

REGIONAL SEMINAR ON

HOW TO IMPROVE EFFECTIVENESS OF NATIONAL COOPERATIVE ORGANISATIONS

REPORT AND PAPERS



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INTERNATIONAL COOPERATIVE ALLIANCE

How to Improve the Effectiveness of National Cooperative Organisations

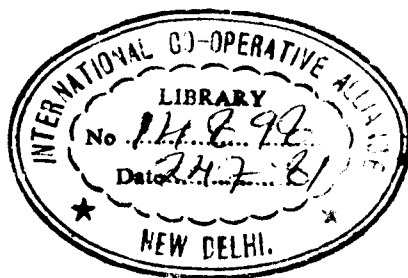
Regional Seminar on

How to Improve the Effectiveness of National Cooperative Organisations

Report and Papers

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INTERNATIONAL COOPERATIVE ALLIANCE

Regional Office & Education Centre for South-East Asia

Bonow House, 43 Friends Colony,

New Delhi 110 065.

INTERNATIONAL COOPERATIVE ALLIANCE

Headquarters :

11 Upper Grosvenor Street

London W1X 9PA. (England.)

Regional Office & Education Centre for South-East Asia

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I

Introduction

Introduction

The major question before us was, is the cooperative movement in a given country strong enough in every sense to initiate action, to promote, to organise and to support the growth of cooperatives which were being needed in many sectors of the developing economies. Every country in the region had a multiplicity of cooperative societies, servicing various economic needs within the community—but they were most often, loosely knit, both horizontally and vertically, the looseness of the structure itself most often being responsible for their weak performance. Federal structures on the business side did not provide that cohesive strength which would have improved their levels of performance and their competitive strength. What was a matter of grave concern was that the National Cooperative Organisation (N.C.O.) which was to be the spokesman of the movement itself often lacked adequate support and resources, both in terms of funds and personnel. As a result it could but play only a secondary role, often dependent on the roles assigned to it by the government department concerned with cooperative development. It was felt that if the cooperatives were to emerge as a movement and play the role it was expected to play in the economic, political and social reconstruction of the region, the effectiveness of the movement would be strengthened and the role of the N.C.O. would be improved.

It was with a view to developing suitable strategies to improve the effectiveness of the NCO that a regional seminar was conceived of and conducted. At the initial stages we did encounter some difficulties in trying to define the term National Cooperative Organisation to suit the situation in each country—this was found to be difficult as the practices varied and the basis of organisation differed from country to country. By and large the term National Cooperative Organisation would refer to the ideological apex organisation in the country—eg. the National Cooperative Union of India or the Cooperative League of

Thailand. But it would also include business federations at national level now engaged in the task of assisting the members in their education and other programmes besides providing support on the business side—such as the National Agricultural Cooperative Federation or the National Federation of Fisheries Cooperatives of the Republic of Korea.

In structuring the seminar we thought that it would be useful to share the experience of the NCOO in the developed movements both within the region and outside. We sought the assistance of the British Cooperative Union and of the Cooperative League of the U.S.A. to provide us background material in respect of their experience and we were indeed very fortunate in having Mr. Richard Bluer of the British Cooperative Union and Dr. Allie Felder of CLUSA as resource persons for the seminar—we are indeed extremely thankful to these two movements for making available the experience at their own cost. We also had the benefit of very informative papers in respect of the more developed movements within the region itself and the Central Union of Agricultural Cooperatives of Japan (CUAC) came to our support with their making available the services of Mr. Shiro Futagami at their own cost. We also had the benefit of papers from the NACF, Korea, presented by Prof. Hawn Kyou Lee and of the Indian Cooperative movement with a paper presented by Dr. R.C. Dwivedi, the Chief Executive of NCUI. Mr. P.E. Weeraman, the former Regional Director of the ICA for South-East Asia presented an overview of the situation in S.E. Asia and raised basic issues which eventually provided the base for in-depth discussions which followed. We are indeed deeply grateful to the movements concerned and the respective resource persons for their valuable support and contribution.

At the very outset of our preliminary discussions about the seminar, the Indian Cooperative Movement, represented by the NCUI, its President Mr. B.S. Vishwanathan and its Chief Executive Dr. R.C. Dwivedi, very gladly agreed to host the seminar in India—and very courageously, the Chief Executive undertook to host the events in the new headquarters of the NCUI which strangely enough, at the time of the offer, was in various stages of construction, and hardly looked capable of providing the facilities necessary for a Regional Seminar. But to the outstanding credit of the NCUI, and more particularly its Chief

Executive Dr. R.C. Dwivedi, it must be admitted that not only the working environment and the conference room, but also all necessary lodging facilities for the international guests complete with lavish hospitality was made possible in the new premises. It was, therefore, most appropriate that we were able to discuss matters relating to improving the effectiveness of NCOO, in the headquarters of Cooperative Movement itself which proved that effectiveness was possible if you had the organisation and the will to achieve—and I am sure the very environment of the NCUI and the cooperative spirit displayed by the NCUI staff at all levels provided greater incentive and focus to our deliberations.

The seminar also brought in a new dimension to our cooperative relationships. Through the good offices and generosity of the Swedish Cooperative Centre, we had the benefit of a West African dimension, which certainly enriched our mutual knowledge and experiences. The seminar comprised about 25 persons, 18 of whom came from 10 countries from within the region while five were from four countries in West Africa of Ghana, Nigeria, Sierra Leone and Gambia. The Regional Advisor of the ILO was with us in the capacity of an Observer.

We were also fortunate in that we had Dr. Suren Saxena, the Director of the ICA, to be with us in the seminar and in his inaugural address, with his wealth of experience, he brought into sharp focus the issues involved and also pointed a way in which one should proceed to achieve the objectives we had set out to achieve.

The NCUI with the assistance of its affiliates and the government cooperative departments in the states of Haryana and Punjab arranged very meaningful field visits with an overnight stay in Chandigarh. The NCUI arranged also a cultural visit to the Taj Mahal in Agra coupled with visits to some cooperatives there. We are indeed most thankful to our numerous hosts at the various points visited and to the NCUI and to its staff who accompanied us, for all the lavish hospitality and other support given us in this regard.

The deliberations were of a very high order displaying a keen desire of all concerned in identifying the weaknesses and evolving strategies that would lead to strengthening the NCO. Many issues were hotly debated—chief among which was the relation-

ship of the government and the movement. The views varied from total break away and independence to ones of working together, with mutual support, so long as the independence of the movement and of the NCO was not eroded in anyway. Three vital issues were discussed in committee and in plenary and the drafting committee was left with the tremendous task of formulating the concensus, conclusions and recommendations, on the hotly debated issues. It is no wonder that the drafting committee had to sit into the wee hours of the morning to finalise a document which would eventually get common acceptance. To the drafting committee we owe a special word of thanks.

The participants themselves, and the Resource Persons, all worked with an eagerness both at the general sessions and in committees, and I am sure, it is the depth of discussions that took place at the various fora and the breadth of understanding that resulted, that made possible the general acceptance of the final document.

The support given to us by the secretarial and other staff both of the ICA ROEC and of the NCUI and its affiliates was considerable. A seminar's success depends to a large extent on the way it is serviced by the supporting staff and in this instance that support was of a very high order and we wish to record our deep appreciation to all those who strove hard to make the seminar a success.

In view of the fact that there is an on going need to keep the theme of the seminar in constant focus, we thought that it would be desirable to bring out in a book form some of the documentation that was used during the seminar. The back papers of the various resource persons provide considerable material on the rich and varied experiences of NCOO in different countries. Hence this would provide a source of at least occasional reference which could guide other NCOO in their planning and programming. We have included also some other papers which we hope will prove useful. In our region, generally, there is a very keen desire to know of cooperative development in Japan and in the Republic of Korea. Mr. Shiro Futagami's paper would give an extensive coverage of the activities of the Agricultural Cooperatives in Japan. In respect of Korea, we have thought that it would be of use to our members if we included the papers submitted by Dr. Young Chul Kim o the

Role of Agricultural Cooperatives in Transforming Rural Society—A Korean Experience, and also the paper of Mr. Soo Moon, the Vice President of the NFFC, Korea. We hope that the information given in these papers will help the reader to increase his knowledge about the situation in Korea. We regret very much that we have not been able to include all the background papers submitted by the various delegations to the seminar in this volume for reasons of economy. However, we are including the papers made available to us by the delegates from Ghana and Nigeria, as we are sure not much information is available on these movements and we in South and South-East Asia would certainly be anxious for information about these movements. We have included the statement made by the ILO Regional Advisor for Cooperatives as we are sure this information would be valuable and member organisations can find ways and means of using this to the advantage of their movements. We do hope that the material included in the volume will be of some assistance to the NCOs and the movements of the region.

What about the seminar, its recommendations and conclusions? It is now some months since the conclusion of the seminar and it is an advantage in writing a report, whatever the delay be, at a later stage. I am happy to report that at least two countries who were involved with the seminar, plans have been worked out to discuss the seminar findings at various levels with a view to focussing attention on vital issues and with the hope that this could lead to discussions and debates at regional and national levels and the development of suitable action programmes. We do hope that these efforts will meet with the success they deserve. We do also hope that other participating countries too would find ways and means of initiating suitable action programmes to focus attention on the issues involved and hopefully to evolve suitable strategies for improving their own effectiveness. It is to the extent that meaningful follow up action flows from this seminar at the respective national levels, that one would be able to say that the effort was not in-vain. With that expectation we rest in hope.

R.B. RAJAGURU,
ICA Regional Director for South-East Asia

II
Inaugural Session

Presidential Address

by

B. S. Vishwanathan,

President,

National Cooperative Union of India

New Delhi

I join Mr. Rajaguru to convey the warmest cooperative greetings on behalf of 100 million cooperators of India to you who have so encouragingly responded to be our guests at this Seminar. The Cooperators of this country have a reason to feel privileged and elated by your gracious presence at this event, which is taking place in conjunction with the Platinum Jubilee Year of the Indian Cooperative Movement. I am sure the delegates, apart from extending their positive contribution to the deliberations of this Seminar, will have an opportunity to have a glimpse of the achievements of Indian Cooperative Movement.

The main theme of this Seminar being to devise ways and means for improving effectiveness of national cooperative organisations, there would have been no better choice than to request Dr. S.K. Saxena, who is the executive head of the World Body of Cooperative Movement, to inaugurate this event. Dr. Saxena does not need any introduction to the cooperators of the world. Therefore, I would not like to count the achievements of Dr. Saxena at this juncture. Not only Indian Cooperative Movement, but the international cooperative organisations have a deep sense of appreciation of Dr. Saxena's dedication and contribution towards the growth and development of world cooperative movement. His concern for the development of cooperation in the developing countries of the world is well-known. I take this opportunity to extend to him a welcome with all warmth, on my own behalf and on behalf of the cooperative movement of my country.

This seminar has acquired an added significance as it may

turn out to be a very important precursor of the next ICA Congress scheduled to be held in Moscow. I may recall that the main theme of the ensuing International Cooperative Congress is "Cooperatives in 2000 AD." Obviously, in this context the International Cooperative Congress will deliberate upon various important challenges and issues facing the cooperative movement world over. The role of national cooperative organisations in this context assumes a great significance. Naturally, the findings of this seminar will provide a good background material to the Congress.

To get into the depth of the theme of this Seminar, it will be appropriate to have a cursory look at the directions of growth and diversification of cooperative movement particularly with reference to this part of the world. Starting with a limited spectrum of activity to save consumer from exploitation of competitive market in 1844, the cooperative movement has grown in its size, activity and resources world over. Recognising its potential as people's movement, the governments, particularly in the developing countries, have accepted cooperation as an instrument of planned economic development of the nation and a multi-dimensional governmental assistance has been made available to the cooperative organisations.

In this country during the last 75 years the cooperative sector has diversified itself in different directions and there is no segment of our economy which has remained untouched by the cooperative organisations. There are as many as 300 thousand cooperative institutions of all kinds having a membership of nearly 100 million people and covering 97% of our villages. In terms of resources and investment the cooperative movement is bigger than any single sector of our economy. Diversification is taking fast in other countries of this region and the movement is emerging as a strong instrument of socio-economic transformation.

As a sequel to this, two distinct roles have been assigned to the cooperative institutions. Firstly, they are accepted as the agents of implementation of the developmental programmes chalked out by the government and secondly, they are required to fulfil the constitutional obligations incorporated in the by-laws for the betterment of their membership. The second role is more important; but reality of situation is that former has

overtaken the other. With increased patronage and financial assistance, the Governments in developing countries have acquired a more domineering control over the cooperative institutions and thereby democratic management and self-regulation which are the basic constituents of cooperative ideology have been relegated into background. The situation has further been complicated by legitimising such role of government through incorporation of legal provisions in cooperative legislation that gives unfettered powers to the government. The result is that cooperatives, many a times, feel a great deal of hurdles in emerging as self-reliant and self-regulated institutions to fructify the cooperative ideology. In view of this, one of the most important considerations to assess the effectiveness of national cooperative organisations should be the extent to which they have been in a position to safeguard the ideological content of their constituent organisations.

Cooperatives are democratic organisations and, therefore, their organisational structure has been shaped on the basis of the principle of federalism which visualises strong primary institutions at base level with federations at secondary and higher levels. The constituent units within a federal organisational structure, though autonomous in their functioning have to be well-knit with each other, organically as well as operationally. An analysis into the growth pattern of federal organisational structure of the cooperative movement clearly reflects two directions—one, the sectoral business federations and secondly, ideological and promotional organisations. Although as I understand, this Seminar is much concerned with the latter, the importance of sectoral business cooperative organisations cannot be side tracked. To my mind both types of the cooperative organisations are complimentary and supplementary of each other; and effectiveness of cooperative movement as a whole will depend on the efficiency and functioning of both. Therefore, I would like to touch upon the factors governing effectiveness of national cooperative organisations in this context.

As the cooperative institutions are the bye-products of evolutionary socio-economic process of competitive economy, the fructification of this process largely depends on the effectiveness of national cooperative organisations representing various business sectors of the movement. This calls for effective

inter-institutional collaboration between the national cooperative business organisations and their constituent units. In fact the ultimate indicator of the effectiveness of such organisations should be that how far they have been in a position to carry the benefits of cooperative business to the ultimate beneficiaries at the grass root level. Mere huge profits, that may be earned by such organisations on account of their strategic position in cooperative business without the corresponding benefits accruing to their constituent cooperative institutions of the particular sector may not be taken as the true indicator of their effectiveness.

The promotional cooperative organisations, popularly known as National Cooperative Unions act as spokesman of the cooperative sector and are expected to safeguard its ideological content. Besides, they are responsible for creating conducive climate through constructive educational and publicity programmes to prompt the general public to join the cooperative movement. Obviously, such organisations should occupy a place of crucial importance within the movement. In developing countries, although the importance of the promotional cooperative organisations has been realised to a great deal, they are not so effective on account of a variety of constraints; principal of them being the lack of financial resources and lack of patronage by the cooperative business organisations. The result is that such organisations have to depend largely on governmental assistance for their activities. This makes their position very delicate, when there is a situation to confront the government for safeguarding the ideological content of the movement. The basic reason for governmental interference in the functioning of cooperative movement in developing countries, to my mind, is the weak organisational structure of cooperative unions.

Other important aspect of the problem is that even cooperative business institutions are not so much enthusiastic for utilising the service of cooperative unions to project the ideological content of their business. I may not be misunderstood if I say that unfortunately basic premises adopted by cooperative business organisations are more profit oriented than ideology oriented. This is reflected abundantly in the working relationship between cooperative business organisations and cooperative

unions. Such sort of relationships creates a lot of hurdles in the way of National Cooperative Unions to provide effective leadership to the movement. The need of the hour, therefore, is realisation on the part of cooperative business organisations regarding importance of cooperative unions by extending effective financial support and by utilising the services of Unions increasingly. I may emphasise, if the functional base of the Unions is not strengthened, their effectiveness will remain a far cry.

Before I close, I welcome the representatives of Press for making it possible to come in spite of their being busy with Parliament and UNIDO. I appreciate their interest and support.

With these words, once again, I extend my warmest greetings to the delegates and wish them a purposeful out-come of the Seminar.

Inaugural Address

by

S. K. Saxena

Director, ICA, London

I am delighted and honoured to have been asked to inaugurate this important seminar.

As the Director of the Alliance, my first word must be a word of thanks to our co-host organisation, the National Cooperative Union of India, represented here by Mr. B. S. Vishwanathan for the very considerable support they have extended to us in its organisation; there would, I believe, be a later opportunity to express our gratitude to them more fully.

I think that one important feature of this seminar is that in addition to our cooperative friends from South-East Asia, whom we are very pleased to see here, we have for the first time with us participants who are members of our Regional Council from West Africa. We deeply regret that the absence of interpretation facilities permitted us to have only English speaking members come to this seminar. I am quite sure that this interface between representatives of two rather different regions will only lead to a constructive dialogue which could be of great advantage to the deliberations of the seminar. For those who may not know, the ICA has now formally inaugurated a second Regional Office in Africa which, when operative, will serve 16 countries in the western part of that continent.

The third group which deserves our thanks is that of various speakers and resource persons; Dr Allie Felder from CLUSA, Mr. Richard Bluer from the British Cooperative Union, Mr. Shiro Futagami from the Central Union of Agricultural Cooperatives in Japan, Prof. Hwan-Kyou Lee, NACF, from the Republic of Korea and our old friend and the former Regional Director of ICA, Mr. Weeraman, and the availability of this wealth of experience will guide us in reaching constructive conclusions. Incidentally, it is perhaps worth mentioning that

the present gathering of participants and resource persons is also indicative of the spread of the Alliance—North, South, East and West.

Mr. President, in the next 15-20 minutes I have at my disposal I am not going to speak on the subject *per se* : that is “How to increase the effectiveness of Cooperative Unions”, since you will be devoting a large part of your time discussing it. It would I hope bring an additional contribution if I were to outline some of the recent tendencies in the Cooperative Movements in different parts of the world which throw up new or relatively new tasks or duties the effective discharge of which would be an important function of the Cooperative Unions.

I see the National Cooperative Union as an agency created by the Movement as a whole to interact on its behalf with the wider social and economic environment. It has thus, on the one hand, the big responsibility of assisting in the creation of a climate which conduces to the growth of the Cooperative Movement and, on the other, by virtue of the fact that it is set up by the Movement, it should provide certain services which the individual parts of the Movement or societies could not by themselves discharge effectively.

So the apex really has two faces—one face turned inwards towards the Movement identifying and articulating the needs of the Movement, and the other face turned towards the society at large, making whatever impact it can in moulding society to the advantage of the Movement of which it is of course the spokesman. The series of tasks—those stemming from the needs of the Movement and those of restructuring or modifying those aspects of the society at large which are of consequence to the Movement—should really be seen as one continuum and not disconnected with each other.

During the next decade or so, I can see a number of problems with which the apex bodies will be deeply concerned and I hope that your discussions will provide some clues to their resolution. Let me for the sake of clarity group them into four heads :

- i. Organisational aspects;
- ii. Image of the Cooperative Movement;
- iii. Questions of economic efficiency;

- iv. Cohesion between the various sectors of cooperative activity.

Let me treat these briefly.

(i) Organisational Aspects

These relate firstly to the organisation of the Apex itself. If we look around the world we find broadly two kinds: one an apex body which is entirely an ideological/educational organisation. As an example, one can cite CLUSA, CUC, CCC, both of Canada, the Cooperative Federation of Australia, the CUAC, the NCUI, the Singapore Cooperative Union, the Cooperative Union and Angkasa in Malaysia, the Cooperative Federation of Nigeria and so on.

On the other hand, you have the apex which is a combination of both the ideological and business aspects. Let me give you some examples of this category: the NKL Norway which is both a Union and Wholesale Society, the KF in Sweden, the Konsum Osterreich in Austria, the FNCC in France, NACF in the Republic of Korea and so on.

The two broad questions in this connection are really as follows:

If the Union is a purely ideological body and has no trading activities, how do you assure that its relevance is accepted by the business wings of the Movement so that they contribute to the apex and the apex organisation does not languish for want of funds; at the same time, how do you ensure—and this happens so very often—that as soon as there is business adversity, the members do not immediately cut off or reduce their subscription to the apex; the second question is : if the apex is a combined body both for ideological and business activities, how do you ensure that a recession in business activities does not have an adverse effect on the Movement as a whole, as has recently happened with KNFC in Kenya. Or, as happens more often, how do you ensure that the ideological aspects of the Movement do not get submerged in the more dynamic, quantifiable and more visible business wing of the Movement so that a cooperative enterprise in people's minds becomes indistinguishable from a private profit-motivated business.

Perhaps I have drawn the distinction too sharply, too much in either/or terms but this seems to be justified by the existing organisational patterns of apex organisations throughout the world.

(ii) Image of the Cooperative Movement

The second set of questions with which the apex is concerned are those which relate to the image of the Cooperative Movement in the minds of the public. There are broadly two issues involved here. A cooperative organisation should be a successful business organisation plus something else—and this something else is of course encapsulated in the set of cooperative principles which emphasize the democratic, egalitarian and service orientation of the cooperative institution. But when one looks at a big factory, the average person is unable to see the difference between the private profit-motivated enterprise and a cooperative enterprise—a cooperative dairy, a cooperative factory, a cooperative insurance society must have that extra bit which entitles it to be called a cooperative. The individual member feels as helpless in a large cooperative organisation as in a private organisation to be able to influence the course of events. Is this only a fact of size? Or is it that the cooperative principles are not given their full and fair play in the operation of the enterprise?

The second issue involved here is the behaviour of leadership which sometimes gives the people the impression that the cooperative is a middle class organisation and leadership positions are the preserve of the few and the privileged. Where, ask our critics, are the poor of the third world of whom McNamara speaks so cogently and with such sympathy? Is it correct to place a limitation on the term on leadership as I believe has been done in India? Is it important to ensure through some means—legislative or otherwise—that the composition of membership of a cooperative society should have a mix which is a reflection of the various classes in society as a whole? Is this an infringement of the voluntary and open membership principle, the word “open” not being used in an absolute sense but as judged by the general body of members?

Whatever one might say on these complex points, the compo-

sition of the membership and the people who gain as a result of the activities of the cooperative will have an influence on the image of the movement and I think the apex must give a lead in this direction.

There is then the broad area of the relationship between the cooperative movement and the government and I know that this will occupy a fair share of your discussions—in fact at least one of the papers gives some attention to the subject. The pros and cons are rather familiar and I do not plan to repeat them. But it is, I think, vital for the apex to ensure that policy makers not only understand but, if possible, react with sympathy to cooperatives. This would require contacts to be established with almost every Ministry, because the cooperative form of organisation is susceptible for application to a wide range of human endeavours. Let me just give you an immediate example—in the current UNIDO Conference, which is the reason for my presence in India, there is an absence of people in government delegations who are aware of the potential role of industrial cooperatives in the industrialisation of developing countries with important implications for appropriate technology and widespread unemployment and underemployment which is prevalent in Asia, Africa and Latin America. If the cooperative movements had established contacts with their respective Ministries of Industries, we could have had a much better appreciation in the Conference of the role of cooperatives.

(iii) Economic Efficiency

The third cluster of problems which the apexes have to contend with relate to the improvement of economic efficiency of the constituent members. Even if the Apex is not involved in economic activities itself, by virtue of its umbrella position it can play an extremely important role in promoting economic efficiency. The first trend which immediately comes to mind, because it is universal, is that of amalgamation of smaller into larger viable units. To take two entirely different countries: in the United Kingdom there is the Regional Plan and more recently the call to create one single “Cooperative Great Britain.” The questions which arise are: what would be the

economic justification of this move? What would it cost in increasing member apathy and decline in member control?

Take a much smaller movement, that of Mauritius. When I visited the Island as the Head of an ICA Team, we often found more than one society in one village, a quite unnecessary overlapping of several activities with resulting diseconomies for producers and consumers.

It is in fields like these that the Apex must play a leadership role, a mediating role, a role which it can play effectively by virtue of the wider canvas on which it operates.

Then there are questions of law, of model by-laws, of statistics, of taxation—we all know the important memorandum on taxation prepared by our member organisation, the Cooperative Union of Canada, emphasizing that while the individual member should pay tax on what he receives from the society, the surplus earned by the society itself is an overcharge on the price charged, to be returned later on to members by virtue of the fact that the cooperative is a service organisation and is able to obtain a cheaper price by exploiting the economies of scale on behalf of its members.

Then there are issues on which the Apex needs to sensitize its members the current discussions on the International Development Strategy, the New International Economic Order, the Code on the Behaviour of Multi-National Corporations, the great global issues of our time of which Cooperators should be made aware and to which they have such pertinent contributions to make.

Above all, there are programmes of education, to be conceived intelligently and applied effectively; these have traditionally been the most important task of the Apex organisation. I have no doubt that your discussions will devote sufficient attention to programmes of education and also to ICA's Cemas Project and ILO's Matcom Programme for the central issue of cooperative education is one of relevance, to members and to executives at different levels. Perhaps one other aspect worthy of the Apex's attention especially in some countries is the relevance and place of number of splinter movements which have been engineered by the young, protest groups which are especially active in North America. Visiting a consumer cooperative at the University of Minnesota—I found the students were requi-

red to weigh goods themselves and also to fix the price of the products themselves! Is it possible to transfuse some energy from such protest movements which may help to give balance to the conservatism of what might be called "the establishment of the cooperative movement". I feel that the Apex has a responsibility to study some of these aspects.

iv. Cooperation among Cooperators

Finally, it must remain a perpetual concern of the Apex Organisation to ensure that there are built between the different sectors of cooperative activity mutually reinforcing links. A producer cooperative society, be it an agricultural marketing society or a dairy one, should as far as possible sell through consumers stores; a Cooperative Housing Complex, in its planning, should make provision for the setting up of a credit union and a consumer shop; great, big cooperative enterprises should go for their insurance to cooperative insurance societies. I have seen too many cooperative institutions obtaining services from non-cooperative sources. This can only weaken the movement as a whole and stifle the emergence of a vibrant cooperative sector. Clearly there are difficulties of the producer/consumer conflict variety, problems caused by the differing levels of development of the different sectors. But the Apex Organisation, as the spokesman of the entire movement, must constantly strive to identify the points of economic interaction which can only benefit the movement as a whole. The economic power of cooperatives is massive, but unfortunately fragmented and its unity will lend it the power to conquer new and important fields.

In inaugurating your Conference and wishing it all success, your deliberations will, I hope, take some of the issues I have raised into consideration.

III

Working Papers

P. E. Weeraman*

How to Improve the Effectiveness of National Cooperative Organisations—An Overview

Definition

In the context of this seminar the term “National Cooperative Organisation” means the apex representative and promotional organisation of a particular cooperative movement. It is one which has in its fold either directly or indirectly most of the cooperative societies of that movement. The functions of a National Cooperative Organisation (NCO) are broadly as follows :—

- i. the representation of the movement at the national and international levels;
- ii. the promotion of the movement, and
- iii. the education of the people in the principles and techniques of Cooperation.

NCOO of South-East Asia

In most countries of the ICA’s South-East Asian Region, ranging from Iran to Japan and Australia, there is only one cooperative movement. In certain other countries there are two or more cooperative movements, each having its own National Cooperative Organisation but owing allegiance to the same international cooperative organisation, the ICA. There are yet other countries where there is no National Cooperative Organisation, whilst all the cooperatives owe allegiance to the ICA explicitly or implicitly.

The National Cooperative Organisation is termed either the “National Union”, “Central Union”, “Federation” or simply

*Former ICA Regional Director for SE Asia

“Union”. In one country it is the “National Council” and in another the “League”.

Where there is only one law for all the types of cooperatives, there is only one N.C.O. as in Australia, India etc. except ‘Malaysia’. Where there is a separate law for each type of cooperative, there is a N.C.O. for each such type as in Japan and the Republic of Korea.

In Iran there is one N.C.O., the cooperative Consumer Union. There is a government body called the Central Organisation for Rural Cooperatives of Iran (CORC) to promote and develop rural coops.

In Nepal there is no N.C.O. There is a government body, the Sahja, to supply the needs of the rural cooperatives.

India, Pakistan and Bangladesh have the same cooperative heritage as they were parts of the same country, India, at one time. The Cooperative Movement was started in India at the instance of the British Government in 1904. Though it was not started on the initiative of the people, it gradually became a movement of the people. Paradoxically, however, after the grant of independence to India and Pakistan, the movements in these countries gradually became mere systems controlled by the respective governments, for they gradually lost the essence of cooperation, namely complete democratic control of their affairs by the members, and so became gradually less popular movements than they were once.

The system that obtained in India was inherited by East Pakistan and consequently by Bangladesh.

The National Cooperative Union of India (NCUI) is an independent body. It is a federation of the Cooperative Unions of the Indian States and the National Federations. These Unions are promotional bodies whilst the Federations are business organisations for various branches of cooperative activity such as agricultural marketing, consumer distribution and industries. The NCUI is supported by its members. It also receives a grant from the Government of India for carrying out cooperative education and training. It has a National Institute of Cooperative Management, Cooperative Colleges in most of the States and sixty six Junior Cooperative Colleges spread over the country. The educational institutions are under the control of the Committee for Cooperative Training, an arm of the

National Union but with heavy representation of the government in it. The NCUI's Chief Executive was a high-ranking public officer nominated by the Government of India until a few years back. It is now free of this tutelage and is therefore a fully independent body and should therefore be capable of becoming a force to reckon with. The NCUI carries on a continued dialogue with the Government of India, keeps in close touch with the movement of each State through the respective Cooperative State Union, publishes useful research documents pertaining to the movement, holds periodical seminars and training courses, and represents the Indian Movement at the national and international level.

The Pakistan Cooperative Union is not so independent as the NCUI and the Bangladesh Union in that it has an ex-officio President in the person of the Secretary to the Ministry of Cooperatives, Lahore. It has a Cooperative College at Lyallpur and several educational centres in the Provinces.

The Bangladesh Jatiya Samabaya (National Cooperative) Union is an independent body like the NCUI. It has a Cooperative College at Comilla, working in close collaboration with the Government's Academy for Rural Development and several cooperative education centres.

The National Cooperative Council of Sri Lanka (NCCSL) is legally an independent body. It gets its funds from the Cooperative Fund, which is collected as levies on the cooperative societies by virtue of a law requiring cooperative to pay ten per cent of their profits to it. The fund is administered by the Registrar. This is not quite the same thing as having a direct contribution from each member society. The NCCSL runs twenty district education centres and conducts correspondence courses in Cooperation. It also runs a School of Cooperation in the Tamil medium to supplement the Government's School of Cooperation which is conducted in Sinhala, the official language. A large section of the Sri Lankan Movement (the multi-purpose cooperatives) was functioning between 1970 and 1977 with a majority of nominated directors. These nominated Boards have been recently replaced with elected directors in a greater parts of that section. Within a few months, all these societies will have fully elected or majority elected (seven out of eleven) Boards of Directors.

The NCCSL's general body should, thereafter, be a more powerful body than it is now. The General Secretary of the NCCSL is a government officer (Senior Assistant Commissioner of Cooperative Development) on secondment. This constraint should also be removed for the NCCSL to come into its own. This is no reflection on the present General Secretary's personal suitability, which is of the highest order.

The Singapore Cooperative Union is an independent body. It gets its funds from its member societies. It conducts occasional seminars and conferences. It has certain special difficulties of its own, which however, are not relevant to the theme of this seminar, except that these difficulties stand in the way of the Union's development into being the sole representative body of the movement in Singapore.

There are two N.C.O.O. in Malaysia – the Cooperative Union of Malaysia and the ANGKASA, an acronym for “National Union of the Cooperatives of Malaysia”, in their language.

The former is the representative body of the urban cooperatives and the latter of all the cooperatives. The Cooperative Union of Malaysia is truly independent. It does not get any support, financial or otherwise, from the government. The result is that it has become a force to reckon with. The ANGKASA has to depend much on government support. Its Secretary is an officer of the government on secondment. Much work has been done in the educational field but much more can be done if the ANGKASA functions with its own officers, without being dependent on the government in this regard. This is said here without meaning any reflection on the personal acceptance and efficiency of present and past Secretaries.

The Cooperative League of Thailand is a body created by statute. Its President and Director are nominated high ranking government officials. Many of its other executive staff also are government officials mainly of the Cooperative Department. It, therefore, lacks the character and independence of an elected representative body of the movement. It does a very considerable amount of cooperative education and training.

The National Agricultural Cooperative Federation of the Republic of Korea is both a business federation and a national cooperative organisation in the sense relevant to this Seminar. But it has been set up by a Law of the state and its President

is a person nominated by the President of the Republic and is usually a former politician of eminence. Most of its executive staff are public officers. The NACF is more or less a government corporation, handling the wholesale business of the rural cooperatives as well as functioning in the educational field. There is a similar organisation for the Fishery Cooperatives of Korea.

The Dewan Koperasi Indonesia (DEKOPIN) the N.C.O. of Indonesia is legally a fully independent body in keeping with Indonesia's cooperative law which is perhaps the cooperative law most in accordance with the Cooperative Principles in the region. The DEKOPIN acts in collaboration with the Directorate-General of Cooperatives in regard to cooperative education. The DEKOPIN needs much support from the government.

There was no N.C.O. in the Philippines till recently. It is learnt that a Cooperative Union of the Philippines was established in late 1979.

There is no all-embracing NCO in Japan but there are several N.C.O.O. There is no general law for all cooperatives in Japan. There are separate laws for cooperative agricultural, consumer, fishery and forestry cooperatives. Hence, there is an NCO for such type of cooperative. There is, however, a Joint Committee on Cooperation of which these N.C.O.O. are members in order to ensure unity of action by these cooperatives vis-a-vis the outside world.

The Central Union of Agricultural Cooperatives of Japan, Japanese Consumers' Cooperative Union, the National Federation of Fisheries Cooperative Associations, and the National Federation of Forest Owners' Cooperative Associations are N.C.O.O. They are fully independent bodies. They represent their individual movements and look after their educational and other promotional needs. They neither receive nor need any financial support from the government. These N.C.O.O. are by far the most independent N.C.O.O. in the Region.

The Cooperative Federation of Australia is an equally independent body legally but it is still in need of government's financial support for very special purposes such as international study courses and seminars.

Ingredients of Effectiveness

How to improve the effectiveness of NCOO cannot be discussed without a broad review of their present situation.

I have, therefore, at the risk of my personal acceptance ventured to summarise the position of the NCOO in the Region in an attempt to project to the seminar the question of their effectiveness.

It is quite clear that the most necessary ingredients for improving the effectiveness of NCOO are :—

- a. legal autonomy
- b. financial independence
- c. capable and independent leaders
- d. efficient management

Legal autonomy

The NCO should be legally an autonomous body if it is to be effective. Its right to conform to Cooperative Principles should be unassailable. This means that it should have:

- (i) the right of voluntary association i.e. to decide whether a particular society should be enrolled a member of the NCO or not, without any law to compel the admission of a society or to compel a society to join it.
- (ii) the right of managing its own affairs as democratically willed by its members through a management elected by, and accountable to, the members.
- (iii) the right to cooperate with other cooperatives, including international cooperatives.
- (iv) the right to carry out programmes of education and training as devised by its own appropriate organs and to teach Cooperation freely and frankly without any restrictions on its rights to criticise whatever is not in conformity with Cooperative Principles, be they laws governing cooperatives or actions of the government.
- (v) the right to represent the movement at the national as well as the international level.

The vesting of office such as the Presidentship of the NCO on a person ex-officio or by nomination is not in accordance with Cooperative Principles. There should not be any law or by-law to this effect. Nor should there be any provision for the nomination of any of the NCO's directors, executives or other staff members.

Ex-Officio or nominated directors etc. must represent their principals (the nominators) and not the NCO. A NCO must act independently whenever necessary in the interests of the cooperative movement. This cannot happen if the President, directors or higher executive staff are nominees of the government.

The constitution of the NCO must be one adopted by its members and not one laid down by the State by statute or otherwise. An NCO whose constitution has been laid down by a Law is really not a cooperative organisation for it is not born of the voluntary and democratic will of its members and therefore not a NCO within the meaning of the term as used for this seminar. Even its constitution cannot be changed by its members for that is a matter for the legislature. A NCO must be a fully autonomous body in the eyes of the law.

Financial Independence

What is more important for effectiveness than the *de jure* independence is the *de facto* independence which can come only from being able to fend for itself. If the NCO is dependent on the government for funds, the NCO will not carry much weight with the government in any representation it makes, especially in a case of disagreement with the policy of the government, and the NCO will normally feel obliged to fall into line with government policy even if it be detrimental to the cause of Cooperation or inconsistent with real cooperative development.

Most of the NCOs in the Region are not financially strong enough to stand on their own legs. One cannot but admire the Japanese NCOO in this respect. They find all the money they need from their member-societies. Therefore, they are able to negotiate with the government on equal terms.

The NCO of a country cannot be anything less than an equal and willing partner of the state in the task of economic and

social development. It must, at all times, be free, because of its financial independence, to express the views of the co-operative movement, however, disconcerting these may be to the government.

