Karachi Cooperative Institute Ltd., *4. Bandukwala Building, McLeod Road, Karachi, 2.*  
 Karachi Fishermen's Cooperative Purchase and Sales Society Ltd., *West Wharf Road, Karachi.*  
 Sind Regional Cooperative Bank Ltd., *Provincial Cooperative Bank Building, Serai Road, P.O.Box 4705, Karachi 2.*
- PHILIPPINES: Central Co-operative Exchange, Inc., *P.O.B. 1968, Manila.*
- POLAND: Central Agricultural Union of "Peasant Self-Aid" Cooperatives, *Kopernika 30, Warsaw.*  
 The Central Union of Building and Housing Co-operatives, *Ul. Jasna 1, Warsaw.*  
 The Invalids' Co-operative Union, *c/o Central Agricultural Union of "Peasant Self-Aid" Co-operatives, Ul. Kopernika 30, Warsaw.*  
 "Spolem" – Union of Consumer Co-operatives, *Grzyny 13, Warsaw.*  
 Central Union of Work Co-operatives, *Surawia 47, Warsaw.*
- ROUMANIA: Uniunea Centrale a Cooperativelor de Consum „Centrocoop”, *Calea Victoriei 29, Bucharest.*
- SCANDINAVIA: Nordisk Andelsforbund (Scandinavian Co-operative Wholesale Society), *Axeltorr 3, Copenhagen V.*
- SWEDEN: Kooperativa Förbundet, *Stockholm, 15.*  
 Affiliated retail societies (1963): 400; membership: 1,271,000; total turnover of distributive societies: Kr. 4,347 mill.; total turnover of K.F.: Kr. 3,090 mill. (Kr. 2,055 mill. sales to affiliated societies); own production: Kr. 1,630 mill.; total capital (shares and reserves) of K.F. and affiliated societies Kr. 1,024 million, surplus included  
 Kooperativa Kvinnogillesförbundet, *Stockholm, 15.*  
 Hyresgästernas Sparkasse- och Byggnadsförenings Riksförbund (H.S.B.), *Flemminggatan, 41, Stockholm, 18.*  
 Affiliated Building Societies: 186; with individual members: 250,000; number of flats administered by local societies: 220,000; value of real estate: 8,000 mill. Kr.  
 Svenska Riksborgen, *Box 19028, Stockholm, 19.*  
 Folksam Insurance Group, *Folksam Building, Stockholm, 20.*  
 Sveriges Lantbruksförbund, *Klara Ostra Kyrkogata, 12, Stockholm, 1.*
- SWITZERLAND: Verband schweiz. Konsumvereine (V.S.K.), *Thiersteinerallee 14, Basle.*  
 Affiliated societies (1964): 505; shops: 3,200; membership: 780,000; retail turnover of affiliated societies: Frs. 1,700; wholesale turnover: Frs. 1,100 mill.  
 Verband ostschweiz. landwirtschaftlicher Genossenschaften (V.O.L.G.), *Schaffhauserstrasse 6, Winterthur.*  
 Schweiz. Verband Sozialer Baubetriebe, SBHV., *Postfach Sihlpost, Zurich, 1.*  
 Genossenschaftliche Zentralbank, *Aeschenvorstadt 71, Basle.*  
 COOP Lebensversicherungs-Genossenschaft *Basle, Aeschenvorstadt 67, Basle.*
- TANZANIA: Cooperative Union of Tanganyika, Ltd., *Avalon House, P.O. Box 2567, Dar es Salaam.*
- UGANDA: Uganda Co-operative Alliance, Ltd., *P.O.B. 2215, Kampala.*
- U.S.A. The Co-operative League of the U.S.A., *59, East Van Buren, Chicago Ill. (60605), and 1012, 14th Street, N.W., Washington 5, D.C.*
- U.S.S.R.: Central Union of Consumers' Cooperative Societies of the U.S.S.R. „Centrosoyus”, *Ilyinka Tcherkassy pereulok 15, Moscow.*  
 Consumers' societies (1961): 17,500; members: 43,1 mill.; stores: 321,000.
- YUGOSLAVIA: Glavni Zadruzni Savez FNRJ., *ul. Knez Mihajlova 10, Belgrade.*
- ZAMBIA: Eastern Province Cooperative Marketing Assoc. Ltd., *POB 108, Fort Jameson.*

# Review of INTERNATIONAL COOPERATION

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# 43rd INTER COOPERATIVE

3rd JULY

## *Declaration*

*THE INTERNATIONAL COOPERATIVE  
Movements comprising 190 million members in  
International Cooperative Day :*

- RECALLS the 20th Anniversary of the ending of World War II and asks all its members to continue with renewed vigour their work for the establishment of lasting peace and security for all humanity;
- RECALLS once again the necessity of striving for general and complete disarmament under efficient international control;
- AFFIRMS its fundamental belief that Cooperation both in the industrialised and in the newly developing countries of the world, is an economic and social means of paramount importance by which all mankind can build in harmony a just world order and attain to higher standards of economic prosperity and human dignity;
- INVITES ATTENTION to the significant part played by cooperators in alleviating hunger and increasing food production through coordinated action in the fields of supply, transport, finance, technical improvements, marketing, processing, packing, distribution, and the provision of various other services to producers and consumers;
- APPEALS to all members in 1965, THE INTERNATIONAL COOPERATION YEAR, to celebrate the 20th Anniversary of the UNITED NATIONS

# NATIONAL FIVE DAY

1965

*of the I.C.A.*

*ALLIANCE, addressing its affiliated Organisations in twenty-four countries, on the occasion of the 43rd*

giving special publicity throughout the year to all international cooperative events, both outside and inside the United Nations, with whom we enjoy the highest category of consultative status;

ASKS all Affiliated Organisations and their members to aid the work of THE COMMISSION ON CO-OPERATIVE PRINCIPLES, which, following upon the Resolution adopted at the 22nd Congress at Bournemouth and the Terms of Reference laid down by the International Cooperative Alliance Central Committee, started its work on the 15th December, 1964;

THANKS its Affiliated Organisations and their members for their ever-increasing understanding and assistance for younger cooperative organisations starting life or growing to maturity in all parts of the world, and

RECALLS that International Cooperative Day was instituted to enable Cooperators in all countries to manifest annually their united will for the betterment of mankind and to make known nationally and internationally the task of world-wide international Cooperation through the instrument of the International Cooperative Alliance.



# THE I.C.A. - 1965

THE twentieth anniversary of the United Nations, the United Nations International Cooperation Year, and the seventieth anniversary of the International Cooperative Alliance should be sufficient cause for cooperators to look around and take stock of the world cooperative movement in 1965 and consider how far we are poised for closer collaboration and further progress.

At the international level the relations of the International Cooperative Alliance with other International Organisations, both Governmental and non-Governmental have never been better than they are to-day and close contacts are maintained with all who have cooperative interests. Outside the United Nations and its Agencies, the International Federation of Agricultural Producers and the International Confederation of Free Trade Unions are maintaining a close liaison with us and we are now beginning to see some results from this, as for example the joint statements already made at the FAO, the ILO and the World Food Programme, and advisory services rendered on technical assistance projects. Firmly established in international affairs, the I.C.A. makes good use of its Category "A" Status with

the UN Economic and Social Council, the highest consultative status allocated by the UN.

What of the member organisations of the I.C.A. and of their relationships with each other? Discords which occurred in the last century repeat themselves. New problems have been added but many improvements can be discerned. In the years immediately before and after the foundation of the Alliance it was extremely difficult to reconcile the conflicting views of the different types of cooperative movement. Each was intolerant of the other, often to the point of refusing to accept the other as falling within the definition of a true "cooperative". In 1965 the same conflicts may be found, but not the same degree of intolerance. Under the single roof of the I.C.A. may now be found all known types of cooperative, and the geographical diversification has increased to such an extent that the strong European consumer cooperatives have now reached the point when they account numerically for less than half of the total I.C.A. membership of about 200 millions compared with the much higher proportion of earlier years. The special Auxiliary Committee for Agriculture; Artisans'

and Producers' Societies; Petrol; Insurance; Banking and Housing, are growing stronger every year and provide as good a forum for specialist international cooperative activity as do the Wholesale and Retail Trading Auxiliaries of the Consumer Cooperatives.

If the different types of cooperative are no longer heard to argue with each other quite so hotly about their claims to be true cooperatives, the nature and definition of a "cooperative" nevertheless are called into question just as hotly as of old but in other ways. In the market economy countries there are non-cooperative organisations which adopt many of the characteristics of cooperatives and some cooperatives which adopt methods and characteristics of competitor non-cooperative organisations until problems arise in identifying the true cooperatives. There tends to be some drift away from democracy as structural changes are made to maintain efficiency and modernised cooperatives strive to maintain a satisfactory democratic system. On the other hand, where efficiency is lost, the democratic pattern becomes useless as services deteriorate and membership decreases.

In the developing countries the need for speed of development causes increased Government intervention in the field of cooperatives. Development becomes more planned, integrated, coordinated and assisted. The Government does not usually wish to undertake everything itself because of the real danger of some lack of a sense of responsibility on the part of individual citizens; assistance through private companies and individuals tends to get unduly side-tracked; and so the Governments are turning more and more to cooperatives. However, lack of education necessitates a degree of Governmental control over the

cooperatives and in practice it proves very difficult for cooperators and Governments to agree upon how far such Government control should go, and for how long. Here again it is claimed that the lack of self-help and democratic control frequently reaches the point at which a true cooperative can no longer exist.

In the planned-economy countries, the political party and the Government formulate the plan within which the cooperatives are given a certain place and allocated certain tasks or functions. They can then be allowed to work cooperatively, but with varying degrees of control from the state and party machinery. Leading co-operators from these countries often express great indignation at doubts which are expressed as to the validity of their cooperatives, on the grounds of membership not being voluntary in practice, or failure to distribute surplus in proportion to the volume of business transacted by a member with his society, or state interference with democratic control by removal of committee members or other means. They indicate that for them these criticisms are meaningless in the conditions of the planned economy within which they live. They point to the good attendance of members at meetings and their active interest in their societies as proof of the genuinely democratic nature of their cooperatives, to an extent which rarely may be found in cooperatives in market economy countries.

The International Cooperative Alliance, having members in all parts of the world, is naturally fully aware of these stresses and strains and has judged the present moment appropriate for special discussions on structural changes in national cooperative movements, especially the change of relationship between re-

tailoring and wholesaling functions in consumer and agricultural requirements cooperatives, and has set up an I.C.A. Commission on the Cooperative Principles, to examine the application of the Rochdale Principles to-day; any non-observance and, if so, the reasons for such non-observance; to consider the position and report on it, making such recommendations as they see fit, including if necessary a reformulation of cooperative principles.

The I.C.A. last examined the Rochdale Principles in 1934/37 and a reprint of the Congress Debate and Report to Congress in 1937 is available in English, French and German languages. There is a great demand for these reprints during the present period of reconsideration which is being pursued actively throughout the world in all types of cooperatives at all levels. In 1934/37 the main concern was for application of cooperative principles at the international level, but this time there is undoubtedly concern also for some advice and interpretation of cooperative principles to assist in identifying the essential characteristics of a "cooperative" at various levels in every country. In this respect cooperators everywhere are hoping for guidance from the I.C.A. Commission on Cooperative Principles.

Despite reduced trading margins, education continues to receive a high priority and the standard and training of management at all levels is receiving special attention in all types of cooperative movement in every country.

A new sphere of international activity which did not loom so large seventy years ago, within the area of inter-cooperative relations, is that of technical assistance from industrialised to newly developed countries. Governments of both these categories of nations are

making re-appraisals to-day of their aid-receiving programmes. These re-appraisals will inevitably tend to have two good effects, namely to increase the element of cooperative technical assistance and to increase the collaboration between Governments and their cooperative movements for the provision and receipt of such assistance. Thus the financial strength of Governments and the technical knowledge of cooperatives are being increasingly teamed up and will become increasingly effective. The role of the I.C.A. will continue to be a coordinating one with a multilateral Development Fund for use whenever bilateral assistance is not practicable and the project is sufficiently important.

In pursuance of the I.C.A.'s coordinating role on cooperative technical assistance, the I.C.A. is in communication with all cooperatives, Governments, U.N. bodies and agencies, international non-governmental organisations, and international funds and foundations, and others having a practical interest in the subject. The I.C.A. is building up, with the help of these other bodies, a central record of cooperative technical assistance and a report is being prepared for the I.C.A. Central Committee to discuss in September 1965 in Helsinki. From this report will emerge the need for further coordinating action by the I.C.A. in the three fields of: a) provision of experts, b) provision of courses and studies, and c) provision of suitable literature in required languages. Undoubtedly the I.C.A. will respond to the challenge and fulfil its further tasks.

What of the political storms which have rocked the ship of the I.C.A. on the international sea from time to time? Should we not rather be taking some pride from the fact that we are the only INGO which has members from all

political and economic areas of the world and has so far succeeded in not dividing itself into completely separate organisations. We meet as cooperators to discuss cooperative affairs. The Government organisation of the United Nations exists for other matters. The means at our disposal are used for the vital cooperative work which nobody else will do. But even cooperators cannot entirely discard their political and religious coats, before entering the hall of cooperation, and so it is to be expected that

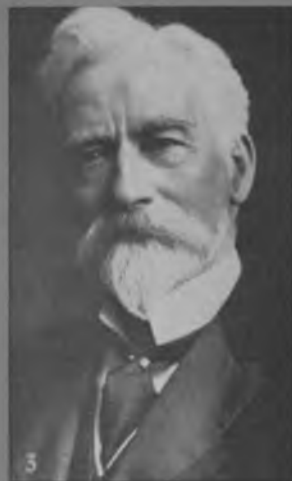
political events and temperatures throughout the world will inevitably have their repercussions within the ICA. Nevertheless, there is goodwill and a desire to tackle and overcome our problems, which is evidenced by the ability of the affiliated organisations to have worked and remained together so far in their International Cooperative Alliance, and which augurs well for further collaboration and progress.

W. G. A.

**PRESIDENTS, SECRETARIES AND DIRECTORS  
of the  
International Co-operative Alliance**

No. of picture	Name	Position	Dates
1	The Rt. Hon. Earl Grey	President	1895-1917
2	Henry W. Wolff	President	1895-1907
3	Sir William Maxwell	President	1907-1921
4	G. J. D. C. Goedhart	President	1921-1927
5	Väino Tanner	President	1927-1945
6	Lord Rusholme	{ Acting President	1940-1946
		{ President	1946-1948
7	Sir Harry Gill	President	1948-1955
8	Marcel Brot	President	1955-1960
9	Dr. Mauritz Bonow	President	1960-
10	E. O. Greening	Secretary	1895-1902
11	J. C. Gray	Secretary	1902-1907
12	Hans Müller	General Secretary	1908-1913
13	Henry J. May, O.B.E.	General Secretary	1913-1939
14	Gertrude F. Polley, O.B.E.	{ Acting General Secretary	1939-1947
		{ Secretary	1947-1963
15	Thorsten Odhe	Director	1948-1951
16	William P. Watkins	Director	1951-1963
17	W. Gemmell Alexander	Director	1963-







## TEN YEARS IN RETROSPECT

LOOKING back ten years to the Diamond Jubilee of the International Cooperative Alliance produces a kind of shock. So much has changed so rapidly, both within the Alliance and in the world at large. To enter once again into the activities, the problems, the thinking of 1955 is extremely difficult. Nor can the events of ten years all be compressed into a *Review* article. Omissions cannot be helped, nor can the mere selection of facts avoid value-judgements. Not only the world, but the observer and his standpoint are continually changing. Yet the attempt must be made to look back as objectively as possible, for social movements which lose contact with their past are apt also to lose command over their future.

The period covered by the present article, however, is not precisely the ten years between the sixtieth and seventieth anniversaries of the Alliance's foundation. Purely chronological divisions are liable to be rather arbitrary. For several reasons it will be more useful to take the nine years between the congresses of Paris (1954) and Bournemouth (1963). What the Alliance was doing in 1955 was largely the result of decisions taken at Paris, just as what it is doing in 1965 is consequent on decisions reached at Bournemouth. For the Alliance strides through history from congress to congress, each being linked with those which precede and follow it by the continuity of the major problems which figure on their agendas.

Before recalling problems and policies it may be desirable to record some

facts. The first is naturally the growth of the Alliance. The Paris congress report gives the then membership of the I.C.A. as 378,479 Cooperative Organisations of all types with an aggregate individual membership of 117 million in 35 countries. The corresponding figures reported at Bournemouth were 541,655 Cooperative Organisations with 184 million individual members in 53 countries. Two years after Bournemouth the aggregate individual membership will most probably pass the 200 million mark, simply as the result of the admission of new member organisations and the normal growth of those already in membership.

### Shift in balance

What is more significant is the shift in the balance of representation of the different continents. Of the 35 countries represented in the Alliance in 1954, only 16 were in Africa, Asia, the Americas and Australasia taken all together. By 1963 the non-European countries, notwithstanding some losses, numbered 31 out of a total of 53. Inevitably and more rapidly than is often realised, the Alliance is losing its European image and outlook, taking on the appearance and functions of the leading organ of a world-wide movement.

The process has been somewhat accentuated as the result of an amendment of the rules of the Alliance adopted by the Paris Congress and authorising the admission of certain organisations as associate members as a transitional stage towards full membership. This provision

has enabled a number of young organisations in the developing countries, not yet financially and administratively independent and self-governing as the membership rules require, to maintain an official connection with the Alliance and to take advantage of its services. This amendment was one expression of growing concern for the progress of Co-operation in the newly developing countries of which more will be said later.

### **Increased subscription**

Meanwhile, still remaining in the realm of facts, it may be noted that the subscription income of the Alliance, which in 1954 a little exceeded £30,000 had more than doubled by 1962. The monetary inflation, which appeared to be irresistible and which would have necessitated in any event an adjustment of the subscription scales in order to maintain services at their original level, was not the sole or even the principal cause of the increase. Nor was it the growth of membership. The main factor was the comprehensive revision of not only the scale, but the basis of subscriptions for organisations of different kinds, adopted by the Congress of Lausanne in 1960. Its effect was to raise the subscription income by over 50 per cent between 1960 and 1961. The principal change involved was to require the organisations engaged in trade, banking and insurance to pay subscriptions according to sliding scales based on their turnover, own capital, and premium income respectively, instead of a fixed nominal sum. The willingness of the congress delegates to accept this application of the old democratic slogan of no taxation without representation in its converse form of no representation without taxation was due to their awareness that the activities, the responsibilities and the opportunities of the Alliance were all increasing and that

its members, if they approved its policies, must provide the means of implementing them.

The policies in question expressed the reactions of the Authorities of the Alliance to two important groups of problems. By 1954, the period of post-war relief, reconstruction and recovery had virtually come to an end for those member organisations which had suffered damage between 1939 and 1945 or had been oppressed or suppressed for even longer before the collapse of the Fascist alliance brought liberation. They could accordingly turn their attention from their internal problems to the external world and consider the consequences for Co-operation of two economic revolutions proceeding simultaneously in different continents. On the one hand there was the drive of the nations newly-liberated from colonial government to modernise their economic life and attain standards of welfare comparable with those of nations of advanced technical and economic development. On the other hand, in those self-same highly developed countries changes had begun in the technique and organisation of industry and, especially, of distribution, which threatened to nullify some of the economic advantages hitherto claimed for Co-operation and were already transforming the conditions of the competitive struggle in which the old-established co-operative movements were and are engaged. From 1954 onward both these revolutions were reflected, not only in the agenda of successive congresses, but in the work of the Executive and several Auxiliary Committees, as well as in the debates of the Central Committee to which they regularly report. It will probably make for clarity if the development of I.C.A. policy is traced along each line separately over the whole period.

## Technical assistance

First then, the promotion of Cooperation in the newly-developing countries. The first full-dress debate on this subject took place in the Congress of Paris. After surveying the field of work and noting that the inter-governmental organisations were already engaged in it, Congress unanimously adopted a resolution which reminded the members of the Alliance of their duty to give aid to co-operative organisations in the developing countries and directed the authorities of the I.C.A. to draw up a programme of action and consider how it could best be financed. The newly-elected Executive appointed a technical assistance sub-committee which immediately began drafting a statement defining the objects and scope of I.C.A. action. The sub-committee's recommendations, later endorsed by all the higher authorities, were that the I.C.A. should limit its action to education, training and propaganda; that its programmes should not overlap, but supplement, those of U.N. and the inter-governmental organisations; that the I.C.A. should attempt a short-term programme and only draw up a long-term programme when it had gained more knowledge and experience. For finance there was already in existence the Development Fund constituted, on a happy proposal of the General Secretary, by the unused balances of earlier relief funds and supplemented by donations from certain national organisations announced at the Congress. There was already enough money to meet the costs of several different minor projects for aid to African and Latin American organisations, as well as the major project of a mission to South-east Asia in the winter of 1955-'56. For this purpose *Kooperative Förbundet* willingly released Dr. George Kéler

whose directives were to gather as much first-hand information as possible on the Cooperative situation in the various countries and to convey the firm assurance of the Alliance's determination to come to the aid of the Cooperative Movements of the region.

## Delegation to Asia

The next step was plainly to send a strong I.C.A. delegation to Asia to confer with Cooperative leaders and interested governments on the most desirable forms of action. This could not be done before the Stockholm Congress of 1957, but the delay was by no means time wasted. Representatives of Cooperative Movements of developing countries appeared in greater numbers than ever before, thanks to grants from the Development Fund in aid of their travel costs, and they made a notable contribution to a full day's debate on the promotion of Cooperation. At the meeting of the Central Committee the first Asian was elected to the Executive in the person of the then Secretary of the All-India Cooperative Union. What was more important, the I.C.A. delegation, headed by the President, which met the representatives of the S.E.-Asian Cooperative Movements at Kuala Lumpur in January, 1958, knew that it had the whole-hearted backing of the Congress.

The Kuala Lumpur Conference was unanimous in recommending the I.C.A. to establish a permanent regional office. Nearly three years were to pass before this was achieved, but the regional office, when it began its regular work at the end of 1960, was supported by the Education Centre promoted by *Kooperative Förbundet* and financed by annual collections from cooperators and other sympathisers in Sweden — an example emulated, though not excelled,

by other European and American members of the Alliance. In the succeeding three years the Regional Office and Education Centre, besides acting as channels for external aid, played a role of steadily increasing importance as organs of consultation and collaboration between Asian Cooperative Organisations. Their influence on Cooperative thought and practice, especially in the fields of education, training and propaganda, is constantly growing and their guidance in Cooperative matters is frequently sought by governments. Their effectiveness has been enhanced by their fusion in 1963 under a single director.

### **Mission to Latin America**

The action of the I.C.A. in the other newly developing regions has followed a similar but by no means identical pattern. In the spring of 1961 a similar mission to that of Dr. Kéler was entrusted to Mr. Rafael Vicens who toured Latin America. This operation and its results were, however, largely eclipsed by the development of the action of the U.S. Government in the form of President Kennedy's "Alliance for Progress". At the Conference at Bogotá which gave rise to a regional confederation, OCA, the Cooperative Organisation of the Americas, the I.C.A. was represented by its Director as observer and since then has played the role of friendly spectator, pending the time when its active collaboration with OCA is desired and could become effective. Similarly in Africa, in the enthusiasm engendered by national liberation, certain cooperative federations joined together to form the African Cooperative Alliance, with a constitution patterned on that of the I.C.A. In neither case did the formation of these regional organisations imply any rejection of a wider international affiliation;

it rather expressed the urgency of regular intercourse and joint action between Cooperators of neighbouring countries. The intervention of the I.C.A. came later and was less powerful than it might have been simply because it lacked, for the time being, adequate resources to attempt anything more. The larger income voted at Lausanne was already proving insufficient for its expanding functions and needs.

### **Special committees**

Throughout this period efforts have been made to bring the special experience of the I.C.A.'s Auxiliary Committees in their several fields to bear on problems of technical assistance and training of cooperative leaders in the developing countries. To some extent for lack of suitable opportunities, as well as for lack of resources, their action has mostly tended to be intermittent. A brilliant exception was the work of the Assurance Committee which, of course, can look back upon a longer period of continuous activity than any other Auxiliary Committee and can also rely on the financial backing of its increasingly powerful constituent insurance societies. After a notable conference in New York in the autumn of 1959 a special sub-committee, set up ten years previously to study problems of reinsurance and promotion of cooperative insurance in the developing countries, was re-constituted in the form of the Cooperative Reinsurance Bureau.

Its members have since made long journeys in Africa and Asia in order to consult with the cooperators of various countries on the possibilities of forming national co-operative insurance societies and of training suitable candidates to manage them. It can now be said without exaggeration that cooperative insur-

ance institutions can be set up in any part of the world where conditions call for them with the certainty of competent management and minimum risk of failure.

The effort to promote Cooperation in the newly-independent countries not only brought about the development of the I.C.A.'s internal structure as just described; it led to closer and more active relations with both inter-governmental and non-governmental organisations and thereby enhanced the I.C.A.'s external influence. The joint conferences at secretariat level of inter-governmental and non-governmental organisations, held in Paris in 1960, 1961 and 1962 resulted in valuable interchanges of information and ideas, and if they were less productive of practical achievements than they might have been, that is due more than anything to the burden of work in the Cooperative field carried by all these organisations individually with staffs that were admittedly inadequate.

Other notable examples of I.C.A. action leading to collaboration may be briefly cited: exchanges with the trade union federations in the promotion of consumers', workers' productive and housing cooperatives in the developing countries; the advocacy of an international housing agency which induced the UN Economic and Social Council to set up a new committee for co-ordinating housing policy in all parts of the world; the suggestions made as a contribution to the Freedom from Hunger Campaign, for an expert enquiry into the availability of capital for technical progress and Cooperative development in agriculture and the adequacy of its channels of distribution; collaboration with Unesco in various branches of adult education, such as the seminar on economic, social and educational problems

of the Carribean; seminars for women; participation in the Unesco committees on adult education and the World Conference on Adult Education in 1960.

The I.C.A.'s awareness of the revolutionary technical and social changes impending or already achieved in the countries of advanced economic development was evident as early as 1951, when the Congress of Copenhagen, in the motion of Albin Johansson, authorised the formation of a committee on trade rationalisation. Neither this committee nor the International Co-operative Trading Agency proved to be the right instruments for the purpose for which they were intended. They were replaced, after the discussion on international cooperative trade at the Paris Congress, by two auxiliary committees, one for wholesale, the other for retail trade. But the distinction between wholesaling and retailing, which was the basis of the consumers' Cooperative Movement's traditional structure, was already becoming blurred. Events were outmarching the Movement. The only satisfactory solutions of the problems which arose lay along lines of co-ordination, concentration and integration, across which barriers erected by old-fashioned ideas and out-dated forms of democracy had to be surmounted. The soundest and most practical method of grappling with these problems was to survey the whole complex from an international standpoint, a task which was undertaken and brilliantly executed by Dr. Mauritz Bonow in the paper on "Cooperation in a Changing World" which he presented to Congress at Lausanne in 1960. Thereafter it was no longer possible to pretend that all that was needed were new policies: nothing but far-reaching structural changes on every level: local, national and international, would be adequate to meet the

challenge confronting the Cooperative Movement and especially its predominant forms of consumers' and agricultural Cooperation.

A motion submitted by the French National Federation of Consumers' Cooperatives and adopted by the Stockholm Congress of 1957 called attention to another aspect of contemporary economic and social change demanding action by the Cooperative Movement on both national and international levels. This was the worsened position of consumers vis-à-vis the manufacturer and distributors of new products, in judging their value and usefulness and the genuineness of the claims made for them. The French memorandum introducing the motion emphasised particularly the actual and potential dangers to the health of the public lurking in the uncontrolled addition to foodstuffs of preservatives and colouratives, but it was also obvious that these were no more than part of a much wider problem. This was brought out clearly in the conference convened by the I.C.A. in Garmisch-Partenkirchen in 1959. The series of recommendations adopted by the Conference and circulated to the I.C.A.'s affiliated organisations indicated the need for action to improve the effectiveness and enforcement between cooperatives and other institutions with similar aims. A second Conference at Paris in 1962 led to the establishment of a working party, meeting regularly to maintain touch with the multifarious developments in this field, and to the issue of the Consumer Affairs Bulletin to give them wider publicity.

Consumers' affairs and the efforts made by the Central Committee to follow up and support the action of the National Organisations in introducing new structures and methods imposed heavier

tasks on the I.C.A.'s Research Section and required an increase in personnel commensurate with its growing importance. More and more it tended to become the centre through which the new economic and market research departments of the National Unions kept in touch with one another's work. Their annual meetings for the exchange of information and the discussion of common problems and new projects became an established institution.

Another and older example of the I.C.A.'s usefulness as an organ of collaboration between specialists is the working party of librarians and heads of documentation services. This small body's achievements within the decade under review include the modernisation of the classification of Cooperation in the Universal Decimal System and the preparation of a comprehensive handbook of cooperative library and documentary practice, supplemented by a simplified version for the needs of new libraries in the developing countries.

No complete record of the I.C.A.'s progress and development can be given in one *Review* article: Cooperators who know very little of what the I.C.A. does sometimes ask why it does not do more. Other cooperators who know very much more sometimes marvel that it does so much with such limited resources. The fact is that the I.C.A. today touches so many economic and social problems in such widely distant parts of the world that scarcely anyone outside the Secretariat can keep in touch with them all. This situation implies the danger that, with its continual growth in membership, the number of Cooperators who are really knowledgeable about International Cooperation may grow proportionally less and less. There is nothing inevitable about this; it can be prevent-



# COOPERATIVE PUBLISHING IN ARGENTINA

## THE STORY OF INTERCOOP EDITORA COOPERATIVA LIMITADA

**I**NTERCOOP began in a very small way in 1956. Two men, both cooperators, met on a railway journey. By a happy coincidence one of them had translated *Paz Cooperativa* by J. P. Warbasse, of which he owned the publishing rights. The two men agreed to join forces and publish a work of such importance.

And so it came about. Several cooperators combined together; the name INTERCOOP, which had been registered as a publishing trade mark, was adopted; and without any formality or even sufficient money, *Paz Cooperativa* was published in an edition of 3,000 copies.

The success of this venture was evidence of the great need for such books; so much so indeed, that a second edition had to be published. Following this initial step, a concrete programme was drawn up for immediate action: regular publication of a series of *Cuadernos de Cultura Cooperativa* (Notebooks on Cooperative Education) was planned to form a collection of some ten different titles. Authors connected with the initial formation of INTERCOOP were asked to collaborate, and in this way the works of Angueira, Del Giudice and Agilda were subsequently published. In

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ed by education of the right kind on an adequate scale. The I.C.A. has long ago demonstrated its necessity. For its usefulness to grow, it only requires to be used to the full by its members.

W. P. W.

the meantime, bibliographies were compiled, permission to publish was obtained from authors, and translations were made. Thus INTERCOOP was able to include in its list such outstanding representatives of world cooperation as Watkins, Infield, Lavergne, Bonner, Leclercq and Veverka.

When the limit of ten volumes originally fixed in the programme was reached, the Society applied for official registration. In March, 1961 INTERCOOP EDITORA COOPERATIVA LTDA was registered by the National Department of Cooperative Societies as an Industrial Cooperative Society.

The Society received many original manuscripts so that the reserve of published works continued to grow. Men who were famous in the cooperative world took an interest in the work and helped with many suggestions and through their connections. In spite of the great distances separating them, ties were established with people such as Luz Filho, Gascón Hernández, Hirschfeld, Fauquet, Milhaud and Van Audenhove, Lasserre, Bralich, Odhe and Coady. An outstanding event in the story of INTERCOOP was the publication of Professor Lambert's *La Doctrine Coopérative*, as not only was it a larger and more complex work than had previously been attempted, but it was also re-edited.

Those who had spent their time and energy on behalf of INTERCOOP were astonished at the success of their efforts.

Of all the countries of Latin America, cooperation has made the most progress

in Argentina and Brazil. The former country is remarkable in that the Movement arose spontaneously at the beginning of this century and there are now about 4,000 cooperative societies there with over 2,000,000 members. This means that a large proportion of the population of Argentina is connected in one way or another with cooperation. Consumer societies represent about 10 per cent of the total number and they together with INTERCOOP are the only organisations affiliated to the International Cooperative Alliance. In fact, the only society in the publishing field in Argentina which has survived over a number of years is the Argentine Federation of Consumers' Cooperatives, which developed along its own special lines as a wholesale store and supplier to member societies rather than in one exclusive direction as has been the case with INTERCOOP. INTERCOOP is the first society devoted entirely to publishing, and since it has been in uninterrupted existence now for seven years, there is every likelihood that it will be able to continue its work.

In the beginning it seemed doubtful whether such a difficult and to some extent risky undertaking would succeed. Only very few societies had faith in it or did anything to help by placing large orders. In fact, although they were aware of the difficulties inherent in the project, the majority of societies in Argentina remained quite indifferent. Just the opposite happened in Colombia, Peru, Venezuela, Puerto Rico, Uruguay, Santo Domingo, Chile, Brazil and Guatemala, where, as soon as its existence became known, INTERCOOP was welcomed by the Cooperative Movement in those countries. Such widespread diffusion consolidated INTERCOOP's position and gave it international standing.



INTERCOOP invites you to cooperate

Once relations between the various countries were established, it became evident that the whole continent was eager to learn about cooperation.

When they were in Buenos Aires, Salvador Sendra and Rafael A. Vicens supported the attempt of Mr. W. P. Watkins, at that time Director of the I.C.A. to secure the affiliation of INTERCOOP to the Alliance, but it was not until January, 1964, that this finally took place. Since that time INTERCOOP has been able to make its influence felt even in remote parts of Argentina which hitherto had seemed quite inaccessible.

At the Constituent Assembly of the OCA and the IIFCOOP, INTERCOOP had an exhibition of its publications and made contact with cooperative people and organisations from all over the world.

Through its perseverance and hard work INTERCOOP has earned the recognition and appreciation of the cooperative movement in its own country. Its opinion is valued on account of the many different points of view which it publishes concerning a doctrine which, if it is continually to renew and consolidate itself, must be subjected to rigorous but realistic and constructive criticism and free from all dogmatic restrictions.

One of the outstanding achievements of INTERCOOP has been the edition of 100,000 copies of *Cooperación — Doctrina de Armonía*, by Enrique Agilda, the first successful venture of its kind in cooperative publishing. The success was due mainly to the large advance orders placed by cooperatives throughout America, following the initiation of Sancor Cooperativa de Seguros Ltda. of Argentina which presented its members with a copy of

the book along with each insurance policy issued. Such promotion on a collective basis makes it possible to reduce costs to a minimum and make available to the Spanish-speaking cooperators at a reduced price a useful tool with which to spread the cooperative doctrine. INTERCOOP members are very glad if the books they publish under considerable difficulty enable them to meet the need for education and cooperative expansion, while at the same time providing first class reading matter.

Plans for the future include the publishing of at least six more *Cuadernos* as well as one book per year; re-editing out-of-print works and repeating the experiment of publishing one work in a large edition at a reduced cost.

INTERCOOP EDITORA COOPERATIVA LTDA offers a platform for authors the world over to express their opinions on everything connected with cooperation. Its aim is to publish genuine studies on the most important economic, social or cultural problems particularly in relation to Latin America. It would therefore welcome the collaboration of authors and research workers, teachers and organisers.

Recently, by an Act of the Argentine National Congress the teaching of the cooperative method is now obligatory in all schools. INTERCOOP is engaged in preparing the textbooks which will be required for instruction in the principles and practice of cooperation.

The list of books and *Cuadernos* published by INTERCOOP includes works by authors of many countries; Thomas Hirschfeld, Fauquet, Lasserre among others from France, Bonner and W. P. Watkins from England, Odhe and Milhaud from Sweden and Switzerland respectively, as well as writers from the U.S.A. and Latin American countries.



## COOPERATIVE LANDMARK FOR KENYA

by **J. J. Musundi,**

*Secretary General, Kenya National Federation of Cooperatives.*

**W**ITH the formation of the Kenya National Federation of Cooperatives Ltd. (K.N.F.C.), registered just over twelve months ago as a central organisation of its Cooperative Movement, a new chapter in cooperatives in an independent Kenya has been opened.

This new venture is a landmark in the country's cooperative and marketing sphere. The fact that it was born just before the attainment of Kenya's republican status was most timely.

The establishment of the K.N.F.C. is the culmination of the careful negotiations for unity made by its founders including its first President, Mr. Taita Towett, himself a progressive farmer well-known in cooperative circles in Kenya, and the Minister for Commerce and Industry, Dr. J. G. Kiano who took the initiative in convening the first conference. The Federation and certainly the entire Cooperative Movement owes gratitude to Dr. Kiano for the keen interest he took in the unity of the country's Cooperative Movement whilst under his portfolio. This successful act

of federation will remove the splitting up of cooperatives in our national life.

