

INTERNATIONAL CO-OPERATIVE ALLIANCE

37th International Co-operative Seminar, Denmark /
37ème Séminaire Coopératif International, Danemark
37. Genossenschaftsseminar in Danemark

19 68

THEME

THEME

THEMA

"Problems and Achievements arising from Recent Structural Changes in Co-operatives".

"Problèmes et Réalisations découlant des Récentes Réformes de Structure des Coopératives".

"Probleme und Errungenschaften als Folge kürzlich durchgeführter Strukturänderungen".

Directors

Directeurs

Leiter

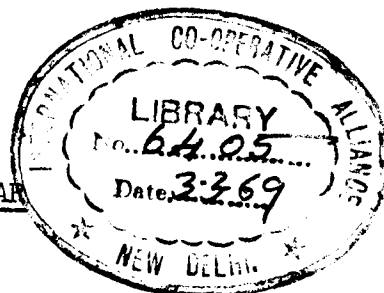
R. P. B. Davies, M.A. (Oxon)
Secretary for Administration

L. Sieber, Ll.D. (Praha)
Secretary for Education and Technical Assistance

MEZDUNARODNY COOPERATIVNY ALLIANCE

INTERNATIONAL CO-OPERATIVE ALLIANCE

37TH INTERNATIONAL CO-OPERATIVE SEMINAR



Administrative Notes

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1. Guest Organisation

The Seminar is being held in Denmark at the invitation of the three Danish member organisations of the I.C.A. - Faellesforeningen for Danmarks Brugsforeninger; Det Kooperative Faellesforbund i Danmark; and De samvirkende danske Andelsselskaber, Andelsudvalget. Arrangements have been in the hands of De samvirkende danske Andelsselskaber under the direction of Mr. Harald Vestergaard, H. C. Andersens Boulevard 42, COPENHAGEN V, Denmark. Telephone Number: (01) 12 67 96.

2. Arrival

Participants are expected to arrive at SØHUS, near Odense, on Monday, 16th September. The first meal to be served will be the evening meal at 18.00 hours. SØHUS is 6 kilometres north of Odense and the Seminar will be in the Gartner Ogfrugtavlærhøjskolen. The telephone number is Odense (09) 12 30 36.

By Air

There is an airport at Odense and participants arriving by air can book through to Odense, travelling by internal airlines from Copenhagen. Taxi from local airport to the college at SØHUS will cost approximately Danish kroner 8.00.

By Train

Participants arriving via Copenhagen travel to Odense. Taxi to SØHUS will cost approximately Danish kroner 10.-.

By Car

Private car park is available. SØHUS is on the road to Otterup from Odense.

3. Travel

All travel arrangements and visas, where required, are the responsibility of the participants or of the nominating organisation.

4. Accommodation

All participants, lecturers and interpreters will be accommodated at SØHUS. Accommodation is in single study bed-rooms and all meals will be taken in the college. Breakfast 08.00 hrs; Luncheon 12.00 hrs; Dinner 18.00 hrs.

5. Seminar Office

The Seminar Office will open at SØHUS at 14.00 hours on Monday, 16th September.

6. Programme

Any alterations to the programme will be announced at the start of each day, together with any appropriate arrangements for the day's work. The working languages at the Seminar will be English, French and German and participants must speak in one of these languages during all sessions of the Seminar. Simultaneous interpretations will be provided.

Plenary and Group discussions

Speakers are asked to give their name, country and co-operative organisation to which they belong, before speaking.

7. Dispersal

The Seminar will finish at 17.00 hours on Wednesday, 25th September. The fee covers participants staying at SØHUS until breakfast on the 26th September.

8. Study Tour

Details of the programme of the Study Tour will be available for participants. The Study Tour will start on Thursday, 26th September and will end in Copenhagen on the evening of Sunday, 29th September.

9. General

Post

Postage from Denmark to Scandinavian countries is 60 øre for letters; 50 øre for postcards. Letters to all other countries are 90 øre and postcards 50 øre. Airletters outside Europe cost 90 øre in postage (selling price 110 øre).