The device adopted in India, Pakistan, Bangladesh, Thailand and Sri Lanka for collecting funds is the making of a levy on the profits of cooperatives by virtue of a law. It is virtually a tax on the cooperatives. This is repugnant to Cooperative Principles. Whatever is collected by, or for, the NCO should be what is given voluntarily by the cooperatives. Making a compulsory levy creates a feeling of estrangement between the receiver of this levy and the contributor, whether the receiver be the Registrar or the NCO. A self imposed discipline of making a regular contribution to the NCO by virtue of a by-law of the NCO would be in keeping with the Principle of collaboration among Cooperatives as well as of great moral value.

There must be the feeling among member-societies that the NCO is theirs and it is their duty to meet its financial needs. Then the contribution would be truly voluntary. Moreover, it is only a system of voluntary contributions that will make the NCO continuously responsive to the needs of its members. There should also be a corresponding by-law in the constitution of each member-society of the NCO, whereby the member-society's members, the primary societies, are required to pay an appropriate percentage of their net profits to the secondary society, which in turn should pay to the NCO the amount stated in the NCO's by-laws. Every primary society should make a due contribution to its secondary promotional society (union) (may be, of a district) and the secondary society should pay a part of that contribution to the NCO. National level business cooperatives should be required by the NCO's by-laws to contribute an appropriate sum to the NCO. Where the NCO is not a tertiary society but a union of tertiary societies, the foregoing must be understood *mutatis mutandis*. Any system which makes the NCO independent of its member-societies, either legally or financially, will lead to its ceasing to be an organ of the Movement.

The collection of a large Permanent Cooperative Fund, the interest on which could be used by the NCO for its recurrent expenditure, would be a sure way of making it financially inde-

pendent of the government. Such a fund could be collected by a NCO through its member-societies by way of a once-and-for-all contribution by each primary society on the basis of such society's number of members. Each primary society could collect this amount from each member at a flat rate considered not too high for even the poorest member to pay within the course of a year. The Indian Movement, for instance, could have a Permanent Fund of seventy million rupees (almost ten million dollars) at the rate of one rupee per member. Such a contribution will be of great moral value too, for it will make the human beings who comprise the movement feel that they have a stake in their NCO and so be really involved in its activities.

What is really lacking in the NCOO of this region is the moral backing of the large mass of human beings who comprise the movement. A feeling among the cooperatives of belonging to the NCO will change a cooperative system into a movement or make a movement a more lively one. The receipt of grants from the government makes the cooperators less and less attached to their NCO and makes the NCO more and more dependent on the government until the NCO is not even heard by the government. An NCO should never get enticed away (I almost said "seduced") from the correct path by the profferment of government patronage. It is the embrace of death, to use a phrase of India's greatest supporter of the Cooperative Movement, Jawaharlal Nehru. The most important function of an NCO is to act as the voice of the cooperators and be the barometer of cooperative opinion telling the authorities what should be told in the interests of the movement and for preserving the pure concept of cooperation.

If the NCO becomes dependent on government finance, it will gradually become a silent onlooker whilst the cooperative movement is undermined by bad legislation and bad government policy. So let us not make the mistake or continue to make the mistake of depending on the government for funds even if it be only for cooperative education.

Financial independence is the *sine que non* for making a NCO effective.

The Leadership

Another factor which has under mined the effectiveness of

NCOO is the poor quality of their leadership. I must be pardoned for saying this. I am being blunt because the purpose of the seminar is to take a "hard look" at the problem posed to us.

Too often the NCO leaders have been selected (for election) on the basis of their political influence rather than their cooperative knowledge, experience and performance as cooperative leaders at secondary or primary level.

Political neutrality is not a principle of Cooperation. This is because it might be necessary to oppose government policy detrimental to the movement. The cooperative movement *per se* cannot have any political programme of its own. Cooperation, as stated in the ICA's Rules, is "neutral ground on which people holding the most varied opinions and professing the most diverse creeds may meet and act in common". Therefore, the leaders of the NCO should be non-aligned politically i.e. political leaders should not hold office in the NCO. Having government officials as ex-officio Presidents or having government nominated Presidents or Chief Executives of NCOO is repugnant to Cooperation not only because it is a violation of cooperative democracy but also because the NCO should not run the risk of being tarred with the same political brush as that of its leaders. Moreover, when the President of a NCO belongs to a party which supports the government, the NCO stands at a disadvantage vis-a-vis the government, however strange it may seem! Any opposition or demand voiced by such President is not taken seriously by the government because he is their man. They know that he will not cross over for the sake of the Cooperative Movement! Similarly if the President of a NCO is a member of a party which is in opposition to the government, any criticism of government policy in regard to the cooperative movement will be dismissed as opposition tactics. The NCO would stand high in the government's and public estimation if its leadership is truly independent and politically non-aligned.

The leaders of the NCO should be really capable men and men full of cooperative knowledge and experience, people who have won their spurs at the primary and secondary levels and are devoted to the cause. They should also be men and women who are personally held in high esteem by the public in general.

The Management

The permanent executives who form the management of the NCO under the aegis of the NCO's Board of Directors should be men who have functioned in secondary unions and primary societies. Then only would they know the needs of the movement. They should be very knowledgeable about Cooperation and be very competent persons if they are to discharge effectively the duties of the foremost representative and promotional body of the country's cooperative movement, the NCO.

Above all, their zeal for spreading the movement must be almost missionary. Needless to say, such an attitude would come only from true belief in Cooperation. Unless the elected leaders as well as the staff of the NCO are dedicated to the cause of Cooperation, the NCO cannot be effective.

Functions of a NCO

We have said that the functions of a NCO are, broadly speaking, representation, promotion and education. I shall now attempt to explain these functions.

Representation

The NCO is the Parliament of the cooperative movement concerned. Its function is to take up with the government or other authority matters pertaining to the movement, that need the attention of the authorities. The NCO is also the movement's representative at the international level. It should be a member of the International Cooperative Alliance and so lend its support to the world cooperative movement. It should work for "unity of action by cooperators throughout the world".

An essential part of this function of representation is being the watch-dog of the Movement. Its importance cannot be over-emphasized. As the representative body of the movement it is its duty to keep its eyes and ears open, both inwardly and outwardly. Firstly, it must keep itself informed of the doings and goings on within the movement and do its best to help the societies to steer clear of uncooperative practices and to be true to the Principles. For instance, it should identify any action

on the part of a Cooperative that would make such cooperative a middleman profit-maker or a cliquish entity violating the principles of profit-elimination and open membership respectively. Secondly, it must be ever watchful of the government's policy towards the cooperative movement. A government's policy may range from open hostility to a stifling embrace! The NCO must do all it can to get a government to abandon any iniquitous proposals or to remove any existing laws or arrangements that hamper the sound development of the movement. It must even more beware of any government policy that would result in the cooperatives becoming the handmaids of the government at the cost of its cooperative character, such as would be the case when cooperatives are given monopolies or agencies. Cooperatives can have only monopolies born of membership loyalty and similarly they cannot be agents of any one but their members. Cooperatives must at all times be accountable to their members and members only and therefore cannot serve two masters. And, above all, a NCO must fight tooth and nail against any attempt of a government to manage cooperatives. This is usually done by nominating some or all of the directors and/or chief executives of cooperatives.

Promotion

Some of the many ways in which a NCO should promote the Movement are given below:

- (a) Assist people to organise cooperatives. For this purpose it should supply them with model by-laws and working rules and with documentation explaining the steps that should be taken by promoters to form a cooperative.
- (b) Assist cooperatives to improve their managerial effectiveness by supplying them with expert guidance through a Management Service Centre run as an arm of the NCO.
- (c) Operate a Cooperative Service Commission for assisting the societies in regard to the administration of their staffs. There is a need now-a-days to secure for cooperative employees definite prospects of jobs satisfaction and improvement and a fair deal. This can be secured only by bringing all cooperative employees under one authority.

To be in conformity with cooperative democracy, such an authority should be set up only with the approval of the general body of the NCO and such authority should be an arm of the NCO.

- (d) Provide legal expertise to cooperatives in their legal matters such as arbitration and punishment for fraud. The NCO should have a Legal Branch comprised of lawyers etc. to supply the necessary advice in regard to the law suits and arbitrations which member-societies may have to face.
- (e) Act as arbitrator in disputes between member-societies.
- (f) Maintain a continual agitation against legislation that affects the movement adversely.
- (g) Maintain a constant vigil on bad legislation and bad by-laws and agitate against the imposition of such laws on the cooperators.
- (h) Help the societies to hold the elections of their committees of management or boards of directors.
- (i) Conduct the audits of its member-societies, especially the primary societies and help in their rectification work.
- (j) Publish books and pamphlets on cooperative subjects and do other propaganda work for the spread of the movement.

Cooperative Education

Cooperative Education is the *sine qua non* for the spread of the Cooperative Movement. So the NCO's primary duty is to give this education. Cooperative education is the food which sustains cooperators and this food should be supplied freely by the NCO. The first thing that a NCO should find is sufficient money for Cooperative Education. It is, I submit, incorrect to place cooperative education on a par with formal education in the arts and sciences or with even formal adult education and say that it is the duty of the government to provide separately for cooperative education. This appears to me to be incorrect for two reasons. Firstly, Cooperation is akin to a lay religion. It is not what must be learnt compulsorily. Formal education is compulsory up to a certain age and rightly so. But Cooperation is a matter of personal belief and convic-

tion. So it is up to those who believe in it to try to convince the others of its value for social and economic betterment. Teaching Cooperation in schools, however, is on a par with teaching religion in schools. It enables the future citizen to gain knowledge of a concept which has gained wide acceptance in the world. That teaching should be done as a part of general education. But teaching Cooperation to adults should be done in such a way as to make them part of a people's movement. A people's movement can never be fostered by the State. State support makes it a state affair and it gradually loses its vitality. Secondly, when Cooperation is taught with state funds and by teachers whose salaries are met from funds made available by the state, there is an unavoidable reluctance to teach Cooperative Principles fully for fear of incurring the government's displeasure as must happen when cooperative law and government policy are criticised in the light of Cooperative Principles. Such teachers therefore become mouthpieces of the government and therefore the cooperators remain ignorant of the defects of the cooperative law and of government's policy in regard to the cooperative movement. I am personally aware of teachers not teaching the incorrectness of certain cooperative laws merely because they feared that the government authorities would not appreciate such criticism. The teachers of Cooperation must feel independent and free to teach Cooperation as it should be taught. Therefore, they should be employees of an organisation that is not dependent on government funds. Much of the work of the NCO is that of spreading the cooperative ideology, teaching the methods and practices of Cooperation and the law and the by-laws relating to cooperatives. For this the NCO must have a band of trained extension workers. The first requirement in their case too is dedication to the cause. For this to be there, they should have drunk deep of the cooperative spring and be firmly convinced of Cooperation's value for social and economic development.

The teachers should be persons trained in the techniques of teaching and the various methods now used for teaching adults, as their students would be.

They should be paid well. Otherwise the NCO will not be able to attract the right calibre for this all-important work. The

extension staff should have prospects of a good future. Usually teachers are ill-paid and cooperative teachers are more so. The most poorly paid officer at any level, national or international, is the cooperative officer. This situation must be corrected if the movement is to attract the right type of persons to its extension service. The effectiveness of a NCO will depend largely on the quality of its extension staff.

The NCO should have a Cooperative Education Fund for assisting member-societies in their programmes of cooperative education and meeting its own expenditure on cooperative education.

The NCO should conduct cooperative schools and other centres for teaching Cooperation to cooperators and cooperative employees. It should also conduct courses for training the employees of member-societies in management, salesmanship etc. It should hold conferences, seminars etc. at regular intervals for the benefit of the members of member-societies and it should continuously do wholesome propaganda for the movement.

These and perhaps many more ways should be adopted to improve the effectiveness of National Cooperative Organisations.

Richard Bluer*

The British Cooperative Union

History

The first Co-operative Congress, which was a large meeting comprising representatives of existing retail and productive co-operatives along with many interested persons, was held in London in 1869.

Congresses have been held continuously from that time until the present day. Prior to 1869 there had in fact been from 1831 a few Congresses comprising early co-operative societies and the followers of Robert Owen, but they ceased to meet by the middle of the century and the co-operative representation had apparently ceased to attend by that time. The first Co-operative Congress of the present series considered numerous papers which were mainly concerned with the closer working of all forms of co-operative that then existed. It finally adopted a proposition that a provisional committee be appointed to carry out the resolutions of the Congress and convene a further Congress the next year. The Congress lasted for four crowded days and votes of thanks had to be curtailed. Current Congresses last only for three days but frequently there is similar treatment to votes of thanks.

The provisional committee was elected at the Congress and the provisional committee, by decision of the Congress of the following year, evolved into a central Board. An honorary secretary was appointed and the birth of the Co-operative Union had taken place. Various secretaries were appointed on a voluntary basis but the second Congress also decided that the Co-operative Union should have paid officers and the first full-time Secretary, Edward Vansittart Neale, was appointed in 1873. Mr Neale was appointed when he was over 60 years of age and retired when he was 81. His successors have tended to be a bit

*Deputy General Secretary, Cooperative Union Ltd., Manchester, U.K.

younger.

The first constitution was approved in 1875. In the ensuing years the services of the Union to its members were developed as follows—

- 1881 A Parliamentary Committee was established
- 1885 An Education Committee was established
- 1889 The Union itself was officially registered
- 1916 District Wages Boards were formed
- 1918 The first expert on Labour Relations was appointed
- 1919 The Co-operative College was founded in Manchester
- 1925 An Agricultural Department was formed and the Industrial Relations Department was reconstituted
- 1930 Co-operative Milk and Coal Trade Associations were established
- 1932 Advisory services on Pharmacy were established
- 1936 A Co-operative Meat Trade Association was established
- 1941 A Laundry Trade Association was founded
- 1945 A National Wages Board replaced a former National Wages Council
- 1946 An advisory service on the Bakery Trade commenced.

The Agricultural Department was discontinued in 1957 and a Food Trades Department established in its place. In the same year a Dry Goods Department was established. Other recent developments include the establishment of an Information and Publicity Department, an Economic and Research Department and a Taxation Department. In 1970 matters particularly relating to trade advice were transferred by decision of Congress to the Co-operative Wholesale Society Limited.

In 1917 the Co-operative Representation Committee was established, which in 1919 became the Co-operative Party. The first Co-operative Member of Parliament was returned in the General Election of 1918. In 1927 the Co-operative Party entered into a joint agreement with the Labour Party.

Structure

The structure of the Co-operative Union has altered considerably over the years but presently the controlling committee

is a Central Executive of nineteen persons, eight of whom are appointed by the Board of Directors of the Co-operative Wholesale Society Limited. Another eight are elected by societies but these persons must be members of the regional committee structure of the Co-operative Union, which is represented by Sectional Boards. The Sectional Board has oversight of Co-operative Union business within its area and there are eight such committees distributed throughout the United Kingdom. In addition, the concentration of population in the London area is met by a further Central Executive member coming from societies in London. Thus we have at the apex of the organisation, the Central Executive, beneath it several Sectional Boards.

The basic committee structure of the Co-operative Union is in regional group councils. For membership purposes member societies are grouped into regions and each region has a council which meets regularly. Societies appoint representatives to the regional group council and any one elected from societies to Sectional Boards must also be a representative on the regional group council.

The Management structure is headed by a General Secretary, who also has a department, the Secretarial Department, to assist him in conducting the affairs of the Co-operative Union. He is Secretary to all national committees of the Co-operative Union, including the Central Executive and its sub-committees. In this task he is aided by a Deputy and two Assistants. At departmental level there is a College Principal/Chief Education Officer, a Parliamentary Committee Secretary, a Co-operative Party Secretary, an Industrial Relations Adviser, an Economic and Research Officer, a Taxation Officer, a Chief Information Officer, who all manage departments which give advice to societies and also assist them in their everyday operation. The detailed operation of these departments is discussed later in this paper.

In addition Sectional offices exist with officers who act as Secretary to each Sectional Board mentioned previously and they form the first direct link between the Co-operative Union and member societies. There are slightly over 200 retail distributive societies in the United Kingdom and nearly all are in membership of the Co-operative Union. In addition, member-

ship includes the Co-operative Wholesale Society Ltd with one of its main subsidiaries, the Co-operative Insurance Society Ltd. There are also a number of federal co-partnership, productive and miscellaneous societies in membership.

Functions

The Co-operative Union exists to serve and protect the interests of its member societies and attempts to do so through the departmental structure previously stated. The following is a brief sketch of the detailed service offered to societies.

Information and Publicity Department

The Department frequently prepares and issues an advisory bulletin called the "Co-operative Gazette", which brings to the attention of societies matters of business interest to them and is also the main written communication medium between the Union and societies. An in-house printing service is also operated. Public relations is covered within the Department and the Library of the Union is also part of it. The Library function also includes the administration of the original Pioneers Museum at Toad Lane, Rochdale.

Taxation Department

Advice is given to societies on the operation of the country's taxation legislation. Actual taxation calculations are carried out on behalf of many societies and the experience gained by the Department is available to each society. Information is also collected and when necessary representation can be made to Government departments to protect the general interest of British co-operators.

Economic and Research Department

The Department is mainly a statistical gathering and assessment organisation which is represented by a comprehensive annual publication which summarises the trading results in detail of all co-operative societies. Economic and statistical

representation can be made to Government and liaison exists between comparable organisations in the private sector. A monitoring service to check the progress of societies is also operated and each society receives annually a report on its trading results. This report is known as an efficiency audit. A further publication which is issued advises societies on the economic trends which they might expect to experience in the following year.

Industrial Relations Department

Many years ago societies were concerned at the individual approach which trade unions made to them, both on wages and conditions of employment. Congress agreed that one central negotiating point should be established and that it be the Co-operative Union. The Industrial Relations Department fulfils this function and negotiates through its main committee, the National Wages Board, the wages and conditions in respect of most co-operative employees. Mainly it covers all officials and all shop workers but separate negotiations take place in respect of lesser categories, including transport, television engineers, etc. The Department is also represented on wages' councils and other joint negotiating bodies which determine wages paid to other sectors of the retail distributive industry. Because of legal implications which existed a number of years ago, the semi-autonomous legal entity entitled the "Co-operative Employers Association" was established of which the National Wages Board is a senior committee.

Parliamentary Committee Office

The Parliamentary Committee was established to co-ordinate societies' views on matters of governmental concern and also to consider legislation which would affect societies. The Committee is served by a Secretary and a small supporting staff who are in everyday contact with government departments. This is a non-political department which has this connection with government departments, irrespective of the kind of government which is in power. The Parliamentary Committee is subordinate to the Central Executive and comprises representatives from

Sectional Boards, the CWS and the Central Executive.

Co-operative College

Since 1946 the Co-operative College has been situated at Standford Hall, Loughborough and offers wide ranging courses for potential managers, presidents, directors and lay-members of retail societies. The courses vary from long term (six months) to short term (two weeks, weekend) and a programme of modernisation and improvement has been instituted. The College also houses the International Co-operative Training Centre where a considerable number of students from countries other than the United Kingdom are trained in residence for long periods. This Centre has the support of the Overseas Development Agency.

Member Education Department

Considerable resources and finance are donated to member education where officers are employed to encourage the education of members through training courses and projects. Although the actual work has to be done within individual societies, in the main the guidance and leadership is given from the Member Education Department. The Department also has links with education councils which operate throughout the country, somewhat similar to the previously mentioned Sectional Boards. The education work of the Co-operative Union is co-ordinated by the National Education Executive which has oversight of all education matters, including the Co-operative College. Both the Member Education Department and the Co-operative College are controlled by one official who is designated Chief Education Officer and College Principal.

Secretarial Department

The Secretarial Department is the Department directly presided over by the General Secretary. In its own right it operates a legal service, a pensions' advisory service and provides secretarial services for all national Co-operative Union committees. The Department also administers the operation of the Regional

Plan, which is an attempt approved by Congress to reduce the number of retail societies within the United Kingdom. Congress organisation is also the responsibility of the Department. Overseas links, particularly with European co-operatives and the International Co-operative Alliance, are maintained by the Secretarial Department.

Finance

The Co-operative Union is financed by a direct subscription on all its member societies, mainly related to their annual turnover. A number of smaller societies not engaged in retailing have a fixed amount determined by the Central Executive as their subscription. The financial affairs of the Union are administered by a Finance Department, controlled by a qualified Accountant. A limited financial advisory service is also given to societies.

Co-operative Party

The Co-operative Union itself is technically non-political but Congress decided that a Co-operative Party should be established. The Party has its own National Executive Committee, which is elected by local parties attached to societies which have independently decided to affiliate to the Co-operative Party. The Central Executive is also represented on the National Executive. It is quite possible for a society to be in membership of the Co-operative Union and not be a member of the Co-operative Party. Constitutionally, however, the reverse is not possible. The Party, operating in conjunction with the Labour Party, provides finance for candidates to stand at local and national elections. Nationally the Party is limited to a specific number of candidates but at the present time there are seventeen labour and co-operative members of parliament who operate under the rules of the Parliamentary Labour Party. The Party is administered by a Secretary and supporting staff. In the main, apart from projecting the interests of retail societies, the Party in recent years has been known for its endeavours on behalf of the consumer and has pioneered consumer protection legislation.

Problems

Retail societies are autonomous and independent. Most, but not all, send representatives to Congress each year and decisions are taken in the form of approved resolutions. The Co-operative Union is expected to implement these resolutions. In many cases where no direct commitment falls on individual societies the implementation of these decisions is not difficult but where direct action is required from societies there is a noticeable lack of enthusiasm on their part and the implementation and decision is difficult. As has been stated earlier, Congress approved a Regional Plan, in fact Congress has approved two different versions of the Regional Plan. The ultimate aim is to have 26 societies throughout the United Kingdom. This means that many societies are required to give up their independence and unfortunately not many are willing to do so without the force of adverse trading results.

The rise in competition in the retail industry coupled with modern developments, such as large shop operation and sophisticated buying practices has meant that the large private concern has been able to make rapid strides in growth in food and non-food in the last 20 years. The Co-operative Movement has seen its market shares since 1950 fall from 12% to slightly under 7%. The Co-operative Union has attempted to guide the Movement to increase its efforts to meet this competition although it believes that the Movement is structurally unsuited having over 200 units of varying sizes and it has, therefore, found it very difficult to achieve an even response from these societies in their attempts to overcome massive competition which has shown no sign of diminishing. As all traders in all countries experience the economic state of the nation as a direct effect on trading conditions, in recent years the British Co-operative Movement has suffered from the boom and burst aspects of the economy. Coupled with periods of inflation, retail performance also corresponds to a stop-go economy. The lost economic viability of some societies requires greater work by the staff of the Union to persuade management and directors of the state of the society to merge with a more viable co-operative unit.

These same conditions affect the Union directly and as its

main income is the subscriptions paid by member societies, a high increase in the turnover of societies is required to provide for a sales based subscription income to the Co-operative Union to overcome rising costs, particularly caused by inflation.

The last government was a legislative government and for a number of years vast quantities of Bills and Acts were produced. This kept the Parliamentary, political and legal members of staff very busy perusing the draft legislation, deciding whether or not it was material to the Movement and in addition making representations if such were considered necessary. Finally member societies had to be informed through the Co-operative Gazette about the legislation when it was eventually approved. This flow of legislation has, however, now greatly ceased but there is no doubt it will probably burst upon us again in the future.

Conclusion

The Co-operative Union has over the past four years attempted to review and modernise its services to societies. It believes that it has been to a certain extent successful in this attempt and that societies appreciate the efforts which have been made to improve the services. The Union is hopeful that it will continue to be of considerable service to societies in the years which lie ahead in the certain knowledge that these years will bring even more problems.

Allie C. Felder, Jr.*

The United States Cooperative Movement with Emphasis on the Cooperative League of the USA

Introduction

It is not unusual for U.S. citizens, including high level officials in various agencies of the U.S. Government and administrators of U.S. Foundations, to make statements or ask questions which convey their lack of understanding of the breadth and depth of the U.S. cooperative movement.

In fact, some instances have occurred which reveal a lack of understanding on the part of one sector of the U.S. cooperative movement about the existence of other kinds of cooperative in the U.S.A. For example, it took a delegation of cooperators and officials from a developing country which visited the U.S. during the early 1960s to inspire representatives of the U.S. cooperative fertilizer industry to take stock of their aggregate strength. They discovered subsequently that the U.S. cooperatives jointly produced and marketed about one-third of the chemical fertilizers produced in the U.S.A.

It is also not unusual for fellow cooperators from abroad visiting the United States to be somewhat confused by the complex organizational arrangements of national cooperative organizations in the U.S.A.

It would, therefore, seem unreasonable to expect the distinguished and knowledgeable participants in this ICA Regional Seminar on "How to Improve Effectiveness of National Cooperative Organizations" to consider experiences of the Cooperative League in its discussions to ensue without focusing on the

*Vice-President and Director of Outreach Division, the Cooperative League of the USA, Washington, USA.

historical aspects of the origin and growth of the U.S. cooperative movement.

Therefore, this paper is divided into the following four sections:¹

- I. The U.S. Cooperative Movement Today (CLUSA Facts and Figures, 1979), its Strength and Weaknesses
- II. Historical Development of the U.S. Cooperative Movement; its Origin and Growth including Import of Ideas from Abroad and Important Legislation
- III. The Origin, Structure and Purposes of the Cooperative League and Services to Members
- IV. U.S. Cooperative Collaboration with LDC Cooperatives

I. The U.S. Cooperative Movement today (CLUSA Facts and Figures 1979), its Strengths and Weaknesses

Today more than 50 million people—one out of three U.S. families—belong to some type of cooperatives. These range from 1,000 consumer goods cooperatives to the 8,000 businesses owned by farm families to purchase, supplies, insurance or marketing services. Social and economic benefits of U.S. cooperatives spread beyond the confines of the individual cooperatives and their members. Fairly and openly posted prices, access to credit, improved consumer information services—these are just a few of the ways U.S. cooperatives have improved the quality of life for all Americans.

A. Survey of Kinds, Numbers, Strengths, Weaknesses

Credit Unions

There are more credit unions than all other kinds of coopera-

¹ Some of the information presented in this paper is extracted from a paper presented by Dr. Allie C. Felder at the Agricultural Development Council Seminar on "Cooperative Small Farmers and Development," April 24-26 1978, Wingspread, Racine, Wisconsin; a slide presentation—"The Cooperative League of the USA: USA The Uncommon Federation for Common Interest," By: E. Carroll Arnold, Vice President and Secretary-Treasurer, and CLUSA's "Co-op, USA Facts and Figures-1979"

tives in the U.S. Thirty-one and a half million Americans belong to 23,000 credit unions—the fourth largest force in consumer credit in the U.S. These credit union members enjoy lower cost, personal credit sources which otherwise would not be available to many of them: in addition, they may take advantage of counselling services, consumer information programs, life savings and borrowers protection insurance at no extra cost.

Agricultural Marketing and Supply Cooperatives

In 1974-75, cooperatives handled 27 per cent of all agricultural products marketed in the U.S. compared with 20% in 1950-51. This included 75% of all dairy products, 40% of the grains and soyabeans, 26% of the nation's cotton crop and 25% of all fruits and vegetables. In the same period, the proportion of farm supplies handled through cooperatives totalled 35% for petroleum, 30% for fertilizer and lime and 29% for farm chemicals.

The cooperatives' role in the U.S. today becomes even more impressive in light of the fact that a substantial majority of cooperatives are relatively small business enterprises. For example, in 1971-72, the latest period for which such data were accumulated, almost 40% of all cooperatives had annual business volume of less than \$500,000. And even the cooperative giants—those cooperatives with dollar volume in excess of \$100 million annually—usually trace their origins to a handful of struggling farmers. For example, Gold Kist, which for the fiscal year ending June 30, 1976, reported a gross volume of \$912,298,000 and a net margin of \$38,744,000 originated with an investment of \$2,100 by five farmers in 1933.

Rural Electric

984 electric cooperatives provide electricity to 99% of rural families.

Rural Telephones

The 235 telephone cooperatives serve 1,013,882 families in rural America. Some 200,000 were new subscribers in 1975,

when about 664,000 miles of line were added in 46 states.

Fishery

More than 100 fishery cooperatives market their members' catch and also purchase supplies.

Housing

Two thousand housing cooperatives offer quality housing, usually at a lower cost and with less vandalism than comparable dwellings.

Agricultural Credit

American farmers, ranchers and their cooperatives borrowed about \$30 billion through the Farm Credit System during 1975, although the rate of new borrowings has slowed. Farmers used funds accumulated the two previous years and were reluctant to invest in land and machinery in the face of general inflation and reduced prices. Most of the \$30 billion in credit was to farmers, ranchers and cooperatives, but non-farm rural homeowners obtained \$194 million in loans, commercial fishermen \$37 million, and owners of farm-related businesses \$22 million.

Health

Four hundred persons who belong to 15 prepaid group health cooperatives benefit from comprehensive health care services, both out-patient and in-hospital, which emphasize preventive medicine. Recent survey data show that members of such health cooperatives spend at least 30% less days in the hospital per illness than persons enrolled in other health care programmes.

Consumer

There are five pockets of consumer goods cooperative development in the USA: Northern California, Minnesota-Wisconsin, Greater New York, the Potomac Area and Puerto Rico. At least \$235 million of the nation's estimated \$477 million con-

sumer co-op retail sales is found in these areas. The best consumer cooperatives have outstanding consumer information and protection programs, a good level of member participation and tangible benefits for members. In many, members have developed related organizations to provide insurance, health care, legal, funeral and credit services. But in no area does co-op strength come close to levels achieved in several European countries. Still, U.S. consumer cooperatives have been leaders in the consumer movement, and some have challenged anti-consumer government regulations a number of times.

Insurance

Over two thousand co-op oriented insurance companies provide fire, life, casualty protection to nearly 8 million policy holders.

Pre-School

Seventeen hundred nursery (pre-school) cooperatives serve 68,000 member families.

Memorial Societies

Funeral and memorial societies help more than 600,000 members secure dignified, low-cost burial services.

National Consumer Cooperative Bank (NCCB)

During the past five years the Cooperative League had as its major goal the promotion of the federal legislation to establish a National Consumer Cooperative Bank. Modelled closely after the highly successful Banks for Cooperatives (started with federal seed capital, but now wholly owned by farmer cooperatives), this institution and its supervisory agency would provide financial and technical assistance to all kinds of consumer cooperatives. It became law in August, 1978 and will begin operations in March, 1980. Two former CLUSA staff, Stanley Dreyer, former President, and Pru Pemberton, Coordinator of the CLUSA Bank Implementation Commission, are on the staff of

the NCCB and three CLUSA Board members, are on the 13 person NCCB Board of Directors.

The NCCB is authorized to purchase up to \$300 million Class A stock during the next five years and will be eventually owned by the cooperative user-members. One third of the loans must go to low income (student, minority and limited resource) cooperatives. To facilitate sound loans from these weaker groups an Office of Self-Help Development and Technical Assistance has been established with a soft loan account of \$75 million authorized for the first three years of operations.

With this bank, the League estimates that the present three million Americans belonging to various kinds of consumer cooperatives (not including credit unions), would increase to over seven million in five years—and to about 51 million in 20 years. Much of this growth would come from purchase of existing retail chains and conversion to bona fide consumer-owned cooperatives. That's about 23% of the population. While American consumer cooperatives should continue moderate growth, development on this scale will not be possible without an institution such as the co-op bank.

The attached table gives the fact and figures for cooperatives in the United States for 1979. In preparing the above summary several problems were faced: no organization or agency is able to provide firm statistics for any cooperatives, except credit unions, rural electric, rural telephone and farmer-owned co-ops. However, we were able from various sources to provide reasonable reliable estimates. As each category was discussed we indicated in general terms the contributions made to U.S. society and the U.S. economy.

Extract From
Cooperative USA: Facts and Figures, 1979

Kind of Cooperative	Number	Membership	Dollar (million)
Consumer Goods	920	1 million families	\$750
Credit Unions	22,272	39.6 million	\$53,000 (savings) \$51,800 (outstanding loans 62,000, total assets)
Rural Electric	984 53 (G&T)	8.9 million	\$4,970 (distribution) 2,210 (G&T)
Farm Credit System Bank for Co- operatives	13	3,446 co-ops	\$6,100 (loans outstanding)
Federal Land Banks	512	508,243	25,600 (loans outstanding)
Production Credit	426	508,266	23,400 (loans made)
Farm Market Supply and Service	7,535	5.9 million	\$40,100
Group Health Plans	19	5.7 million (incl. HMO's)	n/a
Housing	2,000	525,000 units	n/a
Insurance, co- op. related	2,034	7.6 million	no estimate
Memorial Societies	157	3.5 million	n/a
Nursery Schools	1,700	70,000 families	\$30
Student, all types	250	25,000	no estimate
Housing	175	10,000	n/a
Telephone	235	900,000	no estimate
Fishing	104	8,772	no estimate

II. Historical Development of the U.S. Cooperative Movement ; Its Origin and Growth Including Import of Ideas from Abroad and Important Legislation

A. Brief History of the U.S. Cooperative Movement

Although cooperation—working together—has been a way of life in the U.S. since colonial days, cooperative business enterprise, even in its most elementary form, did not emerge until the early 1800s. The first marketing cooperative in U.S. records was organized by 4 Connecticut dairy farmers in 1810. In the 1840's with the support and encouragement of labour unions, a number of cooperative stores were tried, but failed within a few years. The Union Cooperative Association No. 1 in Philadelphia, the first U.S. consumer cooperative established on the Rochdale plan, opened its store in 1864; a hasty and unwise expansion forced the store to close two years later. It wasn't until the 1860s that grain marketing cooperatives emerged—in the East.

These early cooperatives, for the most part, were dependent on their members' savings or on the monies which the members could borrow. Most of members were poor; the money they borrowed was at high interest rates. In hard times, many early cooperatives failed because they lacked the capital and strength of membership to survive.

It was not until the National Grange promoted cooperatives in the nation's agricultural areas in the 1870s that cooperatives began to emerge as a vital force in the U.S. economy. Following the decline of the Grange, the Farmers Alliance and then the Farmers Education and Cooperative Union and the American Farm Bureau Federation boosted the cooperative cause.

Credit unions and housing cooperatives also trace their origins to the early 1900s. In 1909 a dime opened the first credit union account in the U.S. Alphonse des Jardins, who started this first credit union in a New Hampshire parish church, assisted in Massachusetts' passage of the first general state credit union law that same year. Early cooperative housing efforts are traced to Finnish artisans who, in 1918, organized the Finnish Home Building Association in Brooklyn, New York. However, it was not until the mid 1920s when organized labour become interested in cooperative housing, that this type of co-

operative, advertised by the Amalgamated Clothing Workers of America as “offering members a housing choice based on economy and good living” really took hold.

During this period the first two national cooperative trade organizations were formed—the Cooperative League of the USA (CLUA) and the National Milk Producers Federation—both in 1916. By 1920, in addition to local cooperatives, large-scale federated and centralized cooperatives were actively marketing the produce of American farmers.

Supply cooperatives were born in the 1920s—largely to purchase fuel in bulk quantities and make deliveries to the farmer directly—a service that oil companies refused to provide. World War II greatly stimulated cooperative growth. Regional farm supply cooperatives started to explore for crude oil and to refine petroleum—so that farmers could be guaranteed adequate fuel during the war. Soyabean oil mills, first established in the early '40s helped meet critical shortages of protein feed that followed World War II. The War boosted cooperative processing of dried milk and dehydrated and canned fruits and vegetables. In California, cooperative wineries began to assume real importance.

In the period ending December, 1975 the proportions of farm supplies handled through cooperatives totalled 35% for petroleum, 30% for fertilizer and lime, 29% for farm chemicals; 18% for feed and 16% for seeds. This accounted for nearly 75% of the total business volume for supply cooperatives.

Related service cooperatives provide those services that affect the form and quality of location of the farm products or supplies handled by cooperatives. These include trucking, storage, grinding, drying, application of fertilizer and pesticides. General service cooperatives provide unique and distinct services such as electricity, telephone, artificial breeding, and mutual irrigation. Membership in related service cooperatives (which numbered 155 in 1975) has declined 75% in the past 25 years—mainly because the majority of both farm supply and marketing cooperatives now provide specialized services such as cotton ginning, livestock trucking, storage, grinding, and drying. This trend toward diversification of agricultural activities is but one phase of the cooperative emphasis within the past quarter century on vertical integration—providing one stop service starting with the

production process and continuing through the performance of various processing and marketing functions and services. A prime example of diversification of products is Land O'Lakes, the largest U.S. producer of butter. Its present line includes milk and cheese, frozen turkeys, egg products for institutional markets—and even margarine. Fruit and vegetable cooperatives now manufacture juices, sauces, and sell cut flowers.