### **National Body**

At the inaugural meeting attended by representative bodies in Kenya, the Minister said "Cooperatives cannot successfully operate in isolation. Whilst the various cooperative institutions retain their individual entities, it is important to consider how best the individual efforts could be coordinated to the benefit of all. A national cooperative body would obviously assist in achieving this aim".

The country's need for a strong apex organisation is obvious. For a long time, although Kenya had some strong cooperative bodies established throughout the country, the movement had no apex institution, and operated as one body at a national level. For this reason, the creation of a national organisation of the cooperative sector is an ideal for which many people have been striving for a long time.

One of the first tasks of the new or-

ganisation has been to negotiate with the Government on the question of forming a Cooperative Bank for Kenya, and plans are under way for the establishment of a sister body to the Federation, which will coordinate and mobilise the savings within the movement and make available credit facilities for its members in order to facilitate the advancement and the growth of the Cooperative Movement.

The overall objective of the KNFC is to promote the prosperity of the cooperatives and agricultural industry which are the mainstay of the country's economy. Its other objective is to help its affiliated cooperative bodies to establish a movement which will truly adhere to the cooperative principles and practices, and it will also unify all registered cooperative societies for the common good.

The group forming the supreme body (Congress) of the Cooperative Movement, will maintain cooperative organisations established at district level, as its member affiliates under the aegis of the Cooperative Movement.

### **Full Autonomy**

The KNFC will not in any way interfere in the domestic affairs of its affiliates; in other words, every affiliated organisation will have full autonomy in its operations. But, the smaller cooperative organisations will, in due course, become less and the hope is to have only one multi-purpose cooperative organisation in each district.

The Federation will represent the country's cooperative organisations whenever necessary; it will speak for and represent Kenya at international conferences affecting the growth of the cooperative movement and will assist the responsible Minister of State.

The Federation will encourage and

back up the establishment of satisfactory audit and supervision of cooperatives, as well as laying down standard accounting arrangements among its affiliates. The account books of many of the cooperative societies have in the past been supervised and audited by the Government's Cooperative Department and by private professional firms.

The KNFC contemplates the setting up of an audit section, which will eventually become a sister organisation of the Federation and will deal with all aspects of accountancy, relieving in this way the Government of its former responsibility. Already now, the nucleus of the audit sector is in existence under the Department of Cooperative Development and it will form the foundation of the future Audit Union which will be responsible for centralised accounting services for all the cooperatives in Kenya.

The Federation will also assume the functions of collecting, and disseminating information and statistics relating to cooperative bodies and cooperation, and will give advice on educational projects among its members. The Federation will arrange courses of education and training for both members and employees on subjects such as cooperation and management techniques at the cooperative institute itself and at district farmers' training centres. The overall object will in every case be to make the Cooperative Movement in Kenya self-supporting, independent and strong.

### **Duty to Advise**

Since the new organisation will be the executive authority of the Cooperative Movement, it will be its duty to advise the Minister concerned with regard to the founding of new cooperative societies. The Federation will also be engaged in fostering liaison between the

cooperative organisations in Kenya and cooperative bodies in other countries. It has been most difficult in Kenya in the past for many cooperatives to get in touch with the outside world and this is going to be remedied.

Part of the Federation's policy is to discourage people from forming numerous cooperative groups in one particular district with a so-called "cooperative union" for each agricultural commodity, which was marketed. This practice was adopted in Kenya before independence and quite often this resulted in having a great number of very weak cooperative units, some of them constantly having to cease trading. The object of the Foundation is to seek amalgamation between the smaller groups in order to form strong economic units.

### **Management Committee**

The structure of the Cooperative Movement in Kenya resembles a pyramid, at the top of which is the National Federation of Cooperatives and at its base the individual members, represented through district cooperative unions or through the country-wide cooperative organisations such as the Kenya Planter's Cooperative Union, which is the sole cooperative handling the country's coffee crop, and the Kenya Farmer's Association (Co-op) Ltd.

At the first Annual General Meeting, twenty-one cooperative unions together with five country-wide organisations, were admitted to full membership of the Federation. The executive power of the organisation rests with its members, through their delegates, at the general meeting. At the last A.G.M., a Management Committee was set up comprising two members representing the Provincial Union, together with representatives of the country-wide organisations. The

Federation only admits cooperative unions and country-wide cooperative bodies to its membership, and only *societies* from areas where cooperative unions are not established.

There are over 1,400 registered cooperative societies in Kenya mainly dealing in marketing of agricultural produce. More recently, societies have been formed by groups of people to purchase and operate former European farms cooperatively, instead of fragmenting them into smaller units. Also a number of settlement schemes are making marketing arrangements for cooperative societies members.

### **Transport Cooperative**

Only a few months ago, a national transport cooperative society was registered and it is already providing transport facilities for people of all communities. This society, known as the Kenya National Transport Cooperative Society, will operate passenger transport, goods haulage and marine and air transport.

### **A Consumer Society Formed**

For many years Kenya has lacked consumer societies and those which were founded some years ago never made any headway owing to fierce competition and lack of know-how on the part of those who managed them. Recently, in Nairobi, a new consumers' cooperative society called: "Jamhuri Consumers' Cooperative Society" was founded to mark the attainment of Kenya's republican status.

With the increasing need for cooperatives in Kenya, the Cooperative Movement has an important role to perform in the country's economy and its acceleration is one of the main hopes that will make African independence a reality.

# Agricultural Cooperation in Korea

Some of its many activities





# AGRICULTURAL COOPERATIVES IN KOREA

*The revised booklet "Agricultural Cooperatives in Korea", published in September 1964 by the National Agricultural Cooperative Federation in Seoul, Korea, and prefaced by its President, Mr. B. H. Moon, served as source material for this article.*

*During a recent visit of Mr. S. H. Lee of the Federation to the I.C.A. Headquarters, its editorial staff had the opportunity of becoming more fully acquainted with the Federation's structure and work.*

*The illustrations used in the article have been supplied by Mr. Lee.*

**K**OREA is an agricultural country with a total population of approximately 26 million, of which around 16 million or 63 per cent live in rural areas; 57.4 per cent of the total population is directly engaged in agriculture and about 8 to 10 per cent is closely associated with it.

Of the total area of approximately 9,850,000 hectares (1 hectare equals 2,471, acres), about 2,032,000 are under cultivation, 1,223,000 hectares consisting of paddy field and 832,500 hectares of up-land hilly country. The average holdings per farm household are extremely small. Most farmers cultivate slightly more than 0.8 hectares of their land and only about 4.1 per cent of all farm households work less than 0.5 hectares. Farmers are mostly engaged in growing staple crops such as rice, barley and wheat. The use of chemical fertilizers is widespread.

Agriculture plays an important part in the national economy of Korea. The agricultural income amounts to about 125 billion *won* (714 *won* = £1 sterling) or 33 per cent of the national income of about 336 billion *won*, and agricul-

ture supplies more than 90 per cent of the domestic food consumption. It may be said that Korea depends largely on agricultural development for its overall economic stability. Although agriculture has made a great contribution to the national economy, the annual per capita income in agriculture is far below than in the non-agricultural sector.

## **Agricultural Cooperative Movement**

In order better to understand the present organisation of the agricultural cooperative system in Korea, some details of its historical background may be helpful.

An early movement to improve the social and economic status of farmers existed in Korean farm communities when a mutual aid group called "KYE" or "KE" had been established and member farmers created cash and crop funds for their social and economic purposes. There were, however, no truly autonomous cooperatives in the country before 1945. Since then, the Government, recognising that a balanc-



ed national economy could only be brought about by improving the economic status of farmers through agricultural cooperatives, exerted every effort to set up an agricultural cooperative system. As a result, the Agricultural Cooperative Act was passed together with the Agricultural Bank Act in 1957. Since these two Acts came into force the Korean Agriculture Bank handling rural credit, and agricultural cooperatives carrying on activities other than credit, were organised at local and national level.

There was a lack of coordination between the two institutions due to duplication, confusion and competition in their business operations, and in view of this, the Government took drastic measures in 1961 to eliminate the inherent defects of the organisational structure of both the agricultural cooperatives and the Korean Agriculture Bank by promulgating a new Agricultural Cooperative Act. By it, they were amalgamated into one systematic organisation designed to handle credit as well as all business activities. In the first stage of this new agricultural cooperative system, efforts were concentrated on the establishment of a village level cooperative with the participation of all farmer members and on the strengthening of the other types of cooperatives already in existence. Thus, more than 21,000 village level cooperatives were established, and approximately 2.3 million farmers, or about 92 per cent of the total farm households, became members.

Besides the village level cooperatives, the central organisation, known as the National Agricultural Cooperative Federation (NACF), with 9 provincial branch offices, has 139 multi-purpose and 122 special purpose cooperatives as its members. A new business system was

introduced by cooperatives providing farm supplies and marketing products through cooperative channels, and the old commercial banking type credit system operated up to 1961 was changed to a cooperative banking credit system enabling small farmers to receive loans from cooperatives on a personal guarantee instead of on tangible securities as under the previous system.

By 1962, the cooperatives had turned their attention to the development of business activities. In accordance with this policy, the NACF and its affiliated cooperatives conducted various business activities such as, among others, supplying raw materials, marketing farm products and extending agricultural credit.

In the field of credit, the cooperatives were aware of the need for improving the loan policies and adopted not only a budgeted loan system enabling farmers to obtain loans when needed, but also linked the loans with the purchasing and marketing activities of the cooperative system, thereby preventing the misuse of loans for purposes other than the intended production objectives.

### **Amalgamating village societies**

One of the significant developments in the cooperative movement is the amalgamation of the village level cooperatives which are still far from being active due to the shortage of funds and the small amount of business done. In order to overcome these difficulties, cooperatives are promoting an organised movement aiming at the amalgamation of a large number of existing village level cooperatives which are too small to operate on a sound business basis. This measure will strengthen their structure as well as improve their business activities.

There are two groups of agricultural

cooperatives in Korea: multi-purpose cooperatives handling credit, purchasing, marketing and other business, and special purpose cooperatives, engaged in specific business. The multi-purpose cooperative system consists of three levels — the *Ri/Dong* cooperative (organised at village level), the *Gun* cooperative (at county level) and the National Agricultural Cooperative Federation (at national level).

### **The *Ri/Dong* (Village) Cooperative**

A *Ri/Dong* cooperative is the lowest level or primary cooperative organised by individual farmers, as heads of farm households within its operational area. Legally, twenty or more farmers in any *Ri/Dong* can unite to form this type of cooperative. At the end of June 1964, the number of *Ri/Dong* cooperatives was 19,869, and about 2.3 million farmers or more than 92 per cent of the total farm households are members of these cooperatives. A *Ri/Dong* cooperative deals mainly with purchasing and marketing. A general meeting of shareholders consisting of all members forms the policy of the cooperative and elects the executive officers and auditors. The president is however elected from among the directors by the board of directors consisting of the president and four directors. The term of office of the president and a director is three years and that of an auditor two years.

### **The *Gun* (County) Cooperative**

A *Gun* cooperative is an association of *Ri/Dong* cooperatives within a county. The present number of *Gun* cooperatives including the Seoul Special City Cooperative is 139, and there are 397 branch offices throughout the country. Each *Gun* cooperative has its general meeting as its policy-making body, a board of directors and a president as

the executive body, and its auditors. The president and auditors are elected at the general meeting from among members of affiliated *Ri/Dong* cooperatives, and directors from *Ri/Dong* cooperative presidents, who are members, in the ratio of one for each *Myun* (local administrative district between *Gun* and *Ri/Dong*). All executive personnel is appointed and dismissed by decision of the board of directors, but such action must be approved by the president of the NACF. The *Gun* cooperatives' activities cover a wide range of which credit, purchasing and marketing are the most important.

### **The Special Purpose Cooperative**

In the specialised sectors of agriculture, such as livestock, horticulture and other special branches of farming, special purpose cooperatives are also established by farmers. The total number of cooperatives of this type in the country is 125, of which 122 are the member associations of the NACF. At 30 June, 1964 there were 71 livestock and 51 horticultural societies affiliated to NACF.

Each cooperative has as its officers a president, not more than five directors and two auditors, elected at the general meeting. Besides the staff, the board of directors engages managers to deal with the day-to-day business.

Major activities of the special purpose cooperatives are: Guidance for the improvement of production and living standards; procurement of farm supplies; marketing of farm products; and installation of utilisation and processing facilities necessary for the business or livelihood of its members.

### **The National Agricultural Cooperative Federation**

The NACF is an exclusive federal

organisation of agricultural cooperatives which was formed by *Gun* and special cooperatives. Membership is confined to the *Gun* cooperatives including the Seoul Special City Cooperative and special purpose cooperatives. The Federation operates in credit, purchasing, marketing, mutual insurance, government-entrusted business, foreign trade, and installation of utilisation and processing facilities. In addition, it carries on education, training and research work.

NACF's organisational structure consists of the General Assembly, the General Representatives Meeting and the Operational Board; its executive officers are a president, two vice-presidents, not more than six directors and two auditors. The General Assembly is its supreme, decision-making body and is convened by all cooperatives affiliated to the NACF.

The General Assembly's major function is, apart from amending the constitution when necessary, to elect auditors of the General Representatives Meeting. It also deals with recommendations or proposals concerning the cooperative movement, thus reflecting the opinions of farmers on the operations of the cooperatives.

The General Representatives Meeting — at times taking the place of the General Assembly — is composed of 29 members elected at the General Assembly and is authorised to approve and ratify the business plans and budget for each fiscal year and to elect the Operational Board members. In addition, it decides on matters entrusted to it by the General Assembly and by the president of the NACF.

The Operational Board's function is to formulate NACF's basic administrative policy within the provisions of resolutions passed by the General Assem-

bly and the General Representatives Meeting. The Board is composed of four ex-officio members (the President of the NACF, the Minister of Agriculture and Forestry, the Minister of Finance and the Governor of the Bank of Korea) and five representatives elected by the General Representatives Meeting, of whom three are members of the General Representatives Meeting and two should be persons with an outstanding knowledge of agriculture and agricultural economics. The term of office of the elected members is two years. The president of the NACF is appointed by the Government on the Board's recommendation and serves for a term of three years.

He represents the NACF and controls the business operations in accordance with the policies established by the Operational Board. The vice-presidents and directors are appointed by the president with the Board's approval and their term of office is three years. The duties of the directors are to assist the president and the vice-presidents. The auditors, one of whom is permanent, are elected at the General Assembly for a two-year term. Other employees as, for instance, departmental managers and provincial branch managers, are appointed by the president with the Operational Board's approval and serve without a limited term of office. All executive officers undertake not to engage in profit-making activities and are prohibited from accepting outside work unless permitted to do so by the Operational Board.

### **Capital Subscription**

In order to manage cooperatives effectively, adequate capital is required, without which no extensive activities can be expected. In the development of the cooperative movement in Korea,

one of the fundamental obstacles lies in the fact it is difficult to secure sufficient capital because of the lack of capital accumulation among farm communities. Efforts are being made by the cooperatives to increase their capital contributions throughout the country.

The capital stock of the NACF is authorised to be subscribed by *Gun* and special cooperatives. In order to make the NACF a completely farmer-owned organisation, government investment should be retired as soon as possible by increasing its share capital by member cooperatives. A member of the NACF should subscribe ten shares as a minimum and one hundred as a maximum. Each share has a par value of 10,000 *won*. The total subscription, as at December 31, 1963, amounted to 418,582,000 *won* and the amount paid up was 408,582,000 *won* which showed an increase of 78,186,000 *won* compared with that of 1962.

### **Business Activities**

Besides credit service, cooperatives engage in a wide range of business activities, such as purchasing, marketing, joint utilisation of facilities, processing and mutual insurance. The purchasing operations contributed greatly to the reduction of agricultural production costs as well as the cost of living by supplying agricultural requirements including fertilisers, and daily necessities at the lowest possible price. One important factor essential to the development of farms is the expansion of markets through which more profit would reach the farmers themselves by the elimination of excessive margins.

### **Purchasing**

The purchasing activities of agricultural cooperatives are divided into the provision of farm supplies to farmers

and the supply of daily necessities to them. The principal items handled by them in 1963 were:

*Fertilizers.* The cooperatives distribute the total amount of fertilizers procured through the Office of Supply and other purchasing channels. They ensure efficient distribution of sufficient quantities of fertilizers at the proper time.

*Agricultural Chemicals.* Sufficient quantities of agricultural chemicals, including B.H.C., parathion, lead acetate, copper sulphate, etc., were supplied to meet the increased requirements resulting from the frequent outbreaks of diseases and from harmful insects.

*Farm Machinery and Equipment.* A farm mechanisation project has been undertaken as an important agricultural policy in the country; it is, however, facing some problems due to the small holdings of the average farmers. The NACF, in a long-range development programme, is promoting the acquisition of large farm machinery on a cooperative basis, while at the same time continuing to supply small implements to increase agricultural production.

*Seedlings and Seeds.* An urgent problem for Korean farmers is to get improved seedlings and seeds in order to augment farm production, but efforts to improve them are being made by the cooperatives.

*Daily Necessities.* Cooperatives also contributed a great deal to the improvement of welfare by supplying farmers with various kinds of daily necessities, such as matches, rubber shoes, cotton cloth etc. In order to curb the seasonal rise in prices in the local market around the month of August, the cooperative sells rubber shoes, matches and other items at about 12 per cent less than in the ordinary market.

*Breeding Stocks and Feedingstuffs.* To improve the strain of domestic ani-

mals, the NACF imported from the USA improved breeding stock of 830 head of milch cows. It also established an artificial insemination centre in 1962. In 1963 the Federation imported and distributed 18,000 tons of feed grains.

### **Marketing**

The marketing activities of agricultural cooperatives are varied.

*Sweet Potatoes.* The production of sweet potatoes is being augmented, and since they can be used in the production of alcohol, they are taking the place of imported molasses. A considerable saving in dollar expenditure has thus been effected. In this way farm incomes have been increased and the economy as a whole has benefited.

*Straw Products.* The production of straw goods is one of the most important subsidiary businesses for utilising labour during the leisure season in rural areas. Under the government procurement programme of straw products, agricultural cooperatives are purchasing straw bags and straw ropes for packing ice and fertilizer.

*Peppermint Oil.* Peppermint Oil is recognised as a profitable item for foreign trade.

*Cocoons.* At present, Korean raw silk is one of the most important trading commodities, as international demand for it is increasing in overseas markets.

*Marketing Centres.* The NACF has established marketing centres in five major cities in which grains, fruit, vegetables, animal products, etc. are handled. The total volume amounted to 1.2 billion *won* as at 31st December 1963; grains amounted to 605,291,000 *won*, fruit to 278,756,000 *won*, vegetables to 220,903,000 *won*, animal products to 65,296,000 *won*, and others to 55,627,000 *won*. It is widely recognised that farmers

as well as urban consumers benefited considerably by the operation of these marketing centres.

*Rural Handicraft Centre.* The rural handicraft industry is playing an important part in increasing the farmers' income and in earning foreign exchange. In 1963, the NACF accordingly established a rural handicraft centre which is separate from the cooperative marketing centres.

### **Utilisation and Processing**

Most of the Ri/Dong cooperatives have joint utilisation facilities, such as rice mills, pumping stations, silos, electric power generators, bath-houses and amplifiers for the use of member farmers.

*Warehousing.* Agricultural cooperatives operate a warehousing business which plays an important role in utilisation activities. They possess 1,624 warehouses with a total floor space of 112,044 *pyongs* (1 *pyong* equals 35,583 square feet) and 587 rented warehouses with a floor space of 23,968 *pyongs* all over the country.

*Production of Mixed Fertilizer.* In order to meet the specific requirements of fertilizers, due to the varied characteristics of soils depending on different localities, fertilizer mixing plants were established in Pusan, Kunsan, Changhang and Mokpo.

### **Mutual Insurance**

Agricultural cooperatives operate two types of insurance: farm cattle insurance and fire insurance.

*Farm Cattle Insurance.* During 1963 27,208 head of cattle were insured under policies to a total value of 235,626,000 *won*. The claims for loss of cattle amounted to 3,868,000 *won* or 67.5 per cent of the premiums — 5,733,000 *won* — thus the rate of risks

rose to 67.4 per cent from 49.3 per cent in 1962.

*Fire Insurance.* The fire insurance operations of agricultural cooperatives fall into two major groups: insurance of mortgaged real estate offered as security against loans of agricultural cooperatives and insurance of rice offered as a collateral for the rice lien loans. Property, peppermint and cocoons can also be insured against fire.

### **Livestock Marketing Commission**

Cooperatives are engaged in livestock marketing on behalf of the Government for which they receive a commission. The substantial sum to which this commission amounts is used to compensate member farmers for the loss of any of their animals.

### **Credit Service**

The most significant change in the agricultural credit system in Korea is the amalgamation of the agricultural cooperatives with the Korean Agriculture Bank. As a result of that amalgamation, the commercial banking credit system was changed to a cooperative banking credit system which placed emphasis on personal guarantee instead of on tangible securities; in addition, a supervised credit system was adopted.

Epoch-making is the fact that the agricultural cooperatives aimed at expanding the volume of loans and greatly improved the credit system and its operations for the benefit of the farmer. Above all, it is noteworthy that they made the first attempt to adopt a "budgeted loan system" enabling farmers to receive loans when needed. The NACF helped to establish and strengthen the cooperative credit system by connecting the credit services of the agricultural cooperatives with its business activities.

As a credit service, the NACF has made considerable loans to farmers with the help of government funds, borrowings, from the Bank of Korea, deposits received and its own funds. Furthermore, it is permitted to raise funds through the issue of agricultural credit debentures under the provisions of the Agricultural Cooperative Act.

The NACF's total loan funds in 1963 amounted to 27,228 million *won*, showing an increase of 4,929 million *won* over the previous year. Of this total amount, the government funds represented 55.4 per cent, borrowings from the Bank of Korea 12.6 per cent, the proceeds of agricultural credit debentures 7.8 per cent, the deposits received 20.8 per cent and the paid-in capital 3.4 per cent. The total amount of deposits received as at December 31st, 1963, by the NACF and its member cooperatives reached 5,673 million *won*, an increase of 1,423 million *won*, compared with the total amount of deposits received for the previous year. This increase was mainly due to a savings promotion campaign organised by the NACF and its member cooperatives.

### **Types of Loans**

*Agricultural Production Loans.* These may be classified in two categories: short-term agricultural production loans for the purchase of fertilizers, pesticides, farm implements, etc.; and long and intermediate term loans for the buying of livestock, the production of special crops, the improvement of farmhouse roofs, etc.

*Production and Marketing Loans for Special Farm Products.* These have two purposes: one for special types of farming, such as the establishment of nurseries, the growing of ginseng, etc., and the other for the collection of cotton, cocoons, straw goods, etc. These loans

are supplied by the Bank of Korea and out of NACF's own funds.

*Rice Lien Loan.* The rice lien loan programme aims at improving the rural economy by preventing a sharp decline of grain prices during the harvest season and an upward trend in the months shortly before the harvest so as to stabilise the general price level by maintaining a fair level of the rice price.

*Programme for the Settlement of Usury Debts.* In 1961 the Korean Government passed a law regarding the disposal of all usury debts of the farming and fishing populace bearing interest at more than 20 per cent per annum, declaring that all such debts should not be repaid directly by the debtor, but rather be cleared on an annual instalment basis, and that the moneylender should receive debentures guaranteed by the Government. The law provides that both the creditor and the debtor must register with a special committee any indebtedness which carries interest at a rate higher than 20 per cent per annum. It also stipulates that the cooperatives shall pay off the debts on behalf of the debtors by redeeming in five annual instalments such debentures as bear 20 per cent interest per annum. The debtors, on the other hand, have to pay their debts plus 12 per cent interest per annum to their allied cooperatives within five years. For debts of less than 1,000 *won*, repayment must be made within one year. The cooperatives are to be compensated by the Government for the difference between the two interest rates — 8 per cent per annum — and the operational expenses. The law, however, sets a ceiling of 15,000 *won* per debtor for debts which may be liquidated in this manner.

*Irrigation Loans.* Irrigation loans are extended to Land Improvement Associa-

tions and their Union for the purpose of land improvement. The funds are provided by the Government at the lowest rate of interest, i.e.  $3\frac{1}{2}$  per cent per annum, and the term of such a loan is the longest possible, i.e. 35 years. Repayment is made in 30 annual instalments after 5 years of deferment and is guaranteed by the Government.

*Special Loans for Livestock.* Livestock loans are classified into two categories according to their purposes: short-term loans for the purchase of feeds and intermediate-term loans for the purchase of livestock feeding facilities, processing equipment, etc. These loans are extended to livestock cooperatives and their members, and are borrowed from the Bank of Korea and NACF's own funds.

### **Extension Service and Education**

The NACF and its member cooperatives place great emphasis on the work done by the agricultural extension service to improve agricultural techniques, farm management and the farmers' standards. The cooperatives exerted their utmost efforts first to establish a systematic organisation, and then to increase farm incomes and to improve cooperative management. The Agricultural Cooperative Act specifies that more than 20 per cent of the surplus profits of the cooperatives must be used for these activities.

The NACF reformed the training and education system which was in existence in order to train local cooperative leaders and re-train employees; a training centre in Seoul provides four types of courses: basic, junior, senior and special courses.

*The Basic Course* is designed for orientation and basic training of new employees.

*The Junior Course* is a refresher

course, for retraining present employees, especially low-ranking staff members.

*The Senior Course* consists of a training programme for managerial staff open only to higher officials of the NACF and of the *Gun* (County) cooperatives.

*The Special Course* provides training for cooperative fieldworkers and special cooperative leaders.

### **Farm Management Guidance**

Efforts to improve seeds and seedlings (especially varieties of rice) in order to increase yields have been made by 420 fieldworkers employed by the *Gun* (Country) cooperatives. New knowledge and skills in farm management are disseminated through cooperative fieldworkers who also assist farmers to plan for sound management and greater production.

*Audio-visual Facilities.* An active publicity programme making use of television, newspapers and other audio-visual media is carried out by cooperatives to increase their members' enthusiasm for the cooperative movement and to strengthen the cooperative spirit of member farmers. A series of newsreels or documentary films dealing with cooperative functions are shown in rural areas.

### **Research Work**

Research work is one of the most important activities of the NACF. Various rural economy surveys have been undertaken, among them a survey of the agricultural economy, a statistical survey and a marketing survey, which provide information and data for the efficient management of agricultural cooperatives.

### **Publications**

The publications programme also forms an important part of the educational activities and extension services. The NACF publishes various booklets, pamphlets and leaflets on a monthly, annual and occasional basis. Among them are: "*The Agricultural Yearbook*" (3,000 copies); "*The Agricultural Cooperatives Monthly Survey*" (3,000 copies); "*The Annual Report of Agricultural Cooperatives*" (1,000 copies); "*The Agricultural Cooperatives in Korea*" (published in English, 2,000 copies); "*The New Farmers*" (monthly magazine for village cooperatives and their member farmers, 707,000 copies); "*Cooperation*" (bi-monthly magazine for the NACF employees and its members, 36,500 copies annually); "*The Coop Weekly*" (2,414,000 copies annually).

### **International Cooperation**

The NACF has put particular emphasis on the establishment of a close relationship with international organisations and agencies enabling it to collect data and information which are vital for the progress of cooperatives. Thus it is in close contact with the International Cooperative Alliance, the U.S. Agency for International Development, the Food and Agricultural Organisation, the United Nations Economic Commission for Asia and the Far East and the United Nations Educational, Scientific and Cultural Organisation.

The NACF has been affiliated to the I.C.A. since 1963. Its representatives have attended several international conferences as, for instance, the Asian Agricultural Cooperative Conference held in Japan under the auspices of the I.C.A. and the Far East Agricultural Credit Workshop held in Bangkok, Thailand.



# COMMENTARY

## **70th Birthday of the I.C.A.**

THE 70th Birthday of the International Co-operative Alliance is not only a cause for great rejoicing, but also for reflection on its future.

In this number of the *Review*, its present Director and its former one have given accounts of the Alliance's work now and during the past decade. We are a long way from the August days of 1895 which saw the founding of the Alliance, yet our forefathers were involved, as we are ourselves today, in a vast economic and social transformation, and like our forefathers we also think that this challenge to ourselves can only be overcome by Cooperation.

In recognising that Cooperation, whilst uniting to serve a common ideal, must admit and tolerate diversity in the methods of realising it, the International Co-operative Alliance gained strength, survived and flourished even in the darkest days of the world's political and economic crisis, due mainly to the genius of the men who founded the Alliance and led it during the last seven decades.

Today we find the newly-awakened peoples of Africa and Asia re-appraising the rôle Cooperation has to play in their fight against hunger, disease, ignorance, squalor and fear; and within the great family of the Alliance we stand together in mutual support.

More and more the Alliance's members make use of it as a vehicle for their combined support and power. Coupled with the Alliance's recognised status with the organs of the United Nations, the voice of the cooperator is today assured of a hearing.

With Marcel Brot, we can say that the most precious gift which the Alliance can bestow is to teach by association, foresight and perseverance, enabling the weakest among us to gain economic independence and human dignity through the gift that is COOPERATION.

## **Joint Statement at the International Labour Conference**

The joint statement by the International Co-operative Alliance and the International Federation of Agricultural Producers on the Rôle of Cooperatives in the Economic and Social Development of Developing Countries has now been presented to the 49th Session of the International

Labour Conference at Geneva in June. It was gratifying to see how well this has been received and to find in the words of the Director General of the I.L.O. great esteem for the work of Cooperation throughout the world. No subject for an Agenda could be more timely. This evaluation of world-wide cooperative experience provides an opportunity to clarify cooperative objectives and methods of development, especially at a time when many people are content to rely on their Governments for improvements in their living and working conditions. The value of self-help is particularly important.

Cooperatives play a vital rôle in promoting the spirit of initiative and self-reliance, and a sense of individual and collective responsibility. Cooperators learn to take an active part in the economic and social life of their countries, and cooperation is a school for democracy. The positive effects of cooperation have extended far beyond even the immediate benefit to its members. The I.C.A. more than ever stresses the fact that the specific value of cooperation lies in the capacity of cooperative methods to change man's negative habits and attitudes of mind and that it develops human potentialities to the full. The Director General of the I.L.O. hopes that much good will come of this important session of the I.L.O. Cooperators everywhere look with confidence to the outcome as a first step in the recognition by all, for the need to strengthen further cooperative growth in the world.

### **UNESCO Education Exchanges for Workers**

The I.C.A. Secretary for Education, Mr. R. P. B. Davies, was recently called upon to serve on a Committee of Experts on Educational Exchanges for Workers, which met at Marienborg, near Copenhagen, Denmark, from May 20th to 25th, 1965. The Committee studied the problems of planning educational exchange programmes, and ways of intensifying workers' exchange activities of organisations other than UNESCO were under discussion. Also, the Travel Grants for the use of student leaders, 1965-'66, were approved. It was decided that these grants should be especially used to link youth organisations more closely with the work of the United Nations and UNESCO. These UNESCO grants will cover the travelling expenses for an approved itinerary and will be given in the form of travel tickets and not in the form of cash payments. All other expenses will be the responsibility of the beneficiary organisations and grants are available for well-conceived projects of three to twelve months duration, only UNESCO member states may be visited.

If a youth organisation from our affiliated organisations wishes to apply for such a travel grant, it would be necessary that the application be submitted to UNESCO through the office of the I.C.A.

At its Thirteenth Session the General Conference of UNESCO decided to initiate a new travel grant programme to provide international educational experience for persons engaged in the teaching or administration of adult education within workers' organisations in Africa, Asia and Latin America.

These grants are intended to aid organisations, including cooperatives, to extend and to improve their adult education programmes (which include member education in its widest form) in a practical, international setting, and to give teachers in such organisations an opportunity of studying and teaching abroad. Travel grants are offered to members of cooperative organisations, trade union and workers' educational associations and in particular, to education officers or directors of education and teaching staff of workers at cooperative colleges. Women candidates will be given a special consideration. Applications will be considered by UNESCO for a study period of four months to be undertaken in any other member state of UNESCO. Applications should be made to the UNESCO National Commission of the candidates' own country (or the appropriate government, or department if there is no National Commission). All applications should be accompanied by a completed language certificate showing an adequate knowledge of the language of the country in which the candidate proposes to study. The application forms can be obtained from the UNESCO National Commission, not, in this case, from the I.C.A., and they can be made for 1965 or 1966. Here again, travel grants are not in cash but in the form of tickets to the country chosen for study.

Both the Secretary for Education and the Secretary for Women Cooperators of the International Co-operative Alliance will be glad to answer any queries on this and will be glad to offer detailed advice if it is required.

The I.C.A. will be glad to help in planning the programme of study and we would be grateful to know of applications submitted to UNESCO as, at a later stage, UNESCO will get in touch with the I.C.A. for comments on members' applications to them.

In connection with this, we report that through the I.C.A., the Co-operative Union of Canada has been awarded a travel grant by the Department of International Exchanges of UNESCO under the scheme for

training youth and student leaders.

The grant will cover the fare from Canada for a youth leader to travel to Europe for a three month study tour. The tour will cover cooperative youth activities in Finland, Sweden and Poland. The Canadian member selected will, on his return, be responsible for developing youth work and rendering assistance to cooperative training programmes conducted through the Government of Canada's External Aid Office for work in under-developed countries.

## **Antoine Charial 1885—1965**

“What would Charial think of it?” For more than thirty years nothing of importance took place in the Workers' Cooperative Productive Movement in France without someone asking this question. Every new idea was submitted to him, for his experience and opinion were valued throughout the Movement.

Apprenticed as a mason in Lyons, a militant socialist and trade unionist from his early days, at 25 Charial became secretary of the Masons' Union in Lyons. With the advent of the First World War, he was drafted to work on factories which Albert Thomas, then Minister of Defence, was establishing in the Lyons district. Thomas was himself deeply involved in Cooperative matters, and Charial thus came into contact with the idea of Cooperation; so much so indeed that, after the war, with the support of Edouard Herriot, then Mayor of Lyons, Charial founded the first Workers' Productive Cooperative Society, aptly named “L'Avenir”.

From 1919, when he was elected Deputy Mayor of the 3rd Arrondissement of Lyons, Charial, in addition to his many activities in promotion of the Cooperative Movement, was also deeply concerned with the affairs and wellbeing of the community as a whole.

As Chairman of “L'Avenir” society, Director of the Welfare Department and hospitals of Lyons and founder of homes for the aged, Antoine Charial became known and respected as a man of remarkable achievements and infinite resources. But the whole aim and direction of his life was Cooperation to which he devoted himself with untiring energy, courage and perseverance and in which his faith was unshakeable. Not content with the creation of “L'Avenir”, he started the Union of Workers' Productive Societies of the South-East Region, initiated a pension fund for retired members of “L'Avenir”, a centre for

# MORE MARKET MUSCLE FOR FARMERS

**By C. Maurice Wieting.**

*Vice President, Ohio Farm Bureau,  
Federation, Inc., Columbus, Ohio.*

**T**HE more than 52,500 farm families who are members of the Ohio Farm Bureau Federation are engaged in a campaign to secure "More Market Muscle for Farmers".

At their 46th annual meeting held in Columbus, Ohio, in November, 1964, the members of the delegate body adopted a resolution urging their Board of Trustees to take two major steps towards increasing the bargaining power of farmers which they believed would strengthen their ability to gain recognition from industry and to prevent industry discrimination against members of bargaining associations.

The steps are: 1. "To purchase one or more of the major retail grocery chain stores as a method of creating economic power for the farmer. The wise use of this economic power can help farmers to earn a decision-making role in the food distribution industry of the future as they work through cooperative marketing and bargaining associations. 2. To secure the enactment of state and fed-

eral legislation which would permit farmers to be members of bargaining associations without fear of industry discrimination due solely to the fact that they are members of a cooperative marketing association."

Ohio belongs to the American Farm Bureau Federation, which had a membership of 1,647,455 farm families in 1964, and is organized in every state except Alaska, and in Puerto Rico. This largest general farm organization in the United States is now conducting a study of the "market muscle" proposals from Ohio. It is expected that these findings will be submitted for action to the delegate body of the American Farm Bureau Federation, which meets next in Chicago in December, 1965. There is a possibility that a special meeting of the Farm Bureau delegates may be called earlier if the report is completed sooner.

The American Farm Bureau Federation has been increasingly concerned about the low income of the American farmer. It is working hard to convince

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young people and a technical school for young workers in the building trade.

After the Second World War, M. Charial took an active interest in the International Cooperative Movement. From 1948 until the Spring of 1963 he was a member of the Central Committee of the International Cooperative Alliance where his wide experience of the Workers' Productive Cooperative Movement was greatly valued.

J. H. O.

farmers that more of them should join bargaining and marketing cooperative associations. The American Agricultural Marketing Association was formed by AFBF in 1960, and twenty-six states, including Ohio, now have affiliated state organisations.

The greatest progress has been made in the bargaining and marketing of fruit and vegetables. However, some processors have resisted the growth of these cooperative associations, and in many instances have played one producing area off against another to lower prices paid to farmers.