Agricultural Revolution and Cooperative Growth

Much of the credit for the success story of the American farmer can be attributed to the U.S. cooperative movement. The farmer-owned cooperative is an effective institution through which the family farmer can reduce cost of production, maintain a reliable source of quality farm supplies, and market his products for the benefit of both farmer and consumer. Cooperatives have helped both farmers and consumers by introducing and perfecting such innovations as egg crates, milk cartons, direct power-take off, high speed transmission and headlights for tractors and informative labelling of consumer foods. Because of the pioneer efforts of agricultural cooperatives, farmers can purchase high analysis feed and fertilizers with an open formula tag which indicates the exact contents of these products.

Ideas and Technology Imported from Europe and Scandinavia

The review of literature indicates that one may identify three distinct categories of transfer of European and Scandinavian cooperative experiences and adaptations of that experience by U.S. cooperatives. They are:

1. Through immigration of Scandinavians and European co-operators, to the U.S. Some observers note a high concentration of U.S. cooperative members of Finnish origin in agricultural and consumer cooperatives.
2. Accidental discovery of ideas about cooperatives as a result of Americans travelling abroad. (Example) Edward Filene's travels through India resulted in his becoming one of the early proponents of credit unions in the United

States.²

3. Lessons learned from direct contact with European cooperative members of the International Cooperative Alliance.
4. The deliberate mission of investigations of European cooperative movement by the U.S. Country Life movement which was the platform for the Country Life Commission appointed by Theodore Roosevelt (President) in 1908.

The Commission report included strong support for cooperatives. For example it mentions, "there must be a vast enlargement of voluntary organized effort among farmers themselves. We have only begun to develop business cooperation in America." The report maintained that: "It is of the greatest consequence that the people of the open country should learn to work together, not only for the purpose of forwarding their economic interests and of competing with other men who are organized, but also to develop themselves and to establish an effective community spirit. This effort should be a genuinely cooperative or common effort in which all the associated persons have a voice in the management of the organization and share proportionately in its benefits."

For various reasons not made clear in the literature, the U.S. Congress refused to publish the report for general distribution. However, the findings of the Commission seemed to have stimulated the Country Life Movement with its studies and investigations on cooperatives and related subjects which eventually led to the formation of an American Agricultural Orga-

² In 1907, an American millionaire, Filene, who owned a huge department store in Boston, took a trip around the world. At Bombay, he left his cruise ship and hired an automobile and chauffeur to drive across India to Calcutta. He was accompanied on this journey by an Englishman he met in Bombay, a former provincial governor who had renounced his rank and pay to persuade Indian villagers to form credit unions. As they travelled across India, the Englishman explained the idea of consumer cooperation to the Boston department store owner. From their chance encounter came the development of credit unions in the U.S. for Edward Filene became one of the early proponents of credit unions in America.

nization Society, later patterned after the Irish Agricultural Organization Society, Plunkett also organized the Agricultural Organization Committee of America.

Financed with a \$5,000 grant from the Andrew Carnegie Foundation; Charles Holman and Charles Lyman were sent to Ireland to study under Horace Plunkett's direction the methods of the Irish Agricultural Organization Society (cooperative).

III. The Origin, Structure and Purpose of the Cooperative League and services to members

The Cooperative League of the USA, with headquarters in the nation's capital but with a nationally based membership of more than 200 cooperatives, large and small, is an uncommon federation of cooperatives and an organization that provides a common ground for its members.

League members may see things from different angles, but they are commonly united on several issues: 1) that the cooperative way is good; 2) that it should not be discriminated against in legislation; 3) that the public should be aware and better understand the co-op idea; 4) that members are more effective when they see clearly the value of their co-op ownership; and that collaboration among cooperatives bring benefits, and 5) that, we say, is the common ground afforded by membership in the Cooperative League.

The League was organized in New York over 60 years ago as a society of individual cooperators rather than the national federation of cooperatives of all kinds it was to become. At the League's first national congress in Springfield, Illinois, in 1918 it was decided that a major purpose of the League would be to coordinate and harmonize the interests of the consumers with the interests of the producers.

Glenn Anderson has served as League President since April, 1978, and has directed his efforts to strengthen member services and aid in the development of new cooperatives here and abroad.³

³ Some chief executive officers prior to Glenn M. Anderson were: E.R. Bowen 1934-1946; Jerry Voorhis - 1947-1967, and Stanley Dreyer - 1967-1978

Organization and Structure

The Cooperative League is governed by an annual Congress that meets in the fall and has ultimate decision-making power. Active members send delegates in proportion to dues paid up to a stated maximum. Each delegate has one vote. Associate members may also send one voting delegate each. Family or individual members may speak but have no vote at the Congress. The Congress sets League policy and elects the Board of Directors. The Board usually meets twice annually and guides the policies of the League between Congresses, approves budgets, and selects officers. Directors are elected for staggered four year terms. Each active member is entitled to at least one director, up to three if dues exceed \$5,000. Ten additional directors are elected to represent associate members. The board elects an Executive Committee that meets four times a year and supervises League management. Officers include the chairman and vice chairman of the Board, president, two vice presidents, secretary-treasurer and assistant secretary-treasurer. The president is the chief executive officer of the League.

League Membership and Dues

Currently, there are more than 160 cooperative members of the Cooperative League. Through its member organisations, the League represents an estimated 40 million families who share ownership of American cooperatives. Many individuals and families are direct members of CLUSA.

The League represents people in both rural and urban areas. In rural areas its members are in farm supply and marketing, rural electric and telephone, consumer goods and services, insurance and credit union cooperatives.

In cities and towns, League members are found in housing cooperatives, group health associations, credit unions, consumer goods and service cooperatives, insurance, student cooperatives, and pre-school cooperatives. As its name implies, the Cooperative league is truly a national federation of cooperatives, a common ground where co-op people can identify

their mutual goals, a forum for cooperative expression in this country.

Active Members: Minimum dues for active members are \$ 1,000 annually, with a \$24,000 maximum. Dues are based on volume or income of the cooperative member.

Those eligible for active membership in the League include regional wholesale cooperatives, mutual insurance companies, or other organizations or federations organized and operated on a cooperative, mutual or non-profit basis, or companies owned exclusively by a member of the League, which subscribe to and operate under the fundamental principles of cooperation and meet requirements prescribed by the Board of Directors.

Associate Members: Organisations not eligible for active membership may apply for associate membership. These include state or area cooperative federations, and local cooperatives. For state or area federations, dues are \$50 annually; local cooperatives, \$25 annually, \$100 if business volume is over \$2 million a year. Family and individual members, \$10. Life members, \$200.

Services

The Cooperative League sponsors and participates in a wide variety of programmes and action in the field of legislative and governmental affairs, education and information, international representation, international and domestic cooperative research and development, member and public relations.

In legislative and governmental affairs, the League lends assistance in reaching governmental officials and provides alerts on legislative and administrative proposals to its members. We arrange testimony before the Congress on such issues as co-op taxation, the Capper-Volstead Act and other co-op statutes, no-fault insurance, co-op development at home and abroad, airline and trucking regulation. The League participates in federal agency advisory committees and works with other national and international organizations. For example, cooperative leaders, at CLUSA's initiative, met with Vice President Mondale and top White House staff recently to discuss inflation and energy matters.

The League sponsors a National Cooperative Legislative Conference to identify mutual concerns and interests. CLUSA has

been able to forge rural and urban coalitions to press for legislative goals of farm and consumer co-ops alike in this era of shrinking rural representation in Congress. An example of coalition building is the current CLUSA effort to gain support for studying the feasibility of rural transportation cooperatives—an idea we first developed in a USDA-sponsored concept paper.

In information and education, the Cooperative League helps member organizations communicate with their own members and with others. Recently, the League hosted a meeting of the Consumer Cooperatives Managers Association (CCMA) which brought together co-op managers and board presidents to discuss mutual concerns and goals.

Active members receive each week the Cooperative News Service to assist their publications with news and features on cooperative subjects. "In League" is a monthly newsletter report for our member co-op leadership.

CLUSA also arranges for speakers, produces and distributes publications, and provides office support for members visiting Washington. Teaching about materials about co-ops for social studies, vocational agriculture, and other school courses are available through the League. We have also participated in efforts to develop cooperative curricula for use in colleges and high schools.

In cooperation with the Cooperative Extension Service of the University of the District of Columbia, we recently hosted a Consumer Cooperative Development Conference for the U.S. Extension Service to acquaint Extension staff with the potential for co-op development under the new National Consumer Cooperative Bank. We also organized a meeting in Atlanta, Georgia for extension representatives of the 1890 Land Grant colleges to become familiar with the bank's resources of credit and technical assistance available to the people and communities with whom they work.

For many years the League has maintained continuing contact with the news media, and provides writers and editors with materials to help them reflect the co-op story more accurately. The Cooperative Hall of Fame located in League headquarters in Washington was established in 1976 by CLUSA to recognize outstanding American cooperators in all walks of cooperative

life, and 25 inductees have been honored to date.

The League aids member organisations in maintaining professional competence among employees through specially developed training materials and by working with several allied organizations, the following five of which it helped to found:

- * Association of Cooperative Educators.
- * Cooperative Management Development
- * Cooperative Editorial Association
- * Insurance/Finance Conference
- * Consumer Cooperative Managers Association

On the international cooperative scene, the League holds U.S. membership in the International Cooperative Alliance, an organization comprised of cooperatives in 65 countries, and the Organization of Cooperatives of the Americas. CLUSA arranges participation of U.S. cooperatives in international conferences on trade, agriculture, insurance, housing, banking and development. CLUSA members are given assistance in introductions, discussions and conferences with groups from other countries and CLUSA serves to facilitate trade contacts between U.S. cooperatives and those abroad.

The Cooperative League is a pioneer in cooperative research and development and was instrumental in organizing CARE, the worldwide development and relief organization. The tax-exempt Cooperative League Fund assists cooperatives here and abroad. Monies from cooperative foundations and individuals are channelled into U.S. and international cooperative programs which help low-income people, such as women in rural Alabama who have organized a sewing co-op, the Freedom Quilting Bee.

CLUSA answers thousands of inquiries annually from people interested in learning more about cooperatives and how to organize them.

The League has taken a position of leadership in inter-cooperative efforts to improve the image of U.S. cooperatives through such activities as participation in Co-op Month and the National Coordinating Committee for Cooperative Education and Training.

Dialogues between consumer and producer cooperatives are

encouraged by the League, and have proved to be beneficial in such areas as California, Michigan and Illinois by improving co-op relationships and those of farmers and consumers.

IV. U.S. Cooperative Collaboration with LDC Cooperatives

A. The LDCs Quest for Cooperative Development Assistance Following World War II and Political Independence

During the period when the majority of the LDCs gained their political independence, they sought to achieve economic independence, as rapidly as possible.

In framing their economic strategies, many of the LDCs were desirous of introducing cooperatives as an important part of their mixed economies. They avoided too great a reliance on laissez faire type for profit capitalism which reminded them of the pre-political independence era. They also were somewhat dubious about too much reliance on public sector enterprise.

They were aware that the early history of the economically more advanced nations indicated that the cooperative was one of the best forms of economic enterprise to provide farmers, and especially small farmers, with necessary services.

In fact, farmer cooperatives had an almost universal image as an economic institution through which farmers could improve their lot in life and protect themselves from exploitation. They viewed the cooperative as an institutional bridge between subsistence and modern agriculture, especially for the countless millions of small farmers.

The LDC leaders felt that the cooperative technique of organizing people could be used to give small farmers institutional access to the means of production, the financial system, the market, and agricultural knowledge.

They also anticipated that the cooperative technique of organizing a business is itself a way of organizing many of the related elements of a modern agricultural system because cooperatives cannot function effectively without warehousing, marketing, processing, transportation, extension, and many related functions.

And, perhaps most important they viewed cooperatives as a means of creating opportunities for people at all levels of income to participate in a democratic fashion in the affairs of their communities.

Most of the LDCs were familiar with the relative success of the cooperative movements in Europe and Scandinavia and sought help and advice from these countries.

However, due to the post World War II economic conditions in most of the European and Scandinavian countries they were not in a position to respond to requests for aid in assisting development of cooperatives in the LDCs.

In fact, many of the European and Scandinavian countries were themselves receiving economic aid through the U.S. relief and foreign aid (Marshall Plan) programme.

Meanwhile, the Cooperative League of the USA (CLUSA) and the Credit Union National Association (CUNA) through CLUSA's association and membership in the International Cooperative Alliance and as a result of their association with the cooperative relief efforts of CARE (Cooperative for American Remittances to Europe) were aware of the desires of the LDCs to receive assistance to expand the cooperative sectors in their respective economies. Therefore, in the early 1950s they began to respond to requests for assistance using their own resources.

B. U.S. Cooperatives Attempt to Respond to LDCs With Own Resources and Grants

1. CLUSA organization of CARE, FICD, IFCAI, and Programs in Northeast Brazil and India.

The Cooperative League became involved in international activities in June, 1944 when it launched the Freedom Fund as part of a celebration of the 100th anniversary of cooperatives. The Fund was used to rehabilitate European cooperatives. One of the most dramatic investments was a \$30,000 advance to help launch CARE which has subsequently changed its name to Cooperative for American Relief Everywhere. One of the largest programme activities was an additional solicitation of contributions for the establishment of an Italian lending agency for cooperatives, IFCAI. The loans made were so sound that the revolving fund capital was made available for development purposes

elsewhere.

In 1955 the Fund was made perpetual and its chief purpose then became technical assistance to cooperatives in the developing nations. In 1957 the Freedom Fund was renamed the Fund for International Cooperative Development (FICD). In 1962 FICD launched a World-wide Co-op Partners campaign as a special solicitation of individuals and cooperatives. The same year FICD contracted with AID for the organization of a cooperative finance institution in Latin America. FICD helped to finance long term CLUSA technical assistance to rural agricultural and consumer cooperatives in northeast Brazil from 1962 to 1967. In addition, it provided major resources for the CLUSA work in India which had begun in 1954.

Programs in cooperative, education, agricultural credit, rural health and assistance in helping Indian cooperatives establish a ten year development program including emphasis on establishment of rural electric cooperatives, fertilizer production, and oilseeds processing, were some of the activities conducted. In November 1968 the membership of the Executive Committee of the Cooperative League of the U.S.A. was made the board of directors of the Cooperative League Fund (CLF), the successor of FICD. Current sources of funds for CLF are: Co-op Partners, grants from foundations or special donors, and interest earned on the investment of the body of the Fund which is about \$1 million.

Volunteers from U.S. cooperatives were used in CLUSA's early international work.

2. CUNA World Extension Programs—Between 1954 when the World Extension Department of CUNA was created and 1961, 10% of CUNA's annual budget was set aside for world extension activities. From 1954 to 1962, the department assisted in organizing credit unions and providing technical assistance to them in 12 countries in Latin America. Annual visits to Africa were made to promote the value of savings and credit co-ops.

3. National Farmers Union (NFU)—NFU was also providing assistance, especially in the training of farm leaders, prior to its contracting with AID in the early '60s. It began this training about the end of World War II. Some programs involved exchanges of U.S. farmers with those of other nations.

C. The Humphrey Amendment Era to Present Time

The U.S. Congress in 1961 declared it to be the official policy of the foreign aid program “to encourage the development and use of cooperatives, credit unions and savings and loan associations.”

The Congress fortified this concept in Title IX of the Foreign Assistance Act of 1966, by declaring that “...emphasis shall be placed on assuring maximum participation by the people in the task of economic development of the developing countries.”

Further, the Mutual Development and Cooperation Act of 1973 provides support for cooperative development as follows under Section 111: “Development and Use of Cooperatives—In order to strengthen the participation of the urban and rural poor in their country’s development, not less than \$20,000,000 of the funds made available for the purposes of this chapter shall be available during the fiscal years 1974 and 1975 only for assistance in the development of cooperatives in the less developed countries...”

The Foreign Assistance Act passed in December 1977 continued Section 111 and provided \$20 million for technical assistance for cooperative development rather than for cooperative development generally. The funds were for two and one quarter years.

Finally, the Foreign Assistance Act passed in 1977 continued Section 111 and provided \$10 million a year for cooperative development.

1. CLUSA*, CUNA*, FUIAC, FCH*, ICDA, ICTC AND ICT, INC., NLISA, NRECA*

Cooperative League of the USA (CLUSA)

The year 1979 marked the close of the first 25 years of implementation of the CLUSA outreach program—a program of helping people in undeveloped parts of the world, including economically disadvantaged areas of the USA, to help themselves through cooperatives. This outreach program was

*Currently collaborating with AID under contracts/grants.

the outgrowth of the effort made by the League to establish the Freedom Fund, which made the initial grant of \$30,000 in 1944 to found Cooperatives for American Remittances to Europe (CARE).

CLUSA is unique not only because it is the only national forum where cooperatives of all kinds join together to accomplish goals, and because it is the official U.S. member of the International Cooperative Alliance, the oldest and largest world non-governmental organization except for the International Red Cross, but CLUSA is also the only national U.S. cooperative organization which has both international and domestic outreach programs.

CLUSA has adapted the experience of cooperatives in the U.S. and other countries to the conditions and needs of specific host nation programs. Both overseas and in the U.S., CLUSA places strong emphasis on working with and listening to the people and leaders of emerging cooperatives. We seek to understand their perceptions of their situation and their aspirations in order to help them identify internal resources they can utilize to help solve their problems. Both overseas and in the U.S., we endeavour to establish continuing, direct relationships between successful cooperatives and emerging cooperatives either within a nation or across international boundaries. These relationships provide the emerging cooperatives access to highly specialized consultants and continuing contacts for help in problem solving, even after CLUSA assistance is concluded.

Advisors recruited for overseas assignments are chosen for their technical know-how, ability to function as advisors by transferring and adapting knowledge, and experience in other cultures and development situations, including language proficiency. Advisory committees are selected for our overseas programs to assist in analyzing project potential, in project design and evaluation, and in identifying technical personnel for project implementation.

Fraternal relations between individual co-ops and larger co-op networks are encouraged to permit the maximum sharing of experiences and coalescing of efforts.

Continued emphasis needs to be placed on cooperative-to-cooperative relationships, which has proven to be highly successful way of providing technical assistance reinforced with moral

support. Further, it is clear that cooperative development is a long-term process. Planning and commitment of funds and resources thus must be longer-term and include projections of protracted development. Both the helping and the helped co-op should be brought into the planning stage as soon as possible

CLUSA's international focus continues to concentrate on the use of cooperatives in international development as a means of obtaining new food production in an increasingly hungry world.

It has been said that "future new food resources in the world can come from small farmers in the heavily populated areas of the developing world," and that these same small farmers can increase food production many times. However, for the lack of market systems which reward them for the extra risk involved, they will not or cannot utilize available land and labour for this end.

Currently, CLUSA has active cooperative assistance programs in India, Thailand, Indonesia, Panama, Swaziland, Rwanda, Egypt, Gambia.

Credit Union National Association (CUNA)—CUNA is made up of more than 23,000 credit unions in the United States. Under its contract with AID which dates from May 1962 it has fostered the growth of credit unions and credit union federations, leagues and confederations in Asia, Africa, and Latin America. Programs in production credit have been assisted in more than a dozen countries.

Farmers Union International Assistance Corporation (FUIAC)—FUIAC existed from about 1963 to 1968 and was under contract to AID during this period. It provided assistance to developing countries in the agricultural field and its membership represented not only farmers through the National Farmers Union and the National Grange but also agricultural cooperatives in the United States. In addition to assistance to agricultural cooperatives it also provided leadership training to individual farmers from developing countries. (In 1968 FUIAC merged with ICDA to form Agricultural Cooperative Development International.)

Foundation for Cooperative Housing (FCH)—The Foundation for Cooperative Housing is a non-profit foundation organized in 1950 for the purpose of doing study, research, and educational

work for the development of cooperative housing. Three affiliated companies provide technical assistance to help develop housing cooperatives in the United States and in developing countries. The FCH contract with AID dates from 1962 and is continuing. Although much of its overseas work has been in urban areas, FCH also works in rural areas and is concerned with the total shelter needs of the poor majority in developing countries.

International Cooperative Development Association (ICDA)—ICDA existed from 1965 to 1968 and was organized to enter into management contracts and joint business ventures with cooperative organizations overseas. Instead of pursuing those objectives it did technical assistance work under a global contract with AID. Most of its assistance was provided to agricultural projects.

International Cooperative Training Center (ICTC) and International Cooperative Training, Inc. (ICT, Inc.)—ICTC was established at the University of Wisconsin in Madison, in 1962. ICT, Inc., a sister organization, was organized to serve in a liaison capacity with the cooperatives of the United States and especially to plan and supervise the field training of ICTC participants. CLUSA played a major role in providing inputs to the establishment of these organizations. ICTC provided short and long term courses and seminars on cooperatives for personnel from developing nations and also provided consultation services to these countries on the development of their cooperatives. ICTC was under contract to AID from 1962 to 1970 when it was reorganized as the University Center for Cooperatives, a department of the University. At that time, its training for domestic cooperative development was combined with its overseas activities. At that time, ICT, Inc. became Cooperative Education and Training (CET). UCC provides training nationally and regionally as well as conducting courses at the Centre in Wisconsin. CET arranges training in U.S. cooperatives for U.S. and overseas personnel. More than 1,100 cooperatives have volunteered to help provide such training. CET derives its income from fees for services.

National League of Insured Savings Associations (NLISA)—In 1962 the NLISA began technical assistance to help establish savings and loans associations in developing countries, under a

global contract with AID, NLISA represented 400 U.S. federally insured savings and loan associations, many of whom provided top managerial talent to assist in overseas work. Both long and short term specialists were provided. Much of NLISA's international work was closely associated with the programs of FCH. The NLISA contract with AID ended about 1970.

National Rural Electric Cooperative Association (NRECA)—NRECA has been providing technical assistance to help develop rural electric cooperatives in developing nations since 1962 when its global contract with AID was signed. That contract continues today. In addition to the assignment of long term personnel overseas, NRECA has emphasized training including participant training in the United States for personnel from rural electric cooperatives in developing countries.

2. Merger of FUIAC and ICDA—Birth of ACDI

In November 1968 it was announced that FUIAC and ICDA would merge. The result was the creation of Agricultural cooperative Development International (ACDI) which has been under contract to AID since its birth. ACDI represents primarily U.S. agricultural cooperatives but also has other types of cooperatives in its membership, as a result of inheriting the membership of ICDA. ACDI specializes in assistance to agricultural cooperative programs.

3. Advisory Committee on Overseas Cooperative Development (ACOD)

The committee was organized in 1967 as a non-official, voluntary group of private citizens representing cooperatives. It provides liaison between U.S. cooperatives and the various entities concerned with assisting people in developing countries—the U.S. Agency for International Development, Peace, Corps, the International Bank for Reconstruction and Development, the Inter-American Development Bank, Congress and the Executive Branch of the U.S. Government. The cooperatives which are associated with the Advisory Committee through its individual members, serve more than 35 million families in the

United States with all types of services. The Committee also sponsors conferences and studies of cooperative development such as its 1971 publication "Farmer Cooperatives in Developing Countries."

4. Organization of the Volunteer Development Corps (VDC)

The VDC was incorporated in 1970 and provides short term volunteers for technical assistance to cooperatives in developing countries. The volunteers are highly qualified technicians who work with the cooperatives no more than 90 days. As a private non-profit organization, VDC receives funds from U.S. and overseas cooperatives, individual contributors and AID. Sponsoring organizations are ACDI, American Institute of Cooperation, CUNA, League Insurance Group of Detroit, the National Council of Farmer Cooperatives and NRECA.

5. Formation of Overseas Private Investment Corporation (OPIC)

OPIC is the U.S. Government's principal catalyst for stimulating U.S. private investment in the developing nations. Congress created this independent government corporation which came into being in January 1971. The OPIC board has a majority of private sector representation and by law one director represents the cooperatives of the United States. OPIC incentives to investors include insurance and several forms of financial assistance. Dr. Allie C. Felder, Jr., Vice President and Director of Outreach Division of the Cooperative League has been the "Cooperative Director" on OPIC's board since the founding of the corporation. OPIC continues to look for ways in which it might assist cooperative development programs overseas.

SHIRO FUTAGAMI*

Union of Agricultural Cooperatives in Japan

Introduction

1. Historical Setting

The transformation of Japan into a modern society started about 100 years ago and progressed along with the advancement of a capitalistic economy, in which industrial development was of primary importance. For this purpose, agricultural sector was imposed with not only heavy responsibility of food supply but also heavy tax assessments. As an inevitable consequence, many farmers were forced to ruin, leading to the spread of social unrest. It was a fatal blow to the Government and landlords.

Under such circumstances, the Government extended positive assistance to promote establishment of cooperative societies and during 1880s many marketing societies in primitive form were established on voluntary basis for major export commodities, such as tea and silk.

In 1900 the first Cooperative Law in Japan was enacted and it facilitated establishment of modern type of cooperative societies. It was not permitted, however, for credit cooperative societies to operate marketing and supply business in addition to credit business until the first revision of the Law in 1906, which authorized cooperative societies to launch into activities other than the credit business. This established the groundwork for the development of the current type of multi-purpose cooperative societies. The second revision of the Law in 1909 opened the way for establishment of federations and national union, and cooperative societies marked a rapid increase in number throughout Japan.

*Chief, International Section, the Central Union of Agricultural Cooperatives, Tokyo, Japan.

Agricultural panic in 1930s gave a fatal blow to rural communities in Japan and the Government promoted "Self-reconstruction Campaign of Agricultural Economy" as a counter-measure against the ensuing agricultural panic. In response to such government programme, cooperative societies had also implemented Five Year Cooperative Expansion Programme since 1933. The objectives of the programme were to establish societies in every village throughout the country to cover all the farmers and to enable all the rural cooperative societies to operate credit, marketing, supply and utilization activities. Thus, the cooperative movement made remarkable progress during 1930s with positive government assistance and guidance.

Towards the end of 1930s, along with the shift to a wartime economic control, various business activities of the cooperatives were also brought within the confines of overhead control. In 1943 the Agricultural Organization Law was promulgated and the cooperative societies were merged into the Agricultural Society, together with other agricultural organizations. All the farmers were forced to be the members of Agricultural Society. Cooperative movement, particularly rural cooperative societies, started in 1900, ceased to exist until 1947 when the new Agricultural Cooperative Law was enacted.

After World War II, cooperative societies were re-established under the new cooperative laws. In pre-war period it was only one cooperative law, under which various types of cooperatives were registered, while after World War II cooperative laws were enacted separately for each branch of the movement.

Agricultural Cooperative Law	enacted Nov. 1947
Fishery Cooperative Law	Feb. 1948
Consumers' Cooperative Law	July 1948
Small and Medium Enterprisers Cooperative Law	June 1949
Forestry Owners' Cooperative Law	June 1951

In pre-war period cooperative societies in rural communities experienced a lot of difficulties since they embraced landlords and non-farmers, whose interests might conflict with those of farmers, as their members. They were also endangered to become government agent due to the strong and positive govern-

ment assistance. Immediately after the World War II it was an urgent task of the Government to promote democratization of rural communities and to ensure successful implementation of Land Reformation. The Government, therefore, enacted separate Agricultural Cooperative Law to enable agricultural cooperative societies to serve farmers in voluntary and democratic way to the maximum extent by making farmers as their regular members, with a view to eliminating any possible interference of the Government and of non-farmers' interests.

Along with the re-establishment of agricultural cooperative societies throughout the country under the new Law, guidance federations of agricultural cooperatives were established at prefectural and national levels to perform activities, regarding organizational matters, agricultural production and legislative matters. It was felt, however, the need for much stronger, both financially and organizationally, guidance body for the entire movement to cope with the difficult economic situation in post-war period. In 1954 the Law was revised and authorized the establishment of unions of agricultural cooperatives at prefectural and national levels.

2. Present Situation

At the primary level there are 4,657 multi-purpose agricultural cooperative societies which operate credit, marketing, supply, insurance, utilization, guidance, education, etc., covering almost 100% of farmers. Along with those multi-purpose agricultural cooperative societies, there are 5,691 single purpose societies which are engaged in marketing of specific agricultural commodity or in extending technical farm guidance on specific commodity. Farmers affiliate with such societies according to their needs, in addition to affiliation with multi-purpose societies.

At prefectural level, there are federations which consist of multi-purpose societies, such as credit, economic (marketing and supply), insurance and welfare, and other federations which consist of single-purpose societies. Apart from these business federations, there is a union of agricultural cooperatives in each prefecture as a general guidance body for the agricultural movement.

At national level, each prefectural federation has its counter-

part. National federations are classified into two categories of (a) those related to multi-purpose societies such as National Federation of Agricultural Cooperative Associations, National Mutual-insurance Federation of Agricultural Cooperatives, National Welfare Federation of Agricultural Cooperatives, Central Cooperative Bank for Agriculture and Forestry, etc., and (b) those related to single-purpose societies. In addition to those federations, the Central Union of Agricultural Cooperatives exists as an apex guidance body of the entire agricultural cooperative movement. It has to be mentioned, however, that there is no common apex organization for all types of cooperative movements in Japan.

TABLE 1. Figures of Multi-purpose Agricultural Cooperatives
(As of March 31, 1977)

	Total	Per Society
Number of societies (as of March, 1978)	4,657	
Membership		
Regular members	5,748,822	1,219.0
Associate members	1,978,421	419.5
Total	7,727,243	1,638.5
Elected officials		
Directors	65,490	13.9
(out of which full-time)	6,571	1.4
Auditors	18,419	3.9
Total	83,909	17.8
Employees		
General managers	3,311	0.7
Farm advisers	16,826	3.6
Better living advisers	2,137	0.5
Other employees	251,334	53.2
Total	273,608	58.0
Share capital (1 million Yen)	437,804	92.8
Volume of business (1 mil. Yen)		
Marketing	4,879,056	1,035
Supply	3,370,995	715
Balance of loan	8,524,271	1,816
Balance of saving	17,407,268	3,691
Long-term insurance	56,385,068	12,108
Unappropriated surplus (1 million Yen)	117,479	26

II. Union of Agricultural Cooperatives

1. Background

In early 1950s agriculture in Japan restored pre-war level of productivity and farm production made a remarkable development, thanks to technical innovation, improved farm management, improved standard of living, etc. Under such circumstances, emphasis on government agricultural policy was also shifted from increase of agricultural production to improvement and extension of new agricultural techniques and high productivity. In order to accomplish such target of agricultural policy, there was a need in agricultural sector to establish agricultural organization with an objective to extend farm guidance service.

On the other hand, a large number of agricultural cooperative societies and federations fell into managerial difficulties, because of the economic confusion and of establishment of societies in a short period of time after the enactment of the Law in 1947 without sufficient managerial planning and preparation on the part of societies. In 1950 national organizations of agricultural cooperatives constituted National Council for Agricultural Cooperative Management to study managerial problems. The Council recommended to establish afresh strong apex organization, after reviewing financial and organizational position of National Guidance Federation of Agricultural Cooperatives established in 1948, with a view to extending guidance service for managerial improvement and protection of interests of agricultural cooperative societies.

There was another move to urge establishment of strong guidance body of agricultural cooperatives. Soon after World War II, the Government introduced extension workers system and established an extension office in each village and town administration, for the purpose of disseminating farming techniques. This resulted in conflict with that of agricultural cooperatives. A certain group of agricultural leaders expressed their view that farm guidance and legislative activities representing farmers' interests should be separated from agricultural cooperatives which should confine to economic activities only. It was, of course, not acceptable to agricultural cooperatives

because they were of opinion that real objective of farm guidance could be attained only when economic activities were well integrated with farm guidance.

In view of this, the First National Congress of Agricultural Cooperatives was held in October 1952 and adopted a resolution unanimously that guidance and economic activities should be integrated in agricultural cooperatives, confirming that such integration could bring about highest efficiency in agricultural production. At the second National Congress of Agricultural Cooperatives held in February 1953, a resolution to establish "union" as general guidance body of agricultural cooperatives was adopted. According to this resolution, agricultural cooperatives organized strong campaign for the revision of Agricultural Cooperative Law to enable them to set up a union.

In September 1954 the Law was revised and it was authorized to establish a union in each prefecture with membership of primary agricultural cooperatives and Central Union of Agricultural Cooperatives at national level with membership of prefectural unions and their regular members, which are bound to become members of the Central Union. The Central Union started its functions from 1st December 1954 and National Guidance Federation of Agricultural Cooperatives was then dissolved.

2. Objectives and Salient Features of UNION

Union is a general guidance organization which aims at sound development of agricultural cooperative societies and performs guidance and education activities as its main functions.

Union is engaged in guidance activities in broad sense, such as guidance on cooperative businesses, organizational matters and management, cooperative education, cooperative auditing, etc. It is different in character from cooperative business organizations. Union is a special organization to extend its services not only to its constituent members but to all the agricultural cooperatives in the country.

Union is provided for by the same Law under which primary agricultural cooperative societies and federations are registered,

but it is an apex organization of primary societies and their federations, while the former guidance federation was a parallel organization with other federations. It was not suitable to perform its functions effectively and to build firm financial foundation when guidance federation was on a same level of other federations. Union was established based on the lessons from guidance federation.

Union is a coherent guidance body

Union has well integrated functions and organizations. Union has a two tier system—prefectural and national level. The reason why two tier system adopted is to pay due respect to local condition and independence so that guidance activities could be designed more precisely and fit into local situation. Prefectural unions are bound to become members of the Central Union of Agricultural Cooperatives as mentioned earlier, while the Central Union has to extend guidance and information services to prefectural unions. Thus, operational coherence of unions throughout the country is maintained. It is provided in the Law that there should be one union in each prefecture and one union at national level in order to maintain such coherence and efficiency.

Union is a Non-profit-making Corporation with strong Public Nature

The nature of union is clearly defined in the Law as non-profit-making corporation. It is also provided that the services of union should be extended to the entire agricultural cooperative societies irrespective of their membership position, objectives should be in accordance with the policy of the Government on agricultural cooperative promotion and union may make recommendations to the Government. Thus, union has a strong public nature.

3. Membership

(1) Member organizations

Union is divided into national and prefectural unions, and each union is an independent corporation. In order to main-

tain unified performance as a general guidance body, special measure is taken. For instance, primary societies are free to affiliate with Union but prefectural unions are bound to become members of the Central Union of Agricultural Cooperatives. When primary societies affiliate with prefectural unions they automatically become members of the Central Union.

(2) *Types of Members and Eligibility*

a) *Types of members*

There are two types of members—regular and associate. Regular members have a right of voting and participating in management of union, while associate members take advantage of union's service.

b) *Eligibility*

i. *Prefectural union*

Regular members of prefectural union are agricultural cooperatives and their federations which cover whole or part of the area served by prefectural union.

Associate members are those corporations which operate businesses similar to those of agricultural cooperative societies within the area of operation of prefectural union.

ii. *Central Union*

Regular members are prefectural unions, their regular members—primary societies and their federations—and primary societies which operate exceeding a prefecture.

Associate members are those determined by the by-law of the Central Union.

4. **Functions of Union**

(i) **Guidance on organization, business and management**

(a) *Guidance on organization of agricultural cooperatives*

To extend guidance on area of operation, membership, eligibility, members' relations, affiliation with federations, etc. which are organizational basis of the movement.

(b) *Guidance on business*

To extend guidance on sound and efficient business performance, proper selection of types of business to be carried out, organizational set-up for business operation, patronization of cooperative channel, etc.

(c) *Guidance on cooperative management*

To extend guidance on administration system, internal structure, business and financial control system, etc.

(ii) **Auditing****(a) *Nature of auditing business***

Union's auditing is an internal auditing similar or supplement to that of elected auditors of a society. Union's auditing is implemented with the consent of the society to be audited. It is different from the Government inspection. Very important information and materials which are essential for planning guidance activities of union are collected through Union's auditing.

(b) *Executing of auditing*

Union has to decide Auditing Regulations and to obtain approval of the competent minister. In the Auditing Regulations it is provided that union has to appoint agricultural cooperative auditing specialists.

Union has to make an annual auditing plan after consultation with societies proposed to be audited and the competent minister (or governor). Union has to give notice of auditing plan to societies concerned as soon as it is finalised.

(c) *Agricultural cooperative auditing specialists*

It is provided in the Law that union has to appoint agricultural cooperative auditing specialists from among qualified employees of the union. The qualifications of such auditing specialists are provided by the ministerial order. Any person who wants to be such specialist must attend one month training course organized by Central Union of Agricultural Cooperatives

and pass Central Union's qualification tests. President of union shall appoint from among those passed the tests with joint consent of vice-president and a majority of members of the Board.

In 1979, 564 employees took Central Union's qualification tests and 59 have passed.

(iii) Provision of education and information on agricultural cooperatives

Union is responsible for provision of education and information services for sound development of agricultural cooperatives. Union gives pre-service education to those who wish to work in agricultural cooperatives in future and/or in-service training for officials and employees at their permanent educational facilities. Union is also responsible for publication of newspaper, magazines, etc. and for supply of information through mass-media.

(iv) Communication with member societies and mediation of disputes among member societies

Union extends services, for the purpose of sound development of agricultural cooperative societies, to promote exchange of cooperative informations, study of common problems, exchange of experiences by visiting with each other, and mediation of disputes among member organizations.

(v) Research and study

Union shall carry out research and study on external and internal problems relating to agricultural cooperatives and provide necessary documents to be utilized for improvement activities.

(vi) Legislative activities

As mentioned already, main responsibilities of union are to extend guidance and education services. In order to attain these objectives, however, it is also provided in the Law that union may carry out legislative activities, representing interests of member cooperatives.

(vii) Relation between prefectural unions and Central Unions

In order to ensure implementation of established policy of Central Union in an integrated manner to the fullest extent, Central Union extends guidance to prefectural unions and keeps in close contact with them.

5. Finance of Union

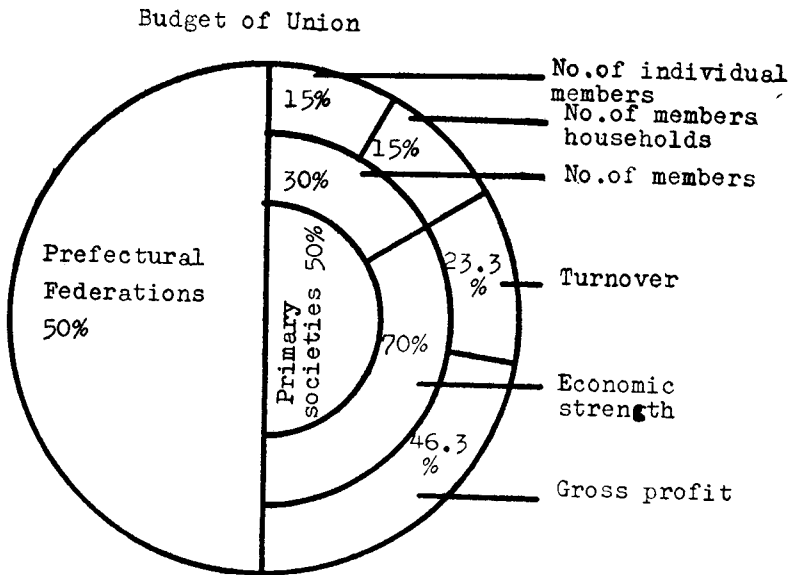
Union is a general guidance body of the entire movement and not engaged in any economic business. Expenditures for unions' activities are, therefore, covered with membership subscription. Formula of membership subscription is based, in principle, on economic strength of members, but it varies from prefecture to prefecture, reflecting historical background.

It is not easy to establish any uniform formula for every union but at least the formula should be based on organizational and economic strength of member agricultural cooperative societies, and integrated activities of unions should not be disturbed by budget limitation. In view of this, Central Union re-examined various formulae practiced by prefectural unions in 1965 and recommended standard formula of subscription for prefectural unions to follow with necessary modifications reflecting local conditions.

The standard formula recommended is as follows :

Total budget of union is equally divided into two parts. First part of the budget is allocated to prefectural member federations. Distribution among federations will be by mutual consultation. The other part shall be allocated to member primary societies according to the following criteria : (1) allocation to members 30% — (a) allocation by number of individual membership 15% and (b) allocation by number of member households 15%, (2) allocation on the basis of economic strength 70%— (a) allocation by business turnover 23.3% and (b) allocation by gross profit 46.3%.

In 1968 Central Union re-examined own subscription formula in consultation with prefectural unions and national member organizations, and new formula was introduced from 1971 after transitional period of 2 years.



New formula of Central Union is as follows :

Budget of Central Union is also divided into two parts, one for national member organizations and the other for prefectural unions. There is no fixed ratio between national and prefectural member organizations, but actual ratio in 1979 is 33% for prefectural unions and 67% for national member organizations. Amount allocated to prefectural unions are distributed according to the following criteria : (1) allocation by number of members 40% — (a) equal allocation 30% and (b) allocation by number of farm households 10%, and (2) allocation by economic strength 60%— (a) according to marketing turnover of primary societies 11%, (b) according to supply turnover of primary societies 11%, (c) according to balance of savings made with societies by members 23% and (d) according to agricultural cooperative insurance holdings 15%.

Subscriptions to be paid by national member organizations will be allocated by mutual consultation, considering past records.

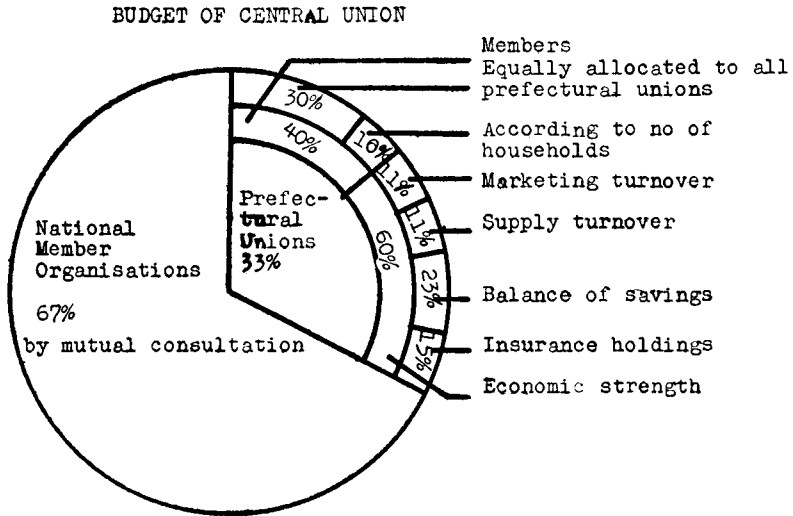


TABLE 2. Aggregate Budget of Prefectural Unions for 1979

(Unit : 1 million Yen)

	Amount	%
Revenue		
Membership subscription	23,353	88.4
Business income	2,031	7.7
Miscellaneous income	304	1.2
Transfer from 1978	405	1.5
Others	321	1.2
Total	26,414	100.0
Expenditure		
Business expenses	6,074	23.0
Personnel expenses	13,553	51.3
Administration expenses	3,692	13.9
Transfer to special account	2,631	10.0
Reserves	317	1.2
Others	147	0.6
Total	26,414	100.0

TABLE 3. Types of Membership Subscription of Prefectural Unions for 1979

	(Unit : 1 million Yen)	
	Amount	%
Primary societies' general subscription	9,145	38.0 (42.8)
Federations' general subscription	12,223	50.8 (57.2)
Special subscription	2,691	11.2
Total	24,059	100.0

Table 4. Ordinary Budget of Central Union for 1979

	(Unit: Y 1,000)	
	Amount	%
Revenue		
Membership subscription	2,123,705	97.9
Business income	30,246	1.4
Miscellaneous income	6,000	0.3
Transfer from 1978	10,000	0.4
Total	2,169,951	100.0
Expenditure		
Business expenses	668,601	30.8
Personnel expenses	890,500	41.0
Administration expenses	196,850	9.1
Transfer to special account	354 000	16.3
Reserves	60,000	2.8
Total	2,169,951	100.0

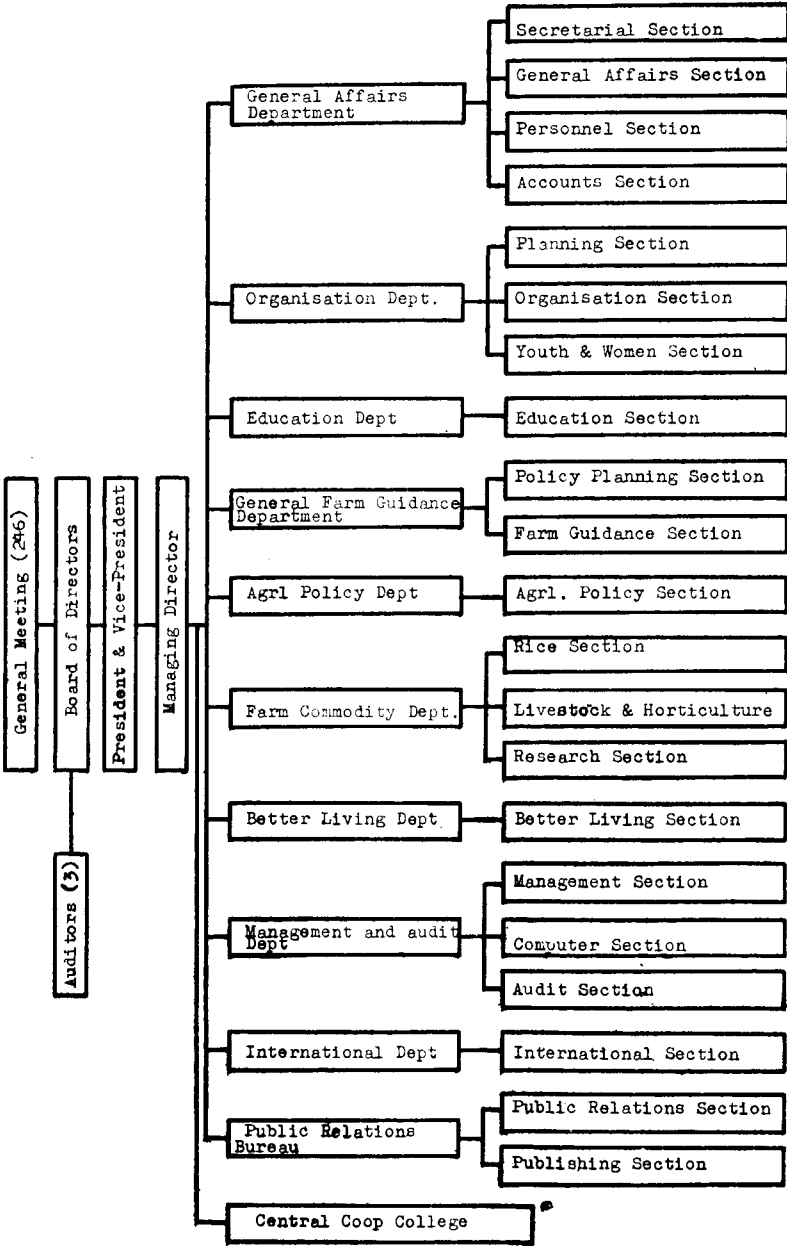
Table 5. Number of members of the Central Union as of March 31, 1979

Prefectural unions	47
Prefectural federations	391
Primary societies	4,712
National member organizations	16

Table 6. Number of representatives for General Meeting of the Central Union

Presidents of prefectural unions	47
Representatives of primary societies and prefectural federations	184
Representatives of national member organizations	15
Total	246

INTERNAL STRUCTURE OF THE CENTRAL UNION OF AGRIL COOPERATIVES



(Note) 1. The General Meeting elects the following officials with the office term of three years.

President	1
Vice-President	2
Directors	20 (five managing directors cooped)
Auditors	3

2. The number of employees is 196 as of April 1st, 1979.

For Better Communication

1. Communication with prefectural unions and federations:

- a) Divisional and sectional managers conference
- b) Managing directors and general managers conference
- c) Prefectural union's presidents conference
- d) Conference of presidents of prefectural unions and federations

2. Communication with national member organizations:

- a) Divisional and sectional managers meetings
 - b) Secretaries meeting
 - c) Wednesday (meeting of managers of administration department of national member organizations consist of multi-purpose societies)
 - d) Second Wednesday meeting (meeting of managers of national organizations consists of single-purpose societies)
 - e) Thursday meeting (meeting of managing directors of national organizations consist of multi-purpose societies)
 - f) Presidents of national organizations meeting
3. Internal communication (within Central Union)

- a) Divisional meeting,
- b) Managers meeting
- c) Managing directors meeting

6. Activities performed in 1978 by Central Union of Agricultural Cooperatives

- (1) Promotion of Three Year Plan for Strengthening Cooperative Works based on active member participation.
 - a) Central Union organized various regional meetings,

Study meetings, training courses for prefectural unions' officers in charge, with a view to maintaining coherence among unions and promoting better understanding on the plan.

- b) Central Union published cases of successful societies on the Plan for distribution among whole agricultural cooperative societies.

(2) Evaluation of achievements of the Plan:

- a) Central Union promoted evaluation works on the first year's achievements of the Plan in collaboration with prefectural unions.
- b) On-the-spot study meetings were organized at 9 societies regarding progress of the Plan for officials and employees of national and prefectural unions and federations.
- c) In order to exchange experiences, Central Union organised a national meeting with participation of 3 presidents of primary societies from each prefecture.

(3) Preparation for 15th National Congress of Agricultural Cooperatives to be held in 1979—once in 3 years:

- a) Questionnaire concerning themes and subjects for discussion at congress were sent to individual members through prefectural unions in order to reflect views of members and primary societies.
- b) Central Union decided basic area for discussions through regional meeting of executive officers and president of prefectural unions.

(4) Examination of basic problems for organizational consolidation:

- a) Advisory Committee on Organization of Central Union started examination of basic problems regarding organizational set-up to promote members' active participation, youth's and women's participation in operational works of agricultural cooperatives, identification of roles of associate members and hamlet groups.

(5) Promotion of guidance on youths and women's organizations:

- a) Working group was appointed to study youth and women's organizations and to recommend tasks of those organizations.
- b) Study meetings were organized by Central Union for officers of prefectural unions in charge of youth and women's association, and 180 officers participated.
- c) Training course was organized for leaders of youth association of agricultural cooperatives and Central Cooperative College of the Central Union.

(6) Assessment of amalgamation was made in collaboration with prefectural unions.

(7) Promotion of cooperative business rationalization plan.

(8) Coordination and integration between different businesses was taken up at study meetings.

(9) Improvement of efficiency of administrative staff.

- a) Study meetings with prefectural unions on budget control system.
- b) Training courses for staffs and divisional managers in charge of administration and accounting of prefectural unions.

B. Activities related to farm management.

(1) Regional Agricultural Development

- a) Promotion of regional agricultural development planning:
 - i) Case studies on regional agricultural development plans worked out by 10 primary societies.
 - ii) Preparation of manual for planning regional agricultural development.
 - iii) Establishment of Committee on Agricultural Cooperative Regional Agricultural Development, consisting of representatives of 8 major national organizations.
- b) Conversion programme of paddy fields into other crops to cope with situation of over production of paddy:
 - i) Case study on programmes implemented by primary societies.

- ii) Study meetings and regional meetings of prefectural unions and federations concerned.
 - iii) Publication of bulletin on Paddy Field Conversion Programme.
 - iv) Consultation service for prefectural unions on practical methods of conversion programme.
- c) Implementation of measures regarding New Agricultural Structural Improvement Project of the Government:
- i) Defining basic policy of agricultural cooperatives for the Project.
 - ii) Publication of manual "New Agricultural Structural Improvement Project and Agricultural Cooperatives".
 - iii) Regional meetings to discuss ways and means to promote the Project with prefectural unions and federations.

(2) Strengthening of Farming Complex:

- a) Study meetings on how to promote and strengthen farming complex in relation to regional agricultural development plan.
- b) Field study for participants from prefectural unions, federations and primary societies concerned.
- c) Promotion of registration system of farming complex.
- d) Research on the needs of special financing system for farming complex.
- e) Training course on management analysis by computer for poultry farming.

(3) Coherent production and marketing system of farm products.

Study meetings on cooperation among cooperatives were organized in collaboration with National Federation of Agricultural Cooperatives and Japanese Consumers' Cooperative Union. Rainbow Campaign was implemented through agricultural cooperative stores. National conference was also held to exchange experiences with participation of representatives from Central Union, National Federation of Agricultural Cooperatives, National Federation of Fishery Cooperatives and Japanese

Consumers' Cooperative Union.

(4) Promotion of effective utilization of farm land and farm machineries.

- a) Promotion of comprehensive land utilization programme:
 - i) Training course on utilization planning by agricultural cooperatives in relation to regional agricultural development plan.
 - ii) Field study on successful example for staff of prefectural unions.
 - iii) Study meetings on how to promote production of second crops in paddy field.
 - iv) Research on promotion of feed crops as an integral part of paddy field conversion programme.
- b) Organizational utilization of farm machineries and safety measures:
 - i) Technical studies by Working Groups of Farm Machineries Committee of Central Union.
 - ii) Promotion of safety measures for farm machinery operation.
 - iii) Recommendation to the Government on improvement of Workmen's Accident Compensation Scheme.

(5) Strengthening of farm guidance:

- a) Research in order to identify problems of farm advisors was carried out in collaboration with prefectural unions and its report was distributed to prefectural unions.
- b) Regional conference of farm advisors were organized to exchange experience.
- c) Seminar and training courses were organized

Activities related to better living

- (1) Consideration of Basic Policy of better living activities.
 - a) Study and identification of basic problems.
 - b) Consideration of direction and measures of basic policy.

(2) National survey on better living activities on 28 items, such as a) facilities for better living, b) health control programme, c) consumer programme, d) group activities and consultation service, e) cultural and welfare activities, etc.

(3) Promotion of health control activities:

- a) Implementation of special project on health control for those who are engaged in farming.
- b) Joint study meeting of unions, welfare federations and insurance federations to discuss ways and means of health control activities.
- c) 19th Farmers Health Conference was held. Main theme of the Conference was "Health Condition of Farmers and Role of Agricultural Cooperatives"
- d) Assistance to strengthening financial position of co-operative hospitals

(4) Consumer activities

- a) Study meetings and researches were carried out in order to promote activities on joint purchase of consumer goods, commodity test, etc.
- b) Efforts were made to remove various legal restrictions for large size cooperative stores, which were proposed by private retailers.
- c) Setting up of Standard Self-control System of agricultural cooperative stores operation.

(5) Improvement of ability of personnel engaged in better living activities:

- a) Publication of text books in 3 volumes to be used at training courses.
- b) Training courses for various categories of staffs.
- c) Study of problems of better living advisors.

(6) Measures to improve Farmers Pension Scheme,

(7) Agricultural Cooperative Housing Project in urbanizing rural area to supply houses to city workers.

D. Activities related to agricultural cooperative management

- (1) Promotion of management improvement activities
 - a) Establishment of regular check system
 - b) Promotion of financial soundness through creation of increased own capital in collaboration with Central Cooperative Bank
 - c) Advice to prefectural federation faced with managerial difficulties in collaboration with prefectural unions
- (2) Guidance on personnel control
 - a) Established guidelines on management and employees relations in agricultural cooperative societies, and on working conditions of agricultural cooperatives
 - b) Training courses on personnel control were organized in collaboration with Research Institute for Agricultural Cooperative Labour Problems
- (3) Guidance on agricultural cooperative management
 - a) Advanced training course on management
 - b) Research on agricultural cooperative management
 - c) Consultation on management and administration
- (4) Promotion of computerization
 - a) Coordination of introduction of computer
 - b) Standardization of systems for effective utilization of computer
 - c) Training courses—594 participants in 10 courses
 - d) Research on computer utilization by agricultural cooperatives

E. Activities related to auditing

- (1) Strengthening Self-auditing system
 - a) Training courses for primary societies' auditors
 - b) Training courses for staffs of prefectural unions engaged in guidance on internal auditing system
 - c) Study meeting for auditing specialists of prefectural unions in order to improve their skill and knowledge
 - d) Supply with documents and information

(2) Auditing

- a) In 1978 Auditing specialists of Central Union audited 13 prefectural federations and 10 primary societies to be awarded at general meeting of Central Union.

F. Activities related to education and training

(1) Promotion of member education

- a) Publication of text book on agricultural cooperative movement for high school students
- b) Publication of manual for member education

(2) Promotion of officials and employees education

- a) Study on standardization of education method
- b) Publication of teaching materials

(3) Training of officials and employees

- a) Basic course for trainers of prefectural unions
- b) Advanced course for managers of prefectural unions
- c) Basic course for mixed participants from primary societies, prefectural unions and federations
- d) Training course for newly recruited employees of national organizations
- e) Training course for employees who want to be auditing specialists of agricultural cooperatives
- f) Qualification test for agricultural cooperative auditing specialists

(4) Strengthening of organizational system for education

- a) Education Council
- b) Survey on educational activities of prefectural unions
- c) Theoretical study of agricultural cooperatives
- d) Improvement of teaching method and materials

(5) Scholarship

- a) Scholarship is granted to those students studying at educational institutions of unions

(6) Education at Central Cooperative College

- a) Three year course for high school graduates who wish to work in cooperatives after graduation

G. Activities related to Publicity

(1) Promotion of internal publicity

- a) Improvement of organs of societies
- b) Training courses for primary society staffs and prefectural unions staffs engaged in publicity activities at regional and national levels.
- c) Supply of information and documents
- d) Publication of weekly bulletin
- e) Publication of manual on agricultural cooperative publicity
- f) Production of TV commercial film in order to improve image of agricultural cooperatives
- g) Liaison work with other national organizations
- h) Case studies

(2) Promotion of external publicity

- a) Publicity to general press
- b) Distribution of information to opinion leaders
- c) Publicity to general consumers

(3) Campaign for expansion of rice consumption

- a) Publicity to schools and educational institutions
- b) Utilization of film and magazines
- c) Production of materials—posters, leaflet, commercial film for TV, etc.

(4) Publication

- a) Monthly organ of Central Union
- b) Educational books

H. Activities related to basic agricultural policy

(1) Promotion to establish basic agricultural policy

- a) Improvement of self-sufficiency of food and agricultural reconstruction programme under present socio-economic conditions

- b) Government budget for agriculture
- c) Legislation relating to agriculture and agricultural cooperatives
- d) Tax problems

(2) Legislative activities

- a) Rice policy—paddy field conversion and rice price
- b) Production, marketing of rice and policy on livestock products, fruits and vegetables

(3) Survey

- a) Production cost of rice, livestock and other grains
- b) Training course for staff of prefectural unions engaged in production cost survey
- c) Regional meeting of managers concerned in prefectural unions

Union of Agricultural Cooperatives (Supplement)

In agricultural cooperative movement the followings are generally recognised.

I. Union functions

The major functions of the Union of Agricultural Co-operatives are:

1. To *represent interests of its member societies* in their external relationship by uniting their common purposes;
2. To *formulate a basic policy and provide a general planning organ* to enhance the agricultural cooperative movement as a whole;
3. To *ensure the unity of its member societies' common purposes and facilitate communication and coordination among them*, since they are prejudiced in favour of their respective standpoints, showing a tendency to create antagonism between a cooperative society and its member households, federation and its member societies, and between different federations;
4. To *give guidance* to its member societies on their system, operation, and management to help agricultural cooperative activities in improving the farming operations and livelihood of member households;
5. To *give necessary information and knowledge* to the members as well as officials and general employees of the Union, while *implementing an integrated systematic educational programme* on the agricultural cooperative movement;
6. To *accelerate the sound development of its member societies by helping them acquire necessary expertise through its auditing*, so that they can win greater confidence of member households in their services; and
7. To *facilitate its public relations activities to inform the general public* of the economic and social roles of agricultural cooperatives, while providing better internal communication through various measures to enhance the awareness of the cooperative movement among all members and make them fully understand the projects of such

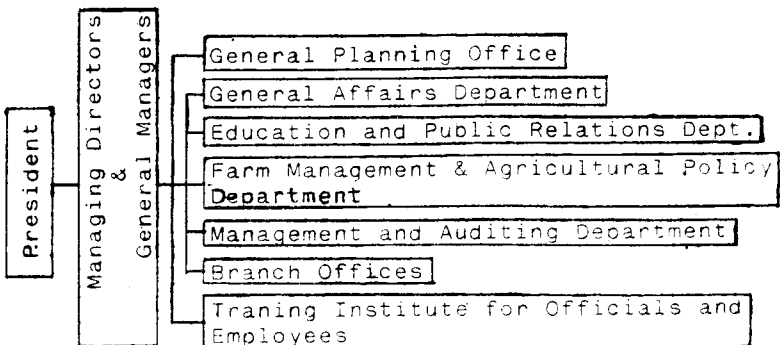
societies and other arrangements necessary for the improvement of their farming operations and livelihood.

II. Measures for Efficient Performance of the Union's Functions

The following arrangements should be made to help the Union of Agricultural Cooperatives work efficiently:

1. A committee or committees consisting of representatives from societies should be established in the Union to formulate coordinated basic policy for the common interests of the member primary societies and federations so that the agricultural cooperative activities can provide an integrated function.
2. The Union should be staffed with competent, experienced officials and employees who are dedicated to the agricultural cooperative movement.
3. The internal system of the Union should be simplified as far as practicable to get better prepared for any situation it may face.
4. The Union should be provided with sufficient funds to efficiently fulfil its functions, while ensuring that its membership subscription does not exceed the amount the members are willing to pay. All members, when affiliating themselves with the Union, must be fully aware of their obligation to take their shares of the Union's expenses.

III. Standard Internal Structure of the Union



IV. Guidelines for the Union's Efficiency

1. The number of the Union's employees should represent a substantial percentage, compared with those of primary societies and federations.
2. The membership subscription of the Union per regular member household must be at a fairly high level. The subscription should also represent a substantial percentage, compared with the amount of savings made by the members with societies and their business administration costs.
3. The operating expenses of the Union should account for a significant portion of the total annual expenditure from general account.
4. The operating expenses of the Union per employee must reach a substantially high level.
5. The Union's administrative expenses per employee should be held at a relatively low level.
6. Subscription from primary societies must represent a substantial percentage of its general membership subscription.

Administrative status of 47 Prefectural Unions in 1979

	Highest	Lowest	Mean
Membership subscription of the Union per regular member household (Y)	37,832	1,785	4,334
Membership subscription of the Union against business administration costs primary societies (%)	1.44	0.38	0.83
Operating expenses of the Union per employee (Y1,000)	5,921	0.604	1,709
Administrative expenses of the Union per employee (Y1,000)	1,859	0158	0.970
Union's employees against those of primary societies and federations (%)	2.19	0.35	1.08

National Cooperative Union of India – Its Functions

The National Cooperative Union of India is the apex organisation of the Cooperative Movement embracing all types of cooperatives in the country. The Union came into existence in the year 1929 and since then has gone through many changes. The Union completed 52 years of its useful services to the nation and its Golden Jubilee was celebrated in the year 1979.

Membership

The Union has at present a membership of 126 institutions comprising of National Federations and State level organisations such as State Cooperative Unions, State Cooperative Banks, State Cooperative Land Development Banks, State Cooperative Marketing Federations, State Cooperative Consumers Federations etc. Practically all major sectors of the Cooperative Movement are covered under its membership.

Objectives

The Union is a purely promotional organisation. Its main objects are to promote and to develop the cooperative movement in India; to educate, guide and assist the people in their efforts to build up and expand the cooperative sector and to serve as an exponent of cooperative opinion in accordance with the basic cooperative principles.

In furtherance of these objects, the Union may either by itself or in collaboration with other cooperative institutions :

- i) organise cooperative education and training programmes and popularise the principles and practices of cooperation;
- ii) develop inter-cooperative relationship and help the co-ordinated functioning of the cooperative movement in various sectors as a co-ordinated system;
- iii) organise, conduct, collaborate and assist in carrying out

*Chief Executive, National Cooperative Union of India, New Delhi.

- research, investigations of projects on important cooperative problems;
- iv) arrange for the production and publication of literature and audio-visual and other aids including films, filmstrips on cooperation and allied subjects;
 - v) give publicity to the achievements of cooperatives through periodicals, journals, pamphlets, brochures, books, films, broadcasts and the like for creating favourable atmosphere for the development of the cooperative movement;
 - vi) maintain an information bureau and a library;
 - vii) Express opinion on matters of cooperative policy and act as the accredited representative of the Indian Cooperative Movement in the national and international spheres;
 - viii) Convene and hold the National Cooperative Congress and cooperative seminars, meetings, conferences, exhibitions etc;
 - ix) select delegates, representatives and observers on behalf of the Union for participation in the international, national and state conferences;
 - x) facilitate the promotion of cooperative institutions and assist the member-societies in resolving their problems and difficulties and formulation of programmes and their implementation.

The supreme power rests with the General Body of the Union which consist of delegates of member societies and individual members. The Member Societies send their delegates to the General Body as follows:

- i) National Cooperative Federations/Societies ... 3 each
- ii) State Cooperative Unions and Cooperative Unions of Union Territories
 - a) with population of 10 million and above of the State ... 3 each
 - b) with population of 250,000 and above but less than 10 million ... 2 each
 - c) with population less than 250,000 ... 1 each
- (iii) State level including Union Territories Cooperative Federations including Central Cooperative Land Development Banks and

State Tribal Development Cooperative Organisations:

- a) with population of 20 million and above ... 3 each
- b) with population of 4 million and above but not less than 20 million ... 2 each
- c) with population of less than 4 million ... 1 each
- iv) Multi-Unit Cooperative Societies, not covered under (i) above ... 1 each

The Union has a Governing Council consisting of the office bearers elected by the General Body, one representative from each National Cooperative Federation/Society, one representative from each State Cooperative Union; two representatives from Cooperative Unions of Union Territories; one representative each from State Cooperative Marketing Federations, State Cooperative Banks, State Cooperative Land Development Banks, State Cooperative Consumers Federations etc. etc. Representation is also given to eminent cooperators, ladies and weaker sections, if not otherwise elected.

The Governing Council constitutes various committees such as Executive Committee, National Council for Cooperative Training, Committee for Cooperative Education and specialised sub-committees as may be necessary to carry on the functions and business of the National Cooperative Union of India from time to time.

The Chief Executive who is the highest paid functionary of the Union functions under the overall control and supervision of the President. He is responsible to execute the policies and programmes approved by the General Body and decisions of the various bodies.

The Union thus, functions through various committees which are composed of non-official leaders while the implementation of the directions of the committees are carried out by the salaried functionaries headed by the Chief Executive.

The performance of the Union in major fields of activities is as below:

Cooperative Education

The Union lays greatest stress on education in cooperation,

particularly the members of cooperative societies. While there was cooperative education programme in the erstwhile States of Bombay, Madras, Mysore and Travancore Cochin, there was no nation-wide cooperative education scheme in the country before March, 1956 when the Union succeeded in getting cooperative education programme introduced on a pilot basis in the States of Bihar, Saurashtra and Madhya Bharat. In Delhi, the Union itself implemented the programme. In 1957 a milestone was reached in regard to cooperative education when a planned programme on all India basis was formulated for implementation under the overall guidance and supervision of the National Cooperative Union of India. While the responsibility of implementation of cooperative education has been of the State Cooperative Unions, the National Cooperative Union of India played a significant role in its monitoring and coordinating. The important functions of the Union in regard to cooperative education are to prepare broad syllabus for members, managing committee members and secretaries courses, to train the trainers, to review the progress of implementation, to prepare and publish teaching material including visual aids, to evaluate the member education programme and to convene annual conferences of Education Officers, Chief Executives and Presidents of the State Cooperative Unions to take stock of the work done and to suggest methods to make the Education Programme more effective and useful, to undertake experimental projects in member education.

With the expansion of the cooperative movement, the education programme could neither expand nor diversify itself. Consequently, it has been confined, more or less, to the field of agricultural credit cooperatives. The Union has been consistently and persistently emphasising diversification of cooperative education in various fields. Its efforts have resulted in developing the additional cooperative educational programmes on pilot basis for the following fields; Industrial cooperatives, Fisheries cooperatives, Consumers Cooperatives, Weavers Cooperatives and Education in population and family welfare through cooperatives.

In addition, the Union has made efforts to launch cooperative education programme for women. While much progress could not be made in this direction, there is increasing realisa-

tion in the country, as a result of Union's reiteration through various forums to educate women in cooperation.

In order to test new approaches for the implementation of cooperative education, a field laboratory is being maintained by the National Cooperative Union of India at Indore, which was originally sponsored and set up by the International Cooperative Alliance in collaboration with the National Cooperative Union of India.

In order to equip the educational personnel engaged in the implementation with up-to-date developments in the cooperative movement, adult education methods, communication techniques etc., the Union has set up with the financial assistance of the Government of India, a National Centre for Cooperative Education. The Centre's activities are now diversified and is now organising leadership courses as well.

Training

The year 1962 can be considered a landmark in the history of the National Cooperative Union of India, when it was recognised as the legitimate national level organisation to assume the responsibility of training of personnel of the cooperative institutions as well as of the cooperative and other departments and organisations connected with the development and working of Cooperative Movement. The cooperative training structure that was maintained by the Central Committee of Cooperative Training of Reserve Bank of India was transferred to the National Cooperative Union of India. A special committee, viz, Committee for Cooperative Training, was constituted to take care of the arrangements of training for intermediate and senior categories of personnel, institutional as well as in the Government. This Committee has since been redesignated as National Council for Cooperative Training under the bye-laws of the Union.

As at present, the training complex under the Union comprises a national level institute called the Vaikunth Mehta National Institute of Cooperative Management located at Pune and 16 Cooperative Training Colleges, located in various States serving the entire country. The training programmes have been constantly reviewed and revised to meet the requirements of the movement.

Apart from the National Institute and Cooperative Training Colleges, the National Cooperative Union also has the obligation to assist, support and guide cooperative training centres numbering 68 run by the State Cooperative Unions and State Governments for the junior personnel. The training programmes conducted by the Vaikunth Mehta National Institute of Cooperative Management and the various Cooperative Training Colleges earned international recognition. As a result, a number of international courses sponsored by the International Cooperative Alliance, International Labour Organisation and Food and Agriculture Organisation etc. are being organised and conducted at these institutions. In addition, a number of developing countries avail of the training facilities built by the National Cooperative Union of India.

Planning for Cooperative Movement

One of the important trends noticed in the movement in recent past is realisation by the cooperatives to have their own planning mechanism. The Union convened a national Conference on Role of Cooperatives in the Development of Economy in 1978. The Conference recommended that the Union should act as a counterpart of Planning Commission for the cooperative movement. Following the recommendations, a Cooperative Planning Committee to review and assess the role of various sectors of the movement in the context of Five Year Plans and also to formulate suitable guidelines for cooperative planning in various sectors has been constituted at the Union level.

National Organisations Promoted

In order to build organisational or structural strength to different sectors of the Cooperative Movement, the National Cooperative Union of India made efforts to promote national level cooperative federations. It goes to the credit of the Union that it successfully sponsored and promoted National Cooperative Housing Federation, National Federation of Industrial Cooperatives, National Cooperative Consumers Federation and National Federation of Cooperative Urban Banks and Credit Societies, National Federation of Fisheries

Cooperatives, National Federation of Labour Cooperatives. The last two are in the process of registration.

Besides promoting, the Union also pleads for the strengthening of weak federations. It prepared a plan for revitalising the National Federation of Industrial Cooperatives and pleaded for strengthening of the Dairy Federation. Having representation of National Federations, the Union is in a significant position to bring about coordination and understanding in their working which is vital for the effective working of each sector.

Cooperative Congress

An important achievement to the credit of the Union is building up of a national forum in the triennial Congress. This has developed itself as the largest body to express non-official opinion regarding cooperative movement, to review its performance and progress and to recommend to the movement and the authorities measures to accelerate the expansion of the movement. So far the Union has convened eight such Congresses.

The recommendations of the Congress are given serious thought and consideration by the cooperative movement and the Governments to formulate policies and programmes. By now, the Congress has developed an international image and recognition. The Cooperative Movements of various countries and international organisations such as International Cooperative Alliance, International Labour Organisation, Food and Agriculture Organisation, A.A.R.R.O. etc. send their delegates to each Congress. The last Congress was attended by 50 fraternal delegates from 20 countries.

Regional Imbalances

The cooperative movement particularly after independence has made a phenomenal progress in almost all sectors of its activities. However, the progress has not been uniform throughout the country. While in some States, the movement has grown fast, in others the progress has not been of the same order. This has created imbalances. Efforts have been

made, both through official agency and the movement to develop the cooperative movement in those States which continued to be cooperatively under-developed.

The National Cooperative Union of India has also played its role in mitigating these imbalances. Some of the steps taken by the Union in this direction are:

- i) The establishment of Zonal Coordination Councils to review the progress of the movement in the concerned zones and suggest measures for healthy growth of the movement in the cooperatively under developed areas/ States.
- ii) To intensify cooperative education in the cooperatively under developed States, the National Cooperative Union of India started 15 projects.
- iii) National Cooperative Union of India has constituted a Committee to study in depth the causes for the slow growth of the cooperative movement in some States and what measures need be taken by the movement itself to accelerate the expansion and growth.

Cooperative—Instrument of Integrated Rural Development

The Cooperatives have been subjected to a criticism that their main activity has been confined to dispensation of credit and inputs only and they have not emerged as principal agency of development taking care of total life of the rural people. In order to examine as to what extent cooperatives can function as nucleus agency for total development of the village and what are various constraints involved, the Union took initiative to launch rural development pilot projects in two villages wherein Primary society will be entrusted with the task of planning for development both at macro and micro levels and execution thereof. With a view to having varied experiences in this sphere, the Union has given a call to national, State and district level cooperative organisations to initiate rural development projects on similar lines. The proposal is to bring 150 villages within ambit of such projects in near future.