In the United States marketing of farmers products is the largest single activity of cooperative associations. The annual business volume of cooperatives through which farmers and ranchers market their output totalled \$13.9 billion in 1963, an increase of almost seven per cent over the previous year. There were then 6,295 cooperatives which marketed these products; beans and peas, cotton and products, dairy products, fruit and vegetables, grain, livestock and products, nuts, poultry products, rice, sugar products, tobacco wool and mohair, and miscellaneous commodities.

American farmers have long recognised the value of farm supply cooperatives and in 1963 there were 6,921 of them doing a volume of business of \$4,145,263,000 for 3,595,890 members. In some areas of the United States these farm supply cooperatives are banded together in strong regional associations which enables them to develop a strong competitive force.

Feed, fertilizer, petroleum and seed are the principal products handled. Farm equipment and some household supplies like stoves, refrigerators and deep freezers are sold.

Many of these marketing cooperatives

in the United States are multi-purpose. In addition to marketing they also provide supplies to farmers and perform services for them such as storing and trucking. Likewise a cooperative that may be principally a purchasing organisation may also do some marketing.

The total number of all cooperatives serving farmers in 1963 was 8,907. Of these 5,502 were primarily marketing products, 3,211 whose major operation was handling farm production supplies, and 194 primarily performing related services. The total number of memberships was 7,218,750 and the volume of business was \$18,342,007,000.

Many marketing and farm supply cooperatives are affiliated to the National Council of Farmer Cooperatives, which has offices in Washington, D.C. The National Council serves as a clearing house for information, and maintains close contact with the government agencies. However, it does not carry on any business activities of its own.

The other national cooperative organisation in the United States is The Cooperative League of the U.S.A., which is a member of the International Cooperative Alliance. Most of the members of the League are organisations mainly concerned with consumer services and farm supply cooperatives. A few of the members of The League also carry on some marketing activities, and this is true with the Farm Bureau Cooperative Association in Ohio, which has the same Board of Trustees as the Ohio Farm Bureau Federation.

To understand the interest of Ohio farmers in strengthening their "market muscle" through cooperatives, it should be remembered that Murray D. Lincoln was the executive secretary of the Ohio Farm Bureau Federation from 1920 to 1948, and that he was also the

manager of the Farm Bureau Cooperative Association and the Farm Bureau Insurance companies, now known as the Nationwide Insurance companies.

For much of this time, Mr. Lincoln was also President of The Cooperative League of the U.S.A., a position which he relinquished in 1965 because of his retirement as President of the Nationwide Insurance companies.

Mr. Lincoln always believed that farmers should do more for themselves through cooperatives, and that they should ask for less help from the Federal Government. He also preached that farmers were not only primary producers, but consumers as well, and that it was possible for farmers to market cooperatively and at the same time work with consumer cooperative grocery stores. He worked tirelessly to establish consumer cooperatives in Ohio, and at one time some staple food items and farm clothing were sold in Ohio Farm Bureau outlets, although these departments were never very successful.

Mr. Lincoln visited cooperatives in England and the Scandinavian countries many times. He always returned to the United States greatly disappointed at the slow growth of cooperative grocery stores. Soon he began suggesting that farmers should band together to purchase a major chain store system and convert it into a consumers cooperative.

A recent report of the National Commission on Cooperative Development made by The Cooperative League of the U.S.A., estimated that consumer cooperatives in the United States had a current annual volume of business of around \$125,400,000. There are about 80 shopping centres in which \$16,250,000 is invested in facilities, which serve about 178,000 members. If these cooperatives were a part of one coordinated

chain, which they are not, this would make them the number 30 chain in the country.

Within the last few years there have been growing demands by farmers that their cooperative association and general farm organisations should do more to raise farm prices. It was in this climate that the Ohio Farm Bureau Federation began a year ago to carry on a vigorous campaign to strengthen "marketing muscle" by building stronger bargaining and marketing cooperatives. The Ohio Agricultural Marketing Association has been bargaining for tomatoes for several years in northwestern Ohio, but it has found that some processors refuse to bargain with cooperatives, and discriminate against farmers who are members. To correct this situation, the Ohio Farm Bureau Federation attempted to get legislation passed by the Ohio General Assembly making such discrimination unlawful. While the bill came close to passage, it was bottled up in committee through the efforts of the processors. Similar legislation introduced in the last Congress never got out of committee.

Discouraged by these legislative failures, D. R. Stanfield, executive vice president of the Ohio Farm Bureau Federation, began to urge farmers to reconsider the possibility of purchasing one or more retail food chains, so that they would be in a position to get higher prices for their products.

It is the farm leaders' argument that if farmers owned a large chain store, they would have control of the shelf space in these stores. In other words, they could prominently display the labelled goods of processors who recognised bargaining cooperatives. The stores would continue to carry other brands demanded by housewives. Modern merchandising experience has shown

that national "brand names" mean less than in the past, and that it is possible to get consumers to change brands if they are assured of high quality at fair prices.

While no one chain has been named by the Ohio Farm Bureau Federation, it has been pointed out that four "billionaire chains", A & P, Safeway, Kroger and Acme, now account for 20.1 per cent of all the food sold in the United States.

The Ohio Farm Bureau Federation is proposing that a chain be purchased by farmers and controlled through a holding company. The management of the present corporate chain structure would be retained. The major change would be that farmers would have the power to influence the policy of the chain store, would be able to determine its purchasing policies, and would also share in its profits.

An idea as big as this one needs to be promoted vigorously. During the fall of 1964 the 86 county Farm Bureaus affiliated with the state organisation in Ohio held meetings, and at many of them the "shelf space" idea was discussed. There were stories in the Ohio Farm Bureau publications. Press releases from the Ohio Farm Bureau were widely used all over the United States.

The theme of the 46th Annual Meeting of the Ohio Farm Bureau Federation was "More Market Muscle for Farmers". Mr. Stanfield, as executive vice president, explained this proposal, using visuals. Later in the week there was further discussion, and the delegates gave the idea their unanimous support and recommended that efforts be made to get a similar resolution passed at the annual meeting of the American Farm Bureau Federation.

The more than 100 persons attending

the American Farm Bureau Federation Philadelphia meeting wore huge badges bearing the slogan "More Market Muscle For Farmers". C. William Swank, general manager of the Ohio Agricultural Marketing Association, appeared on the programme, and spoke on the topic, "Can Contract Marketing and Bargaining be Strengthened through Producer Investment in Retail Outlets?" Later in the week the delegate body of the American Farm Bureau Federation instructed their Board of Trustees to make a study of the shelf space proposal, and to report back to the delegate body as to its feasibility.

For the past 29 years the Ohio Farm Bureau Federation has organised discussion groups called Advisory Councils made up from six to eight farm families, which meet once a month in farm homes and discuss a Guide prepared by the state office. There are now 1,597 of these groups in which more than 20,000 farm men and women participate each month. The idea for these discussion groups was brought to Ohio in 1935 by Murray D. Lincoln when he visited St. Francis Xavier University in Antigonish, Nova Scotia. Fathers J. Tompkins and M. Coady in turn borrowed the idea from the Scandinavian study circles.

The January discussion Guide was on the topic, "Strengthening Our Market Muscle". It outlined the plan and gave some arguments in support of it, and also listed some of the difficulties in achieving success.

Each discussion group has a leader and a secretary from within the group. The secretary sends minutes of the discussion to the state office. These show that there is great interest in strengthening the "market muscle" of farmers.

Obviously, the raising of \$400 million required to gain controlling interest of



one of the large food chains is the thing which gives most farmers pause. Many of them are impressed by the statement that, if only one-third of the more than one million six hundred thousand farm families who belong to Farm Bureau would invest \$100 a year for four years, it would raise more than \$200 million. If farmers raise this amount, they could secure the other \$200 million through regular banking channels.

There has also been a great deal of interest in the "market muscle" proposal in other parts of the United States. Many Farm Bureau publications have carried stories about it, and in some states the idea has been discussed in mass meetings.

Until the American Farm Bureau

Federation completes its study of feasibility, most Farm Bureaus will do little more than talk about the idea.

In Ohio, however, the interest is so intense that farm leaders are continuing to explore all possible approaches. Conversations are being held almost daily with leaders in marketing, farm supply, and consumer cooperatives. Ohio farmers are also looking abroad to see how cooperatives in other parts of the world have met this problem. They are particularly interested in developments in Scandinavian countries, where strong marketing cooperatives and strong consumer cooperatives have apparently learned how to work together for the mutual benefit of both producers and consumers.

## COOPERATIVE BULK HANDLING LIMITED

**M. J. Lane,**  
*General Manager.*

**T**HE story of Cooperative Bulk Handling Limited, the Western Australian grain handling cooperatives, is a tribute to the determination of its founders and to the ideal of cooperative service which its administration throughout history has always kept in the forefront.

Cooperative Bulk Handling Limited, or C.B.H. as it is more usually known in Australia, was formed in the early thirties by two other Western Australian cooperatives. These were the Westralian Farmers Cooperative Limited and the Trustees of the Grain Pool of Western Australia.

Although the Wall Street Crash of 1929 and the ensuing world wide depression that lasted through the thirties are now

history, many will recall the almost total paralysis that plagued industry and business in those years. It was in this atmosphere that the bulk handling of grain was pioneered in Western Australia.

The story is the more remarkable when it is known that the bulk handling of grain in Western Australia had been investigated several times before and had always been deemed to be impracticable and uneconomical. Yet because bulk handling of grain offered a means of reducing grower's costs, those responsible for the commencement of C.B.H. were all the more determined to persevere and succeed.

A new system of handling grain in bulk was devised. Whereas the orthodox

system envisaged concrete silos with fixed integral machinery, the Western Australian system was built round a horizontal storage and mobile machinery. There were many who said the scheme could not succeed but the system worked and was above all cheap and flexible to accommodate widely differing harvests.

In 1931 five experimental bins were built in the north eastern section wheat belt of the State. In 1933 C.B.H. was formed, taking over these five sidings and building a further forty-eight.

Since that time C.B.H. has equipped a total of three hundred and four receival points in Western Australia and five Terminals. Not only does it handle all the wheat of the State in bulk, but it also handles oats and barley, being the only organisation in Australia to do so. Besides developing its permanent storages to the highly successful form they

take today, it pioneered and perfected a system of easily erected and demolished temporary storages to be filled and emptied by its mobile machinery. These formed the prototype for the huge emergency storage depots that were found to be necessary during the war. Its mobile machinery has been copied in many countries throughout the world. It was the first to perfect the mechanical trimming of wheat in shiploading. Altogether, since it commenced operations some 32 years ago, well over a thousand million bushels of grain have passed through its system and it has saved the growers of Western Australia well over £ 25 million.

The progress of C.B.H. which is entirely owned, financed and controlled by the growers of Western Australia is a demonstration of what a growers co-operative founded on the Rochdale principles can do.

## 7TH CONGRESS OF PUBLIC AND COOPERATIVE ECONOMY

OVER 600 participants from 20 countries attended the Congress held in Berlin from the 10th to 13th May. The Congress was the seventh of the series inaugurated by the late Professor Edgard Milhaud in 1953. The strongest delegations, comprising leading Cooperators and administrators or officials of national and municipal undertakings, came from the European countries where the International Centre for Research and Information on Public and Co-operative Economy has duly-constituted national sections namely, Austria, Belgium, France, Federal German Republic, Greece, and Italy, Switzerland. Nevertheless there were also a number of participants from Great Britain, Scandina-

vian and Asian, African and American countries. The International Co-operative Alliance was represented by Mr. W. G. Alexander, its Director, and the International Labour Office by Dr. H. Nook, of the Co-operative Service.

The general theme of the Congress was: Public and Co-operative Enterprise in a Free Society which was introduced by Professor Paul Lambert, Director of the International Centre in a paper on the Possibilities and Limits Competition. His thesis was that competition between enterprises whether public or private, stimulated initiative and effort to reduce costs and eliminate waste, but that it had no corrective for its own defects which had to be remedied by economic

policy, supported by public and cooperative enterprise.

Mr. Lars Eronn, editor of *Kooperatören*, described in a paper the achievements and problems of Consumers' Cooperation in Sweden. He was followed by Mr. Jacques Chevrier who illustrated the remarkable success of a nationalised undertaking, Electricité de France. A whole session was devoted to a symposium on the measurement and estimation of the economic results of public and cooperative enterprise, to which authorities from Italy, France, Austria, Western Germany and Sweden contributed. Professor G. Weisser (Cologne) summed up, emphasising that other tests than profitability could and should be applied to determine the efficiency of an undertaking especially from the social standpoint, and that social costs and results in terms of human welfare, were no less important than the purely economic.

Mr. Ch.-H. Barbier, Director of the Press, Propaganda and Education Department of the Swiss Cooperative Union (VSK) evoked a lively discussion with his paper on Cooperative Enterprise in a Growing Economy. Stressing the suddenness and rapidity of recent economic changes and their effects on human life and society. Mr. Barbier declared that the tasks of the consumers'

cooperative movement were to enable people as consumers to safeguard their own interests and to help them understand and resolve the difficulties of man's present state. Professor Georges Lasserre (Paris) also maintained that Cooperation has something to offer beyond the economic and that it can furnish models for other sectors of the economy to imitate.

After a discussion of the role of public enterprises in a growing economy, opened by Professor G. Ritting (Göttingen) the Congress unanimously adopted a final resolution summarising the results of its debates and affirming its belief in the role of public and cooperative enterprises as necessary for correcting faults in private economy, preventing the abuse of economic power and maximising welfare in a free society.

At the General Assembly of the International Centre following the Congress, Professor Paul Lambert was unanimously elected, on the motion of the Council, President in succession to Professor Maurice Delboville who was retiring. Professor Lambert will thus hold the dual office of President and Director of the International Centre for Research and Information on Public and Cooperative Economy.

W.P.W.

## BOOK REVIEW

**Group Medicine and the Modern World**  
by Dr. Jeanne Roguet, *Centre pour le Développement de la Coopération, Paris.*

In order to avoid confusion or inaccuracy, the author defines first the terms "Group medicine" and "Team medicine" used in France.

Group medicine means the association of practitioners exercising the same discipline — whichever it may be — bringing with it reciprocally all the means of moral, intellectual, scientific, technical and material mutual aid.

In most cases, the practitioners share the same premises where they pursue their skills. This association substitutes cooperation for all competition.

Team medicine pursues the same objectives, but within a society bringing together different disciplines.

The constantly new scientific gains, the growing complexity of medical knowledge, the increasingly expensive establishment as a result, and the secretariat made necessary by the evolution of social laws, have forced the doctors to

join together.

A better organisation of the professional life entails a more real and pleasant personal and family life, thus allowing for "better practising, better learning, better care and better living", as was the hope of Professor Nedelec.

With regard to the practical method of setting up the groups, the most difficult problem lies in the selection of partners. Every doctor must have a liking for teamwork and have a sociable disposition, and his moral and professional standing must be beyond reproach.

Pooling knowledge, technical resources and individual enrichment which each can acquire and which is made complete by the harmony of the possibilities of life, goes hand in hand with the sharing of fees, the tangible result of the efforts made by the homogeneous team. Furthermore, it will be up to everyone to see that the importance of his work and the services rendered should match those of his colleagues. According to the groups, different ways of apportioning the fees are chosen.

The joint organisation does not impair the free choice, considering that every doctor looks after his personal practice and, consequently, retains his responsibility towards his patients. The patient must have as his doctor a man who is not subject to any constraint, and he remains free to choose the doctor inside or outside the group whom he likes in case of absence of his usual doctor. The doctor-in-charge during the weekends or during the holidays will have to keep the family doctor informed of the state of his patients whom he has seen during his absence.

The majority of the groups work in a joint medical centre and each associate has his own office with an adjoining dressing-room. Sometimes, the waiting-room serves for two doctors on account of the rotating consulting hours. There are also the following joint facilities: an office, X-ray and treatment rooms.

The expenditure for the functioning of a group is rather difficult to work out, but there is a tendency for general expenses to increase. This was anticipated, since, in joining together to practise under the best conditions, the doctors improve their resources.

A contract is the basis for any association and the code of deontology states that "any association or partnership of doctors must be subject to a written contract which respects the professional independence of each of them". The articles of the contract must be submitted to the Council of the Medical Faculty (Conseil de l'Ordre). The contract stipulates the form, object, name, head office and duration of the partnership; also the use of the premises and the organisation of the medical service; finally, admission, departure, illness, invalidity as well as the financial and book-keeping arrangements.

As to the question how the groups can find a solution to financial problems that arise, the majority of them can turn to the Central Bank of Cooperative Credit which ensures effective assistance to groups accepting the cooperative statute. Mr. Thiercelin, Director of the Centre for the Development of Cooperation, quoting Dr. Fauquet, defined cooperation as follows: "The cooperatives are associations of freely united people whose members seek satisfaction

## **APPOINTING A CO-OPERATIVE OFFICIAL**

The Co-operative Union Education Department's 20-page guide,

### **"APPOINTING A CO-OPERATIVE OFFICIAL"**

gives guidance on the systematic approach which boards and management should exercise in selecting the right people for the right jobs.

The booklet contains sections on: What type of appointment?; Job analysis and specification; Advertising the post; Ministry of Labour; Selecting the short list, and Interviews. An appendix contains three sample forms—Job Specification; Terms and Conditions of Appointment; and Form of Application.

Price 2s. 6d. each plus postage (3d. on single copies) 12½ per cent discount on twelve or more copies.

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**Publications Department,  
CO-OPERATIVE UNION LTD.,  
Holyoake House,  
Hanover Street, Manchester 4.**

of their personal, family or professional needs by means of a joint enterprise, to their advantage and at their risk, on the basis of equality of their rights and their obligations."

In order to provide a proper framework for "cooperatives" formed by doctors, it was necessary to undertake studies with the help of the Council of the Medical Faculty and of the Confederation of Medical Trade Unions. The legal form chosen is that of the Cooperative Civil Society whose function is the renting, purchase, construction and management of a joint professional building; its working rules are consistent with the fundamental principles of cooperation.

Under the term "Group medicine", widely different entities have been created. In some large building units, medical centres have been constructed by promoters and were directed by a true managing recruiting officer of practitioners who have not even the freedom of selecting among themselves. These are not genuine group medicine organisations. The true one ensures the independence of the doctor and gives him the greatest security of practice.

For many decades, French medicine had set itself a very high ideal of service to the patient, and it can be expected that the pressure brought to bear today on the medical profession may bring about a deterioration in the standards. The successes and problems involved in medical group practice must be carefully examined in the light of the legitimate wishes of each patient. Each one wishes the doctor to take an interest in him, to be a friend and confidant ready to listen to him and give him all the moral and intellectual help essential to resolve his personal problems. In order to achieve this end, which is nothing more than an expression of human fellowfeeling, there is only one way: to ensure that there is between patient and doctor a sympathetic human relationship in a friendly atmosphere. Through constant collaboration, the various group participants should be better able to give their patients the fullest advice for which they ask, since the family doctor can always rely on the support of his associates who, between them, have guaranteed him the fullest intellectual, technical and moral help.

#### Affiliated Organisations (continued)

Association of Enterprises on a Cooperative Basis, *Bloemgracht 29, Amsterdam.*

ICELAND: Samband Isl. Samvinnufelaga, *Reykjavik.*

INDIA: National Cooperative Union of India, *72, Jorbagh Nursery, New Delhi-3.*

All Bombay Consumers Cooperative Societies, Federation, Ltd., *3rd Floor, Military Square Lane, Fort, Bombay 1.*

National Agricultural Cooperative Marketing Federation, Ltd., *34, South Patel Nagar, New Delhi, 12.*

IRAN: Cherkate Taavoni Masrafe Artèche (Army Consumers' Co-operative Society), *Avenue Sevvom Esfand, Rue Artèche, Teheran.*

The Credit and Housing Society of Iran, *20-22 Shahabad Avenue, Tehran.*

ISRAEL: General Cooperative Association of Jewish Labour in Eretz-Israel „Hevrat Ovdim", Ltd., *P.O.B. 303, Tel-Aviv.*

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

"Merkaz" Audit Union of the Cooperative Societies or Loans and Savings, *P. O. Box 75, Tel-Aviv.*

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

ITALY: Lega Nazionale delle Cooperative e Mutue *Via Guattani 9, Rome.*

Confederazione Cooperativa Italiana, *Borgo Santo Spirito, 78, Rome.*

Associazione Generale delle Cooperative Italiane, *Via Milano 42, Rome.*

JAMAICA: The Jamaica Cooperative Union, Ltd., *74½ Hanover Street, Kingston, W.I.*

JAPAN: Nippon Seikatsu Kyodokumiai Rengokai, (Japanese Consumers' Cooperative Union) *Tanro-Kaikan, 9 Ichigaya-Kawada-cho, Shinjuku-ku, Tokyo.*

Zenkoku Nogyokyodokumiai Chuokai, (Central Union of Agricultural Cooperatives) *11, Yutakucho, 1-chome, Chiyoda-ku, Tokyo.*

Zenkoku Gyogyo Kyodokumiai Rengokai, (National Federation of Fishery Cooperative Associations), *Sankaido Building, Akasaka-ta meikomachi, Minato-ku, Tokyo.*

JORDAN, Jordan Cooperative Central Union Ltd., *P.O.B., 1343, Amman.*

KOREA: National Agricultural Cooperative Federation, *75, 1st street, Chung-Jong-Ro, Sodaemun-ku, Seoul.*

MALAYSIA: Cooperative Union of Malaya, *8, Holland Road, Kuala Lumpur.*

Federation of Cooperative Housing Societies, *8, Holland Road, Kuala Lumpur.*

Sarawak Co-operative Central Bank Ltd., *3-J. Clifford House, Kuching, Sarawak.*

- Singapore Cooperative Union, Ltd., Post Box 366, Office and Library: 3-J/K Clifford House, Singapore 1.
- MALTA:** Farmers' Central Cooperative Society Ltd., New Building, Middleman Street, Marsa.
- MAURITIUS:** Mauritius Cooperative Union, Dumat Street, Port Louis.
- MEXICO:** Confederación Nacional Cooperativa de la Republica Mexicana, C.C.L., Av. Cuauhtemoc 60, 5e Piso, Mexico 7, D.F.
- NIGERIA:** Cooperative Union of Eastern Nigeria Ltd., Cooperative Bank Buildings, Milverton Ave, Aba.  
Cooperative Union of Western Nigeria; Ltd., c/o Cooperative Buildings, New Court Rd., Ibadan.  
Lagos Cooperative Union Ltd., Cooperative Office, 147, Broad Street, Lagos, W. Nigeria.
- NORWAY:** Norges Kooperative Landsforening, Organisasjonsavdelingen, Kirkegaten 4, Oslo.  
Affiliated societies (1962): 1,037; membership: 320,000; turnover of local societies: Kr. 1,600 mill.; of N.K.L.: Kr. 458 mill.  
BBL A/L Norske Boligbyggelags Landsforbund, Trondheimsveien 84-86, Oslo.
- PAKISTAN:** East Pakistan Co-operative Union, Ltd., 9/D-Motijheel Commercial Area, 3rd. Floor, Dacca. 2.  
West Pakistan Co-operative Union, 31, Lower Mall, Lahore.  
Karachi Central Cooperative Bank, Ltd., 14, Laxmi Building, Bunder Road, Karachi, 2.  
Karachi Central Cooperative Consumers' Union, Block No. 53, Pakistan Secretariat, Karachi, 3.  
Karachi Cooperative Housing Societies Union, Shaheed-e Millat Road, Karachi, 5.  
Karachi Cooperative Institute Ltd., 4. Bandukwala Building, McLeod Road, Karachi, 2.  
Karachi Fishermen's Cooperative Purchase and Sales Society Ltd., West Wharf Road, Karachi.  
Sind Regional Cooperative Bank Ltd., Provincial Cooperative Bank Building, Serai Road, P.O.Box 4705, Karachi 2.
- PHILIPPINES:** Central Co-operative Exchange, Inc., P.O.B. 1968, Manila.
- POLAND:** Central Agricultural Union of "Peasant Self-Aid" Cooperatives, Kopernika 30, Warsaw.  
The Central Union of Building and Housing Co-operatives, Ul. Jasna 1, Warsaw.  
The Invalids' Co-operative Union, c/o Central Agricultural Union of "Peasant Self-Aid" Co-operatives, Ul. Kopernika 30, Warsaw.  
"Spolem" - Union of Consumer Co-operatives, Grazyń 13, Warsaw.  
Central Union of Work Co-operatives, Surawia 47, Warsaw.
- ROUMANIA:** Uniunea Centrale a Cooperativelor de Consum „Centrocoop”, Calea Victoriei 29, Bucharest.
- SCANDINAVIA:** Nordisk Andelsforbund (Scandinavian Co-operative Wholesale Society), Axelortor 3, Copenhagen V.
- SWEDEN:** Kooperativa Förbundet, Stockholm, 15.  
Affiliated retail societies (1964): 365; membership: 1,298,000; total turnover of distributive societies: Kr. 4,683 mill.; total turnover of K.F.: Kr. 3,460 mill. (Kr. 2,392 mill. sales to affiliated societies); own production: Kr. 1,746 mill.; total capital (shares and reserves) of K.F. and affiliated societies Kr. 1,075 million, surplus included.  
Kooperativa Kvinnogillesförbundet, Stockholm, 15.  
Hyresgästernas Sparkasse- och Byggnadsföreningars Riksförbund (H.S.B.), Flemminggatan, 41, Stockholm, 18.  
Affiliated Building Societies: 186; with individual members: 250,000; number of flats administered by local societies: 220,000; value of real estate: 8,000 mill. Kr.  
Svenska Riksbyggen, Box 19028, Stockholm, 19.  
Folksam Insurance Group, Folksam Building, Stockholm, 60.  
Sveriges Lantbruksförbund, Klara Ostra Kyrkogata, 12, Stockholm, 1.
- SWITZERLAND:** Verband schweiz. Konsumvereine (V.S.K.), Thiersteinallee 14, Basle.  
Affiliated societies (1964): 505; shops: 3,200; membership: 780,000; retail turnover of affiliated societies: Frs. 1,700; wholesale turnover: Frs. 1,100 mill.  
Verband ostschweiz. landwirtschaftlicher Genossenschaften (V.O.L.G.), Schaffhauserstrasse 6, Winterthur.  
Schweiz. Verband Sozialer Baubetriebe, SBHV., Postfach Sihlpost, Zurich, 1.  
Genossenschaftliche Zentralbank, Aeschenvorstadt 71, Basle.  
COOP Lebensversicherungs-Genossenschaft Basle, Aeschenvorstadt 67, Basle.
- TANZANIA:** Cooperative Union of Tanganyika, Ltd., Avalon House, P.O. Box 2567, Dar es Salaam.
- UGANDA:** Uganda Co-operative Alliance, Ltd., P.O.B. 2215, Kampala.
- U.S.A.** The Co-operative League of the U.S.A., 59, East Van Buren, Chicago Ill. (60605), and 1012, 14th Street, N.W., Washington 5, D.C.
- U.S.S.R.:** Central Union of Consumers' Cooperative Societies of the U.S.S.R. „Centrosoyus”, Ilyinka Tcherkassy pereulok 15, Moscow.  
Consumers' societies (1961): 17,500; members: 43,1 mill.; stores: 321,000.
- YUGOSLAVIA:** Glavni Zadrusni Savez FNRJ., ul. Knez Mihajlova 10. Belgrade.
- ZAMBIA:** Eastern Province Cooperative Marketing Assoc. Ltd., POB 108, Fort Jameson.

# Review of INTERNATIONAL COOPERATION

The official Organ of the International Cooperative Alliance

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## INTERNATIONAL COOPERATION

### AND THE TWO WORLDS

*The President of the International Cooperative Alliance, Dr. MAURITZ BONOW, has this year represented the I.C.A. at the Congress of CO-OP Nederland and of the Swiss Union of Consumers' Societies (VSK) which respectively celebrated their fiftieth and seventy-fifth anniversaries. It was fitting that, besides presenting congratulations and good wishes for the future on behalf of the Alliance, Dr. Bonow called the attention of the delegates — as he had already done at K.F.'s Congress in Stockholm — to the ever-widening gap between the prosperity of the advanced and the poverty of the less developed nations, the consequent menace to progress and peace in the world and the obligation resting upon the International Cooperative Movement to do its utmost to help to avert the impending catastrophe. The REVIEW reproduces below the passages from Dr. Bonow's address to the Swiss Congress dealing with these topics.*

“I would like to deal briefly with the question”, said Dr. Bonow, “why the Cooperative Movement, national and international, must in present circumstances pledge itself to increased assistance for the developing countries.

Overshadowing all other problems of the world today, more especially in the near future, is the enormous, ever-widening gap between the poor and the rich nations. This problem contains material for a drama in the history of mankind for which there is no earlier counterpart.

Let us reflect on certain facts. It is estimated that the part of Asia usually called the Far East, at the present time contains 52 per cent of the world's population but receives only 12 per cent of its income. By way of contrast, North

America contains barely 7 per cent of the population but receives almost 40 per cent of the world's income. The gap is tremendous. It is quite correct to speak of two different worlds.

In the rich world, scientific and technical progress generates mighty driving forces for economic expansion. An annual increase of production and living standards per person of 3 to 4 per cent is to be regarded as normal. In this world of abundance lives about one-third of the world's population.

#### **Economic stagnation**

In the other world, the world of poverty, methods of production are in general pre-industrial. The under-developed countries are characterised essentially by economic stagnation. In them



vast numbers of people suffer from under-nourishment. In the world of poverty live two-thirds of the world's inhabitants who now number 3,000 millions. It is estimated that, by the end of the century, this population will have almost doubled unless radical measures of family-planning can be applied — above all in the under-developed countries. Of these thousands of millions, four-fifths will have to try to live, or rather survive, in the world of poverty; in the world of riches only one-fifth. The year 2,000 lies in no distant future, at any rate, for our children and grandchildren.

The combined effect of over-population and under-nourishment has already become the greatest problem of our time. What is forecast for the immediate future?

According to an average alternative estimate by the United Nations for the increase of world population, which may well prove to be too low, the world's supplies of foodstuffs must already increase by 35 per cent within ten years, i.e. by 1975, in order to enable world population to maintain its present inadequate standard of nutrition. If it is desired to bring about an adequate improvement in nutritional standards, it would be necessary to raise world food supplies by over 50 per cent. For the under-developed countries food supplies would have to be doubled by 1975. Unhappily, to attain any such increase in food supplies for the under-developed countries must be regarded as purely utopian.

The problem of preventing the present inadequate nutritional standard of the rapidly increasing populations of the under-developed countries from slipping further downward will demand combined measures by the rich and the

poor countries of quite another order of magnitude than hitherto, in order in the first place to expand the output of agriculture. Let those who think that this is looking on the black side take note of what the world's most eminent authorities say. I quote one of them, Raymond Ewell, Professor at the New York State University:

### **The greatest famine in history**

"The world is on the threshold of the greatest famine in history. Not the world in which we live, but the under-developed world, the three poor continents of Asia, Africa and Latin America. The population in these continents is increasing rapidly and food production is not keeping up with this increase.

"If these tendencies of development continue, it is probable that the famine will reach serious proportions in India, Pakistan and China during the early 1970's to be followed within a few years by Indonesia, Iran, Turkey and Egypt. Several other countries in Asia, Africa and Latin America risk the same crisis around 1980. Such a famine would be of enormous dimensions and affect hundreds of millions of human beings."

This menace of a world-wide famine can easily provoke a mood of apathy and defeatism. But the magnitude of the catastrophe which threatens the under-developed countries and the inevitable consequences for the industrialised world must compel the governments and the peoples of the West to recognise that the adoption of counter-measures is an unavoidable necessity. The industrialised states possess immense productive resources, capital and technical knowledge in such abundance that the help needed to enable the under-developed countries to help themselves

can be mobilised. Possibilities exist. If the will could be aroused, the next question would be where the coordinated measures should be applied in order to produce the maximum effect as quickly as possible.

### **Industrialisation essential**

In the long run, or rather, the very long run, the solution of the under-developed countries for eradicating poverty lies chiefly, as it did in the West, in a continual process of industrialisation. But in the shorter run, efforts must be mainly directed to expanding the agricultural output of the under-developed countries.

What can be done? Without outside help, the efforts of the peoples of the under-developed countries will not suffice to bring about a rise either of productivity or of output in agriculture. Powerful support by the developed regions of the world in the form of provision of technical knowledge and similar measures is indispensable. In this field the necessary state planning of economic development must be complemented by various forms of voluntary collaboration right down to the lowest level of economic activity.

As we all know, Cooperation provides the best education for self-help. It is an instrument of collaboration between ordinary men and women and the best system of mutual aid. Cooperation in its different forms must become an integral part of all those programmes of economic development in the poorer countries which aim at the national production and distribution of foodstuffs. This fact forms the basis of our endeavours to promote Cooperation in the under-developed countries and its importance for today and tomorrow can scarcely be overestimated.

In view of this situation, the obligation rests upon International Cooperation and the national Cooperative Movements of the developed countries to take in future an even greater interest in assistance to the developing countries in general, but especially in the cooperative field. The measures adopted by the Cooperative Movement which are naturally limited in scope for financial reasons must, accordingly be coordinated with the assistance provided by the United Nations and the Specialised Agencies for development activity in the fields of agriculture and food supply in the developing countries. In a similar manner, the national cooperative organisations must bring about close interworking with the different national organisations for technical assistance and make their special knowledge of agriculture, as well as of food production and distribution available to governmental assistance authorities.

### **Technical Training**

For those of us in the cooperative movements of the West, it is our duty above all to help in the training of managers, administrators and technical experts for agriculture and the auxiliary food production in the developing countries. Corresponding contributions are required for distributive trade and the provision of credit. Are we in the West ready to make available efficient people — skilful managers and technicians — in much greater numbers than hitherto for service in the developing countries? The shortage of experts for these countries is today the greatest obstacle to a massive extension of technical and economic assistance. In our limited cooperative sphere, which is nevertheless of the greatest importance for the developing countries, we cannot help taking up this

## INTERNATIONAL LABOUR CONFERENCE, 1965

THE 49th Session of the International Labour Conference was held in Geneva from the 2nd to the 24th June, 1965, and the Cooperative Movement featured very prominently in the activities of this session.

In the plenary sessions of this Conference, during the discussion on the Director General's report, delegate after delegate spoke about the importance of the cooperatives in the country which he represented at the Conference. There had been several matters of vital import-

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problem, if we are in earnest when we speak of solidarity with the poorer nations.

The earth's inhabitants today live in two separate worlds, some in affluence, others in poverty. When we think of the menace to our civilisation caused by the increase of population and the simultaneous spread of under-nourishment, we should devote keener and much greater attention than previously to effective "help for self-help" for the developing countries on national as well as international levels. The West is confronted by the necessity of making available new and more comprehensive means to carry out a coordinated development programme for the world of poverty since for our times an expression often quoted in another connection is true: either one world — or none.

*It is our generation which is called upon to make this fateful decision.*

Mauritz Bonow.

ance to worker members which could have been chosen for discussion and action at the 1965 and 1966 Conference sessions. If the Governing Body and the officials of the International Labour Office required any confirmation of the importance of the subjects and the correctness of their choice, there was ample proof provided for them in the speeches of all the delegates.

The subject of "Agrarian Reform" was one of the items on the agenda which was referred to a committee set up by the Conference, and the role of cooperatives in agrarian reform was accepted as being so important and essential that its description occupied eighteen paragraphs of its report. These paragraphs, drafted by the Agrarian Reform Committee and forwarded to the Committee on Cooperatives, formed an appendix to the latter's report.

The Committee on Cooperatives, set up by the Conference on the 3rd June to consider the item on the agenda entitled "The Role of Cooperatives in the Economic and Social Development of Developing Countries", consisted of 153 members (72 Government, 33 employers' and 48 workers' members), with representatives of international organisations in attendance.

The first discussion in the Committee on Cooperatives was a general discussion on the subject with delegates highlighting aspects of special importance to them. It was generally agreed that Mr. Colombain and Miss Digby had done excellent work in preparing the

background paper on the subject, and that Mr. Orizet and the ILO staff, assisted by these two experts, had provided an excellent interpretation of the Government replies to the questionnaire for the preparation of the draft Recommendation which was now before the Committee as a basis for discussion.

Agreement having been reached on the usefulness of an instrument approved by the International Labour Conference for consideration by national Governments, discussion then centred on the best form of such an instrument. The workers' delegates favoured a Convention, whereas the majority of the Government and employers' delegations was in favour of a Recommendation which was the form already prepared by the staff of the ILO for consideration. It was finally agreed that the basis for the discussion should be a Recommendation, and the workers' delegates indicated that, should the Conferences of 1965 and 1966 approve a Recommendation, at an appropriate time consideration should be given to the preparation of a Convention on cooperatives which might apply to all countries rather than to developing countries only.