Promotion and Coordination of Research

There are various organisations that take up research in the subject of cooperation. Notable of these are Universities, Research Institutions, national level cooperative organisations, National Cooperative Development Corporation, Reserve Bank of India, Cooperative Training Colleges and V.M.N.I.C.M. etc. This has led to a great deal of duplication of efforts without having a well coordinated research policy at national level. Recognizing this gap, the Union has constituted a national level Research Coordination and Direction Committee to formulate and coordinate policies and programmes pertaining to cooperative research.

The Union has also initiated to publish Annual Register of Research in Cooperation which will depict an up-to-date compiled and collected information about the research undertaken by various organisations, both academic and cooperatives. To induce university scholars to take up research in cooperation, the Union has been implementing a scheme of Research Fellowship for pre-doctoral and post-doctoral research. Apart from coordination of research activity at national level, National Cooperative Union of India has taken upon itself the responsibility to analyse and study the problems of cooperative movement so as to bring forth before the member organisations and Government the situation obtaining in the field. Every year the Union also prepares an annual plan of research studies after consulting the various sectors of the movement.

Member Services

Service to the member institutions is one of the most important responsibilities and functions which the Union has assumed for itself. The following may be mentioned as significant in regard to this :

- Liaison work on behalf of the members with Government, Reserve Bank of India, Planning Commission, National Cooperative Development Corporation and other organisations.
- Assisting the members in organising conferences/seminars,

- board meetings, general body meetings etc.
- Taking up studies on problems suggested by member organisations.
 - Coordination work for developing inter-cooperative relationship.
 - Providing relevant information and assistance to member organisations for developing international trade.
 - To explore for member institutions technical and other assistance from movements of other countries through International Cooperative Alliance.
 - To assess the training needs of member organisations and arrange for the training of their personnel.
 - To project the achievements of member organisations.
 - To collect for and furnish information to the members.
 - To make available library and documentation facilities and free services of the officers and other technical staff of this Union to member organisations.

With its own campus now the Union will be in a better position to render more effective services to its members.

Journals

Right from its inception the Union has undertaken publication of a journal to review the cooperative movement and express non-official opinion. The Union at present brings out the following journals :

- The Cooperator : A fortnightly devoted to project topical problems.
- The Indian Cooperative Review : A quarterly devoted to research work.
- Cooperative Law Journal : A quarterly reporting law cases on cooperatives.
- Sahakar Path (Hindi) : A monthly

These journals have gone a long way in projecting the problems of cooperatives and views of cooperators.

Printing Press

In order to develop self-reliance and to effect economy in its publications, the Union has installed creditably its own printing press with the assistance of G.D.R. Cooperative Movement. This has facilitated and increased publication programme of the Union. The Union press is also rendering service to National Cooperative Union of India's member organisations.

National Cooperative Study Forum

As one of the educational techniques to reach a cross section of society, to discuss various problems, aspects and issues relating to cooperative movement, the National Cooperative Union of India has created a National Cooperative Study Forum. It provides an opportunity to express freely and frankly one's opinion for and against the matter under reference in a particular meeting of the forum. It has succeeded in creating interest among the press, general public, intellectuals and cooperative workers.

Parliamentary Lobby

Matters relating to Cooperative Movement are often raised in the Parliament and State Legislatures. It is necessary to keep the respective members informed about the views of the co-operators on such matters and place correct perspective before them, so that while taking part in the debate and discussions, the Members of Parliament and State Legislatures effectively argue on behalf and in the interest of the Movement. With this objective in view, the National Cooperative Union of India has constituted a Parliamentary Committee at its level consisting of Members of Parliament having association with and interest in the Cooperative Movement. The Union has also advised the State Cooperative Unions to set up similar committees of Members of Legislative Assemblies and Councils at State level.

Role of National Cooperative Union of India at International Level

The Union joined the International Cooperative Movement as soon as it came into existence. Being the Apex organisation

of the movement, the Union represents the entire cooperative movement at the international level. The other members from India have joined the International Cooperative Alliance through the Union. It has representation on the ICA Central Committee and several auxiliary committees. It was also a member of the Executive Committee of the ICA. The participation of the Union in the ICA Congresses has been substantial and valuable. The resolutions moved by it on various subjects including on technical assistance to developing countries were highly appreciated and adopted with unanimity. In fact, it goes to the credit of the National Cooperative Union of India to motivate the International Cooperative Alliance to extend its activities to the developing countries. In this context, the remarks of Dr. Keller while addressing the Executive Committee Meeting of the Union held on 21st December, 1955 are relevant to quote. He said that, "Seeds for the extension of the activities of ICA to under developed countries were sown by the Hony. Secretary of the All India Cooperative Union (now NCUI) when he attended the Prague Session of the International Cooperative Congress held in 1948. In pursuance of that idea, the ICA had sent him (Dr. Keller) over to India and Asian countries to study the form and shape of technical and economic aid to be given to the cooperatives in the area".

The Union has developed contacts and made training arrangements with the International Cooperative Training Centres for personnel from cooperative institutions and Government Departments to develop managerial competence. Quite a sizeable number of persons obtained training in the International Cooperative Training Institute located in U.K., Canada, U.S.S.R., G.D.R., Czechoslovakia, Federal Republic of Germany, Poland, Sweden, etc. It has also established contacts with U.N. Agencies such as UNESCO, ILO, FAO and other international Organisations, Governmental and non-governmental such as, AARRO, COPAC, IFAP, etc.

The Union made efforts to solicit international assistance and collaboration in the field of cooperative education and other fields. It collaborated with the "Feasibility Study Teams" of US Cooperatives on Fertilisers Production, Marketing and Oil Seeds, Rural Electrification etc. which promoted the idea of promoting IFFCO, Rural Electrification Cooperatives etc.

The Union has done significant work in organising international conferences and seminars. It organised third Asian Agricultural Conference in 1967, collaborated with the ICA in convening seminars on cooperative leadership in South-East Asia in 1966, Conference on Education and Training in 1968, and Conference on Credit in 1977. The Union was one of the co-sponsors of the Second International Conference on Co-operative Thrift and Credit.

The Union is also providing technical assistance in its own way to other cooperative movements. It received participants for various courses conducted at the Cooperative Training Colleges and VMNICM under the Colombo Plan and Special Commonwealth African Assistance Plan from countries like Afganistan, Sri Lanka, Ethopia, Guinea, Iraq, Jordan, Malavi, Malaysia, Nepal, Nigeria, Philippines, Somali Land, Sudan, Tanzania, Thailand etc.

The Union has played an important role in bringing about a coordinated approach among international training centres. Its representative is on the executive of AGITCOOP, an Expert Advisory Group at the ICA level. It has extended assistance to CEMAS in assessing the needs of training institutions in India. The Union has also representation on the Expert Group for South East Asia (Seaspact) a working group to advise ICA Regional Office and Education Centre for South East Asia, New Delhi.

Spokesmanship

As the spokesman of the Cooperative Movement, it has all along been striving hard to maintain the democratic character of the cooperative movement since its inception. To cite an example of the early years, the Union took necessary measures when the cooperators of Coorg brought to light the too much interference of the Government in the functioning of cooperative organisations there. The Union continued its fight to loosen the stranglehold of the Government on the movement. Even today the Union is vigorously trying to persuade the Government to give a true cooperative character to the cooperative institutions in all the states of the country. Wherever democratic character had been threatened the Union expressed its resistance

and resentment. The Union has also been pleading for a rational and democratic approach in the formulation of co-operative laws in States. Recently, the Union did appreciable work for educating public opinion, regarding restrictive provisions in the proposed Multi-states Cooperative Societies Bill (1977) which is under reference to a Joint Select Committee of the Parliament.

A long cherished dream has been realised and the Union is now sitting in its own premises which has come up due to the liberal donations by the cooperative organisations in the country and support of the Government of India. The Union is now striving to achieve the following, among others :

- To build a corpus Cooperative Development Fund of the magnitude of Rs. 2-3 crores (Rs. 20-30 million).
- To work for the establishment of a National Bank for Co-operative Development.
- To work for establishing a National University for Cooperation.
- To establish an International Training and Research Centre.
- To establish Centre for production of teaching material and visual aids.

Ways and means of increasing the effectiveness of the National Union

The Cooperative Movement has made considerable progress in terms of size, operations and coverage of economic activities and federations in different sectors have been organised at National Level. It has, however, been observed that these federations are pre-occupied in the development of their own sectors. There are certain matters which are of common nature and for their fulfilment an umbrella organisation—National Cooperative Union—is necessary in each country. Such an organisation will be in a better position to represent, guide and protect the interests of the entire cooperative movement of the country.

The National Union, to be really effective, must strive to have the following, among others.

a) Strong Organisational base

The National Union should represent the entire cooperative movement of the country and, therefore, strive to bring in its fold all the organisations eligible for membership. New organisations in the sectors which remain unrepresented should be promoted and should be brought under the umbrella of the National Union.

b) Services to the Movement

The National Union should carry out effectively the following activities for the Movement :

1. Cooperative Education
2. Cooperative Training
3. Consultancy Services to members
4. Spokesman services to the Movement.
5. Production and publication of literature for the various programmes undertaken by it.
6. Research on various aspects of the movement.
7. Publicity of the achievements of the Cooperative Movement, through periodicals, journals, pamphlets, brochures, books, films, Radio and T.V. Broadcast.

c) Recognition and representation by the Government

Much of the effectiveness of a National Union depends upon how freely its constituents function. The Cooperative Movement has to function within the framework of the National economy and, therefore, a clear-cut policy of the Government of the country with regard to the role to be played by the Movement is absolutely necessary. Encroachment and undue interference of the Government on the autonomous functioning of the cooperatives dampens their spirit and makes the movement weak which in turn affects the National Union.

The Government should, therefore, recognise the National Union as a spokesman of the entire cooperative movement of the country and give due representation to it on the consultative committees, planning boards etc. of the Government. In fact

no major policy decision should be taken by the Government without consulting the National Union.

d) Strong financial base

In order to carry out the activities effectively, the National Union should be financially viable. The member institutions should pay annual contributions and a percentage of their profits to the Union to run the administration of the Union. A huge fund, however, should be created by the Union by raising (1) contributions from the cooperative organisations in the country and (2) grant from the Government. This fund should be invested properly and developmental activities should be carried out from the interest realised from this fund. Programme planning cannot be done when the resources available are doubtful.

Watchdog functions

The Union keeps a watch on the policies, legislative amendments and other related developments affecting the cooperative movement. Whenever and wherever any such steps are taken by the Governments as may adversely affect the democratic character of the Cooperative Movement, the Union immediately takes up the matter with the State and the Central Governments and urges upon them to withdraw such measures. The Union has been quite effective in regard to this. It is because of its approach and pressure that the election in the Cooperative Organisations could be held early and restrictive measures made milder if not altogether withdrawn. The Union has extremely vital role to play to protect and preserve the true character of the Movement.

Participation in planning

The Union alongwith other national Federations is also represented on the Working Group of the Planning Commission on Cooperation. This provided an opportunity to the Union to influence the Government thinking in favour of cooperative and also provide for larger financial allocations for the expansion and diversification of the movement. Union also participates in the annual State Plan discussions.

LEE HWAN KYOU*

Reorganization of National Agricultural Cooperative Federation (NACF) in Korea

Introduction

1) History in Brief

The cooperative organization in Korea was initiated in the early twentieth century, when financial associations, industrial associations and farmers associations were established throughout the country. The financial associations were inaugurated in 1907 with the characteristics of a cooperative engaged in providing farmers with agricultural credit, warehousing and marketing services. The farmers associations which conducted purchasing and utilizing businesses were organized in 1920, while the industrial associations were established in 1926 and dissolved in 1942 owing to inadequate financial situation of the associations.

As an exclusive agricultural financing institution, the Korean Agriculture Bank was inaugurated in 1956 through the recognition of the financial associations. On the other hand, the former agricultural cooperatives performing purchasing and marketing business were established in 1957 through the reorganization of the farmers associations.

The former agricultural cooperatives, however, recorded very poor business performance due to the shortage of operational funds, lack of managerial skill and insufficient cooperation from the Korean Agriculture Bank. This situation accelerated a formation of multipurpose agricultural cooperatives for the benefit of farmers as well as agricultural development.

In compliance with the New Agricultural Cooperative Law

*Professor, Central Training Institute of NACF, Seoul, Republic of Korea

enacted in 1961, the Koroan Agriculture Bank and the former agricultural cooperatives were merged into the present agricultural cooperatives. Since their inauguration in August, 1961, NACF and member agricultural cooperatives have recorded remarkable progress in a wide range of business and much contributed to elevating the economic status of member farmers.

2) Three tier system

The structure of agricultural cooperatives in Korea takes a pyramidal shape with three tiered system. It is organized at three different levels; primary cooperatives at the township level; County cooperatives at the county or city level, and the central federation at the national level. On the other hand, agricultural cooperatives are horizontally classified into two categories of multipurpose cooperatives and special purpose cooperatives.

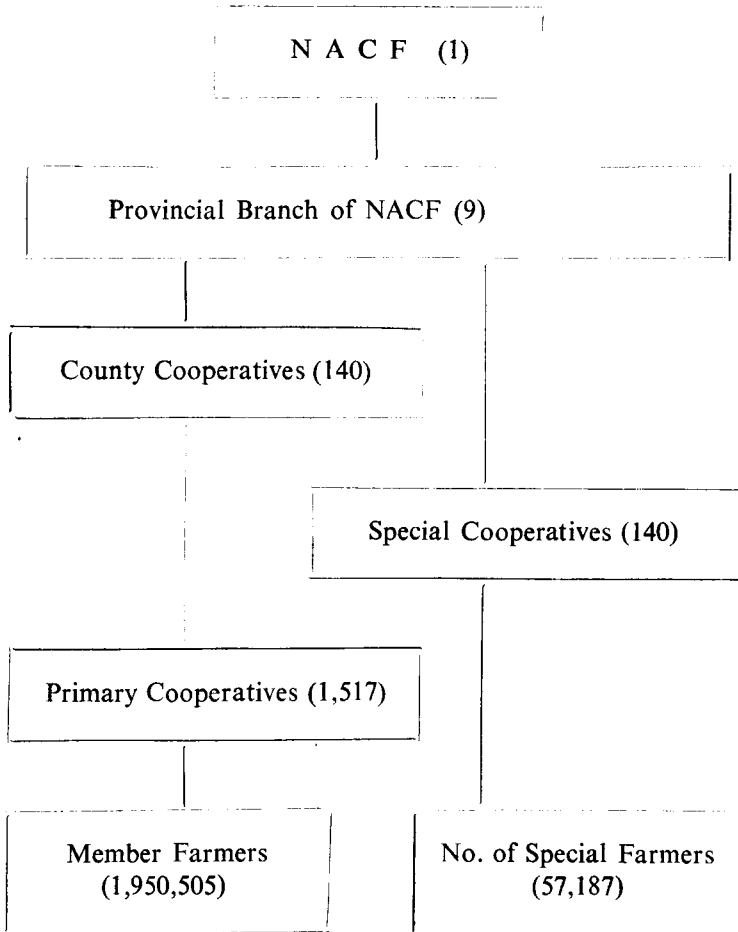
Multipurpose primary cooperatives were established by individual farmers producing primarily major grain crops. These cooperatives are conducting multifarious business including credit and banking, marketing, purchasing, processing, cooperative insurance and farm guidance. At the end of 1978, there were 1,517 primary cooperatives with which 1,950,505 farmers were affiliated as members. Thus, about 83 per cent of the farm households were affiliated with the primary cooperatives with an average membership of 1,285 farmers per cooperative.

Special purpose cooperatives were organized by farmers engaging in such specialized farming as horticulture and livestock farming. Special cooperatives conduct economic business such as marketing, purchasing and processing excluding credit and banking business. The cooperatives consisted of 41 horticultural cooperatives and 99 livestock cooperatives at the end of 1978.

County or City cooperatives are intermediate federal organizations whose members are primary cooperatives located in the administrative area of the county or city. On the average, about 11 primary cooperatives are affiliated with the county or city cooperatives.

The National Agricultural Cooperative Federation was established as the apex organization at the national level with its

membership composed of county or city cooperatives and special cooperatives.



(Situation as of December 31, 1978)

3) Objectives and its roles

Agricultural cooperatives are voluntary organizations established by farmers aiming at elevating their living standard through a close cooperation under the spirit of mutual help

among them. The obvious objectives of the agricultural cooperatives consist enhancing agricultural productivity, improving the social and economic status of member farmers and assuring a balanced development of the national economy. With these objectives, agricultural cooperatives have greatly contributed to the increase in farmer's income and construction of well-being communities in rural areas through such diverse business activities as credit and banking, marketing, purchasing, utilization and processing, cooperative insurance, foreign trade, guidance and education, research, and public information. And these activities have been performed in close relationship with economic activities of member farmers and government policy measures for agricultural development.

The NACF and member agricultural cooperatives have played the following roles to attain their objectives: mobilizing and supplying the agricultural funds, reducing prices of farm inputs and consumer goods to be distributed in rural areas, rationalizing prices of agricultural products, and disseminating advanced farm technology.

- (1) The credit and banking business of agricultural cooperatives have much contributed toward meeting demand for agricultural development fund. As the sole banking institution dealing with agricultural financing, agricultural cooperatives have granted more than 90 per cent of the total loans to the agricultural sector.
- (2) The marketing business has been conducive to the reduction of marketing costs and improvement of agricultural marketing system with the mass merchandising and orderly marketing. Moreover, warehousing and transportation business of agricultural cooperatives have contributed to stabilizing price of agricultural products through the stockpiling and timely shipment of farm products.
- (3) In addition, agricultural cooperatives have distributed to farmers 100 percent of chemical fertilizers and more than half of the farm chemicals consumed by farmers. Expanded supply of farm machinery has accelerated farm mechanization in rural areas. Also, NACF has played an important role in the development of livestock industry by supplying feedstuffs produced at its feed mixing plants.

- (4) The important functions of cooperative insurance business by agricultural cooperatives are to provide farmers with provisions against sickness, death or any unexpected accidents, and to ensure their properties from the sudden fire or other accidents.
- (5) Besides, agricultural cooperatives have rendered great services to the improvement of farming and farmer's living standard through the activities of guidance and education for member farmers.

Organizational Structure of NACF

1) Organization chart of NACF

NACF has a head office in Seoul and nine provincial branch offices in each province.

As seen from the chart, first, the decision making body includes (1) general meeting (2) representative meeting (3) operational board. Second, the chief executive body is the president for whom two vice-presidents and six directors assist in current operational works. Third, auditor's office is composed of two auditors, one of them is a standing auditor.

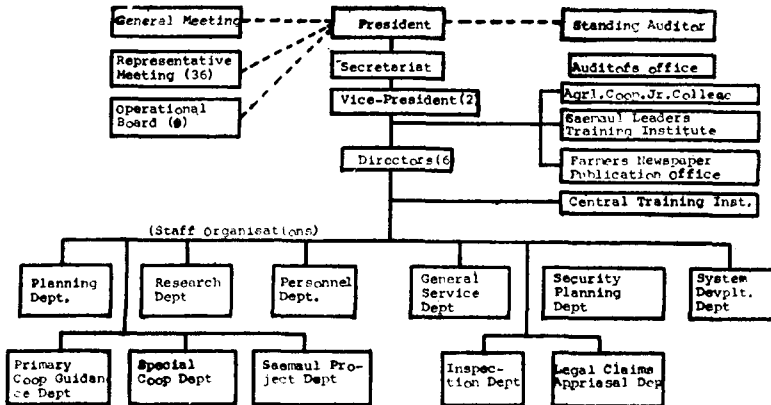
Furthermore there are 28 departments, 3 offices, 2 institutes and a college, of which three organizations, namely, agricultural cooperative junior college, Saemaul leaders training institute, farmers newspaper and publication office are under the control of vice-president, and 12 staff departments and 17 line and business departments are under the control of 6 directors whereas a secretariat belongs to the president and an auditor's office is attached to the standing auditor.

Regarding line and business organization there are broadly 4 different parts in terms of business activities. They are credit and banking, purchasing, marketing, insurance and others.

The credit and banking business have 8 departments, namely fund operation deptt., saving deptt., loan control deptt., banking deptt., credit guarantee deptt., rural housing deptt., foreign loan deptt., international banking deptt.

And two departments, that is agri-materials deptt., cooperative chainstore deptt., are connected with purchasing while marketing business is related to the three departments, namely,

ORGANISATION CHART OF N.A.C.F.



marketing planning and control deptt., cooperative marketing deptt., and special marketing deptt.

Lastly under the insurance and other miscellaneous business, four departments, that is, cooperative insurance deptt., utilization and transportation deptt., and Gunsan Feed Mill opening Office are related.

2) General Meeting

The general meeting of NACF is composed of the president and the members, and is convened by the president. A regular session of the general meeting is convened once a year at a time prescribed by the by-law of cooperation, and a special session may be convened whenever it is deemed necessary.

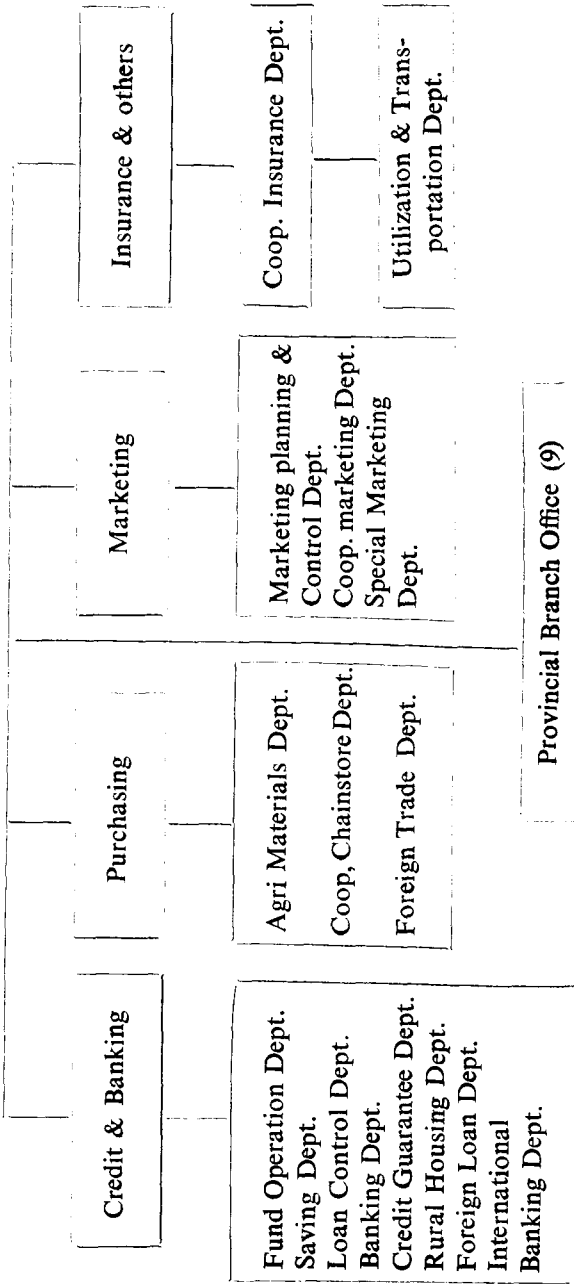
The following matters are decided by resolution of the general meeting:

- (1) Amendent of the by-laws
- (2) Election of representatives
- (3) Recommendations regarding other important matters

3) Representatives Meeting

The representatives meeting of NACF is composed of the president and representatives, and is convened by the

(Line and Business Organizations)



In addition to the above Departments and offices, NACF has the Korean-German Dairy Farms, the Seosammung Dairy Farm, the Livestock Improvement Office, Feed Mill Plants, Marketing Centers, Livestock Marketing Centers, Model Hog Farms, and Seed Improvement Centers.

president.

The following matters are subject to resolution of representative meeting :

- (1) Election of members of the operational Board.
- (2) Approval and ratification of the business plans, budget and settlement of accounts for each fiscal year.
- (3) Matters entrusted from the general meeting.
- (4) Other matters proposed by the president of NACF.

Three representatives are elected from among county cooperatives in each province, one each from the cities of Seoul, Busan, and Cheju and nine elected from among special cooperatives. The term of office of representative is two years.

4) *Operational Board*

The operational board of NACF formulates basic policies related to business management and operation of the federation within the framework of the provisions of the agricultural cooperative law, the by-law and the resolution of the general meeting and the representative meeting. It may issue necessary regulations and instructions for the execution of its duties.

The operational board is composed of the president of the federation and the following eight members :

- (1) One officer appointed by the minister of agriculture and fishery from among its officers
- (2) One officer appointed by the minister of finance
- (3) One officer appointed by the governor of the Bank of Korea
- (4) Five members elected by the representatives meeting of whom three shall be the representatives (2 from county coop, 1 from social coop.) and the two shall be professors with outstanding scholar career and experience in the field of agriculture and agricultural economics.

The operational board is convened upon the president's call of the federation (on Wednesday of the fourth week every month)

5) *Officers*

The officers of NACF include a president, two senior executive vice-presidents, six executive vice-presidents and two auditors, one of whom is a standing auditor.

The president represents the federation and directs its business operations in accordance with the policies established by the operational board, and prepares a proposals for deliberation by the operational board.

The senior executive vice-president assumes the responsibilities and performs all the duties of the chairman and president in accordance with the order predetermined by the president.

The duty of the executive vice-president is to assist the president, for such business of the federation as prescribed by the president. The auditors are responsible for the business and status of assets of the federation.

Organizational Effectiveness of NACF

1) *A national-level, multi-purpose agricultural cooperative covering whole country*

In general, the fundamental objective of national federation of cooperatives is to represent member cooperatives at lower level, to act as a balancing center of the cooperative institutions working within a state and to implement cooperative guidance including education for member cooperatives.

However NACF in Korea which acts as a central union working the above three main functions is also characterized by the overall business functions.

It means that NACF, apart from the main functions as a central institution, is directly involved in various cooperative businesses. Some of the important business activities of NACF are as follows :

- (1) credit and banking
- (2) marketing
- (3) purchasing
- (4) utilization and processing
- (5) cooperative insurance
- (6) International banking
- (7) foreign trade

- (8) foreign loans
- (9) guidance and education
- (10) research and publication
- (11) international cooperation

The twofold function of NACF both in terms of its operation and organization has a historical as well as geographical meaning.

In fact as in the other developing countries, the agricultural cooperative movement was introduced by the government after independence.

It has been used as one of the effective means to implement various government development programs. The agricultural cooperative movement was started by establishing two main rural institutions, namely, agricultural bank and agricultural cooperative.

However the overall function of the central union of agricultural cooperatives has been authorized by the new form of NACF which was reorganized in 1961 by combining the then-agricultural bank with the old-agricultural cooperative.

2) *Highly Centralized NACF*

The main function of the cooperative federation at national level is limited mainly due to the fact that financing of national federation depends to a large extent on member's fee or government aid. This may be one of the important reasons why the cooperative federation meets in general difficulty with its full-extent functioning. This fact explains that a satisfactory function of national federation is difficult to expect unless there is a full-extent financial back-up, possibly based on the cooperative activities.

The NACF in Korea has an enough reason to deviate from its fundamental functions and dealt directly with various cooperative business activities. Some of the important advantages of NACF in terms of its functional operation may be cited as :

- (1) NACF is not required to depend upon member's fee because of a large amount of its revenue which accrues from its own business activities.
- (2) Coordination and guiding functions among the different cooperative business even at the lower levels can be

effectively promoted through NACF's direct involvement in the various cooperative businesses.

- (3) Furthermore, cooperative service functions such as cooperative education and extension work can be effectively implemented through the NACF because of its large revenues.

3) *Effective means of implementing government rural development Programmes*

The main purpose of agricultural cooperative in Korea, as mentioned by the Agricultural Cooperative Law, is to raise member farmer's income.

This objective is very closely related to various government rural development programs. And also it is generally accepted that cooperative system is one of effective means of implementing development programs because of its organizational merits such as farmer's voluntary and democratic organization.

For this reason, the NACF including lower-level agricultural cooperatives have been authorized government agency function through which several important development policies are being implemented.

The government agency function with NACF includes supply of modern farm inputs, marketing function of major agricultural products, etc.

The function may be described in detail as follows :

- (1) Important modern inputs such as chemical fertilizer, plant protection and improved farm machinery are supplied through NACF.

Especially the supply of chemical fertilizer is completely monopolized by the government. The chemical fertilizer is supplied to farmers through agricultural cooperatives at subsidized controlled prices according to government overall supply plan.

- (2) The government has been encouraging agricultural production in various ways to maximize total farm production which has not met local demand. As a policy means of increasing farmer's income, special crops such as sweet potato, cocoons, rape-seed and beer barley, etc. have been recommended. The marketing of these special

crops are authorized to the NACF.

- (3) Recently price stabilization became one of the very important problems to the government especially under the overall inflationary trend. In this connection maintenance of adequate price system about important farm products both for farmer producer and urban consumer becomes important. NACF takes to a large extent responsibility to keep prices of major farm products at reasonable levels.

Therefore it may be said that the NACF is in fact mecca for implementing important government rural development programs.

Organizational Problems of NACF

- 1) *Complexity of NACF business activity and its organizational expansion*

The following table explains that NACF excluding 9 provincial branch offices has recently expanded very rapidly in terms of its organization. It is seen from the table that number of departments (including business office) in NACF has increased from 34 in 1970 to 54 in 1979. This means that on an average two departments are newly established every each year during the last 10 years.

(Table 1) No. of Departments in NACF

Year	Staff Deptt.	Line & business		Total
		Deptt.	Office	
1970	10	9	15	34
1979	15	17	22	54
increase	5	8	7	20

- (1) Classifying NACF's departments into two different functions, namely, staff departments and line & business departments, it is seen from the above table that during the same period, 5 staff departments have been newly introduced, an increase in line and business department is

10 during the last 10 years. This shows directly how the NACF organization has rapidly expanded during the last decade mainly due to the rapid growth of NACF operations.

- (2) It is also noteworthy that among various NACF's business activities, banking, marketing and purchasing activities which are closely related to the government rural development programs, have been substantially expanded. Furthermore department of farm mechanization will be established in the NACF early this year for the purpose of accelerating farm mechanization due to recent severe labour shortage in the rural areas.
- (3) Accordingly it is expected that by the end of 1980's total number of departments in the NACF becomes at least 74. Thus coordination problem among different departments becomes serious in the coming decade, resulting scale diseconomies of NACF.

2) *Management inefficiency in business activities of NACF*

As pointed out earlier, there are not so much serious coordination problems in NACF. This is due to the centralization of various business activities in the NACF.

However credit activity shows profit whereas other activities like marketing and purchasing indicate loss in general. It means that the vast NACF is maintained by the credit activity which revenue covers the loss from other business activities.

This phenomena may be explained by the following reasons :

- (1) Marketing and purchasing business of NACF are generally considered government business for which much efforts have been rendered only to promote these businesses, ignoring management efficiency.
- (2) Accordingly specialization of NACF business activities like marketing and purchasing may improve management efficiency because continuous loss of specialized marketing cooperative cannot survive in the long-run unless there exists an outside aid.

(3) Combining all the business in one institution even at national level like NACF may have mixed features, advantage of promoting all the activities through balancing factor from profitable activity to loss activity. However this may lead to the chronic management inefficiency and adversely affect overall cooperative business in one hand.

3) *Conflict between highly centralized cooperative operation and democratic function*

It is well known fact that almost all the cooperative movement especially in the developing countries has been introduced by the government enforcement.

The reason behind the government enforcement of cooperative movement is that although cooperative system is one of the best alternatives for rural development, farmer's ability to organize cooperative is very weak.

Furthermore as government effort to development of rural areas through cooperative system becomes strong as in the case of Korea, the NACF cannot but keep highly centralized organization mainly due to its effective working in the process of implementing various rural development programmes.

In this case there must be a consensus among three different levels, namely, government development objective-objective of agricultural cooperative-member farmer's desire.

- (1) However it is very difficult to always expect the above equality function among three different objectives. Therefore if the above equation violates equity function objective of cooperative starts to deviate from member farmer's satisfaction and this phenomena leads to the problem of democratic management of cooperatives.
- (2) It may be in this connection pointed out that a strategy to highly centralize all the cooperative operations in NACF as seen from the Korean experience may weaken to a large extent the democratic function of member cooperatives and thus make the member cooperative a branch office for the central federation.
- (3) As a result member farmer's voluntary participation in

the process of rural development becomes difficult while organization's vertical collaboration between national federation and lower-tiered institutions get tightened.

Direction towards improvement of working of NACF

NACF in Korea has special agro-economic circumstances where Korean farmers are to a large extent homogeneous, small-sized and rice producing on one hand and government development efforts has been effectively activated with the highly centralized administration system on the other.

Summarizing the characteristics of NACF, it may be pointed out that NACF is the highly centralized national federation with multipurpose cooperative business activities.

The merits and demerits of this system in connection with cooperative movement may be described as :

1) Merits

- (a) immediate effect on the implementation of development programs mainly due to the strong centralization of cooperative operations.
- (b) easy and smooth coordination among different business activities due to one multi-purpose organization.
- (c) ready and effective development agency for which government development efforts are easily diffused.

2) Demerits

- a) complexity of various cooperative business activities and too much organizational expansion
- b) inefficiency of different business management due to the balancing factor between loss and profit business,
- c) high centralization of cooperative operation and weak democratic management

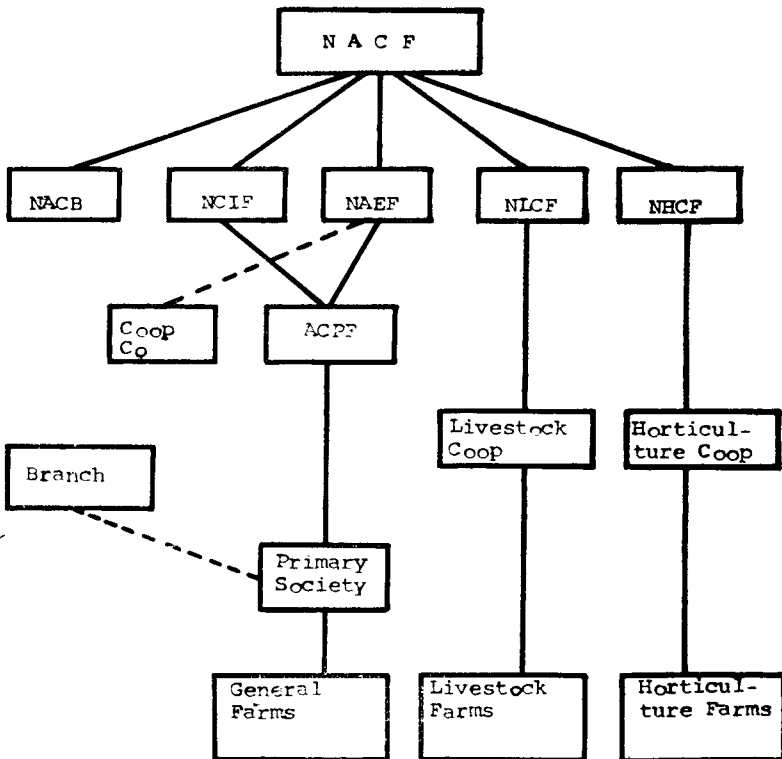
For the purpose of improving present problems in the line of cooperative movement in rural Korea, it may be suggested that NACF has to devote its efforts to strengthen member co-operative's organization in every aspect.

3) *Improvement of NACF organization*

According to the blue-print of agricultural cooperatives in 1980's, NACF is confined to devote much efforts to strengthen the primary societies at which member farmers contact directly through three stages for the overall improvement of agricultural cooperative in Korea.

Organization Chart of NACF and its member cooperatives in the mid-1980's

ORGANISATIONAL CHART OF N.A.C.F.



Main features of the above blue-print may be ;

- a) NACF may be divided into several functional federations at national level, specializing its functions.
- b) The present provincial branch offices of NACF may absorb primary cooperatives as member cooperatives and act as apex federation at provincial level.
- c) The present district agricultural cooperatives may be diverted to district branch offices under the National Agricultural Credit Bank.

IV

Background Papers

YOUNG CHUL, KIM, Ph.D.,*

Role of Agricultural Cooperatives in Transforming Rural Society- A Korean Experience

1. Introduction

A rural development programme has been considered as one of the important development strategies in most of the developing countries since the end of Second World War mainly because of the dominant feature of the agricultural Sector in these countries (1).

The basic goal of rural development may be defined as "transformation of rural life and activities in all their economic, social, cultural institutional, environmental and human aspects" (2). Many factors are identified as ingredients of the desirable environments for this transformation.

They are, among others, improved technology, adequate capital supply, efficient marketing system and proper institutional arrangements (3).

Much attention has been focussed on the proper institution conducive to desirable rural transformation.

It is too often suggested that the establishment and promotion of a cooperative system is declared to be one of the most effective means of transforming rural society in the developing economies.

The cooperative approach has the definite merit of combining the advantages of farmer's initiative participation with the scale economy of organization and management (4). Accordingly the cooperative movement has been with high

*Senior Agricultural Economist, Research Department, National Agricultural Cooperative Federation, Seoul, Korea.

*The views expressed in this paper are author's and not necessarily represent the institution to which the author belongs.

priority introduced as one of the effective state policies in most of developing economies.

It is generally believed that the agricultural cooperatives are one of the best suited institutions for the rural development because conceptually cooperative organization represents a form of institution which embodies decentralization of control and decision-making and thus incorporates local responsibility.

The establishment of agricultural cooperatives, however, was uniformly government-enforced in almost all the developing countries (1). It is generally understood that the global experience of promotion of agricultural cooperative approach as a means of rural transformation over the last couple of decades has been unsatisfactory.

A Korean experience, however, may be one of few exceptions in some criteria. The objective of this study is to examine some aspects of Korean experience in this regard for the purpose of throwing some light on the functional role of agricultural cooperatives in the process of implementing rural development programme.

Main factors responsible for the recent remarkable rural development in Korea are examined and followed the discussion of functional role of agricultural cooperative, especially National Agricultural Cooperative Federation (NACF) which has been considered as one of the important development institutions.

2. Agricultural Development in Korea

Korea has recorded very high rate of economic expansion over the last two decades, mainly due to the success of three consecutive "Five-Year Economic Development Plans" with fourth plan currently in progress. The economy, as seen from table 1, has achieved an average annual growth rate of 10.2 per cent during the period of 1972-1978.

The rapid growth of overall Korean economy has been largely attributed to the remarkable double digit growth rate of non-agricultural sector during plan period, led by export-oriented rapid industrialization. Agricultural sector assumed priority only when its performance appeared to complement the industry's first economic development policy (5).

In fact the rapid Korean overall economic growth in the

1960's plan period seems to be achieved on the basis of im-balanced growth strategy.

TABLE 1—Average Annual Growth Rate

Year	Sectors		Overall
	Agri.-Sector	Non-Agri.	
1953-61	2.1	4.4	3.6
1962-71	2.3	11.5	8.7
1972-78	3.5	12.4	10.2

TABLE 2—Share of Agriculture

Year	(Unit : %)	
	GNP Contribution from Agri.	Proportion of Agri-Population
1961	38.0	56.3
1971	24.8	44.7
1978	18.5	31.1

Source : The Bank of Korea data, as reported in "Yearbook of Agriculture and Forestry Statistics, 1978", by MAF.

However as economy grew rapidly, chronic backwardness of agricultural sector has pressed the hard earned foreign exchange. Furthermore unfavorable agricultural price system and low level of farm household income have severely limited the internal market for industrial production (6).

Rapid economic expansion in the urban areas along with relative stagnation in the farm sector also led to a high rate of migration out of Agriculture (7).

Realizing the limit to growth due to the agricultural stagnation, the development of agriculture in Korea was considered as one of the important development strategies from late 1960's (8).

A number of development programmes have been launched to increase agricultural production. Some of the important policy strategies have been.

- 1) increased availability of modern inputs such as chemical fertilizer, plant protection and high-yielding varieties,
- 2) favourable agricultural price policy, and
- 3) proper institutional arrangements, including new set-up of agricultural cooperative system.

Accordingly it may be pointed out that the emphasis on agricultural development has actually started to be pronounced from the late 1960's in Korea.

1) *Major policy variables*

As a result of effective government-driven rural development programme, the use of modern inputs, as seen from table 3, has remarkably increased. Especially farmer's use of chemical fertilizer has almost tripled during the period of 1961-1978. Almost 60 per cent of rice area is under the cultivation of high-yielding variety whereas plant protection consumption has also dramatically increased from merely total of 5.5 thousand metric tonnes in 1961 to 27 thousand metric tonnes in 1978.

TABLE 3—Recent Trends in Modern Input-Use in Korea

Year	Chemical fertilizer	Total plant protection consumption	Power tiller	Share of Rice HYV area
/Unit	Kgs/ha	M/T		%
1961	150	5,557	30	—
1965	174	12,729	340	—
1970	245	9,143	11,884	—
1974	374	17,483	60,056	15.2
1978	390	27,320	194,780	60.0

Source : NACF, Agricultural Cooperative Yearbook 1979.

A favourable agricultural price policy has been also one of the important development strategies, for which a high rice price has been used through attractive government procurement price system, especially after 1969.

As seen from table 4, the government procurement price of rice which accounts for some 60 per cent of the total cropped areas, has annually increased 22.1 per cent during the period of 1969-1978. This rate is 6.5 per cent point more than the consumer price increase which is 14.6 per cent during the same period.

TABLE 4—Trend of Average Annual Price Levels 1969-1978

(Unit : %)	
Item	Level of average annual price increase
(1) Government procurement price for rice	22.1
(2) Consumer price	14.6
(3) Prices paid by farmers	18.7
(4) — (2) / (1)	6.5
(5) — (3) / (1)	2.8

Source : NACF, "Agricultural Cooperative Yearbook, 1979", and "Yearbook of Agriculture and Forestry Statistics, 1979", by MAF.

Supply of chemical fertilizer has been totally monopolized by the government since 1961 and supplied only through agricultural cooperatives at highly subsidized prices.

Furthermore over fifty per cent of plant protection has been distributed to farmers through agricultural cooperatives whereas most of improved farm machinery are also subsidized through the cooperative channel.

In the agricultural market almost half of total rice production and 90 per cent of barley, which is the second important crop after the rice in Korea, are bought by the agricultural cooperatives which act as government agency according to the government procurement programme.

Establishment of new multi-purpose agricultural system from

combining the agricultural bank and the old agricultural cooperative in 1961 is considered as one of the important institutional arrangements since 1950's drastic land reform in Korea.

While the land reform carried out between 1948-1957 has left Korea with a rural society remarkably homogeneous, the establishment of multi-purpose agricultural cooperatives throughout the country with a highly centralized National Agricultural Cooperative Federation at national level has laid a corner-stone for implementing a highly centralized government agricultural development programme.

A high degree of centralization both with implementing government development policies and NACF as a government agency may claim the efficiency because the size of Korean economy is still relatively small and economic units especially farm households are to large extent homogeneous.

Concurrent with the above policies, the New Village Movement or Saemaul Undong, a broad farmer mobilization campaign, was initiated at the highest government levels to generate a kind of enthusiasm for rural development among farmers and local governments and to improve the rural living environment and ultimately raise farm incomes.

2) *Achievement of Korean Agriculture*

Whatever the impact of specific policy variables including agricultural cooperatives, the growth rate of Korean agricultural sector has shown a substantial increase since 1970.

The annual growth rate of GNP in the agricultural sector has almost doubled making 5.0 per cent for the post-1970 period, compared with that of 1960s. Especially rice production has doubled during the plan period, bringing recent chronic rice import to its self-sufficiency.

Furthermore with an even more rapid pace of out-migration during the post-1970s, the average farm household income has improved to the extent that can be comparable with that of urban wage-earner household, though there is a gap between the two concepts in terms of per capita (9).

Growth trend of agricultural cooperative is also remarkable as seen from table 6.

Supply of farm inputs including chemical fertilizer shows 9

TABLE 5—Comparison of Income Levels for Farm Household and Urban Wage Earner Household, 1975-1978

Year	Per Household			Per Capita		
	Farm	Urban	%	Farm	Urban	%
1975	1,781	1,754	101.6	316	241	92.9
1976	2,360	2,351	100.4	341	404	84.4
1977	2,924	2,868	102.0	362	472	76.4
1978	3,845	3,911	98.3	376	575	65.4

times increase in terms of its value during the period of 1969-1979 and agricultural credit expansion through cooperative is also 10 times increase during the same period.

The growth of deposit in agricultural cooperative is also tremendous, showing 20 times increase during the last 10 years.

Furthermore agricultural marketing through agricultural cooperative excluding government procurement shows also 16 times growth during the same period, improving market share from 11.2 percent in 1969 to 19.8 percent in 1979.

TABLE 6—Main Economic Indicators of Agricultural Cooperative Activities, 1969-1979, Korea

Item	Unit : Millions		
	1969	1979	times
1. Supply of farm inputs (value)	74.3	673.3	9.1
2. Marketing through Agri-coop's excluding government procurement (value)	69.8	1,151.4	16.4
3. Deposit	175.1	3,545.1	20.2
4. Loan Disbursement	172.2	1,835.5	10.7

Source: NACF

3. Functional Role of Agricultural Cooperative

No less attention has recently been focussed on development efforts of Koroan government to accelerate rural development

through several policy variables as mentioned above.

Claims have been made that these efforts have resulted in substantial increase in agricultural productivity and also farm household income to the extent that the average income of farm households is not unfavorable than that of urban wage earner households.

However the assumptions behind these claims in the case of Korea can not be over-emphasized, especially regarding the functional inter-relationships among three policy variables.

One of the important assumptions in this regard is the centralized development efforts both in government and concerned institutions through which other two variables have got established and paved the way for rural transformation.

Especially an analysis of cooperative system which may be represented by the National Agricultural Cooperative Federation in this case is needed for better understanding and appreciation of the role of cooperatives in developing economies.

In principle, NACF is expected, through its various business activities, to transform the rural society by performing the following functions:

First, it increases the efficiency of resource use and helps the use of idle resources in the rural area. This may be called the growth function.

Second, it also shifts incomes from trader classes to the farmer producer and the consumer sections in the distribution processes of the society. This is the distribution function.

Third, it helps implementation of state policy in relation to various rural development programmes. This may be called the agency function for want of better term.

Finally, it widens the opportunities for member's participation in the process of induced rural development programmes' and thus for control over productive assets. This is fundamentally the democratic function by which the cooperative approach is characterized.

It is through the effective performance of these functions that the NACF is expected to achieve the transformation of rural society.

1) Growth Function

In principle, the growth function can be promoted by:

- (1) more efficient use of limited resources through economies of scale
- (2) use of idle resources
- (3) adoption of a better technology
- (4) increase in the rate of investable surplus in the rural area.

The precise role of NACF's growth function requires the need for altering the physical environment within which agriculture operates. However the function of altering the environment is a task for which the NACF is poorly equipped because the role of government is far great.

It helps, through highly centralized system mainly by managing the supplies of important modern inputs and also of credit to the farmers.

Although NACF's growth function can not be less emphasized, it is certainly not the center of growth origin. The stimulants to growth may be located in a zone with much vaster resources and with much greater capacities for efficient pooling resources. Given this assumption, the NACF can at best be an accelerator for the growth.

2) *Distribution Function*

The proper performance of the distribution function depends upon:

- (1) the adaptation ability of the NACF to the changing market structure,
- (2) the socio-economic circumstances, within which the NACF operates and which NACF can not by itself alter,
- (3) the efficiency with which the NACF acts as a central federation in close coordination with the government.

The market structure changes with growth of rural economy as well as of the external market economy. The NACF's functional role in principle is expected to respond to the market transformation, as economy grows, in the nature of inputs along with increase in the growth of marketed farm output.

The NACF is needed to build up links with the regional market centres for inputs and outputs. It should be in a position not only to meet the growing market requirement but should

enable member farmers to acquire the needed supplies with a great deal of flexibility.

On the other hand the government assistance to the NACF's distribution function is being far more pronounced in the case of Korea.

The NACF may meet difficulty in performing its trading function effectively if market prices fluctuate widely. Furthermore guaranteed minimum price to the farmer producer and maximum prices to the consumer are fixed by the government and most of important farmer's marketed surplus is handled by the government procurement programme for which the NACF and its member cooperatives are used as its agents.

Here again the NACF is a kind of complementary to the government marketing policy. Thus the NACF and the government should have to act together to achieve the distribution function. Therefore it is pointed out that the strength of the NACF in relation to its distribution function may depend upon the degree to which farmer members are free as regards their marketing business and compete with the private marketing agents.

3) *Agency function*

As discussed in the earlier sections, the NACF has a limited role in both the distribution and growth function since the role of government in relation to rural development has considerably widened.

A number of rural development measures have been implemented with very close help from agricultural cooperatives or NACF. This means that the important policy measures indicate a recognition that the development process which has to be much faster could not but be implemented through NACF because NACF including its lower-tiered cooperatives has better command over rural resources and also better ability to develop a managerial cadre.

The operation of modern input supply, especially chemical fertilizer and government rice procurement programme which is the most important crop in terms of cropped area and total production through NACF and its member cooperatives are the specific examples of the role that the agricultural cooperative in Korea

could play in the process of rural development.

Therefore it may not be too much wrong to say that the development of rural Korea depends much on the extent to which the NACF performs agency function for the rural development.

4) *Democratic function*

The distinctive feature of cooperative organization is the democratic function through which individual member farmers can have a voice in the development process. The main implication is that the benefit of development efforts, whether it is government or cooperative, is not allowed to close to a certain group and thus every farmer members who need its services should have an equal access.

The democratic function directly comes into conflict with the NACF major business activities such as modern input supply and government grain procurement programme for which use of government funds are inevitable even if its own funds are available.

This consideration is likely to be more pronounced in the NACF where large subsidies are involved and also initiated much by the state support.

4. A Simple Model for Functional Role of NACF

In this section, a simple model for understanding functional relationships among four variables in relation to the NACF is attempted. Specifically, the following functional relationships based on the earlier discussion may be postulated:

$$Y = f(X_i)$$

$$M = g(P)$$

$$A = f(G, f, a)$$

$$N = h(A, a)$$

Where

Y = growth function

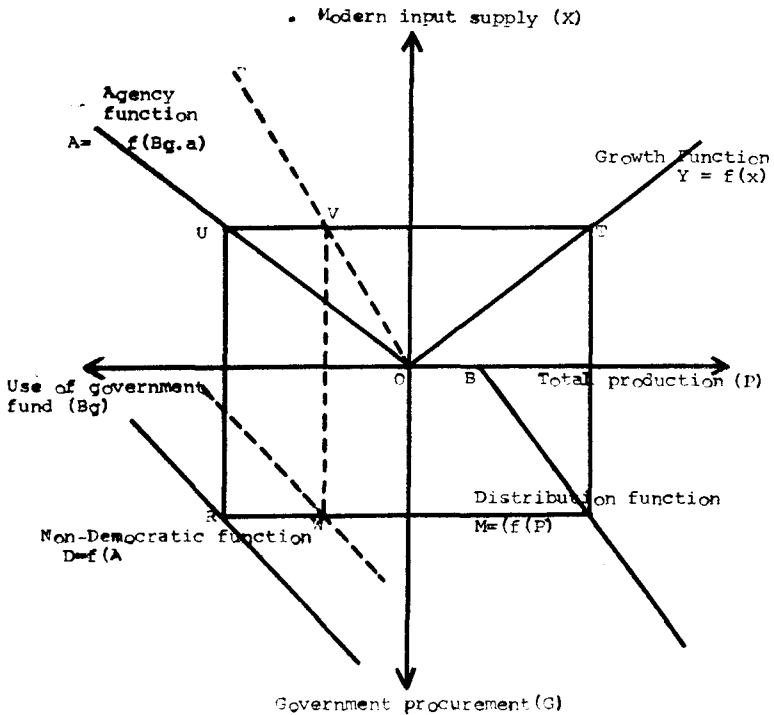
M = distribution function

A = agency function

D = democratic function

Geometrically the model may be presented in a simple way as seen from the figure (1).

FUNCTIONAL RELATIONSHIP OF NACF
MAIN FUNCTIONS



Where :

$Y =$ Growth function

$M =$ Distribution function

$A =$ Agency function

$D =$ (Non)-Democratic function

In the first quadrant, we have $Y = f(X_i)$, where X_i indicates modern inputs. The line slopes upwards because it is assumed that the greater the amount of modern inputs supplied by NACF, the greater is the total agricultural production.

In the fourth quadrant, the distribution function is a direct positive function of agricultural production, a large part of which is related to the government procurement. The intercept, if not unrealistic, is assumed because OB is equal to the subsistence farm production.

The agency function is, for the convenience of the study, shown in the second quadrant. It explains that agency function is directly correlated to the NACF's use of government fund by which the NACF performs to a large extent the modern input supply and government grain procurement programme. The equation has a residual effect represented by "a" in the equation both from the input supply and procurement functions.

In the third quadrant, the non-democratic function which is the direct inverse identity of the democratic function is shown as a positive function of agency function with the same residual effect.

In figure 1, it is shown in relation to NACF function, how, when supply of modern inputs such as chemical fertilizer, plant protection, improved farm machinery etc., rises, total agricultural production increases, agricultural marketed surplus improves strengthening government procurement program.

As a result NACF agency function increases and thus democratic function weakens.

It may be apparent from the figure that an increase in the supply of modern inputs and government procurement does not necessarily require more degree of NACF agency function represented by the use of government fund in this case.

For example with the same volume of modern input supply and government procurement, less of agency function represented by the dot line in the figure 1 can improve the democratic function. This assumes that NACF's capacity to mobilize the so-called non-agency fund for the business activities is not much limited mainly because of large savings potential of member farmers.

5. Concluding Remark

Remarkable high rate of economic expansion over the last two decades in Korea could not be achieved without substantial development efforts.

Although overall imbalanced rapid growth strategy is difficult to set aside from Korean experience, attention has recently been much focussed on the Korean development efforts to accelerate rural development through several policy variables.

They are, among others,

- (1) increased availability of modern inputs,
- (2) favourable agricultural price policy, and
- (3) proper institutional arrangements.

Claims have been made that agricultural cooperative approach has worked considerably effective as one of the important development means to implement various government rural development programmes.

Important modern inputs such as chemical fertilizer, plant protection and farm machinery have been very effectively supplied through NACF and its lower-tiered agricultural cooperatives.

A large part of grain market, especially rice and barley, have been also controlled by government procurement program which is activated through NACF.

Accordingly functions of NACF in the process of rural development in Korea cannot be underestimated.

These functions can be divided into four, namely,

- (1) growth function
- (2) distribution function
- (3) agency function and
- (4) democratic function

It is through the effective performance of these functions that NACF has contributed to transforming rural society to the extent that agricultural productivity has doubled since 1962 and the farm household income has also increased substantially although some degree of rural inequality which may be correlated with the democratic function is difficult to deny.

The concluding question in relation to the Korean experience remains; can Korean case be relevant to other developing countries?

The answer would be negative unless the following assumptions based on Korean experience are made satisfactory:

- (1) homogeneity of rural society both in socio-economic terms for which an early drastic land reform has laid a foundation,
- (2) a highly centralized agricultural cooperative approach like NACF through which major government development

- efforts are implemented without much social cost,
- (3) effective supply system of modern inputs at subsidized prices through NACF,
 - (4) attractive government procurement programme through NACF and maintenance of high farm price policy,
 - (5) considerable relief of the population pressure on rural income from the rapid expansion of industrial sector.

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Fisheries Cooperatives Movement in Korea and Role of Federation

1. Brief History of Fisheries Cooperatives and their Organization

Modern fisheries cooperative organization in Korea first emerged on April 1, 1962. Beginning of the fishermen's organization in Korea's modern history, however, dates back to 1908 when Korea's Fisheries Law was promulgated and under the Law each one of the regional and business-type fisheries society were created in the southern most fishing areas of the Korean peninsula. In 1912 the Fisheries Society Law was promulgated and it provided the legal foundation for creation of fishermen's organizations. As a result, a large number of fisheries societies were established along the coastal area of the country. At that time the fishermen's organizations had three stages of vertical organizational system which was composed of local fisheries societies, provincial federation and central federation, and the local fisheries societies were classified into business-type fisheries societies composed of fisheries industries and regional fisheries societies composed of fishermen. Since that time the relevant Law had been amended on several times in an attempt to improve the management of fishermen's organizations. Nonetheless, the backbone of the organizations had been maintained unchanged.

Later in 1952 the Fisheries Society Law was amended and it resulted in a functional strengthening of federation both in central and provincial level. However, the function of the fishermen's organizations at that time was limited to such economic business as production, sale and purchase and at the same time there was no close collaboration among the fishermen's organizations in local, provincial and central level,

*Vice-President, National Federation of Fisheries Cooperatives, Seoul, Korea.

which was vital to the further development of the cooperative movement in fisheries sector. These organizations took a form of fishermen's joint and economic body. However, their financial and economic foundation were weak. As a result, it was inevitable to reorganize the traditional fisheries society into modern cooperative form. For this purpose, the government formulated a guideline for modernization of fishermen's organization in 1961 and as part of this effort it promulgated the Fisheries Cooperatives Law on January 20, 1962 to modernize the fishermen's organizations and to promote the efficient management of the cooperative organizations. Subsequently, on April 1, all of the traditional fisheries societies were reorganized, or merged into modern fisheries cooperatives on the basis of city or county unit. At that time, the government provided a considerable financial and legal assistance to expand and develop the newly created fisheries cooperative organizations.

The federal organizations in provincial level were dismembered as the National Federation of Fisheries Cooperatives (hereinafter referred to as the Federation) was inaugurated and the Federation has had three types of member cooperatives formed with the regional fisheries cooperatives organized on the basis of the city, or county unit, business-type fisheries cooperatives composed of fisheries industries, and the fisheries manufacturer's cooperatives. Under the regional fisheries cooperatives there have been the fishing village societies, the primary fishermen's organizations. These various levels of fisheries cooperatives, while maintaining the integrated cooperative organization, have greatly influenced Korea's social and economic sector. The fisheries cooperative organizations appear to have three stages of vertical organizational system making up the Federation, member fisheries cooperatives and fishing village societies. In practical operation of the organizations, however, they have maintained two stage vertical organizational system since the members of the regional fisheries cooperatives and the fishing village societies are composed of the same fishermen. The fisheries cooperatives in Korea have no federation organizations in provincial level and their function has been carried out by the Provincial Branch Office, the sub-organization of the Federation.

Currently, Korea's fisheries cooperatives are composed of the Federation, a central organization of all fisheries cooperatives and its 86 member fisheries cooperatives which are further classified into 69 regional fisheries cooperatives, 15 business-type fisheries cooperatives and 2 fisheries manufacturer's cooperatives. The regional fisheries cooperatives have 1,436 fishing village societies and a society is formed with two, or three fishing villages. Their activities have centered about cooperative production and since a few years ago the Federation has launched a programme aimed at developing the traditional fishing village societies into corporate form societies by merging 5-10 fishing village societies and so far 44 fishing village societies registered as the juridical persons are under operation.

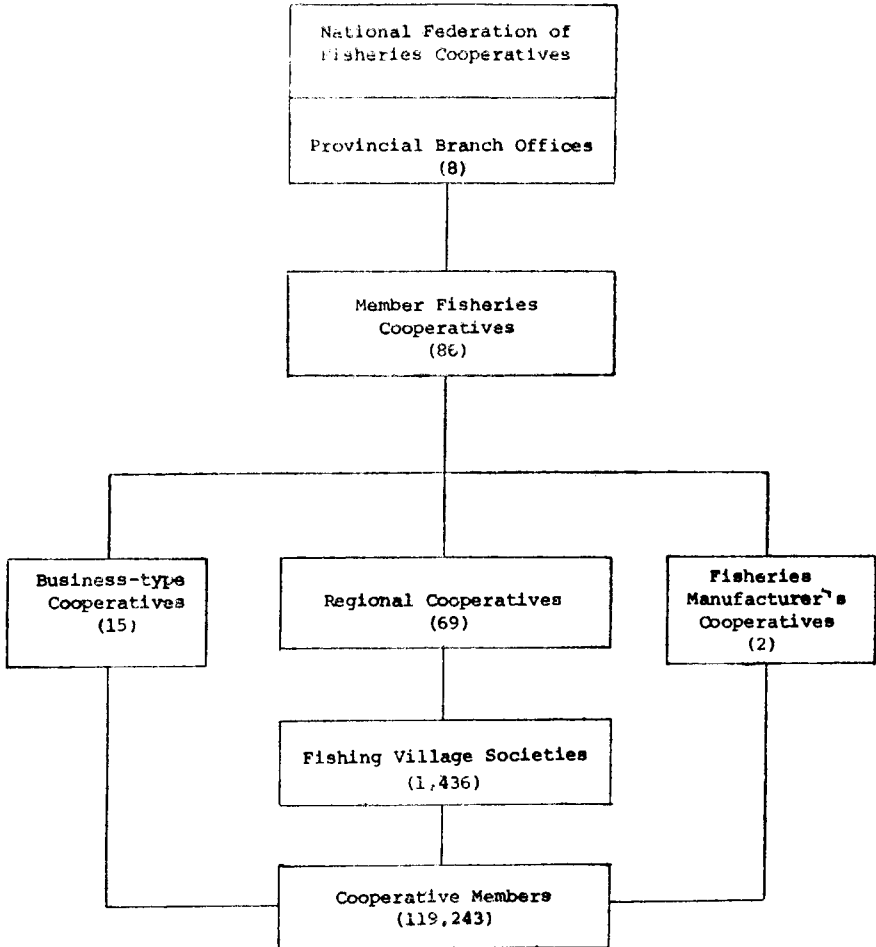
On the other hand, number of members affiliated to the fisheries cooperatives in this country stands at 119,243 and total fishing population reaches 703,500. The proportion of the self-managing fishermen accounts for 90.5 per cent, while that of the employed accounts for 9.5 per cent. Number of fishing household totals 153,133 and 329,083 fishermen out of 879,178 members of fishing households are directly engaged in the fishing operation. So far my explanation has centered on the sea fisheries leaving out the fresh water fisheries industry. In fact, Korea has few fresh water areas suitable for culturing and its activity has been insignificant. As a result, there is virtually no fishermen's organizations for fresh water fisheries industry.

2. Organization of Fisheries Cooperatives

The fisheries cooperatives are primarily aimed to make contribution to the development of balanced national economy by promoting the cooperative organizations among the fishermen and fisheries manufacturers and by enhancing their social and economic status.

The fisheries cooperatives are the body composed of economically weak fishermen and self-help and non-profit pursuing corporate organizations to efficiently compete with the commercial capitalism. What is more, the fisheries cooperatives are the corporates organized under the Fisheries Cooperative

Table. 1. Organizational Structure



Law and their principle character is based on the fishermen's self-help and autonomy. Due to inefficiency and economic vulnerability exposed in the course of operating the organization, and also the Korea's peculiar economic and social reality the fisheries cooperatives have been inevitably placed under control of state to some extent.

Provisions related to the promotion for and support of the cooperative organizations are clearly stipulated in Korea's Constitution and the government's obligation for the collaboration with the fisheries cooperatives is provided in the Fisheries Cooperatives Law and its contents stipulated in the Article 12 of the Law are as follows:

- a. The government shall provide the fisheries cooperatives with positive assistance and the fisheries cooperatives shall be accessible to the public utilities.
- b. The government may provide the subsidy for the business of the fisheries cooperatives within the availability of the fiscal.
- c. President of the Federation may present his opinion related to development of fisheries cooperatives to the government.

Based on these provisions of the Law the government authorities have provided legal, institutional and financial assistance for the purpose of promoting the fisheries cooperative movement.

The fisheries cooperatives in Korea have maintained vertical organizational system having the Federation as the central organization in national level. The fisheries cooperative organizations are placed under the Federation's assistance, management and supervision. The Federation as well as the member fisheries cooperatives have played such diversified function as the banking and economic business, and they have been regarded as the public institutions important to the national economy.

On the other hand, the Federation has played a role of independent banking institute under the Bank Law and its banking service has been legally assured. With the legal arrangement like this the Federation, a competent fisheries banking institute in this country, has carried out a crucial role of providing fund for development of fisheries industry. Thus, the fisheries cooperatives in Korea have successfully played the function of comprehensive banking institute for fisheries industries beyond their original scope of activity as the fishermen's cooperative organizations.

Due to their magnitude of organization and business acti-

vities the fisheries cooperatives in Korea take a great importance in the nation. For this reason, they are placed under control and supervision of the central government.

3. Organization and Structure of Federation

The Federation, a fishermen's central organization, has its membership composed of 86 fisheries cooperatives throughout the country and its organizational function in provincial level has been carried out directly by the Federation.

Functional organization of the fisheries cooperatives in Korea can be classified into resolution, executive and auditing and the Federation has general meeting, deputy meeting and board of directors as its resolution organization. The general meeting, a supreme resolution organization, is composed of President of the Federation and chiefs of 86 member fisheries cooperatives, while the deputy meeting is composed of President of the Federation, 11 deputies elected among chiefs of the regional fisheries cooperatives, two deputies elected among the chiefs of the business-type fisheries cooperatives and one deputy elected among chiefs of the fisheries manufacturer's cooperatives, thus totalling 14 deputy members. President of the Federation shall be chairman of the general meeting and the deputy meeting.

The board of directors is composed of President, Executive Vice-President, five vice-presidents and five non-standing vice-presidents, thus totalling 12 members, and five non-standing vice-presidents to the board of directors is composed of three deputies and one each from fisheries industries and university.

Matters to be resolved in the general meeting include report of account settlement, amendment in article and other things related to the basic organization. The deputy meeting is to resolve matters authorized by the general meeting and other important matters, and the board of directors is to decide matters related to the practical business management. The Federation has an auditing office composed of two auditors and one is standing and another is non-standing appointed among chiefs of the member fisheries cooperatives. Tenure of the executive member including the President and Executive Vice-President at the Federation is three years and the of auditor is two years. Tenure

of the executive members at the member fisheries cooperatives is the same as that of the Federation. However, there is no limitation to reappointment both at the Federation and the member fisheries cooperatives.

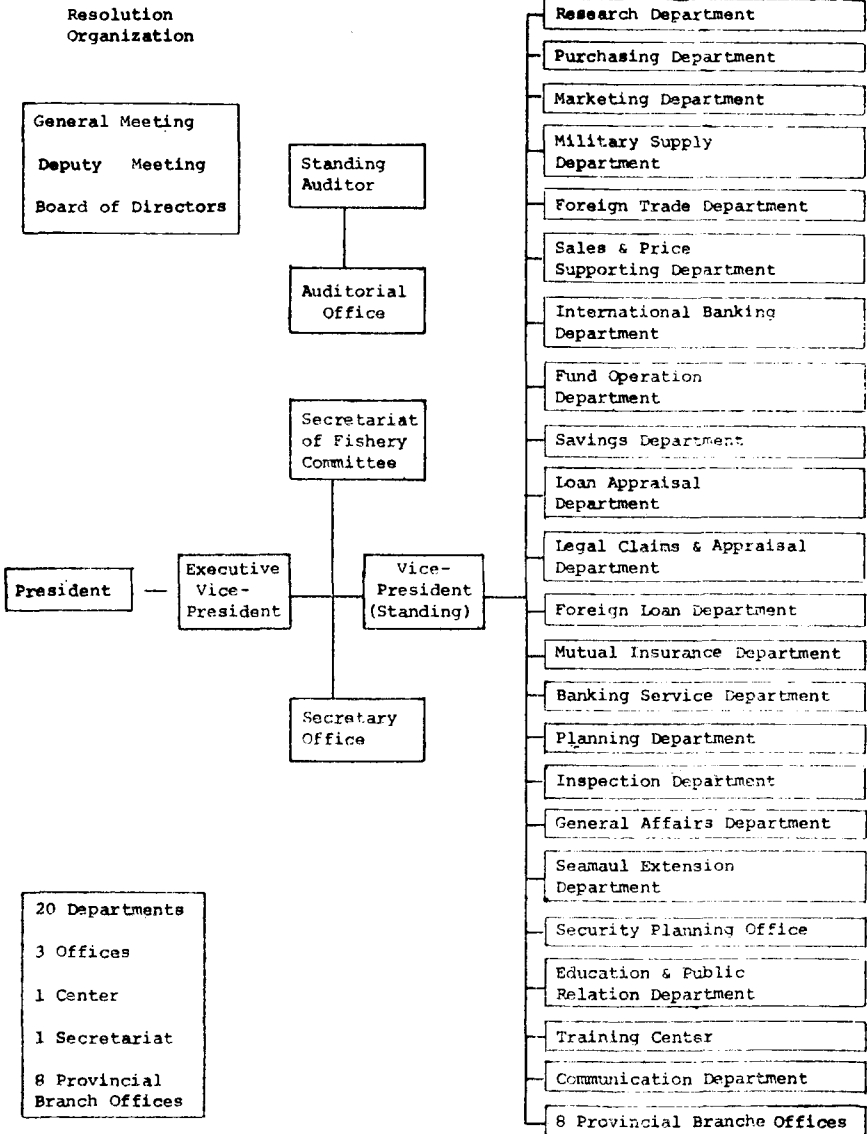
On the other hand, the executive office of the Federation is composed of the President, Executive Vice-President and five Vice-Presidents. President of the Federation is appointed by the President of the nation at the request of the Minister of Agriculture and Fisheries after having consulted with the Minister of Finance, and the request from the Minister of Agriculture and Fisheries shall be preceded the recommendation from the Director General of Office of Fisheries, a competent government organization responsible for the fisheries administration in this country. The auditor of the Federation is appointed by the Minister of Agriculture and Fisheries at the request of Director General of Fisheries after having consulted with the Minister of Finance. In fact, the President appointed by the President of the nation reflects the importance of the fisheries cooperative organizations in social and economic sectors of the nation and government's involvement in this country. Consultation with the Minister of Finance in the process of appointment of the President and the auditor derives from the fact that the fisheries cooperatives are duly authorized by the Bank Law to engage in the banking business.

As mentioned above, the Federation not only provides the assistance and managerial guidance to the business activity of the member fisheries cooperatives, but supervises them and it maintains Branch Offices in provincial level to efficiently carry out business activity. In addition, the Federation has considerable business activity in major regions across the country.

The Federation has its head office in Seoul city, the capital of this country and it has 20 departments, three offices, one secretariat and eight Branch offices in the provincial capital. In addition to these, the Federation operates 20 banking branches in major cities, six inland fish wholesale marketing centers, 14 branch offices for the operation of oil supply, international trade and military supply, and 35 wireless communication stations in major fishing ports including eight Branch offices.

The Federation has about 2,000 employees to manage the massive business volume. The business directions are decided

Organizational Chart of NFFC



by the executive members and they are carried out under the responsibility of managers at departments and Branch offices. Each Branch Office has one chief, a couple of deputy chiefs depending on its business scope and 8-12 Division chiefs. Total number of employees at a Branch Office reaches 100 on the average.

4. Role and Functions of Federation

The Federation places its founding objective on supervising and providing the member fisheries cooperatives with managerial guidance and promoting common interest and sound development of the member fisheries cooperatives.

Primary role of the Federation is (1) to promote the fishermen's cooperative organization (2) to raise the fisheries productivity and fishermen's income (3) to supervise and provide the member cooperatives with managerial guidance (4) to facilitate the common interest of the member cooperatives. On the other hand, the major functions of the Federation are as follows:

- (1) Educational and training programme, public relation, research-survey and guidance for the management at the member fisheries cooperatives.
- (2) Joint purchase and supply of production materials, utilization, processing and support in production activity.
- (3) Joint sale, stock, price supporting, military supply, international trade and support in marketing.
- (4) Deposit, credit, foreign exchange and loan from foreign sources.
- (5) Mutual insurance, fisheries communication and guidance for safe fishing operation.

Thus, the Federation has been engaged in a comprehensive business activity, while representing all of the fisheries cooperative organizations in this country and its centralized system in supervising and providing the managerial guidance has been regarded as one of the best organizational functions for efficient operation and management of the fisheries cooperatives in this country. In fact the Federation can be viewed in three aspects which constitutes supreme organization of the fishermen's co-

operative organizations, integrated fisheries banking institute and public organization.

Needless to mention, the Federation has its primary function for the promotion of cooperative movement for good of the fishermen, but some area of activity as the commercial banking service include non-fishermen. Some times it carries out other business activity on behalf of the government and as a result its business activity reaches to large areas of fisheries sector beyond its original scope of the cooperative activity.

The Federation has been involved in the course of formulating the government's fisheries policy and presented its opinion on enactment of law related to the fisheries industries as well as the fisheries cooperatives. Thus, the Federation has played a role of spokesman for good of the fishermen in this country.

The fisheries cooperative organizations in Korea place their priority on the efficient management and this greatly reflects in the Federation's role and function in relation to the member fisheries cooperatives.

The most important one of the President's authorities involving in the guidance and supervision to the member fisheries cooperatives is the appointment and dismissal of the chief and managing director of the member fisheries cooperatives and this deep involvement has been only proposed to bring about the efficient management in the member fisheries cooperatives to maximum extent. The government suspended the election system of the cooperative chief by amending the Provisional law for Appointment and Dismissal of Chief of Agriculture and Fisheries Cooperatives and made it possible for the President to appoint the cooperative chief among the fishermen. The President of the Federation appoints the managing director of the member fisheries cooperatives, who is assigned to assist the cooperative chief and to take full responsibility of managing the relevant fisheries cooperative. This kind of system is proposed to prevent the poor management and also to raise the efficiency in management of the member fisheries cooperatives. The Federation's role toward the fisheries cooperative organizations places its great importance on the efficient operation of the organizations and on maintaining reasonable management, and the fisheries cooperatives-organization in Korea has made a steady advancement in this direction.