When it came to the point of discussing the definition of a "cooperative", there was general consent about the difficulty of arriving at a commonly acceptable definition, and it was felt that a cooperative might be "described" rather than defined. Agreement was reached to the effect that laws and regulations should include a definition or a description of a cooperative, and a joint amendment submitted by the employers' and workers' members was approved and had the effect of including in the Recommendation a description of essential characteristics as outlined in the background paper, namely, that a

cooperative "is an association of persons who have voluntarily joined together to achieve a common end through the formation of a democratically controlled business organisation, making equitable contributions to the capital required and accepting a fair share of the risks and benefits of the undertaking in which the members actively participate". It seemed a very useful conclusion to this discussion that the difficulty of defining or describing a cooperative did not prevent the Committee from mentioning essential characteristics, and no doubt delegates will consider this paragraph further before the 1966 Conference at which it is hoped that the Recommendation will be adopted. For example, whilst it may not be appropriate to include any cultural aspects of cooperatives, it may be possible to include a social characteristic in addition to the economic characteristics already listed.

A new paragraph was inserted recommending that a competent authority should collect and publish at least once a year statistics relating to the operations and growth of cooperatives in the national economy.

The recommendations on international collaboration were amended to include within the Recommendation that "use should be made, particularly with a view to the coordination of international effort, of international cooperative organisations and other interested bodies".

The Committee on Cooperatives reported back to the plenary session of the Conference commending to it the conclusions of the Committee on Agrarian Reform on the role of cooperatives in agrarian reform, and proposed conclusions with a view to the adoption of a Recommendation concerning the role

of cooperatives in the economic and social development of developing countries. All discussions on cooperatives, both in the committees and in the plenary meetings of the Conference, were marked by the delegations' similarity in approach to, and points of view on, the subject under consideration with all its problems and implications, and a spirit of good humour was demonstrated by all. The new report will now be circulated and will form the basis for discussions at the 1966 International Labour Conference.

A number of representatives of national cooperative movements and of the cooperative departments and ministries of national Governments were present as members of the national delegations to the 1965 Conference, and eminent cooperators were chosen for appointment as rapporteurs to the two committees. Mr. B. Mathsson (Sweden) was rapporteur to the Committee on Cooperatives and Mr. C. Pedersen (Denmark) to the Committee on Agrarian Reform.

The International Cooperative Alliance was represented throughout the Conference by its Director, Mr. W. G. Alexander, who spoke in the plenary session on the Director General's report, making a jointly agreed statement on behalf of the Alliance and the International Federation of Agricultural Producers. In this short verbal statement, Mr. Alexander introduced the joint written statement which was presented to the Committee on Cooperatives on behalf of the two international organisations. These statements discussed the relationship between Governments and cooperative movements in developing countries, and stressed the advantage of cooperative movements in which a greater number of persons are directly involved in the operations as

compared with other sectors of the national economy. The delegates were also encouraged to support the cooperative activities of the ILO by providing sufficient staff for a proper supervision of field projects and by allocating the highest possible priority for finance whenever the budget would be under consideration. In fulfilling the consultative status of the I.C.A. with the ILO, the Director was consulted by the delegates to the Conference and the rapporteur. He attended the plenary session, the two committees and a drafting committee. After the rapporteur, the committee chairman, and the leaders of the employers' and workers' delegations had spoken in the plenary session introducing the report of the Committee on Cooperatives, the Director made a further short statement, commenting on the preparations made by the experts and the staff and on the statements made in the plenary session by national delegates. He emphasised the importance of cooperatives, the usefulness of the proposed instrument and the need for further action by the ILO, promised continuing collaboration of the International Cooperative Alliance with the ILO on the next stages in considering the proposed instrument and stressed the close liaison which would be maintained on all cooperative matters.

W. G. A.

## THE COOPERATIVE SOCIETIES IN AN EXPANDING ECONOMY

by Ch.-H. Barbier

IT may seem out of place to begin a supposedly significant report by mentioning an insignificant detail. But, as Georges Fauquet said, 'Les petites choses sont parfois de grandes choses'—little things are sometimes the most important.

I had no time to prepare this report. No time at all. This, by itself, is of little importance. But it is important when we consider that what happened to me happens every day to thousands of men and women holding responsible positions in the cooperative movement: nobody any longer has time for anything.

With a very few exceptions, the managers of today read nothing, write nothing, and think nothing. Please do not misunderstand me: every day they read a mass of documents and reports (and have to leave even more of them unread, merely adding their signature and passing them on to prevent log-jams), every day they write reams of notes and dictate numerous reports of their own; and they think constantly—their minds are kept working from morning to night and often from night to morning as well. But all this reading, writing, and thinking is merely part and parcel of their day-to-day worries. Comprehensive views, long-range thinking . . . thought, in fact, has become a rarity.

When these cooperators, however, meet each other at the national or inter-

national level, and when they have had time, in their trains or aeroplanes, to examine the documents that will provide fuel for their discussions, they are, generally speaking, well endowed with the commonsense, intelligence, and even the stamina needed for tackling the new problems that face them and the new concepts that present themselves. But once they are home again there is no time for their newly-acquired knowledge and discoveries to take root and bear fruit. They merely swell the flood of files and memoranda, or at best they provide food for further discussion.

The cooperative movements have needless to say tried to remedy this situation. They have engaged all manner of specialists: economists, statisticians, research workers, sociologists, educators, public relations and publicity advisers, and many others besides. But time is always lacking for one reason or another, and co-ordination is difficult to put into practice. Under such conditions managers seldom succeed in paying full attention to work that has already been done or to the advice that is given them; or else their training—or their character—does not incline them to do so; or else they see all kinds of complications that seem to them to be insuperable. Because the specialists are rarely in close contact with the actual problems that face managers, the solutions that they formulate are not in fact 'solutions' at

all, but entire new systems of thought or of organisation which, if they are to be brought into line with reality, that is with the economic structure of the cooperative system, frequently throw up a whole new series of thorny and often insoluble problems.

In an expanding economy everybody suffers from a special kind of fever. Everybody is afraid that he is unable to grow or to expand as fast as other people. The numerous plans that have to be developed in order to stay on top, the publicity barrages of one's competitors and the changes that they bring about in the habits of consumers, the need to follow suit or act first, the opportunities that have to be grasped (including every special event on the calendar), the commercial campaigns of one's adversaries that must never be allowed to overshadow one's own—this continuous battle never comes to an end and never allows the cooperator to draw breath and take stock of the situation. He lives for the day, for the hour, for the moment, and for the opportunity. In this, alone, he reflects his time. But he has never had a chance to rethink his principles and his plan of campaign in terms of the civilisation in which he lives. He is happy to hark back to his nineteenth-century heritage, which he thinks is valid for all times. Without time to stop and take his bearings, he is like a navigator who doggedly follows his appointed route, but without having a very clear idea of where he is heading.

### **Twenty centuries in fifty years**

*We live in a changing world . . .* this is a cliché that we hear often enough—too often. And generally from people with no sense of history, who fail to realise that the zest of the present is due to the fact that we are living it, whereas



Ch.-H. Barbier

the seeming uneventfulness of the past is due merely to our imperfect knowledge. Without having to go back to such turbulent times as the Barbarian Invasions or the beginning of the Renaissance, we may recall that even a man like Abraham Lincoln once wrote that the dogmas of a tranquil past are no longer suitable for the tumultuous present. We must not forget, therefore, that the past was by no means devoid of incident and drama.

Nevertheless the changes we are living through today are indisputably more numerous and more significant than those of any previous era. They follow one another thick and fast, and those of us who have lived through the last fifty years of scientific progress have been the witnesses of as many new discoveries as if we had lived through the twenty

centuries immediately preceding. Four years ago last 12 April a man, for the first time in history, left the planet that gave birth to his species; and already a second man, with the heavy, slow strides of a fairy tale giant, has walked in space beside the artificial satellite that took him aloft. A meeting has been held in London at which each of the participants had experienced, for the space of a few minutes, what we used to refer to as death. At the Pasteur Institute in Paris there is a device capable of taking a million photographs in one second, and thus, in theory at any rate, of filming the decay of an atom. Electronic machines can, likewise in one second, carry out hundreds of complex mathematical operations or hundreds of operations of grammatical or logical analysis. A scientist recently said that 'most of the scholars and research workers who have benefited mankind since its beginnings are still alive today'. The same scientist, a physicist, went on to say that if he was asked what was going on in the world of physics today he would be unable to give an answer on any subject other than his own narrow speciality. Even relatively recently few would have quibbled with the common-sense view that 'Man cannot be replaced for the humble tasks of every day: roads will still have to be made by navvies, and a tailor will always be needed to make a well-cut suit'. But today we have entered the age foreseen by Aristotle: 'When harps play by themselves and when looms weave by themselves the employer will be able to dispense with his workers and the master with his slaves.' At the Ford Motor Works automobile engines are manufactured, assembled, and fitted entirely automatically, without human intervention. And nobody can legitimately assert that one

day even human beings—and this is not, whether we like it or not, idle talk—will not be mass-produced in accordance with the requirements of the societies that will follow our own.

How do the modern developments of science and technology affect man? How does he adapt himself to life in a world that he no longer comprehends, where everything is in a state of flux, not only his job but also the very foundations of science, the arts, and morals?

Many descriptions have been offered of the man of today and the problems that beset him. It would be impossible to understand him, judge him, think about him, or speak about him without first examining the impact of the new situation on his basic nature. In this regard the large-scale conferences held by UNESCO have undoubtedly provided us with fundamental information of immense value. I am thinking of the Elsinore conference on adult education (1949), the subsequent conference at Montreal (1960), and the regional conferences held on the same theme at Hamburg (1962) and Prague (March-April 1965), the last of which was particularly concerned with the relationship between adult education and leisure. Among the documents that help us towards a better knowledge of ourselves I would also mention *Comment vivre demain* (How to Live Tomorrow), published as part of the series entitled 'Histoire et société d'aujourd'hui' (Contemporary history and society) by Editions de la Baconnière, and giving the texts of the conferences and meetings organised in 1964 by the *Rencontres internationales de Genève*.

If we consider the individual purely in his role as a consumer, we find that here again his attitudes and habits have changed. He not only lives in an ex-



panding economy—I am speaking here of Europe, the USSR, and the United States—but also, to differing degrees, in an age of leisure and of plenty. He is largely forsaking the food that he lived on at the beginning of the century—bread, potatoes, corn, legumes, and rice. Today he buys fruit juices and fresh fruit all the year round (and to an increasing extent semitropical and tropical fruit), wines, vegetables both in and out of season, either fresh or deep-frozen, meat and poultry, butter and eggs<sup>1</sup>. But it is above all in other sectors that the needs of the consumer have increased, and the factor chiefly responsible for the dramatic changes now taking place is the new phenomenon of leisure.

At last year's *Rencontres internationales de Genève* Raymond Cartier pointed out that in the United States total expenditure on leisure had reached 30,000,000,000 dollars already some years ago. In France, in 1963, expenditure for cultural and leisure purposes totalled 17,000,000,000 francs (4,500,000,000 dollars), not counting the 18,000,000,000 francs spent in hotels and restaurants. The total weight of books sold in France doubled from 40,000 tons in 1953 to 80,000 tons in 1963. Industries are being reborn, and new ones created. 'Take yachting', writes Raymond Cartier. 'According to the figures given by Admiral Meyer to the Congress on Tourism there were 6000 pleasure craft, either motorboats or sailing boats, in France in 1951. By 1961 this figure had

risen to 250,000, which represents an increase of 4000 per cent in ten years. At the present time the figure of 300,000 has been surpassed, and boat-builders' order books indicate that this upward trend will continue.' Similar statistics could be produced for horse-riding, mountain-climbing, winter sports, gliding, under-water exploration, tennis, and motoring. There has been an equally spectacular growth in 'do-it-yourself' activities, in holiday apartments and weekend villas, and in the facilities provided by thousands of cultural centres already in existence and hundreds of thousands still being set up. Flowers, today, are sold by the ton: but in the whole of France, in 1880, there were only some fifty flower-growers. How large a proportion of the present-day family budget is being spent on cosmetics and beauty preparations, on entertainment of all descriptions, on concerts, on radios and transistor sets, musical instruments, gramophone records and record players and television sets, and on sporting equipment? Nor have we yet mentioned the current upsurge in holidays and travel. To quote Raymond Cartier again: 'The four largest clubs in France, namely the Fédération de Camping et de Caravaning, the Club Méditerranée, the Club Européen du Tourisme, and the Touring Club de France have by themselves been responsible for a mass movement of people [in 1964] equivalent to twenty-five army divisions at full strength.' This phenomenon, needless to say, is not peculiar to France but to every country in Europe and America. In Switzerland, for example, the *Popularis* tourist agency, which is linked with the Union of Swiss Consumer Co-operatives, and the *Swiss Travel Fund* (which is also linked with the USC and to its

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<sup>1</sup> Much work has been published on changed consumer habits, which have been studied by virtually all the cooperative movements. One short and excellently-written publication that may be profitably consulted is *Les changements dans l'évolution de la consommation. Causes et effets*, by B. Wittwer (supplement to No. 5/1961 of *Coopérateur Suisse*, USC brochure No. 30).

member societies) record an increase in turnover of several million francs every year.

How have the cooperative societies reacted to this economic expansion? How have they responded to the changed needs of the new consumer, the man of today?

### Two conflicting arguments

There are two opposing verdicts. Let me state them as bluntly as possible:

- (1) The cooperatives have outlived their usefulness. In actual fact they have ceased to exist.
- (2) The cooperatives are expanding vigorously. Just as 'Switzerland will have the final word in history'<sup>1</sup>, the co-operatives will have the final say in the economy.

The first of these two theses is rarely presented in such a categorical and brutal manner. But it effectively expresses the privately held but unvoiced opinion of many thousands of people, including, naturally enough, a certain number of cooperators.

Let me expand this proposition, as it was recently explained to me in the course of a private discussion. Please do not think that this discussion is an imaginary one, invented purely for the sake of argument: I was speaking with a psychiatrist, an influential member of an Academy of Sciences, and he assured me that he had himself formerly taken an active interest in cooperation. I wish to summarise his arguments, because they seem to me to render explicit much of the doubt and resistance that one so often hears expressed, in a less clear-cut and frank manner, on the subject of the cooperatives.

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<sup>1</sup> Victor Hugo

'Nothing would please me better than to be able to believe', said my friend, 'that the cooperatives still have a role to play. But in my opinion this is no longer the case. I lived for many years in the United States. There, the cooperative movement has never exerted any influence in the consumer sector. Nevertheless private commerce, and in particular the large enterprises, discovered many years ago that providing service to the consumer, real, genuine service, was the most reliable way of making profits. In today's conditions it is completely erroneous to believe—let alone to claim—that the cooperatives are necessary for the protection of the consumer. The department stores and chain stores are just as anxious to see him protected.

'In Europe', continued my friend, 'the cooperatives played an economic and social role of a certain importance in the nineteenth century and at the beginning of the twentieth. Since that time private commerce has produced large-scale enterprises which are equally effective in providing customer service and consumer protection. Besides, the State also contributes in many ways to consumer protection, and as often as not renders all other efforts superfluous. As for the cooperatives themselves, there are today two kinds. One kind is the small enterprise, severely handicapped by tradition and inhibited in its growth because it insists on applying its intricate democratic machinery to the running of a commercial business. Cooperatives of this type have no further economic role whatever to play, and must inevitably disappear. The other kind of cooperative is the organisation managed by people who have tried to keep up the struggle and adapt themselves to meet new challenges. If such

cooperatives are to survive in the midst of the keen commercial competition of today, they must become big business. But in such a case does the cooperator feel he belongs to his cooperative? What personal link does he have with it? None, except perhaps for the speeches, either insincere or full of illusions, of the managers. Cooperatives of this kind can indeed play a role in the economy, but only because they have ceased to be cooperatives. Moreover, surveys conducted among the 'members', at any rate such surveys as I am familiar with, have demonstrated clearly that these members do not respond as, do not feel themselves to be cooperators and that their attitude towards the cooperatives is the same as their attitude towards any other shop or store, in other words they are interested only in whether the cooperative can offer them advantages of a material kind. If they still retain their 'membership' it is in order to retain these advantages and also because some cooperatives treat members and non-members differently.

'The cooperatives were born of necessity, as has been repeated a thousand times. And in fact, in nineteenth-century Europe, they were the only means of defending the consumer against the exploitation to which he was subjected. But how can such an 'offspring of necessity' retain its *raison d'être* in an age of plenty? Grouped closely together round their little societies, in a hostile and exploiting world, the first cooperators knew what they wanted; they had their principles, they had a way of life. Their shops were like strategic hamlets set up for their defence. Today the principles of co-operation have become obsolete: why form economic associations of individuals when large commercial concen-

trations designed for the production and distribution of goods are easier to set up and more effective without such associations? Why pretend that self-help is necessary, when such is no longer the case? Why pretend that one helps others by being a member of a cooperative? The cooperative societies of today are burdened with antiquated committees that no longer belong to our age and that cannot realise that a cooperative is not a religion and that it is not sacrilege to abandon it when its existence has no further justification. Everything in this world has a limited life-span, and even civilisations, even the greatest of them, are not immune. Why pretend that the cooperative movement is eternal?

'The people you are condemning to death', I answered, 'seem to be enjoying robust health. And it seems to me that you are arguing from ready-made generalities, or at least from ideas that are only superficially in contact with economic reality. An objective examination of the cooperative societies, of their structure, of their functioning, and of their role leads me to entirely different conclusions.'

But rather than summarise the discussion that ensued, perhaps I may continue with my own report, which will, I think, argue in favour of the second of the two theses that I have quoted.

### **How far have the cooperatives come in the world?**

Every year the International Cooperative Alliance publishes, in connection with International Cooperative Day, a table showing the situation of its various member movements. Below are the tables that were published for International Co-operative Day on 3 July 1965.

## The ICA in figures

The **International Co-operative Alliance** today includes 138 member organisations in 55 countries. It represents 197,200,000 individual members, grouped in 551,000 member societies as follows:

	Number of members
Consumer societies . . . . .	90,425,000
Agricultural societies . . . . .	29,959,000
Credit societies . . . . .	56,564,000
Building societies . . . . .	4,153,000
Workers' productive societies . . . . .	4,636,000
Fisheries societies . . . . .	1,096,000
Miscellaneous societies . . . . .	10,348,000
<b>Total annual turnover . . . . .</b>	<b>40,209,800,000 pounds sterling</b>
<b>Production . . . . .</b>	<b>4,257,600,000 pounds sterling</b>

### Breakdown of ICA Members\*

	Consumer societies	Wholesale societies	Agricultural societies	Productive societies
Number of cooperatives . . . . .	45,985	50	104,002	57,830
Number of members . . . . .	90,425,000	—	29,959,000	4,636,000
	£	£	£	£
Annual turnover . . . . .	19,551,000,000	6,935,000,000	7,897,000,000	5,131,000,000
Production . . . . .	241,000,000	506,000,000	2,189,000,000	410,000,000

	Cooperative banks	Credit societies
Number of cooperatives . . . . .	35	310,718
Number of members . . . . .	—	56,564,000
	£	£
Registered capital and reserves . . . . .	347,000,000	714,000,000
Savings deposits . . . . .	993,000,000	3,777,000,000
Turnover . . . . .	49,607,000,000	7,415,000,000

### Cooperative insurance societies

Number of societies . . . . .	64
Number of policies . . . . .	59,383,000
	£
Premium income in 1963 . . . . .	365,000,000
Benefits paid out in 1963 . . . . .	209,000,000
Amounts assured—life . . . . .	4,399,000,000

\* Including USSR and new member organisations.

The membership of the ICA today, therefore, consists of 551,000 cooperatives with a total of 197,000,000 individual members or member families. It is thus by far the largest non-governmental international organisation. It has grown unceasingly since the end of World War II, and in recent years it

has grown at a constantly increasing rate. We may note at this point that the 46,000 consumer cooperatives alone have 90,000,000 members, the 104,000 agricultural cooperatives 30,000,000, and the 311,000 credit societies 56,000,000. The 58,000 productive societies have a membership of 4,500,000.

## World distribution of ICA members

<b>Europe</b>		<b>North America</b>	
Austria . . . . .	2,058,000	Canada . . . . .	4,186,000
Belgium . . . . .	759,000	United States . . . . .	22,649,000
Bulgaria . . . . .	1,915,000		<u>26,835,000</u>
Czechoslovakia . . . . .	2,133,000	<b>Central and South America</b>	
Denmark . . . . .	1,508,000	Argentina . . . . .	349,000
Eire . . . . .	113,000	Brazil . . . . .	120,000
Finland . . . . .	1,701,000	British Guiana . . . . .	24,000
France . . . . .	7,159,000	Chile . . . . .	49,000
Germany (Fed. Republic) . . . . .	3,761,000	Colombia . . . . .	18,000
Greece . . . . .	547,000	Dominican Republic . . . . .	7,000
Iceland . . . . .	31,000	Jamaica . . . . .	3,000
Italy . . . . .	4,390,000	Mexico . . . . .	467,000
Malta . . . . .	1,000		<u>1,037,000</u>
Netherlands . . . . .	408,000	<b>Asia</b>	
Norway . . . . .	478,000	Burma . . . . .	1,216,000
Poland . . . . .	7,052,000	Ceylon . . . . .	729,000
Roumania . . . . .	7,950,000	Cyprus . . . . .	122,000
Sweden . . . . .	2,683,000	India . . . . .	37,705,000
Switzerland . . . . .	830,000	Iran . . . . .	8,000
United Kingdom . . . . .	13,824,000	Israel . . . . .	1,453,000
USSR . . . . .	48,600,000	Japan . . . . .	12,043,000
Yugoslavia . . . . .	1,427,000	Jordan . . . . .	11,000
	<u>109,328,000</u>	Korea . . . . .	2,184,000
<b>Africa</b>		Majaysia . . . . .	255,000
Algeria . . . . .	5,000	Pakistan . . . . .	2,391,000
Egypt . . . . .	40,000	Philippines . . . . .	260,000
Ivory Coast . . . . .			<u>58,377,000</u>
Mauritius . . . . .	32,000	<b>Oceania</b>	
Nigeria (Eastern) . . . . .	51,000	Australia . . . . .	646,000
(Western) . . . . .	67,000		
Tanzania . . . . .	400,000		
Uganda . . . . .	350,000		
Zambia . . . . .	15,000		
	<u>960,000</u>		

The total turnover of these cooperatives is 483,000,000,000 Swiss francs, and they produce goods to a value of more than 51,000,000,000.

These figures, even when seen in terms of the world economy, are of indisputable significance and are in themselves enough to refute the assertion of my psychiatrist friend, whose views I have just summarised, that the co-operative economy has reached a period of decline or even worse has ceased to exist.

Two questions must nevertheless be answered.

The first concerns the cohesion of the international cooperative movement (a) as regards those movements that operate under different political systems, and (b) as regards those cooperative organisations whose interests frequently come into conflict, such as the agricultural and the consumer cooperatives.

Within the scope of this report I cannot consider either of the two parts

of this first question in any detail: each of them is in fact a sufficiently large subject to merit full-scale investigation and discussion. As far as the movements operating under different political systems are concerned, I shall confine myself to pointing out that the ICA has resisted every change in the political climate and that its cohesion would seem to be stronger and more lasting than ever before. It has been not only useful but indeed essential to have some kind of permanent forum for open discussion between the different movements; the principles that constitute the essence of independent and free co-operation not only are not dead but have even gained ground, as is illustrated by the recent admission of a number of Polish organisations to membership of the ICA.

As regards the conflict of interests between agricultural cooperatives and consumer cooperatives, I do not think that such conflict is of major importance or that the interests in question are actually irreconcilable. Like Georges Fauquet, I see the cooperative movement as a single entity, working in a single direction, that, provided it is properly applied, teaches men to think and act in the same way whatever form it may take. Thus I must disagree entirely with the views of my friend Bernard Lavergne when he says (I quote from memory) that 'the difference between the smallest agricultural cooperative in the Jura Mountains and the most blatant of international cartels is only one of size'. Nevertheless I allow that the question remains open.

The second question that has to be answered in connection with the impressive figures published by the ICA is that posed by my partner in the conversation that I have recounted, namely: 'Just

how far have the cooperatives managed to retain their cooperative character?' The rest of my report will be devoted to answering this question.

### **A slow, but unambiguous and vigorous reaction**

The moment has now come to answer the question that I posed earlier in my report: how have the cooperative movements reacted to the profound changes that have taken place in the world? How are they responding to an expanding economy? What can they offer the new consumer, the man or woman of 1965?

In its earliest years the cooperative movement had to wage or to suffer the effects of a number of very hard battles. The fact that after numerous vicissitudes and changes in fortune depending on the circumstances, the place, or the protagonists involved it emerged as the victor should come as no surprise. For instead of the economy of profit and exploitation it offered the economy of service. It had introduced the concept of justice into the distribution of food-stuffs. And to assist it in winning acceptance of its principles it had the benefit of a powerful weapon: the combined forces of individuals associated together for a common purpose. In fact at a time when there was a galaxy of small retailers and small wholesalers the cooperative movement introduced—and at the beginning enjoyed as a monopoly—the principle that was to become one of the most potent forces of modern enterprises: concentration.

With these powerful weapons in mind, the first cooperators believed, and many economists agreed with them, that the Cooperative Republic was on its way and that enterprises which existed in order to make profits could not long

survive in competition with those which existed in order to render service. But they forgot the laws of sociology. 'Every creature tries to preserve its essential qualities intact', and enterprises, like men, prefer to adapt themselves rather than perish. The competitors of the cooperatives accordingly adapted themselves, and with great success. In this manner the cooperators won the first stage of the battle (it had lasted for a century, from Rochdale in 1844 until war broke out in 1939); they had proved useful to the consumer by forcing their adversaries to provide better service, but they had at the same time greatly complicated their own task. They now found themselves face to face with competitors who had long learned their cooperative lesson and who could respond with much greater agility than the cooperatives themselves to the new lessons of economic life.

One of these lessons, which had already been digested well before the war and which had been turned to profitable use by the department stores and chainstores, was that concentration must be *total*. Only in this manner could concentration ensure ease and speed in management and efficiency in production and distribution, and only in this manner was it possible for a single enterprise to render service to a very large number of consumers under one roof. For—and this was another discovery—it is much more profitable to take a little wool from ten thousand sheep than to shear fifty sheep to the skin.

The cooperatives, in fact, got off the mark slowly. They had indeed introduced the principle of concentration, but only rarely did they push it to its logical conclusion. The autonomy of the cooperative societies, frequently interpreted in an anarchic spirit, re-

tarded the development of wholesale societies. Instead of trying to find the best means for reconciling democracy and efficiency, many cooperatives identified concentration with dictatorship. At the same time respect for the cooperators caused some hesitation in launching large-scale publicity campaigns. Needless to say, the members of the cooperatives, who were creatures of the time in which they lived, neither could nor wished to close their eyes and ears to the enticements of the competition. Many of them wondered whether their societies had not become antiquated or worn out, whether they perhaps lacked imagination and competitive drive: for the consumer always—and rightly—forms his judgments on the basis of prices and services and not in accordance with the ideals of a glorious past. Finally, and most important, the historical structure of the cooperatives was being found more and more burdensome: they had, at a time when communications were not what they are today, created a complicated network of small shops in order to bring their services to their members and to shield them from the exploitation of tradesmen. Today such a complex network would be inefficient and totally unsuited for the high turnovers necessary for mass production, and would be an insupportable handicap.

During the first years after the war the cooperative movements took stock of their situation. The statistics were reassuring, and cooperation seemed to be making visible progress. Nevertheless in 1948 Mr. Hough, the statistician of Cooperative Union in Manchester, made it clear that the British movement was in fact losing ground. This declaration, and the memorable discussion that followed, resulted some

years later in the 'Independent Commission', presided over by Hugh Gaitskell, whose task was to establish a diagnosis and determine exactly where the cooperative movement stood in the United Kingdom.

Not only the British, but all the cooperative movements felt that the time had come for a reappraisal of the situation. Studies and measures for reorganisation and modernisation proceeded apace. There was no suggestion of malaise or of crisis: as Sorel had written, 'Cooperators take an almost monkish view of the value of silence.' With a more tenacious regard for truth, for principle, for certitude, and for the tradition of success than those who move in other economic circles, militant cooperators could not afford doubt: for it would have meant doubt in the cooperative movement, it would have meant questioning its principles and intrinsic worth. But everywhere there was earnest discussion of the results obtained by the first self-service shops opened by the British cooperatives from 1942 onwards and by the Swedish and Swiss cooperatives starting in 1947 and 1948 respectively. The first studies aimed at a structural reorganisation of the movement were followed by other studies concerned with a revision of the by-laws that was necessary for structural change. There was general agreement that it was essential to preserve, even to strengthen democracy in the cooperatives if at all possible; for democracy was after all the animating principle of the cooperative economy and the direct consequence of self-help (which, incidentally, had been ignored by my friend in the conversation I have just reported). The selection of goods offered to the consumer was redesigned in accordance with his new purchasing power

and his changed requirements. Since the proportion of the family budget spent on food was steadily decreasing, it was clear that the cooperative economy would also waste away unless it decided to break new ground and offer the modern consumer everything—literally everything—that he could possibly need under any imaginable circumstances. Furniture and furnishings, household appliances, clothing and textiles, camping equipment, travelling necessities (including motor spirit and, later, automobiles and garage service)—nothing could be ignored. Even in the food sector itself sweeping changes were judged necessary: meat and meat products and fruit and vegetables were to become more important as the years went by; precooked meals and deep-frozen products were demanded by members and would have to be supplied.

Thus, when the 'Independent Commission' presented its report at the Blackpool Congress in November 1958, three years after being set up, and when the solemn warning of Hugh Gaitskell himself—'Don't delay! don't delay! don't delay!'—was uttered and its impact appreciated, no cooperator was unduly surprised or alarmed; changes were already being made in many of our movements, and adaptation was already in progress. The cooperators knew it would be long and hard: but they knew it was not impossible.

I would not presume to offer a description of how this process of overhauling and conversion was carried out even in only one of our movements; a whole book would be necessary. Besides, it is by no means complete, not even in Sweden or Switzerland. But everywhere, without exception, this reorganisation is in progress, and everywhere important innovations are con-



firming that we have entered upon a new stage even if the overall plan has not yet been formulated in its entirety. In certain countries, on the other hand, as in the case of the FDB in Denmark, extremely far-reaching plans have been devised but have not yet reached the practical stage.

### **The new look of the cooperative movements**

The pattern is fairly consistent:

(1) *The number of societies is declining through voluntary amalgamation.* In those cases where amalgamation is not immediately feasible, the formula of 'management contracts' is adopted. This reduction in the number of cooperative societies has the purpose of simplifying the structure of the movement, of replacing a large number of small turnovers; geographically scattered and costly to administer, by a small number of large turnovers, of minimising administration expenses, of speeding up the carrying out of decisions, and of reaching a larger number of societies and of consumers at the same time with a single sales campaign or a single programme of cultural activities.

By measures such as these the services offered to the consumer are considerably extended. Those detractors who belittle cooperative democracy and classify it as a hangover from the past should have attended some of the hundreds of general meetings held in recent years, particularly in Sweden and Switzerland, where they could have seen for themselves that the cooperatives are as full of vigour today as they ever were in the past.

(2) *Societies situated in the same re-*

*gion are grouping round a single warehouse (Regional Warehouse) from which they obtain their supplies.* Wholesale societies no longer supply single, isolated societies, with the exception of the very large societies whose turnover is sufficiently large. In Switzerland there are twenty-five regional warehouses, together with seven large societies. The regional warehouse supplies the retail societies with all food products, including fresh foodstuffs (fruit and vegetables, dairy products, meat, bread, and confectionery), and with heating and motor fuels. Non-food items, however, are supplied by a large central warehouse.

(3) *The number of points of sale is decreasing and large stores are being set up in their stead.* These large stores may take the form either of department stores or of supermarkets, and are being set up both in the context of shopping centres and on an independent basis in towns or in the suburbs; supermarkets of smaller dimensions, or 'superettes', are also being developed. Standard assortments of non-food articles are provided in accordance with the total floor area of the individual shop or store.

(4) *The Wholesale Society now has a say in the decision of a society to open or not to open a large store.* A number of societies have in fact altered their by-laws in order to allow the wholesale society, via its 'sales front department', to have a voice in all matters concerning the opening, closing, and operation of stores above a certain size. The finance projects elaborated by the societies have to be submitted for approval to the central organisation. The design of the new store and its operating budget are elaborated jointly by the member society and the central organisation. The

latter also, if necessary, provides personnel to operate the new store in the initial stages.

(5) *Revision of by-laws.* In many movements the by-laws of the central Union and of the wholesale society have been altered with the aim of strengthening their bonds with the societies. The latter, together with the regional warehouses, thereby receive special advantages, since they are entitled to take part in drawing up sales and publicity campaigns, in selecting the range of articles to be covered by such campaigns, and also in formulating many of the preliminary decisions. In return, the societies and the regional warehouses agree to take part in all the sales campaigns that are jointly elaborated in this manner. The wholesale society in turn acquires certain rights, in particular that of opening stores for the sale of special categories of goods in the event that an individual society is unwilling to do so. In certain movements the contractual relationships between the wholesale and the societies take on a special form in this respect. The 'Domus' network in Sweden, with its 65 department stores and its turnover of SKr. 500,000,000 (SKr. 7,600,000 per store, including SKr. 2,000,000 for the food departments) is an obvious example. The general tendency everywhere is to perfect the system of concentration, with the societies making their purchases from the national wholesale. At the international level, practically nothing has yet been done in this respect (purchasing and production).

(6) *Rationalisation of warehouses and distribution centres.* Most of the cooperative movements have undertaken a total overhaul of their internal or-

ganisation, with special reference to the system of warehousing and of supplying their member societies with goods. Almost all of them (including the large retail societies) have engaged specialist firms of consultants and research institutes to carry out surveys and opinion polls and to prepare reorganisation projects. Accounting and invoicing have been revolutionised by the introduction of punch card systems and electronic data processing. Today the European cooperative movement possesses distribution centres, particularly for the non-food sector, that are models of their type. The Wangen Non-Food Centre in Switzerland, with its railway station in the centre of the warehouse and its automated 'towveyor system', whereby remote-controlled trucks circulate constantly throughout the building, has been visited by thousands of specialists in organisation, including many from the United States.

(7) *A wider range of goods.* As I have already mentioned, many cooperatives are making efforts to cater for every conceivable need of the consumer by expanding the range of goods offered for sale. In particular they are allowing for the special needs of young people, of women, and of old-age pensioners. In this respect, of course, the cooperative movement is doing nothing new: for many years, since before 1930, in fact, certain department stores have been setting an example in providing for every conceivable need of the consumer. I remember a certain department store attached to a university, where it was possible to buy an academic gown but also a horse or a yacht; a bottle of ink but also a house; and a haircut but also an orchestra for an evening or a ticket to the other end of the world.

(8) *The Cooperative Colleges are collaborating more closely with the movements.* The colleges train the future administrators of the cooperatives. They educate the cadres of the movement and train specialists for teaching duties in the culture and leisure centres. In addition they provide the societies with a varied range of cultural facilities.

It would be easy to go on with this list. But I feel that the few special features I have enumerated are sufficient to give an idea of the new look of the modern cooperative enterprise.

### **Three tasks of the cooperative movement in the modern world**

It has been asked whether the cooperative movement still has a role to play and a specific function to perform in an expanding economy and in an age of abundance.

For my part, I am convinced that the challenges facing the movement today are no less important, no less necessary, and no less urgent than at the time of Rochdale.

It would be possible to draw up a long list of the tasks to be performed. I shall try to summarise it under three headings:

- (a) Service to the consumer.
- (b) Service to the individual.
- (c) Service to the developing countries.

Each of these subjects requires a full-scale study to itself. Nevertheless I shall try to deal with them in a few sentences, if only to sketch in their more salient features.

#### **(a) Service to the consumer**

First of all let us recall the axiom that you cannot serve somebody well if you take his place and do his job for

him when he could perfectly well do it himself. The cooperative system is the only economic system that enables and encourages the individual to play his due part. Dispossessed of virtually everything that formerly allowed him to live his daily life to the full, the individual—as Sir John Maud has pointed out—has become a stranger in a world that was not created by him. If cooperation can reintegrate him into a part of this world that is of such importance to him, the economic world, is this not greatly to its credit? To recall the ideas of W. P. Watkins, the cooperative movement is not so much an economic movement that makes use of education as an educational movement that makes use of economics. The final aim of cooperation, as Georges Fauquet expressed it, 'is to create individuals, responsible individuals, so that each can be capable of living a full personal life and, together with his fellows, a full social life'. Today, as in the past, a local cooperative is, or can be, an ideal training centre for preparing the individual for his economic and social existence.

Secondly, it is not entirely true that 'private enterprise'—which, as the term clearly denotes, is distinguished from consumer enterprise—provides adequate assurance of consumer protection, as my sceptical friend claimed. It does not hold outside the towns; and even in the towns, where there is keen competition (including, of course, competition from the cooperatives), it is by no means always true.