5. Business Activity of Federation

a. Outline

The Federation is not only a central organization providing the fisheries cooperatives with comprehensive assistance but also an integrated organization carrying out wide range of business related to all of the fisheries cooperative organizations. Accordingly, the scope of the Federation's business covers the whole country and it plays a role of central organization for the fishermen's cooperatives as well as a competent banking institution for the fisheries industries in this country.

The Federation's business activity is closely related to all of the business being undertaken by the member fisheries cooperatives and sometimes its business is limited to its own. In carrying out the role of promoting the cooperative movement and its business the Federation has provided the positive assistance to the fisheries cooperative competing with the commercial capital with the help of considerable government's support and operation of the banking institutes, and as a result, the influence of the fisheries cooperatives on the national economy has been steadily increased.

The fund required for operation of the business in the fisheries cooperatives has been raised with the deposit, government's financial assistance and loan from the central bank rather than member's contributions. The government's institutional assistance to the banking function has been regarded as an attempt to expand the business and organization of the fisheries cooperatives and to promote the cooperative movement on more reasonable and efficient basis.

Type and scope of the activity being undertaken by the Federation are as follows:

- (1) Guidance and coordination of the business being undertaken by the member fisheries cooperatives, research and survey, and public relation.
- (2) Educational and training programme for the executive members and employees of the fisheries cooperatives, and leaders in the fishing villages.
- (3) Purchase, sale, storage and other business by proxy.

(4) Credit Business

- a) Loan of fund for banking operation in the member fisheries cooperatives.
- b) Loan of fund for the Federation's business
- c) Borrowing from the central bank and government
- d) Loan for the fisheries industry and other purpose.
- e) Receiving deposit.
- f) Domestic and foreign exchange.
- g) Banking service on behalf of government, public organization and other banking institutes.
- h) Guarantee of payment and bill discounting related to the business of fishermen and member cooperatives

(5) Mutual Insurance**(6) Joint utilization and processing****(7) Business entrusted and subsidized by the government****(8) International trade****(9) Collective contract for the economic benefit of the member cooperatives.****(10) Fisheries communication business****(11) Other business related to the above mentioned.**

On the other hand, the scope of the Federation's business in 1979 amounted to 526.9 billion Won (908.4 million Dollars), and the credit and mutual insurance business accounted for the major part of the Federation's business in terms of value. The business scope undertaken by the member fisheries cooperatives in the same year ran at 527.6 billion Won (909.6 million Dollars) and total business scope carried out by the Federation and the member cooperatives in 1979 reached as much as 1,054.5 billion Won (1,818 million Dollars).

b. Business Activity by Function**(1) Guidance**

The guidance activity has been regarded as the most important one in the fisheries cooperative movement and its major business is composed of Saemaul construction, guidance for fishing opera-

tion, public relation and training-education programme, managerial guidance for the member cooperatives, research and survey and operation of wireless communication stations.

The Saemaul construction project constitutes the backbone of the Federation's guidance activity and its emphasis has been placed on the increased fishermen's income, establishment of culture and welfare facility in the fishing villages, creation of the foundation for production, service activity for the fishermen and fishermen's spiritual enlightenment. In addition to these, it provides a comprehensive support for the creation of the self-reliance in the fishing village society. The Federation actively undertook the Saemaul project at the investment of 3.5 billion Won (6.0 million Dollars) in 1979 and conducted the fisheries guidance to ensure the safe fishing operation on the sea. The public relation activity has been carried out by the Federation to make the fishermen understand the government's policy and activities undertaken by both the Federation and its member cooperatives and to propagate the new production technique. This public relation activity has been made through the provision of the T.V. and radio network, publication and the Federation's circuit cars exclusively used for public information activity. The Federation operates the education-training center of its own to provide the executive member and employees working for the Federation and member cooperatives including the leaders in the fishing villages with education and training programme throughout the year. The provision of this education and training programme has made significant contribution to the improved management of the fisheries cooperatives and also to the cultivation of the leaders in the fishing villages. What is more, the Federation has promoted the increased capital drive in the member cooperatives without interruption for the purpose of maintaining the sound financial structure in the cooperatives. At the same time, the Federation has exerted its considerable efforts for rationalization of management in the member cooperatives by conducting regular management survey. The Federation has also conducted the survey and research works on the fisheries economy, problems facing the fisheries industry and business activity of the fisheries cooperatives. In addition, the collecting and analyzing the statistics related to the fisheries sector and its marketing has been included in the works. The result of the

works has been widely utilized for improvement of management in the fisheries cooperatives and for formulation of the government's policy.

The Federation has 35 fisheries wireless stations across the country under its operation and they have handled the fisheries communication to support the safe fishing operation, to provide the weather information by sea area and to supply marketing information in landing areas to the fishing boats engaging in the fishing operation on the sea.

(2) Purchasing

This business is to purchase and supply the fisheries materials required for the fishing operation and fishermen's daily necessities. The business is classified into the Federation's self-business and the government assigned business. The former includes the fishing oil, fisheries materials and daily necessities, and the later is composed of marine engine, equipment and other equipments required for the ship building plan.

Total scope of purchasing business in 1979 amounted to 23 billion Won (40 million Dollars) and the oil supply accounted for 90 per cent of the business. The Federation has three tankers of its own and 19 rented oil tankers, thus totaling 22 oil tankers, and with these fleet of oil tankers the Federation has supplied the oil required for the fishing operation to the member fisheries cooperatives.

(3) Sale and Marketing

The sale and marketing business occupies the most importance among the economic business and the business is purposed to increase the fishermen's income and to protect the consumer's interest by improving the marketing of the fisheries products.

This business is composed of the sale, military supply and direct retail sale, and total business scope in 1979 ran at 50 billion Won (87 million Dollars). Backbone of the business has been the sale.

The Federation has six fish wholesale marketing centers which are located in major fishing ports and large consuming inland cities including Seoul. At the centers the fisheries products are

traded on auction and sold to the designated commission agents. The Federation has supplied the fisheries products to the armed forces under the contract on annual basis and the fisheries products for this purpose have been purchased directly from the producers and the member fisheries cooperatives.

(4) *Price Supporting*

This business is aimed to ensure the fishermen's production cost by cushioning the price fluctuation of popular fishes caused by the mass catch in particular season and also to protect the producers as well as the consumers by reducing the marketing margin to the maximum extent. The Federation has prevented the price drop of mass caught and popular fish species by making intensive purchase and storing that kind of fish species in fishing season, and also held down the price hike by releasing them in non-fishing season. The stocked fishes have been marketed to the consumers through the Federation's retail shops, or designated retail shops, and through the Federation's inland fish wholesale marketing centers on auction. Other method of release has been to supply to the armed forces and the fisheries processing industries. Total sale amount in 1979 reached 9.3 billion Won (16.3 million Dollars).

(5) *International Trade*

The Federation has been engaged in the international trade and placed its emphasis on the establishment of export system for the fisheries products and on the development of new exportable items. As a result, this business has made a significant contribution to the increased fishermen's income by ensuring the sale price by fishermen, and this business includes direct import and supply of machineries and equipment required for the fishing boats. The Federation's exports in 1979 exceeded 20 million Dollars and imports ran at 5 million Dollars.

(6) *Utilization and Processing*

The Federation has operated four ice manufacturing and refrigeration plants in two major landing areas and in two

inland fish wholesale marketing centers, and these facilities have made a considerable contribution to the preservation of freshness for fisheries products and to the coordinated demand-supply of fisheries products by storing the products in low temperature. Under this category of the business the Federation operates the transport of oil required for the fishing operation, and total business scope in the previous year ran at 900 million Won (1.6 million Dollars).

(7) Credit and Banking

(a) Fisheries Banking System

The fisheries banking has been exclusively handled by the fisheries cooperative organizations having the Federation as their central federation. The Federation has been responsible for overall operation and management of the fisheries banking in this country and it has directly operated the banking branches across the country.

Function of the banking business by the fisheries cooperatives include the credit service, government's policy banking and general commercial banking. Accordingly, the Federation plays three types of functions which include fisheries bank for the fisheries cooperatives and fisheries industries, commercial bank for the general public and government's policy bank. This kind of banking role in the fisheries cooperatives has a great importance in the national economy.

The Federation has raised the loan from the IBRD and ADB and supplied them for the use of medium and long term requirement in the fisheries industries. In addition to these, the Federation has been engaged in foreign exchange business. On the other hand, number of banking branches run by the fisheries cooperatives across the country totals 93, out of which the Federation has 22 and the member fisheries cooperatives have 71 under their operation.

In addition, the mutual banking has been operated by the member fisheries cooperatives and fishing village societies (in corporate form) and its number reaches 99.

(b) *Credit Service*

The Federation's fund has been raised by the deposit, borrowing, member's contribution and self-fund. The deposit is made by the fishermen, member cooperatives and general public. The borrowings are composed of the loans from the government on favourable term, from the Bank of Korea, the central bank of the nation, and from the IBRD and ADB. The funds supplied from the international and regional bank have been used for investment in equipment and facilities in the fisheries industry.

Most loans provided by the fisheries cooperatives have been used for production, marketing, manufacturing-processing, international trade, installation and operation in the fisheries industry. Some part of the deposit, however, have been loaned to non-fisheries sector.

As of the end of March 1979 total fund scope of the fisheries cooperatives in this country stood at 217 billion Won (374.1 million Dollars) and its compositional rate was deposit with 42 per cent, borrowings with 38 per cent and others with 20 per cent.

Operation of Fund by Federation and Member Cooperatives

		<i>Unit : Million Won</i>	
		1978	1979
	Deposit	88,240	92,026
	General		86%
	Mutual Banking		14%
Source	Borrowing	80,411	81,900
	Government		38%
	Central Bank		45%
	Foreign Sources		17%
	Capital and Others	39,460	43,429
TOTAL		208,111	217,355
	Loan	130,263	134,411
	Cash	13,620	6,810
USE	Reserve for Payment		
	in Central Bank	18,499	15,233
	Fixed Assets	21,534	22,768
	Others	24,195	38,133

Supply of Funds by Federation

Unit : Million Won

	1978	1979
Fishing Operation	59,014	60,250
Fishing Boat Building	8,954	8,798
Aquaculturing	12,758	13,693
Facilities	5,489	6,061
Economic Business	6,209	6,738
Manufacturing	320	270
Development in Fishing Villages	108	101
Support in Export	744	254
Collection of Fisheries Production	1	200
Special Long Term	205	362
General	10,695	10,817
T O T A L	104,597	107,444

On the other hand, total loan provided by the fisheries co-operatives reached 134 billion Won (234 million Dollars), occupying 62 per cent of total fund scope and the rest has been used for the economic business carried out by the Federation and the member cooperatives, for reserve payment in the central bank and for other purpose.

The Federation has been exclusively authorized to raise the loan from the government, central bank and foreign sources, and the member cooperatives have been only allowed to borrow the fund from the Federation. The loan provided by the Federation has been classified into two categories. First one has been the loan raised from financial fund, banking fund and foreign sources, and this type of loan has been exclusively provided to the fishermen and member cooperatives on favourable term. Another one has been the loan providing to the general public and fishermen and the member cooperatives at the same lending rate as the commercial bank.

There are ten types of loans provided to the fisheries sector

and they roughly include special long-term, fishing boat building, aquaculturing facilities, medium-long term for support of manufacturing, marketing facilities, and other six types including fishing operation.

(8) *Mutual Insurance*

The Federation has operated the mutual insurance business to make up the loss, or damage of fishermen, lives and property caused by the accident and disaster, and also to support the welfare in the fishing communities and the fund required for the dependent's education.

Type of mutual insurance has been those for the fishing boat, facility, fishing crews, savings, welfare and education. Total insurance policy sold by the Federation in 1978 stood at 161 billion Won (277.6 million Dollars). On the other hand, the Federation has operated two hospital ships at the annual cost of 200 million Won (277.5 thousands Dollars) and they provide free-medical service to the inhabitants living in the remote or isolated inlands. Every year, about 200,000 population have been benefited from this medical service provided by the Federation. This kind of medical service has been regarded as a cooperative's service activity unique to Korea.

6. Direction of Korea's Fisheries Cooperative Movement in the Future

In 1962 the traditional fishermen's organization was reformed into the modern fisheries cooperatives and since that time the cooperative organizations in Korea has scored a considerable success in both its quality and scope.

During the period of the 1960's the fisheries cooperative had placed their emphasis on expansion in the institutional aspect, and reshuffle and enlargement in the organization. In the first part of the 1970's priority was given to the establishment of foundation for business activity and expanded business activity in quality. In the later part of the 1970's which was coincided with maturing period of the fisheries cooperative movement in Korea efforts were concentrated on the creation of affluent fishing communities, improvement of fisheries marketing and expansion

of the fisheries banking. In addition, the Federation and its member cooperatives had conducted various types of guidance activities to raise the fishermen's income and bring about the economic self-reliance in the fishing communities. In particular, the Federation provided intensive assistance for the economic self-reliance and sound management both in the member cooperatives and the fishing village society. As a result the fisheries cooperatives in Korea established a sound foundation for their management.

So far, the fisheries cooperatives in Korea have established a new order for their movement by correcting the mistakes committed by them in the past and it can be said that various types of business activity have reached its maturing phase. What is more, the current organization of the fisheries cooperatives in Korea can be appreciated as the most suitable one to the Korea's fisheries industry and also to the fishing communities.

From now on, the fisheries cooperatives in Korea will exert their every efforts to create the affluent fishing communities through the improved fishermen's income and in particular, they will carry out various level of revolving business and service activities for good of the fishermen. In addition, the fisheries cooperatives will concentrate their activities on the fishing communities and provide every supporting assistance for the creation of corporate-form fishing village societies by enlarging the traditional fishing village societies.

Beside these, the fisheries cooperatives will expand the supply of fishing fund on favourable terms and also extend the opportunity of education-training programme for the employees working for the fishing village societies. In the 1980's the Federation will put its priority on the improvement of marketing structure and this activity will be carried out in line with the government's policy. The first stage of marketing for fisheries products are made at the consignment sale stations operated by the member fisheries cooperatives. However, it is true that the inland marketing function has been insufficient and therefore the Federation plans to expand the establishment of the inland fish wholesale marketing center in major consuming cities in addition to existing centers, and to equip the refrigeration and low temperature facilities at the centers. As a result

of the successful implementation of the plan it is anticipated that the production and marketing activity would be led by the fisheries cooperatives organizations, and the marketing structure of the fisheries cooperatives linking the producers and consumers would be newly created.

J.M. APPIAH*

Cooperative Movement- The Ghana Experience

The first co-operative society in Ghana was formed in Ashanti in 1928. It was organised by an English officer of the Department of Agriculture whose principal aim was to ensure that the farmers produced good quality cocoa beans for export to Britain. Thus, the society was not formed as a result of the traditional principle of a "felt need" among the farmers themselves to better their economic conditions through collective action. But as a result of the need to adopt Co-operative methods to achieve economic need.

However, that ultra-cooperative organisation marked the birth of the Co-operative Movement in Ghana. One fact which members of the society came to appreciate was that the cocoa beans they produced through a better method of fermentation earned them better financial returns than they had hitherto got for their produce. Consequently, more and more farmers gravitated into the pioneer society while the Department of Agriculture promoted and organised other societies in different localities, all as experimental co-operatives.

As the co-operative orientation began to spread, collective system of marketing the members' produce was also introduced and the need arose to legalise the few co-operatives which were then functioning under the Department of Agriculture. The first Co-operative Societies Ordinance, based on the pattern of the Indian Cooperative Laws of the time, was passed by the Legislative Council of the then Gold Coast in 1928 to regulate the activities of the few Co-operative Cocoa Societies which were mainly operating in Ashanti.

A new Department of Co-operatives, headed by a Registrar of Cooperative Societies, was established with the responsibility of promoting, registering and auditing the societies.

*Secretary General, the Ghana Cooperatives Council, Accra, Ghana.

An innovation introduced since the promulgation of the Co-operative Societies Ordinance 1928 was to hand over the administration and management of the societies to their members. Officers of the Department of Agriculture thus reverted to their role as extension officers who gave technical training and advice to the farmers on matters relating to methods of fermentation, proper cultivation of their farms, system of collective marketing, etc. etc.

Gradually, the primary societies were grouped into secondary societies or unions and the third link in the co-operative structure was ultimately formed in 1949 under the name of "Ghana (Gold Coast) Cooperative Marketing Association Limited". Round about this time, the Alliance of Ghana Co-operatives and a Co-operative Bank were also established only to be dissolved later in 1961.

The lesson of groups of people with common felt need having been effectively propagated and learnt, other forms of co-operative societies began to spring up and other national Associations grouping people engaged in various types of economic activities were established to cater for the various groups.

There had been a lamentable set-back to this encouraging growth of co-operatives in Ghana from 1961 to 1966 when the Movement was dissolved and replaced by a quasi-cooperative set-up created by the Government of the day, while its assets were taken over by the Government. The Cooperative Bank became the nucleus of what we now know as the Ghana Commercial Bank. Those years can appropriately be described as the "dark period" in the history of Ghana's Co-operative Movement.

The Movement was, however, resuscitated in 1966 following change of government through a military coup and our co-operators once again had the privilege to re-organise their co-operative enterprises in a free political atmosphere. The Alliance of Ghana Cooperatives now the Ghana Co-operative Council was also re-established and it was affiliated to the International Co-operative Alliance (ICA). It thus became the link between the National Movement and overseas co-operative organisations as well as agencies for co-operative development. The Movement has since then expanded in spite of its past bitter experiences of political interference. Some of the top national organisa-

tions and their functions are the following:—

The Ghana Cooperative Fisheries Association

This Association aims at:—

1. Safeguarding the economic interest of its member societies and individual members and thus help raise the living standards of Ghana Fishing Communities.
2. Introduction of improved fishing techniques, storage facilities and better distribution and marketing system to assist in making fish reasonably available in all parts of Ghana throughout the year at reasonable prices.
3. Develop and establish fish farms.
4. Provision of storage facilities at least one in each of the 9 Regions of Ghana.

Ghana Co-operative Poultry Farmers Association Limited Policy Objectives

(a) To increase its production of eggs and poultry meat in order to ensure abundant supplies at all times.

(b) Establishment of its own feed mill and Hatchery thereby making available to its members and the general public adequate supply of feed and day-old chicks.

(c) To provide the members with ready market for their produce.

Ghana Co-operative Agricultural Producers and Marketing Association Limited

This is mainly food crop farmers co-operative organisation which aims at assisting food farmers to grow more food items and helping them to market their crops profitably.

It also collects and disseminates useful information on improved methods of farming to its members.

Ghana Co-operative Distillers Association Limited

The policy objectives of this Association, its Unions and societies are :—

- (1) To be self-sufficient in the supply of the industries main

raw materials, namely, yeast and molasses, through the establishment of sugarcane farms and plants for crushing the sugarcane.

- (2) To establish modern distilleries with a view to bottling and labelling their products for sale in shops.
- (3) To train members in efficient distillation under hygienic and sanitary conditions in order to ensure a supply of good quality drinks.

Ghaan Co-operative Mutual Insurance Society Limited

The main objectives of the insurance society are to carry out business generally as any insurance company but particularly, to provide underwriting and coverage services to Co-operative Organisations in fields where other insurance companies do not provide coverage for them.

Its business generally includes:—

- (1) Transaction of any kind of guarantee and indemnity business as well as all kinds of trust or agency business.
- (2) To undertake group Life Insurance, Bonding Insurance for employees of the Co-operative Movement, farm and Education Insurance etc. etc.
- (3) To mobilise funds for investment in other co-operative enterprises, such as Housing and Builders Co-operatives.

Ghana Co-operatives Consumers Association Limited

The main objectives of the Association are:—

- (1) To supply its members with goods and services at reasonable cost.
- (2) To establish shops which retail consumer goods to its members and the general public.
- (3) To establish factories to produce goods it distributes in order to forestall problems with shortage of goods to its members. The Association will also establish rural co-operatives to undertake community farming.

Ghana Co-operative Credit Union Association Limited

The aims and objectives of this organisation are to assist in the organisation, development and supervision, of all savings

and credit societies by fostering the spirit and habit of thrift in its members in both urban and rural communities.

The Association has made some remarkable progress in its operations. In 1977 the number of credit unions in Ghana was 371 with a total membership of 50,675 and an accumulated savings of ₵49,221,567.00. And as at present its improved position is 388 credit unions with a total membership of 56,038 and savings of ₵11,002,362.00.

Ghana Co-operative Housing and Builders Association Limited

The Housing and Builders Association is a central organisation whose aims are:—

- (1) To assist its unions and Primary Societies to secure direct allocation of their building material requirements.
- (2) To acquire building plots and initiate more workers co-operative Housing Schemes throughout Ghana.
- (3) To build co-operative transit quarters in all the regional capitals and other urban centres.
- (4) To organise seminars and conferences on Co-operative Housing methods and systems for the benefit of its members.

Ghana Co-operative Bank Limited

The Ghana Co-operative Bank Ltd. is the financial unit of the Ghana Co-operative Movement established exclusively by the Cooperative Organisations.

The objects of the Bank are:—

- (1) To operate as a Central Bank and to assist in the development of Co-operative Societies through:—
 - (i) The granting of loans
 - (ii) The giving of financial advice
 - (iii) Banking and credit facilities
 - (iv) The acceptances of deposits from members and non-members and other measures designed to further the attainment of the objects of any of its members through co-operation.

Ghana Co-operative Pharmaceutical Society

This organisation whose members are all professional pharmacists aims at making medical services more accessible to its members and the general public at moderate cost.

National Co-operative Wholesale Unit Limited

This unit was jointly established by the Ghana Co-operative Movement and the Trades Union Congress of Ghana to serve as a procurement agency for the Co-operative Movement.

This unit is entitled to 30% of locally produced goods for distribution to Co-operative Societies.

Ghana Co-operative College

Since the Movement cannot grow and develop, without efficient and well trained personnel the Movement has also established a Co-operative College in Kumasi Ashanti region of Ghana where officers of the Movement and of the Department of Co-operatives, Committee members and individual co-operators received their Co-operative training.

Our Movement today has 19 National Associations and 5,000 plus Primary Societies with individual membership closing in at 750,000.

To make the movement more comprehensive and dynamic we are about to re-structure the movement into four sectors namely Agricultural Co-operatives, Industrial Co-operatives, Financial Co-operatives and Service Co-operatives.

The Movement has also realised that our present Co-operative law has become obsolete and efforts are being made to replace it.

Conclusion

Our Movement cannot claim to be having no problems. As society changes and the world economic situation fluctuates in consequence of political policies introduced by changing Governments, likewise new problems arise every now and then. Some of these problems have really been very exacting:

One of our main problems has been lack of high calibre cadre of officers entering the service of the Co-operatives to raise the level of managerial skill, since we are unable to compete with

other employers in offering high salaries, and the brain-drain of the few officers trained overseas. Added to this is the problem of the erroneous notion in official quarters that co-operatives are private business establishments and therefore do not require any special official attention and support.

Also since the rich would not interest themselves in cooperatives there is always the difficulty of raising adequate capital for development programmes of the movement, while managers of our Commercial Banks for obvious reasons are unwilling to give loans to the cooperatives.

The National economic crisis too has brought in its own problem of import restrictions making it difficult for Cooperatives to import adequate inputs from overseas. These are indeed serious problems which we are facing. Nevertheless we look forward hopefully for better times when we shall overcome these problems.

Co-operatives in Nigeria

The Co-operative Landscape

Co-operative Societies abound in several forms and varieties throughout Nigeria. Natural and human resources dictate their locations. The major ones include Export, Marketing and Transport Cooperatives; Crop Farming and Food Crop Marketing Coops; Fisheries Coops; Grain Milling Coops; Soap making coops; Artisanal, e.g. Weavers, Tailors', Thrift and Loan or Thrift and Credit Coops; Cooperative Banks and Insurance, etc. Printing Coops; Consumer (Wholesale and Retail) Trade Cooperatives, etc. etc.

Historical Sketch

Although the history of Nigeria's Cooperative Movement dates back to the promulgation of the Cooperative Societies Ordinance, No. 9 of 1935, yet it is on record that efforts to establish cooperative societies by farmers and merchants had started way back in 1907 with varying successes. Following the enactment of the Ordinance, the upgrading of the Co-operative Department into an autonomous arm of the Civil Service in 1943 and the establishment of the Cooperative Training School (now the Federal Government Cooperative College) in the same year, it looked as if the path of growth of the movement had become smooth and easy.

In the West the late Akinpelm Obisesan whose pioneering efforts in establishing cooperative societies for Cocoa farmers began in 1930 succeeded in getting the Nigeria Cooperative Federation (NCF) formed in 1945 in order "to promote and extend promotion". The Association of Nigerian Co-operative Exporters (ANCE) Ltd. was simultaneously created to finance the export of Cocoa.

In the meantime one T.U. Eka, the Government Co-operative Inspector at Uyo had successfully launched the Cooperative

*President, Cooperative Federation of Nigeria, Ado-Ekiti, Nigeria.

Credit Movement in Eastern Nigeria from where it spread to cover the whole country today.

In the trade sector of the economy the Nigeria Cooperative Supply Association (NCSA) became a wholesaler to Consumer Cooperative Societies in 1947, changing its name to Co-operative Supply Association (CSA) Ltd. in 1951.

The Regionalisation of the Nigerian Civil Administration in 1951 called for efforts on the part of the Movement to reorganise itself accordingly so as to respond reasonably to the economic policies of the different regional governments. Thus in the Eastern Region Co-credits and farm settlement co-operatives took root, in the West the Government itself led in the promotion of cooperative farming while co-operative leaders themselves worked hard for the creation of the Co-operative Bank of Western Nigeria Ltd. At the national level Chief Akinpelu Obisesan became the first President of Pan Nigeria Co-operative Federation in 1958 to replace the Moribund NCF. Pan Nigeria Cooperative Federation later changed its name to what we have today, Cooperative Federation of Nigeria (CFN).

Following many and insistent representation for a review of the Cooperative Ordinance, the Federal Military Government Laws and Regulations in Nigeria on 2nd August, 1977 with terms of reference, among others, decided to recommend the removal of any restrictions that might constitute constraints in the Federation and prescribe the membership and functions of a National Co-operative Advisory Committee should it be necessary to establish it at all.

The Panel submitted its report in January 1978 and the Federal Military Government subsequently issued a White Paper on it. Although the necessary laws are yet to be enacted. Government has inaugurated an 'Advisory Council for Cooperative Development'. Its members include representatives of the State Cooperative Unions, the Universities and the Cooperative Federation of Nigeria (CFN) Ltd.

Both the CFN and the Advisory Council on Cooperative Development have since 1978 started in earnest in making proposals for reform and development in the Cooperative Movement. The Federal Government has made substantial grants to the CFN (totalling 170,000.00) towards its efforts for development.

Problems and Pitfalls

Cooperatives in Nigeria have had to contend with problems and difficulties of all types from time to time. In the report submitted to the Registrar in charge of Co-operatives in the Western Region in 1960 by the Commission appointed to recommend measures to be adopted to accelerate membership drive, the following opinion which has some relevance to the performance of not a few cooperative societies is still valid:

“Bad management and lack of appreciation of responsibility by societies’ committees and members have led to dishonest practices among employees and injudicious granting of loans and advances, and these have resulted in irrecoverable debts on which societies have been paying interests. The societies have thus been ruined financially to the extent of being incapable of fulfilling their stated objectives”.

It is thus the problems of management and the malpractices of co-operative staff made possible by the ignorance of members that have hampered on accelerated growth of the Cooperative Movement throughout the country.

Causes and Diagnosis of Problems

1. Concerning the contribution of cooperative staff to the failures of cooperative societies, it has been found that emoluments paid to them as well as their conditions of service are generally poor. Even in the Civil Service itself the staff of the Cooperative Division of the Ministry responsible for Co-operative Affairs were accorded a status inferior to their colleagues in the other Divisions of the Ministry. This state of affairs was only changed in May 1976 when the Head of State personally intervened and directed that “the cooperative inspectors now on salary Grade Level 04 should be on Grade Level 06”.

2. A major fault in organising Co-operative starts with the size of their membership, which is often too small to make for viability and effective operation. The capital contributed comes from re’atively poor members of the society and this, added to their paucity of membership, makes funds inadequate for proposed objectives.

In addition members are occasionally over ambitious in their

pursuit of economic objectives, resulting in failure and the collapse of their societies.

3. Sometimes, but commonly among cooperative produce marketing societies, disloyalty marks the conduct of members who, instead of selling their produce to their societies, patronise private individual buyers, with the excuse that they get higher prices and immediate payment for their produce.

4. Competition, the keen competitions that private businessmen and industrialists on the capitalist forum present against co-operative efforts in the latter's attempts to produce goods and to sell them have stultified the growth of co-operative enterprises in certain areas of the country. This is particularly so in Qgun and Kwara States.

5. Menace of Government Control, Cooperative Societies at all levels have had to contend with the control which their States Governments have ascertained or attempted to wield, causing at least annoyance to the enlightened officials and leaders of the Movement. The dictum "whoever pays the piper dictates the tune" fostered the confidence that enable governments to want to exert such control through legislative and administrative measures.

The CFN and its Prescriptions for Cooperative Problems

Although both the leaders of the Cooperative Movement and the top officials of the government in the ministries charged with co-operative affairs are all the time aware of the problems highlighted above and although the Board of the Cooperative Federation of Nigeria had discussed plans to procure their cure, it was only in June 1979 that the Board of Management totally inaugurated a Development Plan whose proposals cover a general re-organisation of the cooperative movement throughout the Federation

Perhaps it will be pertinent to examine the structure of the Nigerian Cooperative Societies before we look at the new proposals for re-organisation and development.

The Primary Cooperative

At the village and towns co-operative societies are formed

for the various purposes enumerated under the subheading 'Cooperative Landscape'. Each cooperative society has a membership of at least ten persons. The large ones may have up to one hundred or more members. They are registered by the respective State Chief Registrars and they operate directly under the individual cooperative society bye-laws, which are themselves made under the State Cooperative Ordinance.

A typical co-operative society elects a management committee of not less than eleven members (unless its total membership is itself too few for this to be advisable). The election provides for a President, a Vice-President and a Treasurer for the society's affairs. When the committee holds its monthly meetings the President (in his absence, the Vice-President) presides. The society itself holds quarterly statutory meetings in addition to a yearly budgetary meeting when election and/or re-election of officers take place.

If a primary society does not affiliate to a Cooperative Union in its area, the Cooperative Ministry official in the area makes arrangement for one junior official to attend its meetings to ensure that members conform with the provisions of the Law and the bye-laws of the society.

Very often the primary societies in a local community are affiliated members of a Co-operative Union that operates at a local government level. At this level there may be two or as many as four different types of Co-operative Unions, e.g. Thrift and Credit Union, Commodity Marketing Union, Art and Craftsmen Union, etc. The Unions employ secretaries or managers with supporting staff of assistant secretaries, typists, messengers, etc. adequate for the scope of their respective services. The affiliating societies are served by the secretaries of their mother union in order to record the proceedings of their meetings and keep a record of their financial undertakings. At the annual general meetings of the various affiliating societies, one or two members are elected to represent the society in the Union assembly.

The Unions (Secondary Level of Co-operation)

The Co-operative Unions in turn operate under their own respective bye-laws. They elect a Board of Management of not

less than 5 (but often as many as 11 or at times 15). There is a President, a Vice-President and a Treasurer who are officers both of the Union assembly and its Board of Management.

The Union precepts on the societies in order to rise capital in form of shares. Savings are also usually fixed for monthly payments. Their bye-laws include the rates of interest payable to the accounts of the contributory societies.

The Union in turn is an affiliate of the State Co-operative Federation Union. Before doing this it may, however, join a State league of its own genre, e.g. Ondo State League of Co-operative Thrift and Credit Unions, the Kano State Federation of Consumer Co-operatives. etc,

The State Unions (Federations)

At state level all the cooperative societies, unions and leagues as well as any 'floating' primary societies join together to form a State Cooperative Union/Federation, which in turn is registered and operates a bye-law of its own. Representation on the Board of Management is via election groups based either on co-operative complexion or geographical derivation. In the case of Ondo State Co-operative Union, the Commodity Marketing Unions elect five members, the Thrift and Credit five, the Consumers and others one, Corresponding to their respective numerical and financial strength combined. Initially, all unions are entitled to send two representatives and their chief executives (as ex-officio members) to the State Union Assembly. All primary societies that so desire are entitled to send one delegate each to the Assembly. It is this Assembly that elects the Board of Management of the State Union.

Zonal and Special National Apexes

Certain co-operative primaries and unions operate at zones of two or more states. These operated at an earlier period of their existence at Regional Government Levels (West, East or North), but when these Regions were split into separate states, the co-operative societies continue to operate in these component areas of their former region. The CSA Ltd. and the Cooperative Bank of Western Nigeria, both of the former Western Region,

operate now in the States of Lagos, Oyo, Ondo and Bendel, all of which were in the former Western Region. Similarly the Bank of Eastern Nigeria which operated in the Eastern Region now operates over Anambra, Imo, Cross River and River States, four States carved out of the former Region.

Apart from these there are leagues or federations that emerge from their State confines to form higher apexes of their own different types, e.g. the Thrift and Credit Union Leagues that unite to form the National Association of Cooperative Credit Unions of Nigeria (NACCUN) Ltd. and the Consumer Cooperatives that form the national apex called the Nigerian National Cooperative Wholesale Association (NNCWA) Ltd.

These zonal and special national apexes operate both at national and international levels. They are members of the Cooperative Federation of Nigeria which is basically the ideological amalgamation of all State Cooperative Unions of the entire Federation.

The CFN Membership and Constitution

All the State Apexes and the special and zonal co-operative apexes form one national apex known as the Co-operative Federation of Nigeria. These are 19 State Unions and the following special apexes:

1. The Cooperative Bank (formerly of Western Nigeria) Ltd.
2. The Cooperative Bank of Eastern Nigeria Ltd.;
3. The Cooperative Bank of Northern Nigeria Ltd.;
4. The CSA Ltd.
5. Cooperative Press (Western Nigeria) Ltd.
6. ANCE (Association of Nigerian Cooperative Exporters) Ltd.
7. Cooperative Transport Ltd.;
- and 8. Nigerian Cooperative Insurance Society (NCIS) Ltd.

As an all embracing co-operative organ the CFN is registered to have responsibility to represent the interest of the entire co-operative movement in Nigeria, to chart its development and advise the government of the Federation in its plans for co-operative development especially in the arenas of education and legislation. It has become the mouthpiece of the Cooperative Movement in international affairs.

The CFN collects levies from members and has created an education fund to which a call for voluntary donations should

be made. The response is encouraging.

The Board of Management of the CFN consists of 19 elected representatives of the 19 State Cooperative Unions plus four elected officials from among the delegates to the posts of President, 1st and 2nd Vice-Presidents and Treasurer. With two members representing the special and zonal apexes, the total membership of the Board comes to 25. One or two Ministry officials as well as the Chief Executive (and any of his staff) attend the meetings of the CFN Assembly and Board as ex-officio members. Quarterly and annual general meetings are mandatory. Election of officers take place annually during the annual-cum-budget meeting.

As should be expected, the CFN is a member of the ICA. All the 'subordinate' apexes that were formerly members have now withdrawn their membership in order to enable the Movement to have only one voice on that body, without prejudice to a multiple representation of that voice should it be desirable or expedient.

The Proposals of the CFN for re-organisation and development

As stated earlier, I have indicated that the CFN inaugurated a proposal for a re-organisation and the development of the Co-operative Movement in the country in June 1979. The implementation of the programmes listed in the proposals has begun. Now a new lease of life for the Movement has begun and the prospects are great.

The proposals envisage a situation to arise very soon in which the Cooperative Movement in Nigeria will become fully independent of government control outside the necessity to register societies and should the inevitable arise-to liquidate them.

The Re-organisation deals with the establishment of Working Committees with the concomitant employment of more secretarial staff. For this purpose the following working Committees have been selected:

- (i) Central Planning, Finance and Audit Committee,
- (ii) Central Education Committee,
- (iii) Central Agricultural Development Committee, and
- (iv) Central Committee for Information, Publication and Research.

Following this is the arrangement to create zonal levels of operation for the committees to work effectively. The country is accordingly divided into four zones for administrative purposes:

1. Ibadan Zone which comprises Lagos, Ogun, Oyo, Ondo and Kwara States,
2. Enugn Zone, which comprises Rivers, Cross River, Imo-Anambra and Bendel States.
3. Kaduna Zone, comprising Sokoto, Niger, Kaduna and Kano States, and
4. Jos Zone for the States of Bauchi, Benue, Borno and Plateau.

For each zone a Zonal Planning Committee has been set up. Members thereof include elected co-operative leaders, usually farmers, the State Chief Registrars of Co-operative Societies in the Zone; Representatives of Ministries of Trade, Industries and Co-operatives; Representatives of Ministries of Agriculture and Natural Resources; certain representatives of the Co-operative Colleges and the Universities.

The Zonal Planning Committee will work through sub-committees of Finance, Education and General Purposes.

As a part of the specific functions given to the central and Zonal Committees the CFN empowers the Central Education Committee and its Zonal arm "(1) to be involved in reviewing and developing syllabuses for co-operative education and training for young co-operators at school, women co-operative guilds, farmers etc".

"(2) to select students, cooperators, cooperative staff members, etc. for sponsorship in co-operative studies locally and abroad.

"(3) to organise seminars, workshops, etc., at national and zonal levels for co-operative leaders, members and staff, etc. etc."

The proposal to set up a "Federation of Nigerian Farmers Co-operatives (FNFC)" has been put into action by the Agricultural Development Committee which has arranged a meeting of the State Apex Unions and their experts in the field of Agriculture for the month of March 1980 to formulate specific policies to be recommended to the Zonal Committees on Agri-

cultural Development. There are proposals to cover the activities of consumer as well as the Credit Cooperatives. These will benefit not only their administrative but also their structural organisations.

Among the conditions stipulated for a successful achievement of the objectives of the proposals is that the Federal Government should mandate the banks, i.e. the Co-operative Banks and the Agricultural and Cooperative Banks to provide special services for the operation of the Consumer and Agricultural Co-operatives. Also, a vigorous training scheme for all categories of co-operative staff has been recommended.

G.K. SHARMA*

The ILO and Co-operative Development

The importance of co-operative movement has been recognised by the ILO as early as 1920 when its Secretariat was established. In March 1920 the ILO set up a co-operative service as an international center for co-operative research information and advise. Mr. Albert Thomas, the first Director General of the ILO, who himself was a co-operator, while addressing the National Co-operative Congress at Strasbourg during the same year, had stated that "In the present severe conflict between the propertied and working classes, the leaders of the co-operative movement are entitled to participate in the efforts to formulate an international labour law."

Between the two world wars research and information were the main activities of ILO in the co-operative field. In the years to follow it extended its field in providing technical assistance also. It was in June 1966 that the General Conference of the ILO convened by its Governing Body that a very comprehensive Recommendation 127 concerning the role of co-operatives in the economic and social development of the developing countries was adopted.

The Recommendation is designed to provide governments of developing countries with guidelines for effective co-operative development. Its scope extends to all types of co-operatives. The objectives of policy which it lays down state the establishment and growth of co-operatives should be regarded as one of the important instruments for economic, social and cultural development, as well as human advancement, and that governments of developing countries should formulate and carry out a policy under which co-operatives receive economic, financial and administrative aid and encouragement without effect on their

*Regional Adviser, Co-operatives, ILO Regional Office for Asia and the Pacific, UN Building; P. Box No. 1759, Bangkok, Thailand.

independence. It further recommends that such a policy, in so far as this is consistent with the essential features of co-operatives, should be integrated with development plans, and be periodically reviewed so as to keep it in line with economic, social and technological progress.

The United Nations Secretary General in his report on national experience in promoting co-operative movement before the United Nations Economic and Social Council in March 1978 had mentioned that "among the agencies of the United Nations system, the ILO is the one most specifically concerned with the co-operatives".

The technical assistance being extended by the ILO can be divided broadly under the following groups:

- i) To send co-operative experts to assist developing countries with plans and advice. Depending on the requirements of the governments concerned, these expert missions may take the form of a survey of the existing potential for the development of the co-operative movement, the preparation of a legal basis for the establishment and operations of co-operative societies, the development of national co-operative bodies, the planning and implementation of co-operative development schemes.
- ii) The allocation of fellowships and travel grants, which offer co-operative personnel from the developing countries the opportunity to gain experience in countries where co-operation has attained a high level of organisation. The ILO's task is to draw up training and study programmes suited to the needs of the fellows and their countries and to advise the former during their periods of study.
- iii) The organisation of seminars and courses on co-operation, enabling groups of 25 or 30 participants at a time to widen their knowledge in the various fields of co-operation. Besides general seminars, which cater for middle-level personnel, there are specialised seminars that enable high level specialists from all regions of the world to exchange experience on practical problems (as, for example, the marketing of agricultural produce, co-operative credit, etc.). These special seminars are gaining in importance

because contacts between specialists from different countries lead to a speedier solution of their common problems.

- iv) The supply of teaching aids and technical equipment for training and educational purposes. This usually is associated with the assignment of experts in the co-operative field. Audio-visual aids, specialised libraries, etc. help the expert to set up a training center and introduce suitable teaching methods.
- v) As part of a general ILO policy of decentralisation and keeping pace with the constant growth of technical assistance activities, regional counsellors have been named for Africa, Latin America, Asia and the Near and Middle East. These high-level experts are assigned to follow the changes in the co-operative movement in their regions and to press for adoption of methods adequate to promote its development.

The Regional Adviser on Co-operatives for Asia and Pacific is stationed in the ILO Regional Office and Asia and Pacific, Bangkok, and his main functions are to assist and advise governments, cooperative institutions and other organisations concerned regarding major issues of co-operative development. This includes short-term missions to the countries of the region and, as appropriate, direct advice and assistance in such fields as co-operative policy formulation, co-operative training, project appraisal, preparation and evaluation, collaboration with national regional and international bodies, links with capital aid agencies, consultancy services in specialised co-operative sectors etc.

In UNDP/ILO Consultative Meeting on Technical Cooperation among Developing Countries (TCDC) in labour related fields in Asia and Pacific Region held in July 1979—one of the suggestions was that “in the field of cooperatives TCDC possibilities, in general, were identified as use of certain specified cooperative training institutions”. It might be worthwhile for the symposium to consider the possibility of exploring such specialised training depending on their advancement of particular aspect of the cooperative movement. For example, for countries like India, Sri Lanka, Pakistan, Burma and Bangla-

desh, specialised courses in Fisheries could be held in Bangladesh where fisheries' cooperatives have made some success. In case of agricultural processing sector like sugar processing, dairies etc., specialised courses could be held in India. For Singapore, Malaysia and Philippines, specialised courses for consumer co-operatives could be held in Singapore and for urban Cooperatives, courses could be held in Malaysia. These examples are only illustrative. Of course, for Thailand and Indonesia where there are language difficulties such collaborations may have limitations.

V
Group Reports,
Conclusions
&
Recommendations

Report of Group-I

<i>Chairman</i>	:	Mr. A.K.M. Zahirul Haque
<i>Secretary</i>	:	Mr. K.C. Jain
<i>Members</i>	:	Mr. Ahmed Hourmain Mr. C. Angunawela Mrs. Mani Kamolvaj Mr. Gabisi
<i>Resource Persons</i>	:	Mr. Richard Bluer Dr. Dharm Vir

Task : What role and functions should devolve on a National Cooperative Union, in the context of the developing economies in South and South-East Asia – what factors, if any, stand in the way of the performance of the role and functions expected?

1. The Group while considering the above task considered desirable to lay a broad definition of National Cooperative Organisation. A suggestion was made that National Cooperative Organisations, in the interest of uniformity may be named as Unions, but it was pointed out that if the word Union was made obligatory, it may involve the change of the law and by-laws which will be cumbersome. It was, therefore, decided that the adoption of the word Union may not be insisted upon.

Definition

2. National Cooperative Organisation means, the apex promotional organisation, representing all the sectors of the Cooperative Movement in the country.

Objectives

3. i) To promote and develop the Cooperative Movement.
- ii) To safeguard the interest of the cooperatives and their

members at all levels.

- iii) To popularise cooperative ideology and principles.
- iv) To act as the spokesman of the Cooperative Movement.
- v) To represent the Movement nationally and internationally.

Functions

4. In furtherance of the above objectives the National Co-operative Organisation shall have the following functions:

- i) organise cooperative education and training programmes and popularise the principles and practices of Cooperation – motivating people to come under the umbrella of Cooperation;
- ii) develop inter-cooperative relationship and help the coordinated functioning of the cooperative movement in various sectors as a coordinated system;
- iii) organise, conduct, collaborate and assist in carrying out research, investigation of projects on important cooperative problems and promote perspective planning within the Movement;
- iv) arrange for the production and publication of literature, audio-visual and other aids, including films, filmstrips on Cooperation and allied subjects;
- v) do public relation work and give publicity to the achievements of the cooperatives through periodicals, pamphlets, brochures, books, films, broadcasts and the like for creating favourable atmosphere for the development of the Cooperative Movement;
- vi) maintain an information bureau and a library;
- vii) express opinion on matters of Cooperative Policy and act as the accredited representative of the country's Cooperative Movement in the national and international spheres;
- viii) convene and hold the National Cooperative Congress and cooperative seminars, meetings, conferences, exhibitions etc;
- ix) assist the member-societies in resolving their problems and difficulties, formulation of programmes and their implementation and providing other services;
- x) act as the arbitrator to settle the disputes between the members of the National Cooperative Organisation;

- xi) arrange for the audit and supervision of the societies;
- xii) take up with the Government and other authorities matters pertaining to the Movement;
- xiii) participate in the National Development Planning process and to secure proper place for the cooperatives in the developmental programmes;
- xiv) liaison and coordination with Government, International and other voluntary development agencies;
- xv) promote cooperative leadership and develop cadres of professional managers and workers; and
- xvi) undertake all such activities, either individually or in collaboration with other agencies – both cooperatives and others – which will help in the fulfilment of the above functions and promotion of integrated cooperative development.

Inhibiting Factors

- 5. i) lack of awareness about potentiality of Cooperation among the masses, owing to large scale illiteracy, apathy and prejudices;
- ii) lack of knowledge about Cooperation among the cooperative membership and poor communication with their cooperatives;
- iii) lack of adequate support from business cooperatives;
- iv) lack of effective co-ordination within the cooperatives;
- v) weakness of large number of cooperatives, especially the primaries – organisationally, financially, administratively;
- vi) in-effective programme planning at the NCO level;
- vii) lack of enlightened leadership;
- viii) vested interests and political interference;
- ix) inadequately trained man-power at all levels;
- x) inadequacy of finances and poor financial arrangements;
- xi) insufficient legal autonomy;
- xii) lack of involvement of cooperatives in Policy Formulation and National Development Strategy;
- xiii) inconsistency in Government policies;
- xiv) multiplicity of agencies working in the field of Cooperative Development—Leading to duplication of efforts and leaving of gaps; and

xv) inadequate communication and relations with the Government.

6. The above indicates the factors which stand in the way of effective performance of the role and functions expected of National Cooperative Organisations. The Group believes that if the functions enlisted in the report are to be actively implemented, effective steps should be taken for the removal of the adverse factors stated above.

Report of Group-II

<i>Chairman</i>	:	Mr. P.K. Dissanayake
<i>Secretary</i>	:	Mr. Joseph Edward
<i>Members</i>	:	Mr. Hassan Mossavi Dr. Young Chul Kim Mr. K.P. Manandhar Mr. D.M. Nyang Mr. J.M. Appiah
<i>Resource Persons</i>	:	Mr. P E. Weeraman Mr. Shiro Futagami

Task: Are National Cooperative Unions representatives of Cooperators and the Cooperatives? What Structural or other changes and self-disciplines are necessary to make National Unions representative and strong?

The group discussed the subject matter in two parts i.e.

- 1) Are National Cooperative Unions representatives of the Co-operators and the Co-operatives? as one part and
- 2) What structural or other changes and self-disciplines are necessary to make National Unions representative and strong?

In discussing the first part the group was of the opinion that to ensure effective representation of the Co-operators and Co-operatives in the Boards of National Unions, it is imperative that members sitting on these Boards should be elected representatives of both the primary societies and the federation. Government officials sitting on these Boards do not by any means represent the Co-operatives. They, however, may sit on these Boards on the invitation of the Union but without voting rights.

The group after lengthy deliberation found that the

N.C.O.O. of member countries were by and large representative of Co-operators and Co-operatives except those of Thailand and Korea which have government nominees sitting on their Boards with full voting powers. It was also observed that in India and Sri Lanka Government nominees to the boards of primary or secondary societies get elected to the board of the N.C.O.

Part 2 was discussed at length and noting the different structures in the various countries of the region, the group did not see any need to change the present structure.

The group felt that the following conditions are necessary for National Unions to be strong and effective. We are of the opinion that the following conditions should obtain:—

- 1) Legal autonomy
- 2) Financial independence
- 3) Dedicated leadership
- 4) Dedicated staff
- 5) Leadership should be capable of mobilising people's opinion to safeguard the interest of their movement.

The group however felt that changes in other respects were necessary in order to make National Unions representative and strong. It recommends the following changes:

- a) In order to ensure the autonomous character of the N.C.O. the group felt that there should be no government nominees on its board, and that government nominee should not be eligible to be on the Board of N.C.O.
- b) The permanent Executives who form the management of the NCO should be men who have considerable experience of cooperative work. Then only would they know the needs of the movement. They should be very knowledgeable about cooperation and be very competent persons if they are to discharge effectively the duties of the foremost representative and promotional body of the country's cooperative movement

Above all, their zeal for spreading the movement must be almost missionary. Needless to say such an attitude

would come only from true belief in Co-operation. Unless the elected leaders as well as the staff of the NCO are dedicated to the cause of Co-operation the NCO cannot be effective.

- c) National Unions must be at all times alive to the changes in government legislation and its policies and be capable of influencing the course of action as may be necessary.
- d) Some of the many ways in which a NCO should promote the movement are:—
 - i) Assist people to organise Co-operatives. For this purpose it should supply them with model byelaws and working rules and with documentation explaining the steps that should be taken by promoters to form a Co-operative.
 - ii) Assist Co-operatives to improve their managerial effectiveness by supplying them with expert guidance through a management service centre functioning as an arm of the NCO.
 - iii) Provide legal advice and assistance to Co-operatives in such matters as arbitrations and other legal proceedings
 - iv) Act as arbitrator in disputes between member societies.
 - v) To ensure the holdings of regular elections of their committees of management or Boards of Directors of its member societies.
 - vi) Conduct the audit of its member societies especially the primary societies and help in their rectification work.
 - vii) Publish books and pamphlets on Cooperative subjects and do other necessary work for the spread of the movement.
- e) Self-discipline in the Co-operative concept is the strict adherence to cooperative. The NCO should formulate a Code of Conduct for the Cooperatives.

The Code of Conduct should include the observance of political neutrality by the movement at all levels.

The N.C.O. should steer clear of party politics so that they

can take up an independent stand in regard to matters that would affect the co-operative movement in such fields as legislation and taxation. To be able to do this Co-operative societies should refrain from election to high office in the movement political leaders whose association with the movement will make it appear partisan.

No person holding high office in the movement should stand for political office unless he has resigned his Co-operative Office. This can be ensured by having suitable written agreements between the Cooperatives and the Officials concerned.

High office would mean posts such as President, Secretary-General, General Managers and Chief Executives.

Report of Group-III

<i>Chairman</i>	:	Mr. A.Z.M. Nasiruddin
<i>Secretary</i>	:	Mr. B.D. Sharma
<i>Members</i>	:	Mr. Soo Moon Mr. Adul Niyomviphat Mr. Saifuddin bin Talib Mr. S. Pathinathan Mr. R. Radhakrishnan Mr. K. Ceesay Mr. Babatola
<i>Resource Persons</i>	:	Dr. R.C. Dwivedi Pof. Hwan Kyou Lee

Task: What effective means can be used to increase the financial resources available to a National Cooperative Union?

Before identifying various means that can be used to increase the financial resources of a National Cooperative Organisation, the Committee surveyed the existing situation in various countries of the region and unanimously agreed that the following should be the *important guiding principles, based on which the means to mobilise financial resources of the National Cooperative Organizations may be identified.*

- a) The National Cooperative Organisations means a national level promotional and ideological cooperative organisation which act as spokesmen of the entire cooperative movement in the country.
- b) The National Cooperative Organisation should be owned and operated by the cooperative movement in terms of their functions and resources;
- c) The National Cooperative Organization should have the financial independence meaning thereby that its resources should be built up through the contribution of member co-

operative organizations, notwithstanding the government support without any strings for the programmes which may be implemented by the national cooperative organisations on behalf of the Government.

Organisational Pattern

Surveying the various organisational patterns of the national cooperative organisations in South-East Asia and West Africa Region, the Committee recognises three situations in this context. Firstly, there is a situation where there is one national cooperative organisation representing entire cooperative movement undertaking ideological and promotional activities; secondly, there is a situation wherein the national cooperative organisation combines both ideological functions and business activities undertaken on behalf of their cooperative constituents. There are also countries where the promotional function still vests with the cooperative departments, although the plans have been formulated to gradually transfer this function to the national cooperative organisation. Another aspect of the field situation is that in those countries where cooperation is a provincial subject, the organisational structure of national cooperative organisation also does embrace in it, the promotional organisations functioning at district and provincial levels. However, so far as the national level spokespersonship is concerned, it is provided by the National Cooperative Organisation.

Existing Situation

Based on the narration given by the members of the Committee representing the respective country, the following are the common sources which cater to the funds of the national cooperative organisation.

a) Membership Subscriptions:

Norms for membership subscription differ from country to country. In those countries where the membership of national cooperative organisation also consists of primary cooperative societies, there is a system for fixing up

membership subscription per member of the primary level society. In some countries the rate of subscription is based on the type of member cooperative society. There is also a system where the rate of membership subscription is governed on the basis of transactions of member cooperative organisations.

- b) Contribution at the rate of certain percentage of net profits of member cooperative organisations;
- c) Income from sale of publications and journals;
- d) Ad hoc contributions and donations raised from members;
- e) Levy on education fund of member cooperative organisation;
- f) Sale of tickets, coupons etc.;
- g) Government grants.

Considering the role and functions of the national cooperative organisation for strengthening ideological base of the cooperative movement of respective countries, the Committee feels that the financial resources mobilised from the sources mentioned above are not sufficient. This situation leads the national cooperative organisation either heavily to depend on the government grant or to play a very limited role. The Committee, therefore, is of unanimous view that workable ways and means should be evolved to mobilise financial resources of the national cooperative organisation. Some such means are given below:

- i) At the time of Annual General Body meeting of the national cooperative organisation, when the annual programme of activities is finalised and approved, financial obligations of various member organisations should be clearly spelt out and they should be bound to honour such obligations. However, Committee feels that this will require a commitment on the part of the members towards the national cooperative organisation and vice-versa.
- ii) In those countries where the government provides financial assistance to the national cooperative organisations, efforts should be made towards gradual phasing out of such grants. In this context, the Committee is of the opinion that instead of an annual grants system bound with various regulatory conditions, "funded grant system" should be adopted.

This means that the government should provide lump-sum amount that may be funded to constitute a permanent co-operative development fund at the level of the national cooperative organisation. The interest earned on such funds may be used up by the cooperative organisation to carry on its activities.

- iii) In some of the countries the funds of liquidated cooperative societies are invested by the government in the fixed deposit of banks. The interest earned on such funds should be ploughed back for promotional work to the national cooperative organisation. In this context, if there is any need to amend the cooperative law, rules and regulations, the same may be done.
- iv) The national cooperative organisation should float coupons of different denominations from time to time. These coupons should be sold to the cooperators in the respective country. On the occasions like Cooperative week Celebrations, International Cooperative Day, special campaigns should be launched to sell these coupons.
- v) Committee notes that the cooperative business institutions are utilising a sizeable portion of their expenditure budget on the advertisement activity. The national cooperative organisations which are incharge of publicity and propaganda on behalf of their member cooperative organisations, may be utilised as their advertising agents and for that they may charge some service commission from their clients.
- vi) Taking into consideration the degree of diversification of cooperative movement that is taking place in the region, the Committee feels that the cooperative business institutions require an effective research and consultancy support for their activities. In private business sector lot of consultancy organisations are coming up. Keeping in line with the similar trend, the national cooperative organisation should establish a very effective research and consultancy wing for the benefit of their member cooperative organisations and they may charge for such services.
- vii) The Committee feels that gradually many of the functions of Registrar Cooperative Societies should be transferred to the national cooperative organisations. To

begin with the Committee recommends that the national cooperative organisation should be entrusted with the task of providing audit services to the cooperative movement. They may maintain a panel of various cooperative organisations. For this purpose they may charge a fee from the beneficiary member cooperative organisations.

- viii) Publications is an important activity of the national cooperative organisations. It is a very important source of income to them. Therefore, all out efforts should be made to broad base the publication activity of the national cooperative organisations. The Committee recommends that every national cooperative organisation should have a printing unit with it. The International Cooperative Alliance should explore the possibility of tapping international assistance for this purpose to the benefit of national cooperative organisations of the region.

Conclusions and Recommendations

Preamble

1. South-East Asian countries in their efforts to ensure a better standard of living for their people have assigned an increasing role to the cooperatives in the development of their economies. This has resulted in the diversification of the activities of the cooperatives and also an increasing involvement of the government which in turn has led to the erosion of the democratic and autonomous character of the cooperative movement. These developments have necessitated a fresh look at the role the National Cooperative Organisation (N.C.O.) should play in strengthening the movement.

Issues

2. In this context the following issues were discussed in the Seminar:—

- (i) What role and functions should devolve on the N.C.O. in the context of the developing economies in South and South-East Asia? What factors, if any, stand in the way of the performance of the role and functions expected?
- (ii) Is the N.C.O. representative of the cooperators and the cooperatives? What structural or other changes and self-disciplines are necessary to make the N.C.O. representative and strong?
- (iii) What effective means can be used to increase the financial resources available to the N.C.O.

Definition of N.C.O.

3. In this context, the Seminar defined the National Cooperative Organisation (N.C.O.) as the apex promotional and ideological cooperative organisation, acting as the spokesman of the cooperative movement in the country.

Objectives

4. The Seminar was of the view that the N.C.O. should have the following main objectives:—

- (1) To popularise cooperative ideology and to protect and promote the cooperative principles as enunciated by the International Cooperative Alliance (I.C.A.);
- (2) To promote and develop the cooperative movement;
- (3) To act as the spokesman of the cooperative movement;
- (4) To safeguard the interests of the cooperatives and their members and to strengthen inter-cooperative relationship at all levels;
- (5) To represent the movement nationally and internationally.

Necessary conditions for effective functioning

5. Keeping in view the objectives the Seminar identified the following conditions necessary to make the N.C.O. effective:—

- (i) Legal autonomy;
- (ii) Financial independence;
- (iii) Committed leadership;
- (iv) Dedicated and efficient staff; and
- (v) Enlightened membership.

Inhibiting Factors

6. The Seminar, however, felt that there were certain factors which stood in the way of the effective functioning of the NCO. The factors were internal to the N.C.O. and also relating to the movement as a whole. There were also external factors that needed to be taken note of. They are:—

I. Internal Factors

(a) *Directly relating to the N.C.O.*

- i) Ineffective planning and follow-up at the N.C.O. level;
- ii) Inadequacy of enlightened and dynamic leadership;
- iii) Vested interests;

iv) Inadequacy of finances.

(b) *Relating to the Cooperative Movement as a whole*

- i) Limited appreciation of the potentiality of Cooperation among the masses;
- ii) Want of sufficient knowledge about cooperation among the membership and poor communication with their co-operatives;
- iii) Inadequate support from business cooperatives;
- iv) Lack of effective inter-cooperative relationship;
- v) Large number of weak cooperatives;
- vi) Shortage of trained manpower at all levels;
- vii) Poor member and public relations.

II. External Factors

- i) Restrictive legal and other provisions;
- ii) Inadequate involvement of cooperatives by government, in cooperative policy formulation and development strategy;
- iii) Inconsistency and ad-hocism in government cooperative policies;
- iv) Multiplicity of agencies working in the field of cooperative development;
- v) Political interference.

Functions

7. The Seminar identified the following as the principal functions of the N.C.O.:—

- i) To organise and administer cooperative education and training programmes;
- ii) To develop inter-cooperative relationship;
- iii) To act as the accredited representative of the country's Cooperative Movement in the national and international spheres;
- iv) To promote and carry out research and studies on important cooperative problems;
- v) To undertake the production and publication of cooperative literature and educational material, including audio-visual aids;

- vi) To do public relation work and publicity activities;
- vii) To maintain an information bureau and a library;
- viii) To hold National Cooperative Congresses;
- ix) To assist the member societies in resolving their problems and difficulties and to undertake consultancy services;
- x) To assist in resolving disputes between members of the N.C.O.;
- xi) To arrange for the audit and supervision of member societies;
- xii) To formulate perspective plans for the cooperative movement and to participate in the national development planning process;
- xiii) To maintain liaison and coordination with government and non-government national and international agencies interested in cooperative developments;
- xiv) To undertake pilot projects to demonstrate the effectiveness of the cooperative approach in socio-economic development;
- xv) To ensure holding of regular general body meetings and elections in member societies.

Structural Aspects

8. Surveying various organisational patterns of the N.C.O. specially in South-East Asia, the Seminar observed that these have evolved over a period of time based on national situations. Therefore, each country may evolve its own organisational structure for N.C.O. However, the Seminar recommended that where there was no N.C.O. immediate steps should be taken to organise an N.C.O.

Recommendations

9. The Seminar reviewed the situation obtaining in the Region and in order to strengthen the effectiveness of the N.C.O. it made the following recommendations:—

- i) The N.C.O. should make conscious efforts to become fully representative and to be the effective spokesman of the Co-operative Movement in the country. In this context the

Seminar was of the view that the Board of Management of the N.C.O. should comprise only of the elected representatives and that there should be no nominee of the government in the Board.

- ii) The N.C.O. should build up its own professional managerial cadres. In this context, it was felt that the secondment of government officers to the management cadres of the N.C.O. was not desirable.
- iii) The N.C.O. must be at all times alive to the changes in government policies and legislation and must be capable of influencing the course of action as is necessary.
- iv) To build up the unity and solidarity of the Cooperative Movement and to formulate policy guidelines, the N.C.O. should convene periodically National Cooperative Congresses.
- v) To encourage self-discipline in the Cooperative Movement, the N.C.O. should formulate a Code of Conduct for the Cooperators and for the cooperatives. The code should also include guidelines for observance of political neutrality.
- vi) The N.C.O. should have the financial independence meaning thereby that its resources should be built up through the contribution of member cooperative organisations. In order to preserve its independent character, the N.C.O. should not accept government grants.
- vii) The N.C.O. should clearly spell out its annual programme to the constituent members and clearly indicate their financial obligations at the time of the General Body Meeting.
- viii) The N.C.O. should establish a very effective research management and consultancy wing for the benefit of its member cooperative organisations.
- ix) The N.C.O. should provide advertising agency functions for its members.
- x) The N.C.O. should provide printing and publication services also as a measure of raising resources.
- xi) The N.C.O. should be entrusted with the task of providing audit services to the member cooperatives.
- xii) The N.C.O. should provide legal advice and assistance to

- member cooperatives.
- xiii) In those countries where cooperative development and cooperative education funds are administered by the Registrar of Cooperative Societies, the management of such funds should be transferred to the N.C.O.
 - xiv) In some of the countries the funds of liquidated cooperative societies are invested by the government in fixed deposits in banks. The interest earned on such funds should be made available to the N.C.O. for promotional work. In this context, if there is any need to amend the cooperative law, rules and regulations, the same must be undertaken early.
 - xv) As a self regulatory measure some of the functions of the Registrar of Cooperative Societies like supervision, promotion, extension, preparation of statistics etc. should be gradually transferred to the N.C.O.

Role of the ICA in strengthening the N.C.O.

10. (i) While appreciating the role of the ICA as the world body of the cooperatives, the Seminar recommends that the ICA should play a more positive role for strengthening the effectiveness of N.C.Os in their national and international relations.
 - (ii) The ICA should assist N.C.Os in the identification and formulation of specific projects.
 - (iii) There should be closer dialogue between the N.C.Os and the ICA. The N.C.Os should keep the ICA regularly informed of the problems and progress of their movements.
 - (iv) The Seminar was of the view that in case of international cooperative assistance to national programmes funded by the developed cooperative movements, U.N. Agencies, etc., the ICA and the N.C.O. should always be associated.
 - (v) Periodical exchange of views and experiences between the N.C.Os in Africa and Asia should be arranged under the auspices of the ICA.
 - (vi) The ICA should sponsor a study on the impact of political interference on the healthy growth of the cooperative movements of the Region.

General

11. A joint consultative committee of the N.C.O. and the government should be constituted in each country for consultation on cooperative policies and for project formulation and international assistance.

Drafting Committee

Chairman	: Mr. A.Z.M. Nasiruddin, Bangladesh
Rapporteur-Secretary	: Mr. K.C. Jain, India
Members	: Mr. P.K. Dissanayake, Sri Lanka Mr. Joseph Edward, Singapore Mr. A.K.M. Zahirul Haque, Bangladesh Mr. B.D. Sharma, India
Resource Persons	: Mr. Richard Bluer, U.K. Mr. R.B. Rajaguru, ICA ROEC Dr. D. Vir, ICA ROEC

PROGRAMME

3rd February 1980, Sunday		Arrival of Participants Registration—NCUI
4th February 1980, Monday	AM	Inauguration Tea Break General Introductions
	PM	Paper presented by Dr. Allie Felder, CLUSA Paper presented by Mr. P.E. Weeraman
5th February 1980, Tuesday	AM	Paper presented by Dr. R.C. Dwivedi, NCUI Paper presented by Mr. Shiro Futagami, CUAC
	PM	Paper presented by Mr. Richard Bluer, British Cooperative Union Paper presented by Prof. Hwan- Kyou Lee, NACF
6th February 1980, Wednesday	AM	Short presentations of country papers
	PM	Formation into Committees Committee Discussions
7th February 1980, Thursday		Visit to Agra—night in Delhi
8th February 1980, Friday	}	Field visits in Haryana and Punjab
9th February 1980, Saturday		
10th February 1980, Sunday		
11th February 1980, Monday		Committee discussions and pre- sentation of Committee Reports
12th February 1980, Tuesday		Formation of Drafting Committee Plenary Session on Committee Reports Drafting Committee sittings
13th February 1980, Wednesday	AM	Plenary Conclusions and Recommen- dations
	PM	Valedictory
14th February 1980, Thursday		Departure of participants

List of Participants

BANGLADESH

1. Mr. AZM Nasiruddin
Registrar of Cooperative Societies
9/D, Motijheel Commercial Area, Dacca-2.
2. Mr. AKM Zahirul Haque
Chief Executive Officer
Bangladesh Jatiya Samabaya Union
9/D Motijheel Commercial Area, Dacca-2.

INDIA

3. Mr. B.K. Sinha
Chief Director
Ministry of Agriculture & Irrigation
(Department of Agri. & Cooperation), Krishi Bhavan,
New Delhi-1.
4. Mr. K.C. Jain
Director
National Cooperative Union of India
3, Siri Institutional Area,
Panchsheel Marg, New Delhi-16.
5. Mr. B.D. Sharma
Director
National Cooperative Union of India
3, Siri Institutional Area
Panchsheel Marg,
New Delhi 16.

IRAN

6. Mr. Hassan Mossavi
Central Organisation for Rural Coops of Iran

225, Mossaddegh Avenue
Tehran,

KOREA, REP. OF

7. Dr. Young-Chul Kim
Senior Agricultural Economist
Research Department
National Agricultural Cooperative Federation
75, 1-ka, Choongjong-ro, Jungku
Seoul.
8. Mr. Soo Moon
Vice President
National Federation of Fishery Cooperatives
88, Kyung Wun-Dong, Chongro-ku, Seoul.

MALAYSIA

9. Mr. Ahmad Hourmain
Vice-President
Cooperative Union of Malaysia
Wisma MCIS, Jalan Barat
Petaling Jaya.
10. Mr. Saifuddin bin Talbe
Secretary/Treasurer
ANGKASA
103, Jalan Templer
Petaling Jaya.

NEPAL

11. Mr. Krishna Prasad Manandhar
Deputy Registrar, Cooperative Department
Kamaladi, Kathmandu.

SINGAPORE

12. Mr. Joseph Edward
Chairman
Singapore National Cooperative Union
P O Box 366, Singapore-1
13. Mr. R. Radhakrishnan
Hon. Treasurer
Singapore National Cooperative Union
P O Box 366, Singapore-1.

SRI LANKA

14. Mr. P.K. Dissanayake
Commissioner of Cooperative Development
Department of Cooperative Development
P B No. 419, Colombo-1.
15. Mr. S. Pathinathan
Vice-President
National Cooperative Council of Sri Lanka
455, Galle Road
Colombo-3.
16. Mr. C. Angunawela
General Secretary
National Cooperative Council of Sri Lanka
455, Galle Road, Colombo-3.

THAILAND

17. Mr. Adul Niyomviphat
Deputy Under-Secretary of State for Agriculture and Cooperatives & Chairman, Cooperative League of Thailand
4, Pichai Road, Dusit, Bangkok.
18. Mrs. Manit Kamolvej
Director of Technical Division; Cooperative Promotion Department, Ministry of Agriculture & Cooperatives
Bangkok.

NIGERIA

19. Chief J.E. Babatola
President, Cooperative Federation of Nigeria (CFN);
Chairman, ICA West African Regional Council
New Era Home
P O Box 333, Ado-Ekiti,
Nigeria.

GAMBIA

20. Mr. Kebba N. Ceesay
Deputy Manager, Gambia Cooperative Union Ltd.
P O Box 505
Banjul, The Gambia.
21. Mr. Dodou M. Nyang
Registrar of Cooperative Societies
Department of Cooperation
14 Marine Parade
Banjul, The Gambia

SIERRA LEONE

22. Mr. Sufyan M. Din Gabisi
Registrar of Cooperative Societies
Deptt. of Coops, Ministry of Trade & Industry
Freetown, Sierra Leone.

GHANA

23. Mr. J.M. Appiah
Secretary-General
Ghana Cooperatives Council
P O Box 2068
Accra, Ghana.

RESOURCE PERSONS

USA

1. Dr. Allie C. Felder
Cooperative League of USA
1828 L Street Northwest
Washington DC 20036, USA.

- U.K.**
2. Mr. Richard Bluer
Cooperative Union Ltd.
Holyoake House,
Hanover Street, Manchester M6 OAS.
- SRI LANKA**
3. Mr. P.E. Weeraman
Mudugamva
Weligama
Sri Lanka.
- INDIA**
4. Dr. R.C. Dwivedi
Chief Executive
National Cooperative Union of
India
3, Siri Institutional Area
Panchsheel Marg
New Delhi-16.
- JAPAN**
5. Mr. Shiro Futagami
Chief, International Section
Central Union of Agricultural
Cooperatives
8-3, 1-chome, Otemachi
Chiyoda-ku
Tokyo.
- KOREA, REP. OF**
6. Prof. Hwan-Kyou Lee
Central Staff Training Institute
75, 1-ka, Choongjong-ro, Jung-
ku
Seoul.
- OBSERVER**
1. Mr. G.K. Sharma
Regional Cooperative Adviser
- ILO Regional Office for Asia &
Pacific
P O Box 1759
Bangkok.
- ICA ROEC, NEW DELHI
1. Mr. R.B. Rajaguru
Regional Director
ICA Regional Office & Educa-
tion Centre
43, Friends Colony
New Delhi-65,
2. Dr. D. Vir
Joint Director (Education)
ICA Regional Office & Educa-
tion Centre
New Delhi-65
- NCUI, NEW DELHI
1. Mr. A.S. Patel
Director (IR)
National Cooperative Union of
India
New Delhi-16.
- SECRETARIAT**
1. Mr. Prem Kumar
Personal Assistant to Regional
Director
ICA Regional Office & Educa-
tion Centre
New Delhi-65.
2. Mrs. Saroj Prabhakar
National Cooperative Union of
India
New Delhi 16.
3. Mr. M.K. Pandey
National Cooperative Union of
India
New Delhi-16.

THE INTERNATIONAL COOPERATIVE ALLIANCE

is one of the oldest of non-governmental international organisations. It is a world-wide confederation of cooperative organisations of all types. Founded by the International Cooperative Congress held in London in 1895, it now has affiliates in 66 countries, serving over 355 million members at the primary level. It is the only international organisation entirely and exclusively dedicated to the promotion of cooperation in all parts of the world.

Besides the Head Office of the ICA, which is in London, there are three regional offices, viz., the Regional Office & Education Centre for South-East Asia, New Delhi, India; the Regional Office for East and Central Africa, Moshi, Tanzania and the Regional Office for West Africa, Bingerville, Ivory Coast. The Regional Office in New Delhi was started in 1960, the office in Moshi in 1968 and the West African Regional Office in 1979.

The main tasks of the Regional Office & Education Centre are to develop the general activities of the Alliance in the Region, to act as a link between the ICA and its affiliated national movements, to represent the Alliance in its consultative relations with the regional establishments of the United Nations and other international organisations, to promote economic relations amongst member-movements, including trading across national boundaries, to organise and conduct technical assistance, to conduct courses, seminars and conferences, surveys and research, to bring out publications on cooperative and allied subjects and to support and supplement the educational activities of national cooperative movements. The Regional Office and Education Centre now operates on behalf of 15 countries, i.e. Afghanistan, Australia, Bangladesh, India, Indonesia, Iran, Japan, Republic of Korea, Malaysia, Nepal, Pakistan, Philippines, Singapore, Sri Lanka and Thailand.

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