And finally the consumer is today exposed to all kinds of dangers that did not exist formerly. One example is the influence of the chemical industry on the composition of his food (the factory-scale production of foodstuffs, the use of chemical fertilisers in the field, the

treatment of agricultural produce with chemical preservatives, &c.); similarly it is harder than ever before to judge the true value of certain products, for example textiles. In such cases as these, who is better able to assure him of adequate protection than the laboratories of the cooperative movement of which he is a member? The *Consumer Protection* conferences organised by the International Cooperative Alliance at Garmisch-Partenkirchen in September 1959 and at Paris in January 1962 were highly instructive on this score. And the conference to be held at Basle next October will certainly not provide less interesting or important results.

### **(b) Service to the individual**

The individual is not merely, not even primarily, an economic entity. To serve him as a consumer and to teach him to play an active part in looking after his own interests is all very well. But is it enough?

The cooperatives are realising more and more clearly that their membership is made up of men, women, and adolescents—with all their problems. Why not acknowledge and analyse these problems, and why not try to form small groups of people with problems in common and give them the chance of discussing them with an experienced counsellor? And what environment could provide a better background for adult education than the cooperative environment?

At the beginning of my report I referred to the problem posed by the increased leisure that we enjoy today. To make my point clearer, perhaps I may quote a short passage from the speech recently made by René Maheu, Director-General of UNESCO, to the Regional Conference at Prague. 'In modern so-

cieties', he said, 'where the education received outside school has acquired an importance at least equal to that of the instruction that is given by schools, the primary purpose of adult education is to satisfy the aspirations of the individual and the requirements of the economic, social, and cultural development of the community. In this context leisure must no longer merely provide an opportunity for recreation; it must also, and this is perhaps even more important, provide an opportunity for creation, since it must contribute towards human, social, and civic education. Hence the need to organise leisure in some way that will afford every possibility for developing taste, judgment, and critical sense and that will also encourage an affirmative Weltanschauung and offer full scope to creative aptitudes.

'This will naturally entail very many technical problems of a highly complex nature: the provision of suitable facilities (cultural centres, sports clubs, libraries, museums, film libraries, &c.), which is all the more necessary in view of the fact that the industrialised countries are currently undergoing a process of extremely rapid urbanisation; the training of specialised educators and leaders; the judicious use of modern means of mass communication; and the elaboration of measures designed to bring the full benefits of adult education and leisure programmes to certain classes of people who otherwise have less opportunity to make use of them, such as women, old-age pensioners, and country-dwellers. These technical problems of organisation cannot be solved unless they are restored to their human context by means of systematic sociological research which must conceive its own role as that of a guide and a tool for attaining the ultimate ethical choice of

cultural development... A great deal is at stake: for what is needed is no less than a redefinition of creative liberty in an industrial society which for so many years was seen as an instrument of degradation and of enslavement and which is now threatened with alienation by boredom and by mass entertainment.'

I have no hesitation in affirming my opinion that in our industrialised society the greatest task facing the cooperatives, on a par with and parallel to their economic task, is to serve their members in the field of education. Many of them, it is gratifying to record, are already engaged in this task. The many cooperative study circles of the Scandinavian countries are a familiar example. These circles have rapidly extended to cover a much wider field than that of purely economic education, which was their originally intended role: today they play an important part in educating individuals to be citizens. In Switzerland, after the introduction of study circles inspired by those of Scandinavia, the cooperative colleges encouraged the local societies to set up 'leisure centres'. We are still at the beginning of this development. But in Berne the local cooperative society, jointly with the trade unions, has already for several years been offering more than seventy courses of every description a week which are attended by thousands of pupils. At Basle the General Cooperative Society, by its own efforts alone, runs more than thirty courses a week. This type of service, which is so ideally suited to the needs of the members and also to the needs of the present age, is the perfect instrument for strengthening, or if necessary creating, links between the cooperative societies and their members.

Finally, while we are on the subject

of 'service to the individual', it is well to recall the gigantic scope of the work done by the International Cooperative Alliance in maintaining contact with the United Nations and with many of its specialised agencies, including the Economic and Social Council, UNESCO, the ILO, and the FAO. By this means the ICA keeps its millions of members informed, via the cooperative press, of the activities, the aims, and the efforts of these world-wide organisations and also of the United Nations Organisation itself. By this means, also, it keeps these bodies informed regarding the organisations of the cooperative movement to which they have on innumerable occasions lent their support and whose principles they have diffused.

### **(c) Service to the developing countries**

We have been speaking about an expanding economy and an age of plenty. We cannot, however, afford to ignore the fact that much of the world lives under different conditions, and accounts for more than half the population of our planet. This other world does not live in conditions of plenty, but in hunger and illiteracy, in misery and disease.

This other world can be helped by cooperation—and only by cooperation. For nobody is sufficiently wealthy, not even the United Nations or the OECD countries, to come effectively to the aid of these teeming millions of underfed and underprivileged people. In terms of population, the considerable amount of aid provided does not even reach one dollar per head per year. Only the two-fold cooperative principle of self-help and mutual aid is capable of coming to grips with the problem; only by mobilising millions of arms and millions of

hands will it be possible to produce enough food to feed millions of mouths; only these destitute populations themselves will be rich enough and strong enough to conquer their own difficulties if they can be shown how to discover the riches and the strength that are latent in the cooperative association of individuals.

All the Congresses of the International Cooperative Alliance held since 1954 (Paris, Stockholm, Lausanne, and Bournemouth) have included on their agendas the question of cooperation and the developing countries. We must turn to the voluminous documentation resulting from these Congresses if we wish to know the views and the policy of the ICA on this subject. At the Paris Congress, similarly, an International Subcommittee on Technical Assistance was set up which has since occupied itself with the problems of development and made regular proposals to the Executive and the Central Committees.

The efforts made by the coöperatives in this field have been by no means negligible: the creation of a special development fund, the opening by the ICA of an Education Centre (financed by the annual KF collections from the members) at New Delhi, the opening, likewise at New Delhi, of a Regional Bureau of the ICA, and the launching and administration of various specific projects by the Swedish, Swiss, German, Austrian, American, Canadian, British, Danish, and Norwegian cooperative movements.

Nevertheless, in view of the size and the urgency of the problem, the efforts so far made by the cooperatives seem to me to be still on an insufficient scale. If we did our duty as cooperators, it should be possible to achieve a new Rochdale every day in Africa, in Asia,

IN Britain, cooperatives began originally as free enterprises which evolved from the people with hardly any government participation. In Sierra Leone the development follows the pattern in tropical developing countries, with differences in the actual structure and organisation of the movement. The post-war changes and strains have led to a great upsurge of national consciousness, which has given rise to considerable economic tension. The new nations have therefore been forced to revolutionise their economy and at the same time catch up with developments in neighbouring states. Left to themselves, however, the people, overwhelmed by the vicious circle of poverty and the resultant apathy, would remain for a long time at subsistence level, a situation which is incompatible with the government aims.

### **Mobilising men and women**

To break down this apathy, the colonial government introduced, towards the end of the Second World War, a series of Cooperative Acts providing for the setting up of cooperative societies in countries where none had existed before. In 1948 a separate government department was established with a Registrar

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and in South America. And since we have something worthwhile to offer the world, let us offer it! And let us also, by doing so, build up the defences that will protect our own houses from being submerged and carried away by the next flood. Here again, I hear the prophetic voice of Hugh Gaitskell: 'Don't delay! don't delay! don't delay!'

# THE COOPERATIVE MOVEMENT IN SIERRA LEONE

by **F. B. Samura,**

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appointed the following year. This department does not function in isolation, however. "Development" in the context of this paper implies all means whereby the government seeks to increase the wealth and living standards of the people through improved farming, better education and medical facilities, more attractive surroundings and maternity care; in fact by mobilising all the men and women and integrating them in the general dynamics of economic growth. Some of these facilities are provided by government through the Agricultural and Social Welfare Departments; local authorities are especially helpful in matters of community development. Obviously, cooperatives are the handiest tool in such development, for wherever people unite voluntarily to solve some social or economic problem or to exploit a possible advantage with the aid of small savings through democratic control, much can be achieved by way of community development.

After the war, Sierra Leone was faced with many problems of usury and exploitation by more privileged members of the community; of marketing agricultural produce and of illiteracy. In an effort to solve some of these problems, the Cooperative Department was financed by a government guaranteed overdraft of £1,000. Recently, this sum has been increased to £320,000 to meet the

growing needs of societies whose number has risen from forty-three in 1950 to 700 in 1964. Most of the societies have now accumulated enough reserves to make them almost financially self-sufficient. Legal aid to the Department and specialist advice on certain cooperative projects is given by the government. The Department is also on excellent terms with other government departments.

There is hardly any direct political pressure on the Cooperative Department to complete a particular programme within a limited number of years as is the case in some South-East Asian countries. The Registrar of Cooperative Societies has complete autonomy and uses his discretion as to the best means of promoting the movement, the long-term plan being to leave this entirely in the hands of the people themselves.

## **Education**

At the moment, there is no training college for cooperative inspectors in Sierra Leone. During the slack season, however, new recruits are trained along with temporary cooperative officers already appointed earlier in the year and sent to the field for experience. There are no full-time lecturers, but tuition is at present given by selected senior officers of the Department who have been to a recognised cooperative training college such as the British Cooperative

College in Loughborough. In their turn, the trained inspectors play their part in spreading cooperative education during their routine visits.

In one of the strong cooperative areas in the south-east of the country, a training college for secretaries has been started where the federations of primary societies train secretaries and send them out to serve their member societies.

By way of practical education, the Department designs posters to help members to understand figures and elementary accounts. In rural areas, where the problem of illiteracy is most acute, the rules, bonds and other documents the society needs to carry on its business are produced in the vernacular.

The great problem of the moment, however, apart from the need for technical efficiency, is the difficulty of obtaining sufficient funds to set up a separate education unit. The annual congresses of the various regions offer an opportunity to extend education in cooperation through discussion of cooperative principles and problems.

### **Training in citizenship**

Past results of cooperative activities in Sierra Leone show good reason for optimism in the future. As an incentive to improve production, prizes are offered at congresses for the best society of the year. Moreover, through training in conducting meetings and the affairs of societies along democratic lines, the cooperatives have formed a sound basis for extension of the franchise, which has now also been granted to women. In almost every cooperative area, members are able to play an important part in public affairs. If, as the Registrar hopes, this influence permeates to national level, this would in the long run enable the government to solve some of the

problems. Such results are not obvious, however, and must be regarded as invisible achievements of the cooperative movement.

### **Trading Activities**

Up to 1945, Sierra Leone was in the main a subsistence community. Cash crops such as cocoa, coffee, ginger, piassava and palm products were largely a post-war development. Agriculture is the most important asset of the country with great potentialities which have not yet been fully exploited.

There is hardly any consumer trade such as there was in Britain. In 1952, the movement had three consumer societies with a membership of 206, and share capital of £182. By 1958, there remained only one consumer society with a membership of 107 and share capital of £125—the other two had been wound up. Consumers in Sierra Leone have had problems particularly in the early 50's. There were and still are transport problems, low incomes and so thus low purchasing power, and strong competition with private enterprise which had been operating much earlier. There are also problems of ignorance of business organisation and dishonesty on the part of the employed personnel.

However, some consumer activities have gradually been developed in connection with the thrift and credit societies and in some marketing societies as well for commodities such as rice, palm oil and corrugated zinc sheets.

This will lead to more trade in future, but not much has been achieved so far at consumer level.

Trade in agricultural products has been very good and at the moment the cooperatives handle about 50 per cent of the cocoa produced in the country. Prices for cocoa have been susceptible to



fluctuation, but the trend of production is hopeful. In 1953, 6.5 per cent of cocoa was handled by the cooperatives; in 1955 about 25 per cent, and by 1963 about 45 per cent. Cocoa and coffee are usually grown by the same farmers. In coffee production also cooperatives are playing a leading role. The production of rice has made rapid progress both around the riverine areas and in those where machinery is used, the latter due to loans from the Cooperative Department to the societies for purchase of tractors. Cooperatives handle just about 20 per cent of the rice trade, usually for internal consumption.

In Thrift and Credit Societies credit is mainly used for small trading and returns are so rewarding, particularly from the Women's Thrift and Credit Societies, that hardly any difficulty is experienced in loan recovery. In Gara industry, where the women in the northern part of the country use these loans, much has been achieved in providing the country with its native dyed cloth. The Thrift and Credit Unions undertake consumer as well as credit functions and slaughter cattle at the cooperative slaughterhouses. Business is not on a large scale, but in places in the north the price of meat has been reduced by 33 per cent due to cooperative intervention. This is helping in a small way to improve the standard of living.

### **Education and Staff Training**

Cooperatives everywhere have problems differing in scale and nature. Usually they are centred around finance, education and training of government staff. Also crash member education programmes, technical assistance in certain cooperative projects and research programmes are being organised to see which particular activity would be a via-

ble cooperative proposition. Sierra Leone faces all these problems. It now seems clear to the Registrar of cooperative societies that steady expansion of the work is assured, and demand for cooperation is growing and well in advance of our extension programme. In this situation the most pressing problem is staff. There are not enough good men to do the work and the very few we have cannot be spared from their more pressing duties. Government has done much to increase funds for training of cooperative staff, but it is impossible to do more where other territorial projects are calling for expansion. This means that development has to be held up even in potentially cooperative regions. The north-east is predominantly a cattle area where meat marketing cooperatives and possibly milk societies could be promoted, but without the initial technical advice given after a survey of the possibilities in the area, failures are bound to occur. The same applies to fishing areas where the lack of marketing and processing is a handicap. Technical aid could be brought to such places by international organisations interested in promotion of cooperatives in developing countries.

We have met most of the immediate problems. We have to a large extent reduced indebtedness, increased the production of cash crops and reduced marketing expenses. The threat of the middleman has been reduced and a sense of thrift engendered in the rural areas. But a cooperative must grow if it is to survive, and problems of technology and finance and education are inhibiting factors in such growth. It is on these lines that we in Sierra Leone would welcome aid from those who are making sacrifices to promote cooperation in developing countries.

# COMMENTARY

## **Report of the Joint Reorganisation Committee — 1965**

**P**ROPOSALS vitally affecting some 600 retail businesses throughout England, Wales and Northern Ireland, serving about 9,000,000 families through 25,000 supermarkets, self-service shops and department stores, in addition to bread and fuel delivery services and numbers of other enterprises, are the outcome of the report of the Joint Reorganisation Committee, which was published in August by the Cooperative Wholesale Society, Ltd.

Equally affected by these proposals is the Cooperative Wholesale Society, with its annual trade of £ 490,000,000, its 200 factories, farms and estates, and its 53,000 employees.

Over the past seven years, the British Cooperative Movement has made a number of attempts at fundamental reorganisation, from the independent commission under the late Hugh Gaitskell, to the recent merger proposition of the C.W.S. with its Scottish counterpart and the Cooperative Union.

All these moves, like the Report of the Joint Reorganisation Committee, were initiated by the cooperators themselves, stemming from the desire of all cooperators to regain a leading position once more for the Movement in our own age. The new proposals stem from the organised deliberations of the Joint Reorganisation Committee, consisting of ten members under the chairmanship of Sir Leonard Cooke.

The Recommendations of the Joint Reorganisation Committee, creating a very closely integrated Cooperative Wholesale Society with the retail societies, are as follows:

- 1) *That, as a step towards attaining a new relationship between the retail societies and the C.W.S., the following be adopted in principle as the basis of a new rule:*

**DRAFT PROPOSED RULE —** Coordination of demand and obligations of member to purchase its requirements from the Society.

a. *Obligations of Society.*

The Society shall use its best endeavours to coordinate the requirements of its members of the goods they respectively require for carrying on their business, so as to procure or produce such requirements for its members on the best possible terms.

b. *Obligations of Members.*

So as to enable the Society to carry out its obligations in paragraph (a) of this Rule, each member shall supply to the Society such full and detailed particulars of its sales and stocks of goods as shall be requested from time to time by the Society.

Each member shall purchase from the Society such of the member's requirements of such goods as the Society is able to procure or produce for the member and in respect of which the conditions of supply when considered in total are no less favourable to the member than those obtainable by such member from other sources of supply.

c. *Duties of Trade Auditor.*

Any protest by the Society or a member concerning failure to carry out obligations under this Rule, shall be referred to a Trade Auditor appointed by the shareholders on the recommendation of the Board. Such Trade Auditor shall decide the manner and time at which the protest shall be ventilated and considered, and the Society and the member shall each supply such information, data and evidence as the Trade Auditor shall require.

The Society and the member concerned shall each be entitled to have its case presented to the Trade Auditor by a representative.

The Trade Auditor shall report in writing to the Society and the member his findings in the matter of the protest, and his decision in respect thereof, and each of them, the Society and the member, shall be bound by such decision. If either party shall fail to attend a meeting called by the Trade Auditor to consider such protest as aforesaid, or fail to supply such information, data and evidence as the Trade Auditor shall require in respect thereof, or fail to carry into effect any decision of the Trade Auditor in respect of such protest, then in any of such events the Trade Auditor shall report the matter to the next General Meeting of the members. The Trade Auditor shall submit an annual review of his work to the members.

2) *That there shall be a part-time Board.*

Initially, it shall consist of 30 part-time members and those members of the present Board who wish to continue in that capacity with the duties and responsibilities outlined in this report.

3) *That the following conditions shall apply to the part-time members of the Board:*

- (a) A Candidate at the date of nomination shall be a member of the Committee of Management or Board of Directors, or Chief Official, or General Manager, or Secretary or Managing Secretary, of the nominating society, and on ceasing so to be he shall vacate his membership of the Board. No society shall have more than one representative on the Board.

- (b) No person other than a retiring member of the Board shall be eligible for nomination if, at the date of nomination, he is over 62 years of age.
- (c) They shall be nominated sectionally as under and elected nationally.

Electoral Section	Total Purchases from C.W.S. Year to January, 1965	Percentage of Total	Part-time Board of 30	Initially, to retire after:		
				1st Year	2nd Year	3rd Year
	£	%				
North Western and Irish .....	79,532,450	17.44	5.232 (5)	2	2	1
Northern .....	54,392,572	11.93	3.579 (4)	1	1	2
North Eastern .....	43,884,092	9.62	2.886 (3)	1	1	1
Midland .....	90,030,091	19.75	5.925 (6)	2	2	2
Southern .....	84,953,035	18.63	5.589 (6)	2	2	2
Metropolitan.....	50,296,016	11.03	3.309 (3)	1	1	1
South Western and Western .....	52,875,962	11.60	3.480 (3)	1	1	1
	455,964,218	100.—	30	10	10	10

Subject to quinquennial review

- (d) Their period of election shall be three years, one-third to retire annually and if renominated by their Society they shall be eligible for re-election.
- (e) They shall retire at the next annual meeting of the Society following their 65th birthday, and not be eligible for re-election.
- (f) All vacancies shall be filled at the elections held immediately prior to the annual meeting.
- (g) They shall receive no fees, but they shall be allowed expenses on the same basis as that granted to the members of the present Board, plus firstclass fares and the reimbursement of actual loss of earnings as duly declared.
- 4) *That the Directors' and Auditors' Remuneration Committee shall be discontinued and its responsibilities revert to the General Meetings of the Society.*
- 5) *That, subject to this new form of directorial control, the management of the Society be vested in a Chief Executive Officer, say, three Deputy Chief Executive*

Officers, and, say, eleven Group Executive Officers appointed by and responsible to the Board in the manner referred to in the Report.

- 6) That each of the present Directors be entitled to an executive appointment, subject to the conditions specified in the Report.
- 7) That any present Director not desirous of taking up an executive appointment shall be entitled to remain as a full-time member of the Board on terms no less favourable than those provided by his present contract. For all purposes, his services as a Director shall be continuous, and he shall have all the rights of the members of that Board. He will serve to the date of his normal retirement without the necessity of re-election in his full-time capacity, and, as a transitional measure, he will undertake such assignments as the Board from time to time determines.
- 8) That any of the present Directors appointed to an executive position who does not complete the full term of his contract, or whose contract is not renewed and who has not then reached normal retiring age, be offered an alternative appointment on the same terms as would have been granted to him had he elected in the first place to remain as a full-time member of the Board.

## **Man's Continuing Hunger and Man's Wonderful Developing Powers**

Five years ago last July, a new campaign in history was launched, its title, Freedom from Hunger. Intense publicity attended the inception of the Campaign, and has accompanied it ever since. This Campaign was not aimed exclusively at those who can read and write, half the world's population can do neither. They are the hungry people, and without their cooperation the Campaign would not merely have failed to succeed — it could not have started. In the words of its originator, Dr. B. R. Sen, the Indian Director-General of the F.A.O., the Campaign was conceived "as a vast educational effort involving changes in the mental attitudes and social habits and customs of practically the entire human race."

At the present moment, on its first five years' run, the Campaign shows a success in that the amount of food per capita actually harvested has increased, but the population has increased faster. In those five years all that

man has actually done is to hold his place; over large areas he has, in fact, slipped back and is hungrier than before. Freedom from hunger has not been achieved, but perhaps this is the beginning of a long, hard battle towards it — perhaps the greatest battle that man has fought and will go on fighting.

Freedom from hunger is certainly not a negative thing, nor an end in itself. It is perhaps, as one delegate put it, a pre-requisite for human achievement in any field, and in the words of Dr. Sen, "an attempt to bridge the chasm between two facts of contemporary life" — in the words of our heading, "Man's continuing hunger, and man's wonderful developing powers."

So far, the Campaign has operated on three main fronts: information and education about the problem, and the needs and possibilities of the hungry countries. Research into fresh methods for meeting the problems of hunger, and action in the form of specific projects undertaken where possible in the farmer's own fields, demonstrated how he could help himself to break down the vicious circle of poverty and stagnation.

Already in 1960, the number of new babies tumbling into a hungry world in excess of the dying of all ages was quoted as being 50 million each year, but the census in 1960 showed an increase of 37 per thousand of population per year as compared with a previous rate of only 17 per thousand per year, so that in fact, the number of births came to 62 millions.

Over all, 10 to 15 per cent of the world's people are under-nourished, and up to half suffer from hunger or malnutrition, or both. By 1975, world food supplies must be increased by 35 per cent, and this would merely maintain the present unsatisfactory dietary levels; and by 50 per cent to bring about a reasonable improvement in the world's nutritional standards.

All of us knew that hunger existed, but today it has been recognised. Against this background, the Food and Agriculture Organisation is trying to bring about a meeting of the two worlds, the haves and the have-nots, and it is with this also in view that International Cooperation is playing a vital part and assisting in furthering the aims and objectives of the United Nations in this connection. Cooperators must do all they can to promote the fastest possible expansion of food production in developing countries. We welcome the report on the first five years of the Freedom from Hunger Campaign.

## **Death of former S.C.W.S. President**

The death on July 7th, 1965 was announced of Mr. John M. Davidson, President of the Scottish Cooperative Wholesale Society (S.C.W.S.) from 1946 until his retirement in 1956.

Mr. Davidson came to the S.C.W.S., whose Board of Directors he had joined in 1932, from Kinning Park (now the Glasgow South Society), on the Board of which he served on several occasions as well as having been President for some years from 1926. He took an active part in various cooperative auxiliaries as, for instance, in the Men's Guild and the Cooperative Party, and established for himself a national reputation as a far-sighted and keen cooperator.

In addition to his work in the S.C.W.S., Mr. Davidson served on the Boards of the joint federations, the committees of the Cooperative Union, and was elected to the I.C.A. Central and Executive Committees in October 1946, from which he retired in August 1957. The culmination of Mr. Davidson's cooperative career was his election as President of the Cooperative Union's Congress at Edinburgh in 1955. Then, as on previous occasions, he made a forthright speech urging the movement to come closer together through amalgamation and to cement the relations between retail societies and the federations.

## **Death of Cooperative Research Institute's Founder**

Professor Dr. George Weippert, one of the founders in 1947 of the Cooperative Research Institute at the University of Erlangen-Nürnberg, died, after a long and severe illness on the 13th July. He was 66 years of age. Professor Weippert was widely respected and liked among Cooperators in many countries, not merely through his writings, but also through his active participation in the International Conferences of Cooperative Science organised triennially by the Institutes of Cooperation of the universities of Western Germany and of Austria. A master of different branches of Sociology, Economics, Technology and Political Science, his contributions were distinguished by his powers of synthesis and correlation, no less than by his clarity and wit. His courage and resolution in overcoming his severe physical disabilities were the marvel of all his friends and colleagues.

## **Housing the People**

On the afternoon of 30th July, 1905, Juan B. Justo, a social economist and politician, called together a group of nineteen people at Talcahuano 59 in Buenos Aires.

This meeting resulted in the formation of *El Hogar Obrero* (the Workers' Home), a new cooperative society which aimed at building living accommodation for its members.

The initial subscribed capital was 28,500 pesos, a modest sum but sufficient to start this great enterprise with some prospect of success. Great effort was needed to get together enough capital, but the success of the society's founders was such that within five years the capital had risen to 1,966,800 pesos and membership was over the 1,300 mark.

By that time, *El Hogar Obrero* had already granted loans to home purchasers to the value of 35,000,000 pesos. It not only built its own houses, but financed other building operations in the Argentine as well. Its first block of flats, consisting of a large number of individual apartments, was opened on 1st October, 1913, in the city of Buenos Aires. The society was well ahead of its time with the many new improvements which it incorporated in its flats.

Nearly ten years after its foundation, membership had reached the figure of 7,000. In spite of financial difficulties, the society progressed and in 1927 was able to open its second block of flats, also in the centre of Buenos Aires, followed in 1932 by a third block. The fourth, containing 200 apartments, was added in 1940. The same year a plot of land was acquired with the object of building a gigantic sky-scraper. This is now completed and is the pride of Buenos Aires. It consists of 22 floors, 250 flats and 50 offices, centrally-heated and air-conditioned and with amenities for children such as a roof garden made on a second-floor terrace. Many visitors, both Argentinian and foreign, come to inspect this building.

*El Hogar Obrero's* housing programme continues and flats built and financed by the society now number 10,000 with some 600 more under construction. In July of this year the society celebrated its 60th Anniversary and now has a membership of 15,000 with a paid-up capital of 1,200,000,000 pesos. \*

It is not only in housing that *El Hogar Obrero* has made an impact on the life of the community. Today it has eight department stores in Buenos Aires with a turnover of 600,000,000 pesos. It is expanding its services on behalf of the consumer and at present is constructing a modern bakery which alone will cost 50,000,000 pesos.

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\* £ 1 sterling = 477.6 pesos.



The society also does a great deal of cultural and educational work in promotion of the cooperative movement. It publishes a review entitled: *La Cooperación Libre* and it is interested in many publicity ventures.

Through its success, this society has had great influence on the development of the cooperative movement in the Argentine, and it has served as a model for many other cooperative societies both in Buenos Aires and in the country as a whole. Many influential members of the society have been responsible for improvements in cooperative legislation which has been introduced by the Argentine Government. In the short space of 60 years since the founding of *El Hogar Obrero* society, much important work has been done in furthering the cooperative movement in the Argentine.

## **Cooperative Welfare Project**

The Editor had the great pleasure recently of welcoming a group of fourteen cooperators from the National Welfare Federation of Agricultural Cooperatives from Japan, and it was most interesting to hear our fellow-cooperators discussing their work among Japan's rural community.

The present welfare projects undertaken by the Agricultural Cooperatives in Japan can be divided into strict medical work in rural hospitals and clinics run by the welfare federations, and the other aspect being preventive medical work such as medical checks in villages and general health management by trying to make a register of all members of the community, which would be of use in case of hospitalisation. Both activities are very closely related to each other, with the primary aim to protect the cooperative farmers' health.

The Welfare Federation of Agricultural Cooperatives is organised in thirty federations throughout the whole of Japan, each county forming one unit, headed by the National Federation. The facilities offered to the cooperative farmer are 120 hospitals, 80 clinics and five spas for recuperation and one sanatorium, making available 23,022 beds.

Bearing in mind that the total medical facilities in the whole of Japan are extremely concentrated in the urban areas of the country, the hospital and medical facilities of the National Welfare Federation of Agricultural Cooperatives have a highly important mission to fulfil bringing to the farming population of Japan much-needed succour.

From a survey made in 1963, 9,575,825 out-patients made use of the facilities offered by the cooperative and 6,497,989 in-patients were treated.

The whole work of rural medicine is also furthered by the Japanese Association of Rural Medicine, supported whole-heartedly by doctors, who have become members of the Welfare Federation.

We very much hope that the group now travelling in Europe will be able to find among cooperators everywhere interesting facts and figures which will help them on their return to their homeland.

### **Cotton and Coffee: Uganda Union Branches Out**

Much is written today about vertical integration. Sometimes, however, it seems that the other road can also be of economic benefit, and the case of the separation of the cotton and coffee activities of the Cooperative Movement in Bugisu, Uganda, has been completed by the formal presentation of a Certificate of Incorporation for the new Union which will handle cotton activities.

Bugisu has been a special example of development in the field of cooperative enterprise, on which so much of Uganda's economic development depends.

The coffee industry in this area has been developing rapidly during the past twenty years, and has formed the centre of cooperative development there. A similar movement in cotton is the taking over of the ginneries by the cooperatives.

It has further been found desirable now to divide the Bugisu Union, separating it into two, because of the different interests which apply in cotton and coffee, and also because of a possible danger of creating cooperative unions which are too large and diversified. The Minister of Agriculture has pointed out, and he speaks from experience, that it would be better for Uganda to have Cooperative Unions of a manageable size, embracing a reasonable range of like-minded people, than to have to cope with a mammoth organisation.

Uganda's experience in cooperation has been varied and is different in many parts of the country. The difficulties that have arisen have merely been human ones, and no one in Uganda is in doubt about the value of the cooperative system to the country when it is operated under fair conditions. Cooperation in Uganda, as everywhere else, depends in the final analysis on the support from its members to achieve the ideal. In Uganda it has been possible to a large extent to overcome the difficul-

ties by careful supervision. It is not possible or desirable to maintain too much government control over cooperatives, and real success must depend on the ability of the cooperative personnel to organise its own activities, and most of all to stimulate its members at all levels to provide the greatest possible contribution to the common weal.

Tremendously heavy burdens have been placed on the officials within the Cooperative Movement, and stress has been laid on the importance of proper training of staff members. It seems that the fact that there are more partners in a cooperative enterprise than in private business does not alter the need for efficiency and business acumen, to say nothing of a readiness to work hard. In fact, working more closely with people often gives rise to greater strain.

The Bugisu Cooperative Union has been able to meet most of the business efficiency required today and is a special example of the growth of cooperation in Uganda. Because of its size, it has become an important factor in the economic development of the country. Hard and successful work has made it possible to create out of the old a new, effective Union, which will concentrate entirely on cotton and leave its parent to carry on with coffee which has been its main concern since its foundation.

We wish Bugisu all the success it deserves.

## **Welcome — “The Cooperator”**

Most of us have been impressed by the work of the United Housing Foundation, part of which we were able to feature in the *July Review*, and most of the comments were: “if it can be done on Manhattan Island, tell us what we can do here.” Again from the United Housing Foundation comes the news that they have been able to achieve a unification of their various papers, under the title the *Cooperator*.

For many years now, the Education Department of the United Housing Foundation has been working with its member organisations in the preparation of their community bulletins and news letters. The content and format of these various publications have been of a similar nature, and with the publication of the first issue of the *Cooperator*, all separate publications have been combined into a newspaper serving all cooperators connected with the United Housing Foundation. The *Cooperator's* pages are devoted exclusively to the news and events of the Housing Cooperative, with some pages to news and

opinions about general cooperative matters. In this way, each society is made aware of the important part played by the cooperative movement on the whole, and the objective is to achieve an informed, educated membership, yet somehow reserving some space for the activities of each cooperative group.

The family of cooperatives affiliated to the United Housing Foundation is a constantly growing one, and it is hoped that with its own newspaper, all units can somehow be tied together into one. The work is mainly carried out by organisations which have been providing members with housing for many years; there have also been new groups in existence for a very short time, as well as such new ventures like CO-OP City, which are only in their infancy. All are promoted, however, by the policy of mutual self-help, which is the only one that can promote better living in today's world.

## **Microfilm of Rochdale Documents**

A micro-film of the documents relating to the Rochdale Pioneers has been made. The film shows the original rules of the Pioneers of 1844 and 1854, the reports on their corn mill and education department, their minute book up to 1860 and their almanacs. The documents are in the possession of the Rochdale Society and the Cooperative Union, Ltd.

These are the documents which were used to determine the Rochdale Principles and they will be of interest to research workers in cooperative colleges and universities all over the world. Many libraries will also be glad to have copies of the film. Pictures of the Pioneers and of the Toad Lane Store also appear on the film.

The work has been undertaken to preserve the original records which are suffering to some extent from age. This 35 mm film has been shot to the specification of the Library of the U.S. Congress and runs to 100 feet.

There is also an introductory note by the Librarian of the Cooperative Union, Mr. D. Flanagan, who prepared the collection. Copies of the film may be obtained from Micro-Methods Ltd., East Ardsley, Yorkshire, England. The price is £5 5s. Od. and the number of the film is 96111. Copies can be delivered within approximately a fortnight of receipt of the order.

# TAX POSITION OF COOPERATIVES

By G. Davidovic.

**A**TTACKS on cooperatives for their alleged tax privileges have become a corollary of cooperative development and exist in all parts of the world. The more the cooperative economy gains ground, the more the attacks become intensified. They are always initiated by some selfish interests, not by people anxious to apply an objective tax policy, nor by those interested in equitable taxation. They are initiated by people and groups who see in cooperative progress a threat to their privileged position and their profits.

To create confusion and to camouflage the driving power behind the scenes, the initiative for anti-cooperative tax crusades is often taken in the name of "small people"—retailers and artisans. But the real providers of financial resources are the big money-makers, moneylenders, bankers, industrialists and chain stores.

It is ironical that such is the case even in countries where, as in Canada and U.S.A., small traders have been wiped out by big chain organisations, not by cooperatives.

## Small traders' Attitude

There are cases where retail traders, instead of lamenting about their position and attacking cooperatives, have become active and have taken themselves along the road of self-help, mutual aid and cooperation. By strengthening their competitive position in this way, they can offset the tendency of capitalist

giants to dominate the retail trade by acquiring a monopolistic position and attempting to suppress small retailers together with cooperatives.

Switzerland and Germany offer interesting examples in this respect. Small traders' cooperatives and their central organisations in these countries—USEGO in Switzerland and EDEKA in Germany—have become powerful economic organisations. They have improved to a considerable extent the competitive position of their members.

The small traders' cooperative organisations have naturally the same attitude as other cooperatives towards taxation. They insist that they cannot be made liable to income tax obligation. If they were, this would result in double taxation of the same surplus: once in their own hands and once in the hands of their members, the retailers.

In all countries, the tax offensive against cooperatives is primarily centred on cooperative refunds. Cooperative opponents maintain that refunds are profit in the same sense as dividends on invested capital and should be taxed accordingly. But nowhere in the world has this strange theory been accepted by legislators.

In some countries the authorities have made certain concessions to anti-cooperative interests; but this has been done for conciliatory reasons and not for reasons of equity. The example of Switzerland is characteristic. There as in other countries, cooperative refunds are

not taxable. But Swiss law requires that refunds should not exceed 5.5 per cent of patronage. Any amount over this percentage is liable to taxation. This, however, does not present any particular difficulty. Cooperatives can always conduct their price policy in such a way that they will not show a refund exceeding the legal maximum.

### **The Danish System**

Another interesting example is offered by Denmark. Until 1949, producers' cooperatives in that cooperatively highly developed country were not taxed. Consumers' cooperatives had tax obligations, but they could deduct from their surplus an amount equal to 4 per cent of their turnover as untaxable patronage refund, and one-third of the remainder as tax free contribution to reserves. This naturally did not leave very much for taxation purposes.

Under pressure of anti-cooperative interests, Denmark introduced in 1949 new tax legislation which made all cooperatives liable to tax obligation. The law required that cooperatives should pay tax on 4 per cent of their capital, whether they had a surplus or not. The result was that cooperatives instead of creating "own capital" increasingly switched over to the use of "loaned capital". Thus once more the anti-cooperative groupings remained dissatisfied.

These examples prove that cooperatives can always find a way of avoiding income tax obligation, not because they are tax dodgers but simply because by their essence they cannot be made liable for income tax. Pressed hard, they can conduct their business in such a way as not to show any surplus at all. The tax authorities know this and consequently they never press too hard.

One of the arguments put forward in favour of taxation of cooperatives is that they have grown in stature and become big business. But, as Professor E. P. Roy says, "the size of a cooperative has nothing to do with its income tax liabilities as long as it operates with a prior contractual liability to return any net savings or losses to its patrons".

### **Objections in the U.S.A.**

In the U.S. House Ways and Means Committee, a hearing took place in 1961 about the tax position of cooperatives.

### **Control and Development in a Society**

Recently published by the Co-operative Union Education Department, this booklet, written by B. T. Parry, chief executive officer of the Blackburn Society, is based on a lecture given to the conference of chief officials at the Co-operative College in September, 1964. It deals with control by three methods — statistical, physical and by delegation, and with the future development of a society.

Although published as a College Paper, the booklet is of particular interest to the officials and directors of retail societies.

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Holyoake House,  
Hanover Street, Manchester 4.**

The representatives of various sections of big profit business launched a vehement attack on the cooperative movement. But they insisted that they did not mind the existence of cooperatives as long as they were small. In other words, as long as they competed with the small trader. But they made it quite clear that they would mind if cooperatives became big. If they became a nuisance to big business, big capital and big profits, then they wanted them penalised and taxed as heavily as possible. Is this the basis for an equitable tax policy?

Fortunately in no country does the tax policy follow this type of logic. Everywhere, cooperatives are treated in the same way, whether large or small. In Sweden where cooperatives have become big business and have even overcome the tremendous power of national and international cartels, they do not have to face a heavier tax burden. On the contrary, their tax position has improved in the course of the years.

The constitution of cooperative reserves is often put forward as an argument in favour of taxation of cooperatives. It is alleged that these reserves are an obvious form of profit. But are they?

### **Two Categories of Reserves**

There are two categories of cooperative reserves: divisible and indivisible. If divisible, they are simply deferred patronage refunds and must be treated accordingly in respect of taxation.

The position seems less clear if the reserves are indivisible. In some legislation they are treated as income and are taxed. But in many others, among them France, a cooperative can obtain tax exemption only if reserves are indivisible. This is because indivisible reserves are considered as an essential

feature of cooperatives, as a condition for the building of the cooperative economy. They are not treated as profit, but as an obligatory donation by cooperative members to the cooperative community, by the present generation to future generations of cooperators.

It is interesting that all tax legislation throughout the world treats cooperatives in more or less the same way. In all cases cooperatives are regarded as non-profit organisations and hence not taxable. Why this unanimity?

There are two reasons for this attitude on the part of tax authorities. Firstly, they are aware that taxation of cooperatives would be unjust. It would present an open violation of the principle of equitable tax policy; it would introduce a system of double taxation which all tax authorities are and must be eager to avoid.

### **Cooperatives create Revenue**

On the other hand, the tax authorities are aware that the taxation of cooperatives is not in the interest of the state treasury. They are aware that cooperative activity contributes to economic progress, creates new sources of income, new tax payers. It creates new tax liabilities where there were none.

The example of Denmark is both interesting and instructive. Conditions there were unpromising, for before the advent of cooperatives, the population was hopelessly poor: the people could hardly live, let alone pay taxes to any substantial extent. But cooperative development changed the position fundamentally; it made rich both the people and the state.

The change was felt particularly after the turn of the century when the impact of cooperative development began increasingly to make itself felt. In this

# INTEGRATION OF AGRICULTURAL AND CONSUMERS' COOPERATIVE ORGANISATIONS

**By Pierre Reymond,**

*Secretary-General, National Federation of Agricultural Cooperation, Paris.*

*Mr. Pierre Reymond's article: "Integration and Consumers' Cooperative Organisations" appeared in the Revue des Etudes Coopératives, Paris, 1964, No. 135. It is astonishing how the fact of cooperators cooperating makes an impact on the outside world and his article has been taken up in many journals including that of IFAP. We feel it ought also to be known among cooperators around the world. Ed.*

**T**HIS study considers how vertical integration could be established between agricultural and consumers' cooperatives.

## **Relations between the Agricultural and Consumers' Cooperative Movements**

Owing to the existing structural differences between the cooperative movements in various countries, the nature of the contacts between agricultural and consumers' cooperatives varies widely

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connection, the testimony of a farm worker is extremely interesting. He says: "When I married in 1904, my daily wages during the winter season would buy me a big loaf of bread and a pound of margarine. Today I am able to buy a rye loaf, a wheat loaf, two pounds of butter, two pounds of margarine, two pounds of bacon, four pounds of sugar and twenty pounds of potatoes." This is how cooperation increases the income of people and hence their liability to taxation.

from country to country. The differences arise from economic conditions, legal factors (single or separate legislation), political situations, and cooperative traditions.

In the older European countries, the origins of the two movements are entirely distinct, and their backgrounds are very different. The consumers' cooperative movement usually grew up in working class urban districts under the inspiration of thinkers and theorists, who did not wield the same influence in country districts. Agricultural cooperation generally developed later, under the spur of economic necessity and was shaped by currents of thought from another source.

In these countries, the two movements sometimes intersect at certain points, but they are generally quite distinct, with no organic link between them from top to bottom. Consequently, they have very few relations with each other, even in the form of exchanges of ideas and human contact. As a rule, there is mutual indifference and lack of appre-



ciation, or even a certain mistrust, between them. This mistrust, which is now tending to disappear, arose from various causes: political tendencies, denominational questions, or merely the feeling of a conflict of vital interests. \

### **In the new countries**

The position is different in the Eastern European countries with a socialist economy, and in young countries in the full spate of economic and social development, like the newly-independent African States. In Africa, peasants form the majority of the population. Cooperation can provide a general solution to their problems both as producers and consumers. It was thus natural that cooperation should wear a different aspect there, and that its structure should be less differentiated than in the older countries.

In any event, when the agricultural and consumers' cooperative movements had grown up separately and independently, and when the indifference or mistrust sometimes met with in the past had been dissipated by human contact and better understanding, both movements began to ask the same question in their search for a solution to economic difficulties: Could not a complete chain be forged from the agricultural producer to the final consumer through inter-cooperation, with the agricultural cooperative supplying direct to the consumers' cooperatives the goods they need?

The agricultural producers grouped in cooperatives are thus trying to meet the consumer as far as possible by themselves arranging for the storage, packing, processing and sale of their products, and performing on their own account the functions hitherto fulfilled by middlemen.

The consumers, on the other hand, are working back towards the sources of production by performing the same functions through their cooperatives and on their own account, up to and in certain cases including the production functions (e.g., the C.W.S. in Great Britain).

The two currents are parallel and opposite, and have so far scarcely converged. Could they not be made to meet, if the cooperators at the two ends of the chain so desired? The idea is attractive, and should, in certain cases, lead to the establishment of a cooperative sector which would eliminate the middleman's profits all along the line.

This theme is by no means new, and has often been effectively developed at national and even international Congresses. Experience has, however, shown that it is not as easy to apply as might be supposed at first sight, and that there is generally much delay and difficulty in achieving concrete results.

### **Practical Forms of Inter-cooperation**

Any form of inter-cooperation implies at least an agreement or supply contract. Occasional transactions governed by the normal laws of the market, especially the law of supply and demand, cannot be regarded as examples of inter-cooperation. The latter must take place within some form of agreement, at the very least recording the common intention of both organisations to arrange for supplies of specific quantities of goods of specific quality, to be delivered at stated times, or at any rate within an agreed period.

An example is the general agreement signed in France on 22nd October, 1959 between the central agricultural, and consumers' cooperative organisations. This is an annual renewable agreement

covering a certain number of products (wheat, rice, canned meat, canned fruit and vegetables, fresh fruit and vegetables, potatoes, butter and various cheeses, wine, fruit juices, etc.). The agreement provides that the practical marketing conditions shall be laid down in separate contracts for each branch of production.

With the entry into force of this Agreement, a broad flow of trade was initiated between the agricultural and consumers' cooperatives. A joint commission of representatives of both sides was asked to follow the progress of operations and facilitate the achievement of the commonly defined targets. The commission decided to study the difficulties of application arising, especially during the first two years, and search out the causes.

### **Various Problems**

These were of various kinds. First, the system proved to be somewhat unwieldy for handling operations through the central economic organisations on either side. It seems preferable for the largest possible number of transactions to be carried out locally, under the general agreement, through arrangements between the producers' and consumers' societies.

Another source of difficulty is the lack of discipline sometimes found in the societies themselves on either side. Certain agricultural cooperatives have not always scrupulously complied with the quality and price clauses. Pricefixing in an inter-cooperative system is a problem in itself. Somewhat paradoxically, it must be admitted that it is hard in practice to avoid all reference to the prices ruling on the normal market. Furthermore, the sometimes very wide price variations in the markets for cer-

tain products may place the cooperatives in a difficult position. Agricultural co-operators are not always sufficiently versed in cooperation to understand that their interest ultimately lies in voluntarily accepting some discipline.

The consumers' cooperatives, for their part, often obtain their supplies through buyers who have long-standing relations with their supplier-dealers, which they are afraid will be damaged if they dabble in inter-cooperation. It should be added that some buyers have a very sharp eye for business, and may not be averse to indulging in certain common business practices.

Despite these various difficulties, it is encouraging to note that the will to succeed which is evident on both sides has made it possible gradually to increase the annual turnover of inter-cooperative transactions within the Agreement. More stringent measures would, however, be needed to ensure that the reciprocal undertakings were complied with, even if this had an adverse effect on the volume of business at first.

### **Is Inter-cooperative Integration Possible?**

It does not seem that the process which we have briefly described can be called integration, based as it is on a simple Agreement accompanied by special contracts for each branch, the terms of implementation and the means of ensuring compliance with the necessary discipline remaining somewhat vague.

Integration, or rather quasi-integration, as conceived by the economists, assumes that the undertakings retain their economic structure and delegate parts of their power of decision to a single co-ordinating centre.

As pointed out by Mr. Le Bihan, re-

search economist at the *Institut National Agronomique* in Paris, integration is first and foremost an organisational technique, which has proved effective in industry, aimed at achieving *a priori* (or *ex ante*) coordination between several undertakings.

Integration, which favours the planning of economic activity, cannot be achieved without prior knowledge and control of the production and trade mechanism.

If inter-cooperation is to become integration (that is, vertical integration in the sense in which it is used by the economists), it is therefore necessary for a stable central organ to be jointly set up by the agricultural and consumers' cooperative movements, each delegating part of its powers to that organ for the achievement of the commonly defined objective, with strict and specific undertakings on both sides, and the possibility of intervention both upwards (in production) and downwards (in marketing).

To the best of our knowledge, the experiments in inter-cooperation so far attempted have by no means fulfilled these conditions.

Perhaps the difficulties encountered can be traced to the lack of integration and of means of control and constraint to enforce the contracts.

### **Processing plants**

Perhaps better success would have been obtained with genuine inter-cooperative integration on firm and specific lines. Would it not be more to the purpose to go beyond the stage of merely supplying agricultural products in various stages of packing or preparation and embark resolutely on the establishment of inter-cooperative processing plants?

A factory might, for instance, be planned for canned fruit and fruit-juice production in a region growing high-grade fruit. The fruit-growers would be grouped in an agricultural cooperative which would call upon each to provide a share of the factory's requirements, through individual contracts covering a certain number of hectares and laying down specific standards. The consumers, on their side, would undertake, through the consumers' cooperatives and their central organisations, to take the whole output of canned fruit or fruit-juice specifically tailored to their requirements in quantity and quality.

Integration might go so far as to dictate to growers the varieties to be planted in their orchards, and how and when they are to be cultivated, treated, harvested, etc.

The jointly-built canning factory would be under co-management. It would form an economic unit quite distinct from the production and distribution network. Any profits from the factory would, of course, be equally shared between the agricultural and consumers' cooperatives.

Similar developments can be imagined in other sectors (dairy products, distilling, flour-milling, etc.).

To conclude, there seems to be a possibility of setting up integrated inter-cooperative units between agricultural and consumers' cooperatives. If such units are to be viable, they need an organic basis, extremely strict reciprocal undertakings, and an independent central authority equipped for management, decision, and action to ensure that the undertakings are respected.

It would appear easier to establish a joint enterprise of this sort for the processing of agricultural products than one simply handling supplies.

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### Affiliated Organisations (continued)

- Association of Enterprises on a Cooperative Basis, *Bloemgracht 29, Amsterdam.*
- ICELAND: Samband Isl. Samvinnufjelaga, *Reykjavik.*
- INDIA: National Cooperative Union of India, *72, Jorbagh Nursery, New Delhi-3.*
- All Bombay Consumers Cooperative Societies, Federation, Ltd., *3rd Floor, Military Square Lane, Fort, Bombay 1.*
- National Agricultural Cooperative Marketing Federation, Ltd., *34, South Patel Nagar, New Delhi, 12.*
- IRAN: Cherkate Taavoni Masrafe Artèche (Army Consumers' Co-operative Society), *Avenue Sevjom Esfand, Rue Artèche, Teheran.*
- The Credit and Housing Society of Iran, *20-22 Shahabad Avenue, Tehran.*
- ISRAEL: General Cooperative Association of Jewish Labour in Eretz-Israel „Hevrat Ovdim”, Ltd., *P.O.B. 303, Tel-Aviv.*
- Affiliated societies and companies (1963): 1,855 in all branches.
- “Merkaz” Audit Union of the Cooperative Societies of Loans and Savings, *P. O. Box 75, Tel-Aviv.*
- “Haikar” Audit Union of the Agricultural Societies of the Farmers Federation of Israel, *8 Harkrya Street, P.O.B. 209, Tel-Aviv.*
- ITALY: Lega Nazionale delle Cooperative e Mutue *Via Guattani 9, Rome.*
- Confederazione Cooperativa Italiana, *Borgo Santo Spirito, 78, Rome.*
- Associazione Generale delle Cooperative Italiane, *Via Milano 42, Rome.*
- IVORY COAST: Centre Nationale de la Coopération et de la Mutualité Agricoles, *B.P. 702, Abidjan.*
- JAMAICA: The Jamaica Cooperative Union, Ltd., *74½ Hanover Street, Kingston, W.I.*
- JAPAN: Nippon Seikatsu Kyodokumiai Rengokai, (Japanese Consumers' Cooperative Union) *Tanro-Kaikan, 9 Ichigaya-Kawada-cho, Shinjuku-ku, Tokyo.*
- Zenkoku Nogyo Kyodokumiai Chuokai, (Central Union of Agricultural Cooperatives) *11, Yutakucho, 1-chome, Chiyoda-ku, Tokyo.*
- Zenkoku Gyogyo Kyodokumiai Rengokai, (National Federation of Fishery Cooperative Associations), *Sankaido Building, Akasaka-1 meikomachi, Minato-ku, Tokyo.*
- JORDAN, Jordan Cooperative Central Union Ltd., *P.O.B., 1343, Amman.*
- KOREA: National Agricultural Cooperative Federation, *75, 1st street, Chung-Jang-Ro, Sodaemun-ku, Seoul.*
- MALAYSIA: Cooperative Union of Malaya, *8, Holland Road, Kuala Lumpur.*
- Federation of Cooperative Housing Societies, *8, Holland Road, Kuala Lumpur.*
- Sarawak Co-operative Central Bank Ltd., *3-J. Clifford House, Kuching, Sarawak.*
- MALTA: Farmers' Central Cooperative Society Ltd., *New Building, Middleman Street, Marsa.*
- MAURITIUS: Mauritius Cooperative Union, *Dumat Street, Port Louis.*

# Review of INTERNATIONAL COOPERATION

The official Organ of the International Cooperative Alliance

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## CENTRAL COMMITTEE

## AT HELSINKI

18TH-20TH SEPTEMBER, 1965

**T**HE Central Committee of the I.C.A. held its 1965 meeting in Helsinki, Finland, on the 18th, 19th and 20th September. Prior to its meeting, the I.C.A. Auxiliary Committees and the Executive Committee and its Sub-Committees also held their meetings in Helsinki. The Central Committee was attended by 91 members from 24 countries and was presided over by the I.C.A. President, Dr. Mauritz Bonow (Sweden).

Tribute was paid to distinguished national and international cooperators who had died since the last Central Committee meeting in October, 1964. In this connection, the President mentioned the names of Mr. A. Chariel, Mr. J. M. Davidson, Shri Vaikunthal L. Mehta, Earl Alexander of Hillsborough, Mr. K. Erikson, Mr. J. Veipert, and Mr. P. A. Viding.

### **Admission of New Members**

Nine organisations were noted as having been admitted to I.C.A. membership by the Executive Committee during the year and a further three admissions were reported following the Executive meeting on the day preceding the Central Committee. The three new organisations are: Cooperative Federation of Western Australia, Perth, W.A., the International Cooperative Bank

Co. Ltd., Basle, Switzerland, and El Ittihad, Tunis.

### **Finance**

The Balance Sheet, Accounts and Auditor's Report for 1964 were received and accepted. It was noted that the response from member Organisations, following the 35% increase in subscriptions in 1965, had been good. In addition one or two countries had responded to the appeal to pay more than they were obliged to under the new rates. Income and expenditure for 1965 were in accordance with the estimates.

### **Membership Appeal**

In the matter of an appeal for individual membership of the Alliance from the Federation of Hungarian Cooperative Societies, the Central Committee decided to accept a recommendation made by the Executive that an I.C.A. Mission of Enquiry be sent to Hungary. This will comprise Mr. J. J. A. Charbo (Holland), Mr. R. Kérinec (France), Mr. A. Korp (Austria) and Mr. N. Thedin (Sweden).

### **Commercial Mission in South East Asia**

The Central Committee noted with pleasure that the CWS in England had

agreed to release a member of their staff, Mr. W. Eisenberg, for one year to undertake a fact-finding mission in S. E. Asia on the possibilities of increasing cooperative trade across national boundaries. Mr. Eisenberg will work from the I.C.A. Regional Office in New Delhi. The CWS have, in addition, made a generous contribution towards the cost of the mission.

### **I.C.A. Schools in 1965 and 1966**

Fifty-six nominations from sixteen countries to attend the International Cooperative School in Rome from 29th September to 8th October, 1965 were noted with pleasure by the Central Committee, as was the invitation from France to hold the 35th International Cooperative School there in 1966.

### **I.C.A. Commission on Cooperative Principles**

The I.C.A. Commission on Cooperative Principles held meetings in Helsinki at the same time as the Central Committee and proceeded from there to Moscow for further meetings. The Central Committee decided to ask the Commission on Cooperative Principles to present a final report to the 23rd Congress of the I.C.A. which is to be held in Vienna from 5th to 8th September 1966.

It was noted that the I.C.A. Women's Advisory Council held its first meeting following the appointment of a Secretary for Women Cooperators and the Central Committee noted that the Executive had decided to ask the Women's Advisory Council to study the question of integrating activity with national cooperative movements rather than take separate action. This request had been decided upon because of the

trend towards integration of women's organisations with national movements in various countries.

Representatives of Auxiliary Committees who had met in Helsinki reported on the results of these meetings. The Central Committee noted with pleasure that the Working Party of Librarians had agreed to assist in selecting books for the award of the Jubilee Triennial Prize at Congress in 1966. The Prize is for a written work on the Cooperative Movement published during the preceding three years which is judged most significant by the International Jury. The Central Committee authorised the Executive to decide all further details regarding the 1966 Award.

The International Cooperative Alliance continues to be very active in the affairs of the United Nations. Special note was taken of the 49th Session of the International Labour Conference where there was an item on the agenda entitled "The Role of Cooperatives in the Economic and Social Development of Developing Countries". Several representatives of I.C.A. member organisations were present at this I.L.O. Conference as members of their national delegations and played an important part in the discussion. This subject is to be further considered by the I.L.O. in 1966 when it is hoped a recommendation will be adopted.

### **Technical Assistance**

The Central Committee gave detailed consideration to a special I.C.A. paper on Technical Assistance which was introduced by the Director. This gave a comprehensive picture of aid both from and to various countries. It was the first occasion that such an exercise had been attempted, and although neither

complete nor final, it was readily agreed that the paper had achieved a useful purpose in showing in comprehensive fashion what had been done on both a bi-lateral and multi-lateral basis in recent years. The Director said that it was hoped not merely to complete the present record but to keep this up-to-date at I.C.A. Headquarters so that still greater use would be made of the I.C.A. for advice on technical assistance matters in general. Both the I.L.O. and F.A.O., which had collaborated in the preparation of the paper, were agreed that the I.C.A. was the most appropriate body to maintain such records. The discussion on this paper ranged wide, and representatives of member organisations gave additional information concerning various projects which they had undertaken or were contemplating.

One proposal, on which members expressed agreement, was that the I.C.A. should produce either a bulletin or calendar of forthcoming conferences and seminars on technical assistance matters, giving an indication of their duration, so that there would be available throughout the world a picture of what is being done by way of preparatory work for technical assistance. The Director agreed to consider the preparation of such a document as it was felt that this would not merely be a useful source of information, but might also avoid any element of duplication which might arise.

### **Structural Changes in Cooperatives**

The final day of the Central Committee meeting was given over to a discussion of a background paper entitled "Changes in Cooperative Structure" prepared by the I.C.A. Research Department on the basis of replies from member organisations. This report was introduced by Mr. A. Korp (Austria) in a

statement which members of the Central Committee agreed was an outstanding summary of the subject. At Mr. Korp's suggestion the discussion ranged over the following points:

1. the dependence of cooperative structure on the social and economic conditions of individual countries which create differing pre-requisites for structural reform;
2. the dependence on the legislation of a particular country which may considerably influence the application of new structural principles;
3. the relation of the structural problem to cooperative principles which will be dealt with in the near future by the I.C.A. Commission;
4. the connection between organisational structure and the psychological structure, mentality and level of education of members, and
5. the relation of structural problems to the differing aims of member organisations.

Members of the I.C.A. Commission on Principles were present for the discussion papers on Cooperative Structure.

The Central Committee has already agreed that a further consideration of both technical assistance and changes in cooperative structure should be included for the 1966 Congress in Vienna.

### **Next Central Committee Meeting**

The Central Committee decided to accept an invitation to hold its 1966 meeting in Copenhagen as Denmark will then be celebrating the centenary of its Movement.

The meeting ended with a tribute to its usefulness and thanks to the Finnish Organisations who acted as hosts.

W. G. A.



## I.C.A. COMMISSION ON COOPERATIVE PRINCIPLES MEETS AT HELSINKI AND MOSCOW

THE I.C.A. Commission on the Principles of Cooperation held its second series of meetings at Helsinki from the 18th to the 22nd September and in Moscow from the 24th to the 26th September. The meetings included, besides ordinary sittings of the Commission, a number of interviews with leading cooperators who had been invited to give the Commission the benefit of their knowledge and opinions concerning the Principles and their application under contemporary conditions.

Professor Karve (India), Chairman of the Commission, presided throughout. All the members: Messrs. A. Bonner (Great Britain), Howard A. Cowden (U.S.A.), Professors Henzler (Fed. German Republic) and Kistanov (U.S.S.R.) were present. Mr. W. G. Alexander, Director of the I.C.A. and Secretary to the Commission, and Mr. W. P. Watkins, Rapporteur, were also in attendance. The cooperators interviewed were Dr. Mauritz Bonow, President of the I.C.A. (Sweden), Jerry Voorhis (U.S.A.), V. Janjic (Yugoslavia), Riazuddin Ahmed (Pakistan), Dr. A. F. Laidlaw (Canada), Professor Paul Lambert (Belgium), A. P. Klimov, Vice President of the I.C.A. (U.S.S.R.) and the members of the Board of Centrosoyus.

The members of the Commission were also present at the final sittings of the Central Committee to hear the discussion on Structural Changes, opened by Mr. A. Korp (Austria), and gather information on the bearing of these

changes on the application of Cooperative Principles. On its opening day the Central Committee had adopted a resolution asking that the Commission on Cooperative Principles should complete its enquiries and discussions in time for its final report to be submitted to the next meeting of the Central Committee at Copenhagen in the spring of 1966. If this can be done it will enable the Report to be considered by the 23rd Congress of the Alliance at Vienna in September next year.

The Commission accordingly drew up at Helsinki a time-table providing for two further series of meetings to be held at the I.C.A. Headquarters in London in December 1965 and February 1966. The first meeting will begin with a final consideration of the analysis and tabulation of replies of cooperative organisations, both I.C.A. affiliates and others, individual cooperators with special experience and international organisations, to the questionnaire issued by the I.C.A. last June. The analysis will be prepared by the Rapporteur and the I.C.A. Research Section. After laying down some directives for the work, the Commission turned to a review of the Principles outlined in the Report to the I.C.A. Congress in 1937. In the course of this review, which was completed in Moscow, the members expressed their individual opinions on the interpretation and application of Cooperative Principles.

At the December meeting, the Com-

## INTERNATIONAL COOPERATIVE SCHOOL AT ROME

**T**HE 34th International Cooperative School was held by the ICA at Rome from 29th September to 8th October. The School was directed by the ICA's Secretary for Education, Mr. R. P. B. Davies, and was attended by 59 participants from 29 organisations in 15 countries.

A distinguished platform party presided at the opening session. The Minister of Labour in the Italian Government, l'Onorévole delle Fave, welcomed the participants on behalf of the Italian Government and spoke of the interest of his Government in the Co-operative Movement and of his department in particular. Dr. Livio Malfettani, Chairman of the Cooperative Commission in the Ministry of Labour, welcomed the School on behalf of the Italian Cooperative Movement. Dr. Bonow, President of the ICA, gave the official ICA welcome. Dr. G. St. Siegens conveyed the greetings of the Food and Agriculture Organisation; Mr. P. P. Fano conveyed greetings from the International

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Labour Office; both representatives stressed the close working relationship which their organisations had with the Co-operative Movement and the valued help they received from the ICA as a category 'A' consultative member with both FAO and ILO. Mr. Hewlett conveyed greetings from the International Federation of Agricultural Producers, speaking of the joint activities of the IFAP and ICA and of the IFAP's close working with the ICA through its own cooperative committee.

mission intends further to bring its own views into focus with those of the organisations and hopes to decide upon the content of its Report so that a draft can be prepared for its concluding meeting provisionally fixed for London in February.

If this time-table can be adhered to, the Report should be translated and duplicated along with the other documentation prepared for the Central Committee.

Dr. Bonow, President of the ICA, delivered an address dealing with the work of the ICA in the world today. He stressed the great technological changes which had taken place in the world since 1945, making the milieu in which the ICA had to function a very different one. There was more need than ever for exchange of information on practice, on structure, on rationalisation, and the auxiliary committees of the ICA fulfilled a real function in this field. He spoke of the work of the Principles' Commission which would be expected to report to the next ICA Congress at Vienna in 1966. He also dealt with the needs of the newly-developing countries, pointing out that there could well be a global famine in 20 years unless the lag in food production was overcome. The international agencies, such as FAO, ILO, UNESCO, AARRO; the national governments; non-governmental agencies, such as the ICA; and national cooperative move-

### President's Address

ment

## Opening of the School

From the left:

Mr. Davies, Sig. Cer-  
retti, Dr. St. Siegens,  
l'On. delle fave,  
Dr. Bonow,  
Dr. Malfettani  
and Mr. Hewlett.



ments, must increase their efforts to the developing countries. He well knew that national cooperative movements had great problems to face in their own economies, but unless the richer countries helped the developing world, catastrophe would ensue.

### **Theme of the School**

The theme of the School was the problems of cooperatives in differing economic and political systems. The three contrasting systems were: a market or mixed economy; a planned or socialist economy; and the economies of newly-developing countries.

### **Cooperatives in Market (mixed) Economy Countries**

Mr. W. P. Watkins, formerly Director of the International Cooperative Alliance, introduced his paper on this subject. He concentrated on three main headings:

1. The place of the cooperatives in the national economy;
2. The problems of structure and organisation;
3. The problems affecting cooperatives in the application of the Rochdale principles today.

Mr. Watkins said that the place of the cooperatives in the national economy would always depend on its own power to force its way into the national economy and its ability to stay there. This power would, to a great extent, derive from its superiority over its competitors and its ability to offer better services both in the business field and the wider educational and cultural field. He stressed that as in many market economy countries, industry and commerce were tending to become international, so too must the Cooperative Movement. On the question of structure. Mr. Watkins outlined the examination going on in many cooperative movements at the present time regarding structure and organisation and it was inevitable that closer integration must follow these examinations. Integration, however, must not mean a loss of local life. This did not necessarily mean that local groups must retain all their functions. The great problem in this field was to ensure strong local interest whilst moving towards greater centralisation. Regarding the application of the Rochdale Principles, Mr. Watkins felt that they

could be reinterpreted in a valid way, but if they could not be so interpreted, then cooperators must ask themselves whether they should be scrapped?

### **Cooperatives in Planned Economy Countries**

Professor Blank, Professor in the Co-operative Institute at Moscow, presented a paper on cooperatives in planned economy countries. He gave an outline of the cooperative movement in the USSR and stressed the sectors in the economy which were catered for by the State shops and by the cooperative consumers' societies. Mr. Henryk Tomiczek, of the Central Union of Peasant Self-Aid Cooperatives in Poland, spoke on this subject from the point of view of the Co-operative Movement in Poland, also a planned economy country.

### **Cooperatives in Developing Countries**

Dr. St. Siegens, Chief, Cooperatives, Credit and Rural Sociological Branch of the Rural Institutions and Services Division of FAO, spoke of the problems in developing countries. The subject was divided between Dr. St. Siegens and two senior members of his department, Mr. R. H. Gretton and Dr. A. F. Braid. The problems were discussed under the heading of institutional ones, stress being laid on the transition via government control to voluntary control; on problems of finance — loan capital investment, the difficulty of establishing cooperative financing institutions; and staffing problems — the need and difficulties of attracting and training adequately qualified personnel.

Mr. Davies spoke briefly on the work of the ICA in developing countries. He explained the aim of the United Nations Development Decade, and stressed the need for realisation of the extent of pov-

erty in the poorer countries of the world. A great deal of bilateral aid was being given from one cooperative movement to another, and the ICA was concerned to coordinate this aid wherever possible. Its rôle was:

- (1) *Promotional* — i.e. to encourage all appropriate agencies to contribute to the best of their ability, and to ensure that the maximum resources of man-power and finance are available for the development of cooperatives.
- (2) *Advisory* — i.e. to meet the demands for information and advice from United Nations Agencies, governments, cooperative movements, and ensure that the maximum of information is available about aid and projects, and to promote close liaison between donor organisations. The ICA will also help in planning study tours, in the provision of literature (including its adaptation and translation where necessary) and the provision of equipment (including printing presses, mobile cinemas, shop equipment etc).
- (3) *Central Supporting Role* — i.e. to fill in the gaps and shortcomings, often through the ICA's own Development Fund.
- (4) *Financial* — i.e. the limiting factor in all the foregoing will be that of finance. Member organisations of the ICA will need to support the Alliance's work in this field in terms of money, and if an amount equivalent to 10 per cent of a movement's own financial provision for cooperative technical assistance were available to the Alliance, (and this is an estimated minimum requirement for this work) its effectiveness would be increased enormously. Some movements are already contributing to the development work of the Alliance on this basis.

The ICA was committed to producing, for 1966, a calendar showing all aid, projects, seminars in the field of technical assistance. This would involve close liaison with national movements, governments, United Nations Agencies, OECD, AARRO, and other interested organisations.

### **Italian Cooperative Movement**

Accounts were given of the work of the three Italian Cooperative Movements: on the *Legga Nazionale delle Cooperative*

Arriving at the Cantina Sociale di Marino, a Wine Processing Cooperative and member of the Associazione Generale delle Cooperative Italiane.



*e Mutue* by Dr. G. Banchieri; on the *Confederazione Cooperativa Italiana* by Dr. M. Maggiore; and on the *Associazione Generale delle Cooperative Italiane* by Professor Gaetano Pottino. Visits were paid by the School to a number of cooperative organisations; wine growing and processing cooperatives; a building workers' cooperative; a tobacco growing and processing cooperative (established under the Italian Government's land reform movement) and to a rural cooperative bank serving a small community of about 6,000 inhabitants.

### **Cooperatives and International Agencies**

Mr P. P. Fano, Director of the Italian Bureau of the ILO, spoke of the work of the ILO in the field of cooperatives and participants were particularly interested in his account of the last general conference when, for the first time in the history of the ILO, cooperatives featured on the agenda. His talk was supplemented by Mr. V. Shabanov from the Cooperative Department of the ILO in Geneva (who also attended as participant throughout the School), who gave an account of some of the cooperative

projects of the ILO in developing countries.

The School was also received by FAO where an account was given of the work of the FAO in general and its work in the field of cooperatives in particular.

### **Group Reports**

Much of the detailed discussion took place in groups based on language. The Chairmen and Rapporteurs of these groups deserve great credit for the way in which the work of the groups was channelled to particular themes and reported in a coherent way in plenary sessions of the School.

The sessions in which the Rapporteurs from the four groups presented their final reports provided a wide range of interest and thoughtful criticism. The final session of the School was shared by Mr. R. P. B. Davies, as Director of the School, and Mr. W. G. Alexander, Director of the ICA.

Space will only allow the mention of some of these points. There was general agreement that cooperatives could exist and could perform a useful service in all three types of economies. This being so, there was an increasing de-

mand for a definition of cooperatives. At the ILO meeting in Geneva in June, 1965, cooperatives had been included in the agenda for the first time, and an attempt had been made to define cooperatives and to draft a recommendation that would be acceptable to all countries.

Group reports mentioned the need to include the teaching of cooperation within the State Education System from primary school level up to university level. The ILO draft recommendation on cooperatives included an article on this very point.

There was general agreement that cooperatives must adapt themselves to meet new requirements. This is a statement easy to make, but more difficult to implement. How does a cooperative ensure that its members can state a new requirement? Market research and consumer research are able to go some way in this direction, but these by themselves are not enough. If new requirements are identified, do existing cooperatives extend their activities, or should a new cooperative on a functional basis be set up?

The social significance of cooperatives was discussed and the question asked whether this aspect of the cooperative movement was still relevant today. There was a general feeling that it was relevant and that the functioning of a cooperative was in itself of social significance. Certainly in developing countries the social and educational aims of the cooperative movement were extremely important.

The question of government aid and government control of cooperatives occupied much time. In most developing countries it seems to be the case that cooperatives cannot develop without government assistance. Government control

therefore prevents the cooperatives functioning as a voluntary movement based on democratic control. This prevents the cooperatives observing one of the basic Rochdale Principles. There will often be a tension between the cooperative leaders and the government cooperative officers, for cooperative leaders will want their movements to be independent, frequently before the government officers think they are ready for such freedom. However, it was encouraging to note examples of cooperative movements becoming free from government control, and, in many cases, governments would often be glad to de-centralise power when a sector of the economy, such as the cooperative one, was ready to take it.

Many other basic questions were raised, such as the functions which can legitimately be exercised by cooperatives and whether in fact there was any limit to these, or whether some should naturally be more appropriately provided by governments; the image of the cooperative movements; planning in Socialist countries and developing countries, and the part of the cooperatives within that plan; the measurement of efficiency, can this be measured without competition?; how to forecast production; the appointment and selection of officers; consumer protection; inter-cooperative trade; all these featured in discussion periods.

The School may not have been able to provide immediate answers to all questions raised, but it did give to participants the chance of learning of other types of cooperatives, functioning in other environments, and, by stressing the international aspects of cooperation, both through the ICA and its links with United Nations Agencies, offered them the basis for further thinking and constructive suggestions within their own movements.

R.P.B.D.

## COOPERATIVE LIBRARIANS MEET IN STOCKHOLM

**K**OOPERATIVA Förbundet was host to the International Working Party of Cooperative Librarians and Documentation Officers on the occasion of their sixth meeting in Stockholm at the end of August and beginning of September of this year. The delegates will long remember the warm welcome and generous hospitality they received from the Swedish Cooperative Union and Wholesale Society.

### **New members**

The Chairman, Mr. W. Sjölin, opening the Meeting, delivered the greetings of Dr. Mauritz Bonow, President of the I.C.A. and vice-Chairman of K.F. He then welcomed the representatives of two new organisations which had joined the Working Party; Mr. T. Kowalak of the Central Agricultural Union of "Peasant Self-Aid" Cooperatives, Warsaw, and Miss L. Kassner of Deutsche Genossenschaftskasse, Frankfurt. The National Agricultural Cooperative Federation, Seoul, had also recently joined the Working Party but was not represented at the Meeting.

### **Information services**

The Working Party received and approved for publication an International Cooperative Directory and a Cooperative Vocabulary.

The Directory was jointly edited by Mr. Flanagan, Librarian, Cooperative

Union and Mr. Howcroft, Librarian, Market Research Department, C.W.S.: it was proposed that for the time being it should have a limited circulation amongst the Secretaries of National organisations and Cooperative Librarians. The Editors expressed the hope that the Directory would be expanded until it ultimately became a truly representative International Cooperative Directory, when it was hoped that the I.C.A. would assume responsibility for its compilation. Meanwhile, Mr. Flanagan and Mr. Howcroft were willing to continue as editors, revising the Directory annually.

Another important contribution to the Information Services was the Cooperative Vocabulary in English, French and German produced by a Sub-Committee set up at the Oslo Meeting in 1963. The Working Party received the first provisional edition, and agreed that it should be submitted for information and comment to the Specialized Agencies of the UN interested in the project. The members of the Working Party also undertook to scrutinize the Vocabulary and submit their comments to the Sub-Committee by the end of October, 1965. The Sub-Committee had one new member, namely, Miss L. Kassner, Germany; Mr. Flanagan, Great Britain, and Mademoiselle Baulier, France, continuing to serve on the Committee.

The Working Party expressed their appreciation of the two projects, both Mr. Flanagan and Mr. Howcroft being highly commended.

### **Cooperative Libraries in S.E.Asia**

Mr. Kamp outlined the negotiations he had had with the I.C.A. Education Centre in New Delhi, which had resulted in his being invited to visit cooperative libraries in S.E.Asia and advise those in charge on library and documentation matters in the light of existing conditions.

The Working Party also considered a memorandum submitted by the Librarian of the I.C.A. Regional Office and Education Centre indicating the problems facing cooperative libraries in the region, and the spheres in which Mr. Kamp's services could be most usefully applied. The Working Party assured Mr. Kamp of their cooperation and wished him every success in his venture.

### **Publications**

Reports were made on two publications sponsored by the Working Party. First, "Libradoc" edited by Mr. Kamp of which there had been eight numbers to date. Nearly all the Members of the Working Party had contributed and the publication could be considered a success, largely due to Mr. Kamp's efforts.

Secondly, the Manual for Cooperative Libraries and Documentation Services compiled by Mr. C. Kamp and Dr. Kellerhals. The Manual had been printed by V.S.K. in English, French and German and would be distributed by the I.C.A. at a cost of approximately 15sh. per copy. V.S.K. were congratulated on the excellent work they had done in connection with the three versions of the Manual.

### **International Cooperative Bibliography**

The Working Party received a report from the I.C.A. Librarian on the Inter-

national Cooperative Bibliography established at I.C.A. Headquarters in January 1961.

The report showed that support for the Bibliography had, on the whole, been disappointing, although some organisations had contributed regularly since the inception of the scheme.

The Working Party, after considering the position carefully, decided that national organisations should no longer be asked to submit titles in the form of catalogue cards, but instead an International Cooperative Bibliography should be compiled by the I.C.A. Librarian from the Accessions Lists submitted to the I.C.A. by national cooperative librarians; it was felt that such a Bibliography was a useful work of reference and should not be discontinued.

The Accessions Lists themselves came up for discussion. It was agreed that the Chairman and Secretary should issue a circular letter to all organisations affiliated to the I.C.A. in an endeavour not only to ensure conformity in the compilation of the lists, but also to increase the number of participants in the exchange of these lists.

### **I.C.A. jubilee triennial prize**

The Working Party received a report from Dr. Kellerhals, a member of the International Jury, concerning a proposal approved by the I.C.A. Central and Executive Committees to the effect that the Working Party should be invited to present a select list of cooperative literature published in its members' respective countries, and in one of the four official languages of the I.C.A., during the years 1963, 1964 and 1965. This list would then be considered by the International Jury at the I.C.A. Congress to be held in Vienna during 1966.

Members of the Working Party ap-



Librarians' Meeting



preciated the confidence shown in their judgement and agreed to submit titles of suitable books, within the provisos laid down, to Dr. W. Kellerhals of V.S.K. by 31st October 1965.

Members of the Working Party had the opportunity of inspecting and admiring the efficiently organised and well stocked Library of K.F. The Working Party also visited the Library at Folksam and the delegates were impressed by the modern building with its lavish decor in which Folksam's important Insurance Group is housed.

In addition, during an interesting tour of Uppsala, members of the Working Party were shown the famous library at the University which contains many rare and valuable books.

#### **Course for Co-operative Librarians**

A proposal to hold a Course for Co-operative Librarians was first mooted by Mr. Watkins at the Second Meeting of Co-operative Librarians at Basle in 1956. The suggestion has since been considered by the Working Party from time to time, and a tentative scheme for a correspondence course was discussed with

the Plunkett Foundation for Co-operative Studies but was not carried out. The Working Party decided to refer the matter again to the Foundation as it was considered there was a real need for such a course.

#### **Microphotography in relation to documentation services**

Microphotography is playing an increasingly important role in contemporary documentation services. The Co-operative librarians attending the Meeting were therefore very interested in a demonstration of the most up to date equipment for microphotography and automatic data-processing manufactured by a well known Swedish Firm.

The Working Party, after re-electing the existing Working Committee en bloc, concluded its Meeting in an atmosphere of mutual understanding and with a sense of accomplishment. The delegates felt that this was due in a large measure to the efficient arrangements made by the Swedish Co-operative Union and the kindness and goodwill of its officials.

E. M. K.

## COOPERATION IN SOUTH-EAST ASIA AND THE ROLE OF THE INTERNATIONAL CO-OPERATIVE ALLIANCE

by **Dr. S. K. Saxena**,  
*Regional Officer, I.C.A. Regional  
Office and Education Centre,  
New Delhi.*

*In the spring of this year, Dr. S. K. Saxena, Director of the I.C.A. Regional Office in New Delhi, undertook a tour of South-East Asia during which he was present at the Congress of the Cooperative Federation of Queensland in Brisbane. In his address to the Congress he described some aspects of the Cooperative Movements in Ceylon, India, Pakistan, Malaysia and the Philippines, and outlined the major problems facing them in different countries.*

*This month the Regional Office is celebrating the fifth year of its existence. To mark the occasion we are publishing this survey of the Cooperative Movement in South-East Asia, together with an account of the aims and activities of the I.C.A. Regional Office and Education Centre—Editor.*

IN considering the position of the Co-operative Movements and their function in South-East Asia, certain factors must be taken into account. The exit of foreign rule from the political scene has brought into existence national governments with varying degrees of political stability. They have inherited a structure that is generally stagnant, a narrow base of secondary industries and widespread poverty which inhibits formation of capital, risk-taking and, to a certain extent, the acceptance of new ideas. The social structures are characterised by status-patterns that are ascriptive rather than achieved; power is generally located in the hands of small strongly entrenched groups; and, finally, the countries abound in social institutions which have for a long time functioned

on an authoritarian basis and have led to a general conditioning of attitudes that would need considerable transformation for economic development to be achieved within a democratic political framework.

A second background factor is the changed role of the governments which in several countries of the region are actively trying to accelerate the process of social and economic development. In this context, the existing socio-economic organisations, including the Cooperatives, come under a variety of pressures which emanate from the desire for a rapid execution of development plans. For the Cooperative Movements, this situation causes problems which are ideological and operational in nature.

Dr. S. K. Saxena greeting the late Pandit Nehru who opened the seminar on Cooperative Leadership in New Delhi.



Thirdly, agriculture forms the predominant sector in the national economies, both from the point of view of the number of people engaged in it and the contribution which agriculture makes to foreign exchange earnings and government revenues. However, over a long period of time, productivity in agriculture has suffered due to a faulty system of land tenure, the general inadequacy of inputs and the insufficiency of social investment which have severely curbed the initiative of the farmers. Holdings are small and fragmented, indebtedness is widespread and the absence of marketing facilities does not allow the farmers to obtain a reasonable return for their products. All these factors have influenced the direction of agricultural cooperative development in the region.

Fourthly, the contemporary scene in the region is characterised by rapid urbanisation due to the rising growth

rates of population and the steady stream of migration from the villages to the cities. The overcrowding in the cities and the lack of commensurate expansion of civic facilities have presented urban dwellers with a number of problems among which the rising cost of living, the inadequacy of housing facilities and the need for the supply of unadulterated consumer goods are three of the more urgent ones.

Fifthly, the great diversity of cooperative activities has highlighted the need for a continuous supply of trained leaders and enlightened members who could take active and intelligent decisions on matters of policy and discharge functions that call for technical competence. In every country, efforts are made to provide education for employees and members, but such programmes are general in character and not differentiated to suit the needs of cooperators in different positions.

## AGRICULTURAL COOPERATION

### Credit Cooperatives

Credit societies, which have existed in the region for almost five decades, provide the most extensive network of cooperative organisations in the countries discussed here. Their main task is to provide short-term credit to farmers for seasonal operations.<sup>1</sup>

Depending upon the size of the country, the credit cooperatives have developed a two or three-tiered structure. At the base are the primary cooperatives which operate for one village or a group of villages. These are affiliated to a district level bank and the latter are members of the State level or national organisation.

In many countries, the idea of Cooperation was developed to combat the widespread indebtedness prevalent

<sup>1</sup> In India, there are special organisations which advance loans for long-term purposes.

among farmers and the cooperatives were single-purpose organisations, separate societies having been established for credit, marketing and supply functions. However, recent thinking on the subject appears to favour the diversification of functions at the primary level. In Ceylon, for instance, since 1957 multi-purpose societies have been formed over the entire island; in India, the credit societies have now been converted into what are called "Service Cooperatives" which also undertake supply functions; in the Philippines, the FaCoMas (Farmers' Cooperative Financing Marketing Associations) have been undertaking the tasks of supplying credit, agricultural requisites and marketing of the farm produce; and in Malaysia, the credit cooperatives are being encouraged to supply fertilizers to their members.

**TABLE I**  
**Number and Types of Primary Credit Societies**

(Adapted from: Report on the Centre for Institutions for Agricultural Financing and Credit in Asia and the Far East, FAO, Rome 1964)

Country	Year	Credit Societies		Multi-purpose Societies	Total
		Unlimited Liability	Limited Liability		
Ceylon	1960	3,722	164	4,977 <sup>1</sup>	8,883
Federation of Malaya	1963	1,500	—		1,500
India	1963	85,421	126,708 <sup>2</sup>		212,129 <sup>3</sup>
Pakistan <sup>4</sup>					
West	1959/60	11,873	109		11,982
East	1959/60	289	—	3,705	3,994

<sup>1</sup> Including cooperative agricultural production and sales societies

<sup>2</sup> Including multi-purpose societies, but excluding 9,412 Grain Banks

<sup>3</sup> Out of these 21,734 have been dormant for one year, and 19,271 have been dormant for two years and more

<sup>4</sup> Including some non-agricultural societies

Table I shows the number and types of primary cooperatives in the various countries.

The membership of these societies is small as the area of their operation is limited. In the Federation of Malaya, for instance, it is only 50. This has denied the cooperatives the advantages of large-scale operations and a great deal of discussion, especially in India, has revolved around the question of "economic viability" and its relation to the size of a cooperative organisation.

In all countries, with the exception of unlimited liability societies in Ceylon, the proportion of share capital to working capital is very small. Deposits are extremely meagre and there appears to be a general lack of emphasis on thrift and savings from members, although, lately, efforts are being made to increase the "owned capital" through some built-in devices as a pre-condition for obtaining government assistance. A large part of the working capital is derived from government sources or central banks. In India, under its scheme of "concessional" finance, the Reserve Bank of India provides funds to the

State Cooperative Banks at rates lower than the bank rate. There is also provision for the government to participate in the share capital of the cooperatives to evoke increasing confidence among the members.

Table II shows the volume of credit provided by primary cooperatives to the cultivators in the different countries.

In discussing the nature of the loans advanced by credit cooperatives, three aspects deserve attention. The first is that the majority of these loans are granted for a short period, say for one year. Secondly, the proportion of the loan utilised for farm operation varies from country to country. The subsistence nature of the farmer's economy does not allow for a sharp distinction to be drawn between the requirements for the farm and the household, and despite the efforts being made in some countries to restrict loans for purposes of farming, it has been difficult to devise measures for ensuring that a loan is productively utilised. However, it is now being recognised that loans for purposes of domestic consumption are

**TABLE II**  
**Credit Provided by Primary Cooperatives**

(Adapted from: Report on the Centre for Institutions for Agricultural Financing and Credit in Asia and the Far East, FAO, Rome 1964)

Country	1959	1960 million \$	1961	Remarks
Ceylon	4.9	5.0	—	By credit, multi-purpose and CAPS societies
Federation of Malaya	1.0	1.0	—	By cooperative credit and other societies
India	355.0	426.0	511.0	
Pakistan	15.0	22.9	—	By cooperative credit and other societies
Philippines	3.6	0.8	0.6	By ACCFA (Agricultural Credit and Cooperatives Financing Administration)

also necessary if the farmer is not to be pushed into seeking loans from non-institutionalised sources which, in the long run, would work to his disadvantage. Thirdly, the demand for loans is highly seasonal, touching the peak during the sowing season and gradually evening out over the period before the harvest arrives. This makes it vitally important for cooperative organisations to have the required supplies of funds when they are most needed.

The security requirements for obtaining loans from cooperatives differ from country to country. They range from a personal guarantee for a small loan to immovable property, third party guarantee, a promissory note signed by two sureties and a pledge to deliver the crop. The rate of interest on short-term loans also varies from country to country. In India, as mentioned earlier, the Reserve Bank advances funds for seasonal operations at 2.5 per cent per annum, that is, 2 per cent below the bank rate. The ultimate borrower gets it at 4.5 to 6 per cent. In Malaya, the government lends money to the apex bank at 0.25 per cent per annum for paddy cultivation and at 4 per cent for processing and marketing.

The procedure for sanctioning loans rests, in the first instance, with the Board of Directors or the Managing Committee of the society. In India, the applicant furnishes the required information to the Secretary to enable him to fill up the form and if the society is satisfied, the application is forwarded to the next higher organisation, viz. the Central Cooperative Bank. The Bank satisfies itself and reports to the Credit Committee for sanction. Lately, attempts have been made to encourage the farmers to submit farm plans. In West Pakistan the application is examined and the Executive Committee sanctions

the loan. In the Philippines, applications have to be submitted well in advance and are checked by the Barrio Loan Committee, the FaCoMa Board of Directors and the Branch Office of the ACA (Agricultural Credit Administration).

Despite dissimilarities in the structure and functioning of credit cooperatives, the foregoing rapid survey reveals some common features. The Credit Movement in the region is not a substantial supplier of finance to the agricultural sector; the primaries are weak and their geographical coverage is small; the audit classification, at least in India and Pakistan, reveals that a large number of societies fall within the "C", "D" and "E" categories; overdues are high and, finally, the societies do not often present the picture of live units in which a well-informed membership gives the desired direction to democratically controlled organisations.

### **Cooperative Marketing and Processing**

The large share of the marketing of agricultural produce in the region continues to be in the hands of the village moneylender-cum-trader who advances loans to the farmers and, on the strength of such accommodation, buys out the farmers' produce at terms which are not favourable to the cultivator. The concentration of cooperative activity in the field of credit alone did not, therefore, provide the comprehensive approach needed to raise the economic levels of the farmers. The problem of high overdues in cooperative societies was, among others, a reflection of the fact that the farmer was not able to secure a reasonable return for his produce. It has, therefore, been increasingly realised that the Cooperative Movement

must develop an approach that integrates the aspects of credit, supply, marketing and extension work. This is attempted either by achieving a functional link-up between the specialised societies or by having multi-purpose organisations at the village level.

In India, detailed attention was given to the problem of marketing only during the Second Five Year Plan when about 1,800 primary marketing societies were organised. Apex marketing societies have also been organised at the State level and, at the national level, there is an apex organisation called the National Agricultural Cooperative Marketing Federation. In the Philippines, as already mentioned, the FaCoMas are limited liability societies which also undertake the marketing of produce. Generally, one FaCoMa is organised to handle one particular crop within a given area. In Ceylon, the agricultural production and sales societies and the multi-purpose societies, in addition to supply functions, also purchase paddy on behalf of the government under the guaranteed price scheme. In Malaysia, there are in operation specialised cooperative marketing societies for different products. Each society covers about 10-20 villages in the case of rice and rubber. The functions of these societies are mainly to supply production requisites, arrange for transportation and grading and, finally, selling on a collective basis. There is in operation a government-guaranteed price for paddy.

### **Organisation and Operations**

The membership of these societies is open to primary producers and the general effort is to have a sizeable membership which could make the unit economically viable. The primary marketing societies obtain the produce from

the farmers, make arrangements for stocking it, advance some money to the farmers and, after the crop is sold, return the amount to the farmers after deducting their service charges. In other words, the marketing societies mostly work as commission agents. The inability of the societies to undertake outright purchases, involving as it does higher financial risks and commitments, has acted as a deterrent to the loyalty of the members towards the marketing societies. By the adequacy and elasticity of his financial accommodation, the private merchant has been able to score over the cooperatives.

Given a weak base of primary marketing cooperatives, it is understandable that the apex organisations have not been able to develop economic strength. In India, the National Agricultural Cooperative Marketing Federation was organised in 1958 for the purpose of undertaking import and export trade for and on behalf of cooperative societies. The Federation has also been charged with the task of promoting inter-state trade between cooperatives, collection and dissemination of market information and arranging for facilities for forwarding, inspection and storage. Its main activities have consisted in the export of certain agricultural commodities, such as lentils and spices, and import of good quality seeds, other agricultural requisites and dry-fruits. It also operates branch offices at ports. A price-fluctuation and risk-bearing fund has been created to enable its members to counteract losses caused by serious price fluctuations. In Ceylon, where vegetable growers' societies have done some good work, about 86 societies joined together to open a selling outlet in Colombo. The success of this venture led to the creation of the Ceylon Agricultural

Producers' Cooperative Union in 1961. In the Philippines, the Central Cooperative Exchange was organised in 1955 with the object of promoting and facilitating the efficient merchandising of the produce of members of FaCoMas, undertaking processing, storage and distribution of farmers' produce, establishing and operating terminal markets which will serve as clearing houses for cooperative associations and procuring farm supplies and equipment needed by member FaCoMas. The Exchange is also carrying on an intensive member education and information programme, extending management services to FaCoMas and taking several other measures to improve the economic and financial condition of the organisation.

The problem of providing adequate warehousing facilities is intimately linked with the success of cooperative marketing operations. In India, an extensive programme for the construction of warehouses has been undertaken and Corporations both at the Central and State levels have been established for this purpose.

On the whole, it can be said that the marketing societies have not been able to raise adequate resources of their own. In India, the State Bank of India is providing marketing finance to co-operatives to enable them to offer pledge loans to members and to pay the farmer on delivery of produce. In the Philippines, as mentioned earlier, the FaCoMas' main source of funds is the Agricultural Credit Administration. In Malaysia, the Government provides loans to societies for advancing the same to the members and for the purchase of equipment. In Ceylon too the Government extends loans for such purposes.

The major obstacles to the growth of cooperative marketing in the region

may be summarised as follows: the small amount of marketable surplus with the cultivators and the organisational problems involved in covering large distances; absence of technical skill for doing highly specialised jobs; inadequacy of financial resources of marketing societies; the fluctuations in prices of agricultural commodities and the inability of the marketing societies to provide against this contingency; lack of supply of up-to-date market intelligence to the farmers; the very limited amount of international inter-cooperative trade caused by discriminatory regulations mostly emanating from the Government, and by the structural weakness of the National Cooperative Movements.

Some countries in the region show outstanding achievements in the field of cooperative processing. In India, there are 57 cooperative sugar factories which have been responsible for giving a variety of benefits to sugar-cane growers. These sugar mills are essentially processing societies of cane-growers and some cooperative institutions are also admitted as members. The main sources of funds are: share capital contributed by members; share capital contributed by the State Government and medium, long-term loans from financing agencies. Through some built-in devices, efforts are now being made to retire the government contribution from the share capital.

In the Philippines, the Central Cooperative Exchange operates a tobacco redrying plant under a contract with the Philippines Virginia Tobacco Administration. In Ceylon, a number of processing industries in the field of coconut and tea have been set up. These projects which, in some cases, have grown into complexes of rural in-



industries, have been able to provide several advantages to cooperative members including a number of social facilities.

## **URBAN COOPERATION**

### **Consumers' Societies**

Historically, consumers' cooperative stores began to be organised in the region after 1910 either on plantations or at factory sites where a sizeable community presented a substantial and homogeneous demand for consumer goods. In Ceylon, small stores intended to supply curry stuffs and other simple household necessities got under way shortly before the last war and in 1939-40, there were in all 26 stores with a membership of about 12,500. In India (which then included the present Pakistan territory), cooperative stores had existed in the country ever since the Act of 1912 had allowed for the formation of non-credit societies. Some, particularly among the factory workers, had attained a certain amount of success. The trade unions had also insisted on the provision of cooperative shops thereby, to some extent, forcing the pace of the Movement. In Malaya, the earliest attempts to form cooperative stores go back to the year 1922 when two such societies were started in the Federated Malay States. These were, however, short-lived and the occupation of the country during the war period marked a complete suspension of cooperative activities. In the Philippines, the Non-Agricultural Cooperative Law (Republic Act 2023) passed in 1957 charges the Cooperative Administration Office to accelerate the growth of consumer cooperatives, and more specifically, for establishing a cooperative wholesale society.

In both Ceylon and India, the growth

of the consumers' cooperative movement was very closely linked with the Second World War, which, bringing in its train a shortage of goods and increased employment, enabled the governments of the two countries to use consumer cooperative shops for distribution of controlled and rationed goods. However, in both countries the Movement suffered very seriously at the termination of the war mainly because the facility of distributing rationed commodities through cooperative stores was withdrawn, no serious attempts had been made to ensure sustained loyalty from the members and the technical problems relating to salesmanship, purchase policies and the formation of capital had not been given any serious thought. A similar situation also existed in Malaya where the Movement received a fillip during the Korean war but shrank back to its modest earlier dimensions after the de-rationing of goods and the emergence of well-established private traders in the field of commodity distribution.

### **Size and Organisation**

Primary stores, with few exceptions, are generally very small organisations in terms of membership, turnover and financial resources. Largely because of the ignorance of cooperative principles and an absence of appreciation of the need for sound financial and savings policies, the cooperative stores have not given careful thought to building adequate owned and working capital. The primaries have not developed a unified higher organisational tier. In some states in India, for instance, primaries are joined together in the district and state marketing federations which are not exclusively representative of consumer stores. In Malaysia, a cooperative

wholesale society was established in 1948 to provide goods and services to the primaries. Its funds were obtained mainly from overdraft facilities on the basis of a government guarantee. In Ceylon, the Cooperative Wholesale Establishment (which is not a cooperative organisation) is responsible for obtaining bulk supplies for the cooperative stores. In the Philippines, as mentioned earlier, the Philippines Federation of Consumer Cooperatives has been set up recently and in the absence of a wholesale society, the function of supply and distribution of essential consumer goods, commodities and equipment, for primary non-agricultural cooperatives is being undertaken by the Federation. In East Pakistan, an apex wholesale society known as the East Pakistan Provincial Cooperative Marketing Society Limited was established in 1962 with a government subsidy towards management costs and a long-term loan towards its capital for providing loans to 54 multi-purpose societies for development of trade in consumer goods.

It would be true to say that there is in the region an absence of close integration between the primaries and the higher-tiered organisations. On the one hand, therefore, the primaries continue to provide a weak base to the total structure of the Movement in the country, on the other, strong and financially sound State-level organisations are not able to project their energising influence downwards to the primary stores.

In addition to the above, the major problems faced by the consumer cooperative stores in the various countries may be summarised as under: small margins in distributive trade due to a very large number of small units engaged in retailing, low level of consumer consciousness which does not allow the

consumers to be discriminating buyers, widespread habit of buying on credit, inadequacy of financial resources, general absence of specific training facilities for employees of consumer stores, and finally, the excessive involvement of governments which often does not allow the Consumers' Movement the latitude to develop its own independent policies.

The above description has been mainly concerned with what might be called the open general stores. There are, however, examples of "institutional stores" working successfully throughout the region. These might be organised in government offices, factories and other industrial establishments. The main reasons for their success have been: managerial and other subsidies provided by the employer, possibility of deducting dues from the salaries and wages against credit purchases and a steady patronage of the stores by its members.

### **Thrift and Loan Cooperatives**

There are in existence a number of cooperative thrift and loan societies all over the region created mainly to encourage their members to practise thrift by allowing them the facility of depositing a certain part of their salary at regular intervals. The members can obtain loans at reasonable rates of interest for their normal needs, and, in some cases, also for long-term purposes such as construction of houses.

### **Cooperative Banks**

In India, a distinction is made between urban cooperative banks where deposits are generally withdrawable by cheques and which carry on normal banking functions and employees' societies which receive deposits from, and advance loans to, the workers in a particular organisation. The growth of

urban cooperative banks in India has been very uneven. The membership is generally drawn from the salaried classes, traders and merchants. While in many cases, the need for strengthening the owned funds exists, by and large, the owned funds and deposits constitute a substantial portion of the resources of the banks, the present percentage of deposits to working capital being 69. Although clientele is drawn mainly from the urban areas, there are facilities available to cultivators also for the purchase of seeds, manure, improvement of land etc. Some other purposes for which loans are available are: construction of houses, operation of petty trade and industry, purchase of food-grains and other necessities of life.

In the Philippines, a National Co-operative Bank has recently been established. The Bank is a federation of all types of non-agricultural cooperatives. Its total resources now amount to £3.6 millions and it has established a number of branches. It provides finance to primary cooperatives in the non-agricultural sector.

### **Employees' Credit Societies**

Throughout the region, there are financially sound employees' cooperative credit societies working in government and private institutions. In India in 1961-62, there were about 4,000 societies with a total membership of 1,222,000.

### **Organisational and Operational Aspects**

The membership of such societies is generally open to all people working in the institution although some times exceptions are made. In some cases, a restriction is placed on membership and only members of trade unions are en-

rolled. The General Body is the supreme parliamentary organ and a Managing Committee is responsible for the over-all supervision of the working of the society. In the Philippines, where there are credit unions, the annual assembly is the highest authority which appoints a board of directors, a credit committee and a supervisory committee. Generally, the owned funds and the deposits constitute the major share of the resources of the societies. In many cases, the deposit fund is of a compulsory nature and is sometimes deducted at source.

In Malaysia, thrift and loan societies have made some remarkable progress. Apart from helping to improve the condition of household economies of members by inculcating in them the habit of saving and helping them to keep out of indebtedness, the greatest advantage to the cooperative movement in Malaysia has been the assistance extended by the credit societies to other sectors of the movement. Through their advisory councils, the societies have initiated some new cooperative ventures. After the war, the thrift and loan societies have helped the Malayan Co-operative Insurance Society with its working capital and many of them have invested their surplus funds in cooperative housing societies. They have also assisted the Co-operative College of Malaya as also the Co-operative Union.

### **Some Obstacles**

The main obstacles restricting the future growth of the movement have been: the difficulty in getting skilled personnel, too limited membership, hostility or lack of cooperation from the management, internal strife due to political or religious differences and an almost complete lack of training of



Entrance Hall to the Regional Office ↑

Cooperative Ministers meeting in Tokyo →

Reception at the Regional Office ↓





↑ Mrs. Indira Gandhi with some women delegates



The Regional Office in Delhi →



↑ Agricultural Conference, Tokyo



← The Advisory Council at the Cooperative College, Ceylon



**"In India it is estimated that 18 million houses will be needed to meet the deficit"**

members and employees which narrows down the vision of leaders of these co-operative societies. In the Philippines, the Cooperative Credit Union League has recently been organised to promote, organise and develop credit unions, encourage coordination among unions by holding educational meetings and undertake other work relating to technical advice, public relations, etc.

### **Cooperative Housing**

The magnitude of the task involved in providing adequate urban housing in countries of the region is very large. The rapid urbanisation of the countries and the heavy depreciation on houses due to lack of proper maintenance have created an acute situation. In India, for instance, it has been estimated that a total of 18 million houses will be needed by 1976 to meet the deficit of urban housing, which will call for very substantial investment. A similar situation exists in some large cities of Pakistan. In Karachi, the large influx of refugees after the partition of the Indian sub-continent has created an extreme pressure on the existing housing resources. The emergence of Malaya from the war and a twelve year period of Communist insurrection had brought house construction activity in that country more or less to a standstill.

### **Organisation**

The patterns of organisation of housing societies prevalent in the region may be broadly classified into the following three: The first relates to those societies in which the entire property is owned and managed by the society and members continue to be its tenants. It is the function of the society to secure land, develop it, construct houses and allot

them to members at the most reasonable rent.

Secondly, there are those in which the members take an active part at one or several stages of operations, and the ownership is eventually passed on to members. Thus, after the acquisition of land, construction and allotment of houses, the tenants buy out the houses over a period of time. Alternatively, the society may acquire and develop the land and give the plot to members who could then construct the houses themselves or with the assistance of the society.

Thirdly, there are in existence, in some large cities, e.g., Bombay, the Flat-ownership Cooperatives. In order to economise on land, a large building is erected containing a number of flats which individuals buy on the understanding that purchasers of flats would form a cooperative society.

Out of the above-mentioned three, the second category, viz., the coventure cooperatives, appears to be the most common, probably because it permits individual ownership of houses.

All persons who do not already own a house are admitted as members on subscribing the initial capital. The society acquires land, develops it, and arranges for technical services. In Malaya, the full cost of the land and one-fifth of the cost of the house to be constructed by him are to be paid by the member, the remaining four-fifths to be recovered in instalments which carry a certain amount of interest. Even after the amount is discharged in full, the property remains with the society for several more years. This is done in order to avoid speculation.

The General Body is the supreme parliamentary organ. It elects a Committee of Management which is respons-

ible for the day-to-day affairs of the Society and the members of the Committee retire by rotation.

### **Difficulties Experienced**

The entire activity of house construction is a highly technical one which involves problems of a legal, technical and financial character. Adequate administrative machinery, which is well-grounded in technical matters is, therefore, a necessity. The secondary organisations are generally few and far between and the small primaries have, therefore, to fend for themselves. A second difficulty arises out of a serious lack of financial resources. The owned capital of the societies is very small and the sources of borrowings available are mainly the government and semi-government organisations. In some states of India, cooperative housing financing societies have been set up but their contribution has not been significant. The commercial banks are not able to assist, in some cases because of the restrictions placed on them by the Central Bank of the country.

In Malaya, the main sources of finance are from a building society, the Employees' Provident Fund Board, Thrift and Loan Societies, the Cooperative Insurance Society and the Cooperative Central Bank.

Some methods suggested for augmenting the resources of housing societies are: contribution to the share capital by the government, loans from the government and commercial banks, government guaranteed debentures, introduction of mortgage guarantee insurance scheme under which, in return for a suitable fee, private individuals and institutions, who are able to lend money for housing cooperatives, could be

provided with protection against non-repayment.

A third problem relates to the acquisition and development of land. Land is not easily available at reasonable cost and with the high amount of speculation in real estate, the cooperative housing societies find it extremely difficult to obtain a compact plot of land which could be developed for their members.

Fourthly, a problem common both to India and Pakistan is the acute shortage of building materials such as cement. As the supply of building materials falls short of the demand and as several of them are subject to controls, expansion of the activities of the housing societies is severely restricted. Research on the use of alternative building material is, therefore, of great importance.

Finally, a major obstacle is the lack of an agency which could provide continuous technical guidance and offer assistance in streamlining the management structure of the primaries.

**TABLE III**

Showing membership of cooperative societies as percentage of population in the year 1962

Country	Percentage
1. Ceylon .....	6.98
2. India .....	8.39
3. Malaysia .....	2.76
4. Pakistan .....	2.48

## **SOME PROBLEM AREAS**

On the basis of the above survey and at the risk of simplification, the problem areas of Cooperation in the region may now be grouped under the following four heads:

### **1. Lack of technically skilled leaders**

In almost all countries included in this paper, cooperative organisations have to contend with a membership which is apathetic and does not actively take part in the working of the

societies. This puts a severe limitation on the expansion of the Movement. There is also a serious lack of skilled employees able to handle competently the technical tasks involved in running a cooperative organisation. In all countries, facilities for cooperative education exist, but the nature of training is very often formal and does not have the required practical bias. Moreover, the techniques of teaching used are traditional and have no impact in depth. The production of suitable cooperative literature, teaching materials and audio visual aids is, therefore, a matter of great urgency.

### **2. Organisational**

The review of the Movement in the region has shown that the primary units are small. As a result, their technical efficiency is low and their bargaining position weak. They often act as isolated units ignorant of the strength they could lend each other by mutual collaboration. They are thus unable to effect economies of scale, a factor which has been of significance in the development of the advanced movements. Where secondary organisations exist, they are often unable to count upon the sustained loyalty of their primary affiliates.

### **3. Financial**

The Movement, with the possible exception of the urban thrift and loan societies, suffers from the lack of finances. Efforts at building owned funds have been few and far between and, as a consequence, the movements depend to a substantial extent on the support from the Governments.

### **4. External Relations**

The problems under this head fall broadly into two. Firstly, there is the aspect of the cooperative movement developing relations with other socio-economic movements, e.g. trade unions, youth organisations, women's associations, etc., which can lend support to the former. Within the country there is the other aspect of the cooperative movement's being able to obtain its due share in the facilities provided by a number of financial and economic corporations set up in several countries. The Life Insurance Corporation of India, the Industrial Development Corporation in Pakistan, the Agricultural Credit Administration in the Philippines, the Cooperative Wholesale Establishment in Ceylon, the State Bank of Pakistan, the various Government Departments dealing with imports, exports and licensing of quotas, etc. are some of the important agencies which may be mentioned in this connection.

The second part of the problem relates to the problem of the movements in the region developing relations on an international basis,



more particularly with the advanced ones. The urgent need for transfer of cooperative experiences, both on intra-regional and international bases, has come about, luckily, in a period when there is a willing interest on the part of the older, more experienced movements to help the developing countries through a number of existing international organisations.

In short, the supply of literature, of specific information in response to precise needs, exchange of cooperators, help in the creation of industries on a cooperative basis, and measures to expand international inter-cooperative trade are some ways by which the advanced movements could contribute to the growth of the movements in the region of South-East Asia.

## ROLE OF THE INTERNATIONAL COOPERATIVE ALLIANCE

In an attempt to describe briefly the role of the International Cooperative Alliance (ICA), more particularly of its Regional Office and Education Centre for South-East Asia \*, it is necessary to make two preliminary observations. First of all, it is recognised that the role of the ICA in the region could only be supplementary to the efforts made by the National Cooperative Movements who must, naturally, undertake the major responsibility for the growth of the National Movements. The second observation relates to the existence of a number of United Nations agencies which have active assistance programmes in the field of Cooperation. The Alliance, therefore, makes every effort to ensure that the programmes relating to the cooperative movement are, as far as possible, effectively coordinated.

The Regional Office and Education

Centre of the ICA started functioning in New Delhi in November, 1960. This came about as a result of long discussions carried out at the various Congresses of the Alliance dating back to 1948, and also after a study of the cooperative problems in the region had been sponsored by the Alliance in 1955. During the course of the discussions, ways and means were explored to bring the Movements in the developing countries closer to the Alliance and also to seize the global challenge of helping to contribute, through the instrument of Cooperation, to the social and economic development of the under-developed countries.

At the Lausanne Congress of the Alliance in 1960, a long-term Technical Assistance Programme was drawn up which emphasised the aspects of the continuation and completion of the exploration of the developing regions by experts, a programme of intensive research in various aspects of Cooperation, the promotion of education at all levels, collaboration with UN and other agencies and, finally, promotion and expansion of trade between cooperative organisations in developing countries and more advanced ones.

The activities of the Centre can be divided under the following five heads:

- a) Intensification of ICA relations with the movements in the region
- b) Supply of information and technical assistance

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\* Hereinafter referred to as the "Regional Centre" or just the "Centre". It should be added that the two offices functioned separately until August 1963 when they were merged. The funds for the Regional Office are largely a charge on the normal budget of the ICA, London, while the activities of the Education Centre are financed by contributions raised by Swedish cooperators on a voluntary basis. These collections are supplemented by contributions from the Swedish Cooperative Organisations. Funds were collected under a campaign known as "Without Boundaries". At the recently held Congress of the Cooperative League of the USA, a similar idea was mooted. A Fund has also been raised by the West German Cooperative Congress called the "Aid India Fund" for providing technical assistance to cooperatives in India.

- c) Collaboration with international organisations
- d) Education and research, and
- e) Advisory Council

### *Intensification of ICA relations with the Movements*

Contacts with member organisations are extended in the following manner. First, the Centre's officers visit the various movements regularly. Often these visits are made in conjunction with some educational activity that is taking place in a particular country. The opportunity is used to discuss the problems of the movement and the ways in which the Alliance could make itself useful. Information about these visits is, in turn, conveyed to the Headquarters of the Alliance in order to enable it to make its policies more realistic to the needs of the movements. Secondly, the Centre brings to the notice of the movements international facilities which are available to cooperators. An example is the travel grants offered by the UN agencies. Finally, the exchange of cooperators is further facilitated by the award of fellowships by the ICA itself and by helping in drawing up effective programmes for the cooperators visiting the advanced countries. It may be added that help is also sought from the Centre by the Western Cooperative Training Institutions in the selection of participants from the region. The Swedish KF/SL seminar is a case in point.

### *Supply of information and Technical Assistance*

The Centre devotes considerable time to answering queries on various problems facing the cooperators in the region. These may relate to the organisation and activities of the Alliance itself,

consultative service in various fields of cooperative activity, and, finally, the increasing desire of cooperators in the region to know about the possibilities for further training abroad and exchange visits to different countries of the world. Such continuous contacts help to keep the Centre informed about the problems which are exercising the minds of cooperators in the region, enable the Centre to make its programmes and publications relevant to the needs of the movements and, finally, establish the Centre as a service agency over the widest and most diverse audience.

The second major function under this head may be classified as one of securing "Technical Assistance" which, in its broadest sense, includes the supply of expertise, finance and, in fact, any kind of help from one movement to the other. At the ICA Congress held in 1963 at Bournemouth a Resolution was adopted which exhorted the advanced movements to help, in collaboration with their counterparts in the developing countries, in the setting up of processing industries in the cooperative sector.

### *Collaboration with International Organisations*

Within the Parliament of the Alliance, great emphasis has been laid on giving the utmost collaboration to those international organisations, particularly, the UN agencies, which also have programmes in the field of Cooperation. The Regional Centre seeks to render the same support to the regional UN organisations in South-East Asia. Such collaboration takes the form of exchange of programmes, mutual exchange of invitations for participating in various conferences dealing with cooperation

and allied subjects and organising joint educational activities with UN agencies. Thus, a seminar on the "Role of Cooperation in the Emancipation of Women" was held in New Delhi in November-December 1962 by the ICA in collaboration with the UNESCO.

*Education and Research*

The major concentration of the Centre's activities is, however, in the field of cooperative education. The Centre organises four to six regional seminars every year and two national ones. The educational activities are classified under Experts' Conferences, Seminars and Workshops. The Experts' Conferences are attended by people invited by the Centre who have specialised knowledge of the subject around which a conference is organised. Both regional and national seminars are organised in different fields of cooperation and the participants are selected by the national cooperative member organisations of the ICA and the governments concerned. A forum is thus provided for exchange of views between the "official" and "non-official" cooperators on pertinent cooperative issues. A National Seminar is organised specifically at the request of a particular movement and the Alliance contributes by helping to draw up the programme and providing expert



**Top:**

Delegates to the Seminar on Women and Cooperation

**Centre:**

Delegates to the Seminar on Youth and Cooperation, Kuala Lumpur

**Bottom:**

An Employee Training Course in E. Pakistan



lecturers. The third type of educational work is the organisation of Workshops, a term which denotes a more practically-orientated approach to the discussions. These activities which last from 1–2 weeks are circulated in the region and collaboration is sought from competent speakers to handle selected subjects.

In this connection, mention may be made of the Cooperative Ministers' Conference which the Alliance organised on the "Role of Cooperation in Social and Economic Development" in Tokyo in April 1964. To this Conference the Ministers of Cooperation from various countries in the region as also the Presidents and Secretaries of the national voluntary organisations were invited. Selected western cooperators, including the President and the Director of the Alliance, also participated. The Conference discussed some international aspects of the Cooperative Movement, such as "Cooperation in South-East Asia Today – Role and Problems", "International Cooperative Trade", and "International Cooperative Technical Assistance". The Conference recommended the convening of a special meeting to study the problems of cooperative trade in South-East Asia and a conference on this subject is likely to be held in February 1966 in New Delhi.

The Centre also runs a small Research Fellowship Programme under which three selected cooperators from the region of South-East Asia are enabled to spend six to eight months at the ICA offices in New Delhi pursuing a programme of advanced training and research. Lately, an effort has been made to give a more practical slant to the studies of the research fellows.

The Centre also has a programme of research under which selected issues are studied on a regional or national basis.

As a consequence of the Seminar organised in collaboration with UNESCO and referred to earlier, the Centre had the region of South-East Asia surveyed in order to make concrete suggestions for bringing about closer relationship between the cooperative and women's organisations. A study reviewing the progress of research in cooperation in India was completed last year. A regional survey of cooperative marketing in South-East Asia is under way and is expected to be ready by the end of 1965. Finally, an attempt is now being made to bring together the cooperative Legislations in the various countries of the region and to highlight some specific aspects of cooperative laws which facilitate or obstruct the growth of the movements.

#### *Production of Literature*

In view of the shortage of literature in the field of cooperation, the Centre has an active programme of production of literature. Most of such literature arises out of the deliberations of the conferences and seminars which the Centre holds from time to time. For instance, out of the first Seminar held in 1960, a book on "*Cooperative Leadership in South-East Asia*" has been produced. A new series of brochures relating to various cooperative problems is now under way and the first brochure entitled "*Economics of a Consumer Cooperative*" is already out. The second brochure dealing with "*Cooperation and Small Scale Industries*" is expected to be ready in a few months' time. An *Annotated Bibliography of Cooperative Literature Produced by the Cooperative Movements* is now regularly issued on a six-monthly basis. *A Cooperative Press Directory for South-East Asia* and a *Trade Directory* listing the names of

interested cooperative organisations with brief specifications of the commodities have already been in circulation. Work is also progressing on three more publications, namely, "*Readings in Cooperative Education*", "*Cooperative Credit and Some Aspects of Marketing*", and "*Readings in Consumers' Cooperation*". It should be mentioned that the Centre has now accumulated a vast amount of material which is distributed mostly free of charge to about 600 individuals and cooperative institutions all over the region.

#### *Experimental Project in Study Circles*

The need for evolving effective member-education techniques which could be used with advantage in the region has led the Centre to conduct an experiment in study circles. The results, based on the practical work done with some study circles in consumer coop-

erative societies in India, have now been distributed to the various cooperative movements.

#### *Advisory Council*

The entire programming of the Centre's work is done with the help of an Advisory Council which consists of eminent cooperators from all the member countries in the region. This Council has also the task of reviewing the work done during the preceding year. The Alliance attaches the greatest importance to the deliberations of the Advisory Council. It can be said without exaggeration that in that Council a forum has been created in South-East Asia on which problems of cooperation are discussed regularly every year thus helping to make the work of the Regional Centre increasingly orientated to the needs of the movement in the region.

## COMMENTARY

### **Sixty Years GöC**

AS soon as the Austrian cooperators succeeded in forming their own cooperative union, *Zentralverband österreichischer Konsumgenossenschaften*, in 1904, the formation of a wholesale organisation was their next desired object, so in 1905 GöC (*Grosseinkaufsgesellschaft oesterreichischer Konsumgenossenschaften*) was founded.

Austria at that time had a large empire, and the scope for cooperative wholesale activities was indeed wide. During World War I GöC played a magnificent part in stabilising food prices and organising supplies for the working population of Austria, but with the loss of empire some of its activities and production centres were lost as well. However, the organisation managed to concentrate its efforts with success in the much smaller Austrian State after World War I.

The crises in the 20's and 30's and the years of unemployment that followed made GöC a most valuable instrument for Austrian cooperators. Not all went smoothly, however, and one consumer cooperative after another needed help. GöC had to give a helping hand by taking over societies which were unable to stand on their own feet. Even such a well-run organisation could hardly have stood the strain on its resources had not the Workers' Bank stood at its side since 1922. From 1933 on, great efforts were made by GöC to start production on its own. In that year Andreas Korp of Graz was called to its Board of Directors, charged with the re-organisation of GöC stores and the task of strengthening the production capacity of the organisation. Unfortunately, politics again intervened and Austria was annexed by Germany in 1938, resulting in the GöC having to face a take-over. After World War II, an entirely fresh start had to be made and a committee, consisting of Erich Beck, Andreas Korp, Dr. Ludwig Strobl and Dr. Andreas Vukovich, was formed with the aim of re-organising the wholesale work.

Favoured, for once, by a law which made it possible for some of the moneys confiscated by the Nazis to be made available to its former rightful owners, the consumer movement acquired some capital and devoted all its energy to creating anew its wholesale organisation.

Today GöC is the largest wholesale undertaking in Austria and, as in the past, the most important financial support of its consumer cooperators. As a result of the reorganisation, the members of Austria's consumer cooperatives are benefitting from new and improved services.

In the words of Dr. Carl Schumacher, who represented the ICA at the celebration of the 60th Anniversary of the GöC: "In the name of all cooperators in the world, we wish GöC success in the future and thank them for their work".

### **Not by Revolution but by Cooperation**

In a recent article by Thomas B. Keehn, he reported from a visit to Malaysia on new developments among the rubber plantation workers there. The story takes us to the Indians settled there. Mr. Keehn reports that a number of rubber plantations have come up for sale in recent years, mainly because their former British owners were leaving the country. Many of these estates were acquired by the Chinese in the area, but through cooperation the rubber workers themselves have a National Land Finance Cooperative Society with a membership

of 37,000. Each of the workers paid 100 Malaysian Dollars as a share for membership, and with this capital the cooperative has been able to borrow more cash and has now bought six rubber plantations. In this way, the Indian workers now own six plantations and in addition to other benefits, protect their jobs. Out of their earnings they have set up a life insurance programme for themselves and an educational scholarship scheme for their children.

The workers are considering turning part of one of the recently acquired cooperative plantations into an experimental station in order to try out the possibility of growing various other crops in case rubber exports should fail because of extensive competition from the use of machine-made rubber.

### ***The Birth of the First Cooperative Union in Wadi Hadhramout***

The Wadi Hadhramout farmers had a memorable celebration on the 8th July, 1965, when hundreds of prominent people from the region assembled to witness the inauguration of the first Cooperative Union, and the Kathiri Sultan laid the foundation stone of the date sheds at Hosn El-Hawareth in Saiun. Under the umbrella of this Cooperative Union for farmers, cooperative societies in Qatn, Madoodah, Bor and Tarbuh joined together to pool ways and means of marketing their produce, starting with fresh dates.

These cooperative societies have a total membership of 192, a total share capital of S.A. £ 4,367, statutory reserves (25%) of S.A. £ 888, and an annual turnover of S.A. £ 7,685. It is hoped that other farmers' cooperative societies will join this Union, thus strengthening the efforts to work together for the general interest of all farmers.

The Cooperative and Marketing Department is building the date sheds with funds from the Colonial Development and Welfare Funds. The sheds consist of four rooms for reception, fumigation, grading, packing and storage of the dates. The Kathiri State has very kindly granted a big plot of land at Hosn El-Hawareth, on which the date sheds are now being erected.

Several speakers welcomed the newly-born Cooperative Union, the first of its kind in South Arabia, of which much is expected. The celebration coincided with International Cooperative Day, which is celebrated by many countries all over the world.

## **Planning for the motorised consumer in 1970**

A very shrewd view of the future was taken in the July edition of *Im Blickfeld der K.G.*, showing clearly the concern of the Cooperative Movement for future trade.

It seems that optimists reckon, that by 1970, at least in Europe, every third consumer will be motorised and this will bring to the sales side a heap of new problems; in particular the question arises: "How would a consumer shop have to look at that time?" The most obvious point was that it should be accessible to traffic. The site must also include a large piece of ground outside the actual shop to provide parking space, in the proportion of one space to roughly four buyers. The actual shop area must be large enough to suit the capacity of the motorised consumer, since far more goods can be purchased and stored away in the boot of a car than in a shopping bag.

The most important point is, however, to think ahead of ways and means to enable the consumer to shop easily and park comfortably without being inconvenienced by the prevailing weather. Here again, parking places in tunnels under the shop area would be easy to construct but expensive, so covered roads from shop to car park would be a better idea.

It would also be necessary for such a large shop to have a parcels office where purchases could be packed and transferred as soon as possible to the customer in the car park. Shopping trolleys of the future would certainly have detachable baskets, which could be placed in the customer's car. The basket would carry the name of the customer and the shop which would be additional propaganda for the shop. Naturally, the customer would be asked to make a deposit on these baskets.

However, it must not be forgotten that the consumer of 1970 will be far more mobile than the consumer of today. This means that far more advertising will have to be spent on him, since he will be able much more than his contemporary to change from one shop to another. What is obviously needed is to offer the customer of the 70's a full range of all goods which will include special offers.

Customers should be able to pay and pass quickly through the check-out. Service to the customer and above all attractive prices will be more important than ever before.

J. H. O.





Conference of the Women's Guild in N.E. Japan

## THE ROLE OF WOMEN IN THE JAPANESE COOPERATIVE MOVEMENT

by Hebe Spaul

THE Japanese Cooperative Movement plays a large and effective part in the economic life of the country and women have an outstanding rôle in all cooperative organisations.

A leader of the agricultural movement, in answer to my question as to the percentage of farmers who were members of societies of one kind or another, replied that they had tried to find one who did *not* belong but had not succeeded so it was safe to assume it was 100 per cent. Most fishermen belong to cooperatives. The consumer movement is not so strong but can boast some quite healthy and interesting developments.

It was against the background of these facts that, during a visit to Tokyo, I sought to learn something of the part which women play in the movement.

My first visit was to the Central Union of Agricultural Cooperatives in their palatial new building opened at the beginning of 1965. Although women play an increasingly important part in farming and in the agricultural movement, very few are actually members of primary societies. This is explained by the fact that it is the head of the family who is the member, even if his wife and other adult members of the family are also farmers.

## Special Women's Cooperatives

In order therefore to reflect their special point of view, the women have built up powerful organisations of their own within the movement. This is known as the National Women's Association of Agricultural Cooperatives. There are 9,000 primary societies, with an average of seven hundred members, and nearly all have women's Associations. They hold their own yearly national congress, lasting two or three days and attended by over a thousand delegates. In addition conferences lasting one or two days, are held in each of the forty-six Prefectures prior to the Congress. The number of Women's Associations is 7,430 with a total membership of over three millions. It is one of the biggest women's organisations in Japan.

The association at village, or primary level, carries out activities aimed at improving the standard of living in the home, of improving farm management and at promoting hygiene and health. One of the departments in the national headquarters is known as the Home Life Improvement Department. It organises training courses for women leaders from primary societies. These will include such matters as how to improve cooking and other household matters; financial management or home budgeting; health; family planning; baby care; use of leisure and — very important! — wife and mother-in-law problems. The leaders will arrange small study groups to promote these objects and will hold training courses and seminars at district or prefectorial level. A system of personal savings is promoted, each member having a savings account. Cooperative insurance is also encouraged amongst the members.

But a unique method that is employed by the Association and indeed by the women's organisations connected with all cooperative organisations is the promotion of family budgeting. This appears to have proved an effective way of preventing the farmer from getting into the clutches of the moneylender. As one leading cooperator commented to me, the farmer's income is necessarily erratic and the tendency is for the family to spend it as it comes in without proper provision for the leaner periods. This means that the family buys on credit only to find that there is not sufficient money to pay the bills. Family budgeting can help the housewife to spread the income evenly. In the task of educating village women in this principle the Association relies largely on help provided by the "*Ie-No-Hikari*" ("Light of the Home") the cooperative publishing association. The magazine issues each year, free of charge to its readers, an easily understood but detailed account book of over 160 pages.

## Health and medical Services

Amongst the activities carried on by some of the women's groups are the running of kindergartens and nursery schools for the children of members who are engaged in farm work during the day. It should perhaps be explained that a large proportion of hospitals and clinics throughout the country, more particularly in rural areas, are run by cooperatives with Government aid, and as part of the health insurance services. Women's groups are active in helping in this work. There are still a number of villages where there are no medical facilities and in most they are a recent innovation. The consequence is that to send for the doctor tends to be a last resource. The Women's Association is

active in promoting health education in matters such as this.

### Turning to Mechanisation

In certain areas where Japanese industry has been expanding rapidly employers have had difficulty in attracting labour. Some of them have, therefore, recently built their factories in rural areas so as to attract farmers as either a temporary or permanent labour force. This has meant that in such areas the farm work is devolving more and more upon women. In many such cases the entire work is done by them with the aid of the children. An interesting development has arisen where this happens. Women are turning to mechanisation as a means of carrying on the dual task of running the farm and a home. In consequence of this the co-operatives have had to organise special courses for women in tractor driving and maintenance. Thus women are playing a special rôle in the introduction of modern farming methods.

On the cultural level one of the most impressive achievements of the Association has been to produce a film depicting the life of a rural woman. The members themselves took part in the making of the film, the cost of which was met by the levy of ten *yen*, or a few pence, per member. The film was widely



Top:

Japanese Cooperators demonstrate against rising prices

Centre:

Members of Aga Unit

Bottom:

Japanese Cooperative Supermarket



shown and hailed by the public as a masterpiece.

### **Fishing Cooperatives**

Turning from the agricultural cooperative to those concerned with fishing, it is to be noted that there are about 670,000 fishermen in Japan who, together with their families, represent about three million persons. As with the agricultural cooperatives, the women have their own group organisations. Some of these women are themselves fishers; others are engaged in shore work, whilst others again are concerned with the running of nurseries for the children of those so engaged. Great emphasis is put on family budgeting. The Federation of Fishing Cooperatives, however, issue their own account book to members as, owing to the special needs of those engaged in fishing, the ones issued by *Ie-No-Hikari* are not considered suitable. It is pointed out by the National Federation that fishing villages in Japan are culturally and socially backward, but that since the granting of the franchise to women in 1946 there has been an awakening amongst them similar to that of women in more advanced communities in the country. There are over a thousand women's groups in the fishing villages with a membership of about 258,000. Emphasis is placed on savings by the leaders of these groups. By 1963 the savings of members of women's groups had reached Y 2,408 millions which is about Y 9,000 per member.

It should perhaps be explained that the leaders of women's groups receive special training which is provided jointly by the Federation and the Ministry of Agriculture and Fisheries. The candidates for such training must all have a university degree.

### **Consumers' Cooperatives**

In the Consumer Cooperatives women work primarily through Family Associations, though they are often themselves shareholders in their society. There are a thousand societies affiliated to the Consumers' Cooperative Union and of these two hundred have Family Associations. Like the other two national cooperative organisations already mentioned, the Consumers' Family Association stress simple book-keeping. They have, however, a system connected with this by which they are able to bring pressure to bear upon the government when occasion demands. Of the members who agree to keep strict accounts of spending, five hundred, scattered all over the country are selected to act as correspondents. The participants are chosen from families whose income is about Y 30,000 to Y 40,000 a month. These women agree to purchase, once a month, food for a typical family meal. The ingredients and quantity are always exactly the same. This means that a reliable check is kept on price charges all over the country, each correspondent sending in an exact account of the cost of the sample meal. The Union finds these records of considerable help in negotiations with the Government. In every branch store there are management advisory committees, most of the members of which are nominated from active women members of the Family Association. They scrutinise all the items which the society handles.

In 1957 the National Women's Guild was formed and took over work formerly done by a woman's department of the Consumers' Cooperative Unions. There are about a hundred Guilds with a total membership of 120,000. The National Guild holds a Congress once a year. One

of the activities of the Guilds is to carry out commodity tests, usually in the form of answers to questionnaires. The answers are collated and sent to the Wholesale Federation and this helps the Federation in its purchases.

Another activity carried out by the Guilds is known as price checking. Each group selects two persons as price checkers for the district. On the 15th of each month they check the price of commodities and report to the National Women's Committee.

### **"Ie-No-Hikari"**

More than one reference has been made to "Ie-No-Hikari" and because of the unique services rendered by this cooperative organisation amongst village women, one needs to understand something of its functions. The name, meaning *Light of the Home*, is applied not only to the magazine but to the Publishing Association as well. Like most national cooperative organisations in Japan it occupies a fine modern seven-storey building in Tokyo. The fine glossy colour magazine has achieved the largest circulation of any periodical in Japan exclusively on a subscription basis. It cannot be purchased on book-stalls. The magazine not only provides information about the cooperative movement and advice to farmers and their wives, but has features of a general character as well. What is more the magazine does more than publish articles to help the housewife and other members of the family. It employs trained specialists to tour the countryside and instruct the readers in the best ways to implement the suggestions. It has, for instance, a travelling kitchen car by means of which cookery experts can demonstrate economical and nourishing

meals. Similarly, dance and gymnastic instructors travel around giving demonstrations and holding classes.

Competitions of various kinds are very popular with the readers, prizes being presented to successful competitors at a nation-wide congress of about three thousand readers held every year. Often the competitions take the form of either essays or speeches on some such subject as "How we used the articles in the magazine". A nation-wide song competition is another popular annual event.

In addition to the main magazine, the Association publishes two other periodicals. One of these is for young farm leaders and village youths. The other, only started in 1964 is for children. The Association also publishes a number of books, most of them dealing either with the cooperative movement or with agriculture. The special account books have already been mentioned.

### **Housewives' Association**

Although it is not a cooperative organisation, reference should perhaps be made to the Housewives' Association as the women's organisations within the cooperative movement have taken an active part in its promotion. This is particularly true of the consumer organisation. The Association has carried out vigorous campaigns against shoddy goods and rising prices. It has its own laboratory for testing the quality of goods and has been instrumental in checking rising prices and in persuading the government to introduce the JAS standard (Japan Agricultural Standard) which at the present moment is being extended to cover goods other than agricultural ones. When I was in Tokyo I looked in upon a delegate meeting of the Association which was

having a talk and demonstration regarding dangerous hair dryers and sprays.

Only organisations that are exclusively the concern of women have so far been mentioned. It should, however, be borne in mind that, of necessity, many activities carried on by primary societies of one kind or another are specially directed towards meeting the needs of the women of the family. For instance, some consumer societies provide employment for widows and the poorer housewives through a system of home-helps on whom other members can call in case of sickness or other emergency. The society fixes the rate of charges. Some agricultural societies operate beauty shops for women and many more organise nursery schools and kindergartens for the benefit of farm women.

The cooperative medical services to which reference has been made are a very important activity of the agricultural, consumer and fishery cooperatives. Hospitals in Japan are of three types — municipal, private and cooperative, of which the greater number are cooperative. The value of these services can better be understood if one realises that under the Japanese National Health Insurance Scheme only about 70 per cent of the cost of sickness is paid by the insurance. A medical cooperative can obtain this 70 per cent and members of a medical cooperative can cover themselves completely for the remainder of the costs. Moreover the cooperative provides services not available under the State scheme. I visited one such medical society in Tokyo which ran a very small hospital and clinic. The membership was 1,300, each member holding on average shares to the value of Y 1,500 (30/-). Most of the in-patients appeared to be maternity cases.

I visited a rural district cooperative in the mountains about fifty miles from Tokyo, known as the Tsukui-Gun Unit Agricultural Cooperative. Some of the members were engaged in dairy farming and the society had its own milk pasteurisation plant. Others were engaged in sericulture for which the Unit provides cocoons and cultivates mulberry bushes. A Women's Association, with a total membership of 2,303, has eleven branches. The members pay monthly into a credit savings account on which they can draw in an emergency. The Association notifies the society of the consumer needs of its members. By buying in bulk the members are able to buy at a cheaper rate, and are also able to keep a check on prices charged by local private firms. The Association organises seasonal nurseries for members' children for about two weeks each summer.

#### **A Telephone for members**

At this centre I was also able to see in operation the loudspeaker wire system which many cooperatives organise for the benefit of their members. Very few farms have direct national telephonic connection and the local wire system enables them to keep in touch with their fellow-members and to be notified immediately by the society in case of emergency such as fire; or indeed to be summoned to a members' meeting. Some entertainment is also provided through the wire system which gives scope to local talent, including members of the Women's Association.

I came away from Japan with the impression of a strong and vigorous cooperative movement, in which, in spite of the fact that relatively few women are actual shareholders, they are playing an increasingly important and leading part.

# COOPERATIVE ADVERTISING

by Leonora Stettner

IT is often suggested that cooperative advertisers are confronted with a fundamental dilemma arising from the dual rôle of cooperatives as organisations both for protecting consumers and for trading with members. The implication is that there is an inherent conflict between the need to sell and the need to serve the interests of cooperative consumers.

What follows is an attempt to unravel this "dilemma" by examining one after another the separate strands involved.

## Cooperators must advertise

Cooperators do not deny the need for advertising. True, consumer-minded as they are, cooperators are prone to point to abuses of advertising and its effect in misleading and confusing the consumer and adding to the cost of his purchases. But cooperators are also traders, and like their competitors, they must sell. To serve consumers they must be efficient, and in the modern setting this means volume and rationalisation; turnover must be on a scale which permits minimum costs. Member loyalty cannot be relied on for this purpose, partly because it is imperfect, partly because there are never enough members.

Thus cooperative traders must seek out the consumer, attract him, persuade him, and "sell" him on the advantages of cooperative products, cooperative stores, and the cooperative idea. In short, cooperators must advertise.

## Cooperative Advertising should be Different

There is a tendency among some cooperators to fear that any deviation from accepted private commercial practices will mean loss of trade. This is indeed a curious inversion, particularly with respect to advertising.

Logic would indicate that exactly the opposite is true. For the advertiser there is no asset like novelty; it is the aspiration of every copy man to think of something "different".

Consumer cooperatives are very different from all other forms of market distribution, and the basis of this difference is that they are *consumer oriented* in a way that is not possible for private business. They are non-profit organisations organised and owned by consumers for the purpose of serving themselves, and of making their own decisions about the kinds of products and services they want to buy, and of making their money go farther by realising as patronage savings what would otherwise be the profits of ordinary stores. They have an inherent *price* advantage over private traders in that any margin realised over costs is returned to consumers (either as dividend or lower selling price); none of it is distributed as profits to shareholders. Moreover, the potentialities for reducing costs through rationalisation and large-scale operations are, because of the

sheer size of their combined operations, equal to or greater than those of any of their competitors. No private organisation has the same incentive or responsibility, or comparable resources, for guaranteeing *quality* through scientific testing of its own products and careful selection and testing of other products sold in their shops. And cooperatives have a mandate, as well as the facilities, to provide all kinds of *services* demanded by consumers, many of which are not available for private traders. These include not only credit and delivery and consumer complaint services, but also friendliness, personal attention and various forms of consumer information — via the cooperative press, exhibits, demonstrations, labelling, special courses and lectures, and special shopping services.

There could be no greater folly than to attempt to obscure these differences, or apologise for them on grounds that they do not conform to prevailing private practice. Precisely because they are differences, and also because they are differences geared to the welfare of consumers, they constitute major commercial assets which ought to be widely publicised. Like all traders, cooperators must engage in special pleading, in persuasion, in reiteration of their particular advantages. These differences from private traders can provide them with copy for this purpose that cannot be matched by any of their competitors — if only they would make use of it!

### **Emphasis on the Cooperative Image**

Fully to exploit the advantage just noted, cooperative advertising should concentrate on the ways in which cooperative shops are distinctive from ordinary stores. In part this can be done by

“ideological”, or as the Swedes call it “institutional”, advertising aimed at establishing the cooperative “image”. In the broadest sense much of the publicity issued by cooperatives is image-building — for example, the entire cooperative press, cooperative exhibits, films, lectures, TV and radio programmes, and even cooperative education courses. In the narrower sense of advertising proper, an interesting example is the intensive nationwide campaign undertaken by the German cooperative movement to project the *Konsum* as an institution. This has been done through advertising campaigns on the national level using standard advertising elements: for example, a cooperative slogan (“*Kluge Kunden Kaufen Konsum*”, or “Clever Consumers Buy Cooperative”), four distinctive and attractive cartoon characters representing cooperative customers, and standardised layout for advertising copy. Another good example is the *Come Cooperative Shopping* campaign of the British CWS.

Even for advertising relating to individual products or to particular stores, standardised image-building concepts can be combined with more specific details; for example, in ZdK (Central Union of German Consumers’ Cooperatives) advertisements at least two of the standardised characters, the KKKK slogan and the standardised layout are components of the more specific advertisements of cooperative products. Or local societies can issue standardised advertising brochures, prepared by the national organisation, with space left for additional pages of local advertising.

In practice “image-building” advertising is usually the function of the cooperative union with assistance from the wholesale, whereas wholesales and/or retail societies have primary responsi-



bility for financing and administering advertising of individual products.

### **Cooperative Advertising should be Informative**

There are some, even within the cooperative movement, who are sceptical as to whether informative advertising can be effective advertising. For one thing, it is assumed that straightforward, factual advertising must necessarily be dull and unattractive — forgetting that it is specific information in which the consumer is most interested. Surely there is no inherent reason why the actual facts cannot be presented as vividly and artistically as half-truths and innuendo. Moreover, what the cooperative advertiser can offer in terms of services, price advantage and quality guarantees — to say nothing of ideological appeal and pride of ownership — ought to provide copy which is more enticing and convincing than appeals based on imagination.

To those who argue that it is fallacious to treat the consumer as rational, the answer is that the cooperative movement has faith in the rationality of its members, and one of its major objectives is to make it possible, through informative labelling and advertising as well as consumer education and information of all kinds, for consumers to exercise rational choice.

### **Cooperative Advertising must be Honest and Moral**

It is obvious that cooperative advertising must adhere to the highest standards of ethics and integrity. Consumer welfare is the *raison d'être* of consumer cooperatives; hence they have the same kind of obligation to serve their members as public utilities have to serve the public interest. If cooperatives fail in

this respect, they lose their justification.

This implies, as a minimum, that cooperative advertising must be clearly and accurately worded; must eschew exaggerated and misleading claims; must avoid harmful physical, emotional and moral effects insofar as these can be foreseen; must not be offensive; and must be backed by willingness to accept full responsibility for claims and descriptions relating to quality and performance and to satisfy any justified complaints resulting therefrom.

As a general principle this obligation is universally accepted throughout the movement. It is inconceivable that any cooperator would quarrel with any part of the above formulation — as a statement of good intent.

### **A Code of Ethics?**

Sometimes, however, it is suggested that this obligation should be codified, i.e. should be formalised into a code of ethics for cooperative advertisers, either on a voluntary basis or with some degree of compulsion. At this point a number of specific objections are usually forthcoming. Several reasons, not all of them mutually consistent, are put forward as to why it would not be practicable for cooperators to set up an advertising code and proclaim their adherence to it.

a) Some argue that this is unnecessary, since cooperators almost by definition are well aware of their obligations to members. On this, two comments. In the first place, if such high standards *are* universal throughout the cooperative movement, there is nothing to be risked and much to be gained by proclaiming this fact to the world through wide publicity on a specific formal code of ethics with which cooperative advertisers willingly and na-

turally comply. Secondly, however, it seems fair to ask whether it is really wise to entrust the reputation of the movement to this implicit faith in the high ethical standards of each and every cooperative advertiser. It may be necessary for cooperative organisations to seek to apply sanctions against the minority who refuse to fall in line.

b) Another objection to an explicit advertising code is the alleged danger of exposing cooperators to the charge of "hypocrisy". It is said, correctly, that for cooperators it is particularly important to practise what they preach; and presumably, therefore, not to preach what they do not practise. Since advertising must reflect the actual commercial practices of the advertiser, it is argued that cooperative advertisers must avoid being tied to any code of ethics which might promise more than they can deliver. Again, it is fair to ask just what is implied in this reluctance. Surely it is neither pious nor impractical to suggest that cooperative commercial *practices* should conform to the same strict code of ethics and integrity as proposed above for cooperative advertising? Any inference to the contrary would again cast doubt on the very justification for the cooperative approach to marketing.

c) "Yes, *but . . .*" is the usual rejoinder. "The purpose of a cooperative is to sell, and if the cooperative advertiser adheres to standards stricter than those of his competitors, he will lose trade to them".

### **Honesty is good business**

At first glance this argument sounds pragmatic, level-headed and convincing, but is it sound? Why should high standards mean loss of trade? The purpose

of a cooperative is to serve its members, and this it can only do by consistently selling them goods and services that meet their needs. Surely no kind of merchant can derive any long-run advantage from deceptive or misleading claims. No trader, cooperative or private, will succeed in holding patronage with dishonest or unreliable advertising. Disillusioned customers are lost customers; honesty is not only ethical, it is good business.

d) Some observers, who fully agree that cooperative advertising *ought* to be honest, ethical and in good taste and *ought* to avoid questionable emotional appeals or irrational motivation, point out that these qualities are not inherently capable of being measured for purposes of an advertising code; others suggest that advertising can only reflect prevailing public standards of morality, taste and rationality, and that attempts to improve these standards lie outside the competence of advertisers.

Both comments are valid — but only up to a point. Difficult as it may be to define and codify standards for advertising, the attempt must be made in the confident knowledge that the mere setting of general objectives will accomplish something in the way of deterring unscrupulous traders and at the same time will underline cooperative ideals. Moreover in some cases where it is not possible to write precise definitions into the code, the same purpose can be roughly served by instituting a representative committee within the movement, reflecting the average conception of sound ethics and good taste, efforts to improve them must be made on a much broader and deeper front; and it is clear that cooperators should put all of their considerable weight behind such efforts.

A related point is that cooperatives should of course lend their full support to legislative enactment and enforcement of advertising standards. In this connection it is worth noting that cooperative endorsement of such legislation will carry much more conviction, and therefore weight, if movements can point to the fact that they are themselves operating and adhering to effective advertising codes.

e) The final objection relates to the difficulty of enforcing advertising codes. This problem is clearly more acute in movements like the British where retail societies exercise considerable autonomy over advertising policy; on the other hand, where there is a good deal of centralised control over advertising policy as in the ZdK (Germany), KF (Cooperative Union, Sweden) and KK (Cooperative Union, Finland), the "vetting" of advertising copy for conformance to minimum standards is almost automatic.

But even where advertising policy is not centralised, the dimensions of the enforcement problem can be exaggerated; it ought to be less, not more, difficult for cooperative movements to set up an effective supervisory committee than it is for private firms which have, after all, made many more or less successful attempts in various countries in recent years in the direction of operating voluntary advertising codes.

### **Cooperative Advertising should be coordinated**

It follows from what has been said above that effective cooperative advertising requires coordination. To project successfully a convincing image of the cooperative concept as reflected in the various activities of the movement, ad-

vertising must be planned and to some extent centrally directed. This is necessary: to ensure that advertising, even at local levels and for individual products, includes standard elements associated with the broader cooperative movement; to bring about some degree of uniformity on pricing policy as between retail societies in order that advertising may feature prices; to encourage development of one or more cooperative brands, grade labelling and uniform application of testing procedures as a basis for advertising that highlights quality, service and consumer information. Coordination also facilitates the financing of advertising on a broad nationwide scale.

It is encouraging to note that there appears to be a definite trend in national movements towards greater centralisation and more effective coordination of cooperative advertising.

### **Conclusion**

It appears that the "dilemma" for cooperative advertisers resulting from the "dual role" of consumer cooperatives is based on a misconception. The fallacy is in assuming that there is a fundamental conflict between the need to sell and the need to serve the interests of consumers. Actually consumer interests will best be served by maximising turnover, i.e. by selling the maximum of goods demanded by members at minimum costs, with the results reflected in bigger dividend or lower selling prices. One of the most important prerequisites for this is effective advertising which highlights the ways in which cooperatives differ from private enterprises. To be effective, cooperative advertising must project the cooperative image, must conform to high standards of ethics and integrity, must be informative and must be more or less centrally coordinated.

## BOOK REVIEW

### **Control and Development in a Society**

3. T. PARRY, *Cooperative Union Ltd.*, 2/6d.

The latest paper published by the British Cooperative College is entitled *Control and Development in a Society*. It is the work of Mr. B. T. Parry, chief executive officer, Blackburn Society, which has over 36,000 members, nearly 700 employees and an annual trade of just under £ 3 million.

The chief officer of a British consumer society is in a unique position. He is the servant of a popularly (though minority) elected lay board. He may have among his directors two or more employees whom he commands by day, but who are entitled to direct him for a few hours on one evening at the weekly board meeting. Yet British societies would never concede director status to their chief officers. It is rather like playing on the wing and at centre forward in the same football team at the same time. A century ago it would have provided the English opera writers, Gilbert and Sullivan, with their best ever material. The miracle is that it works at all. The reason it does can be found in the British character with its built-in sense of fair play. It also helps when the chief officer is a man who believes that the bludgeon is mightier than the pen or the sword.

Mr. Parry's society has not grown so large that he cannot personally oversee most of its operations. Though he lists (and uses) statistical and delegative forms of control, it is the physical type which emerges as the strongest. There is no substitute for look-see.

Statistical control concerns the awesome trinity of stock levels, wage costs and gross surplus rates. These are controlled on a weekly, monthly or half-yearly basis as the case may be.

Physical control consists of fault and fact finding visitation by the chief officer on a daily basis. One senses here the all-seeing eye of the sergeant-major, quick to complain but ready on occasion to concede approval. Liaison with departmental managers is equally important for, in the physical scheme of control, the chief officer must be in close touch with them. Mr. Parry leaves no room for doubt that he expects results and it is the job of departmental managers to produce them.

Control by delegation is, by contrast, a placid affair. An army cannot be attacking all the time, and Mr. Parry must occasionally allow for re-grouping.

It is a pity that the section dealing with development policy should appear at the same time as a Cooperative Union trade advisory bulletin on the same subject. This bulletin, one of an admirable series, which records how far the Cooperative Union has moved from its pre-Independent Commission days of non-alignment, will be a standard reference sheet for Mr. Parry and others of equal discernment who wish to avoid building now and paying the penalty later.

Mr. Parry is, alas, one of a dying race. Upon their efforts much of the success of consumer cooperation has been built. The future must rest in other hands because British societies have not recruited material of Mr. Parry's type for 25 years. The growth of societies has also produced units too large for personal oversight. Only the system of lay control remains unchanged and unrelated to present needs. A hundred chief officers of Mr. Parry's calibre would transform the British Cooperative scene. The tragedy is that they are nowhere to be found.

J. G.

### **CO-OPERATIVE STATISTICS - 1964**

Detailed statistics of all British co-operative societies, showing membership, capital and other liabilities, stock-in-trade and other assets; number of employees, their salaries and wages; sales; average rate of dividend, and other particulars.

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