Postal Address

37th International Co-operative Seminar,
"gartnerhøjskolen "SØHUS"
pr. Søhus,
FUNEN,
Denmark.

Telephone for participants (09) 12 32 67.

Leaflets on Denmark, Island of Funen and information about Odense will be available at SØHUS.

37TH INTERNATIONAL COOPERATIVE SEMINAR

PROGRAMME

MONDAY, 16TH SEPTEMBER

Participants assemble at SØHUS near Odense, Denmark.

18.00 hrs.: Dinner

TUESDAY, 17TH SEPTEMBER

09.30 hrs.: Opening of the Seminar.

Address of welcome by Mr. Johs. Dons. Christensen, President, Andelsudvalget, Central Cooperative Committee, Denmark.

Welcome on behalf of the I.C.A. by Mr. Clemens Pedersen, Secretary General, Central Cooperative Committee and member of the I.C.A. Central Committee.

Greetings on behalf of I.L.O., F.A.O., UNESCO.

by Mr. E. Dembélé - Cooperative Rural and Related Institutions Branch, Social Institutions Development Department, I.L.O., Geneva.

Dr. A.F. Braid - Agricultural Specialist, Co-operatives, Credit and Rural Sociology Branch, Rural Institutions Division, F.A.O., Rome.

Plan, Aim and Working Arrangements of the Seminar: R.P.B. Davies, Co-Director of the Seminar.

10.45 hrs.: Lecture: "The Work of the Food and Agriculture Organisation in the Field of Co-operatives" - Dr. A. F. Braid.

12.00 hrs.: Luncheon.

14.00 hrs.: Lecture: "Denmark and Danish Co-operatives" - Mr. Clemens Pedersen.

16.00 hrs.: "The Work of the I.L.O. in the Field of Co-operatives." - Mr. E. Dembélé.

WEDNESDAY, 18TH SEPTEMBER

- 09.00 hrs.: Lecture: "The Structure of Co-operatives - A Survey", Professor E. Dulfer.
- 09.45 hrs.: Working Groups
- 12.00 hrs.: Luncheon
- 14.00 hrs.: Working Groups.
- 15.30 hrs.: Plenary session: Group reports.
- 19.30 hrs.: Film evening: "Denmark - People and Country".

THURSDAY, 19TH SEPTEMBER

- 09.00 hrs.: "Structural Changes - Why and How ?" - Mr. Olof Moback.
- 09.45 hrs.: Working Groups.
- 14.00 hrs.: Civic Reception by the Lord Mayor of Odense, Mr. Holger Larsen, at the Town Hall, Odense.
- 18.00 hrs.: Dinner.

FRIDAY, 20TH SEPTEMBER

- 09.00 hrs.: Plenary session: Group reports on Mr. Moback's paper.
- 11.00 hrs.: Lecture: "Financial Aspects of Structural Changes in the Co-operative Movement" - Mr. Ebbe Groes.
- 12.00 hrs.: Luncheon
- 14.00 hrs.: Working Groups.
- 16.00 hrs.: Plenary session: Group reports.
- 18.00 hrs.: Dinner.

SATURDAY, 21ST SEPTEMBER

- 09.00 hrs.: Brief reports by selected participants on Structural Change in certain national organisations.
- 11.00 hrs.: The I.C.A. in the World Today, - R.P.B. Davies, Co-Director of the Seminar.
- Afternoon: Free.

SUNDAY, 22ND SEPTEMBER

Free

Optional excursion.

MONDAY, 23RD SEPTEMBER

- 09.00 hrs.: Lecture: "The Reasons for Structural Change in the French Consumer Co-operative Movement" - M. Roger Kérinec.
- 09.45 hrs.: Working Groups.
- 12.00 hrs.: Luncheon.
- 14.00 hrs.: Working Groups.
- 16.00 hrs.: Plenary session: Group reports.
- 18.00 hrs.: Dinner.
- 20.00 hrs.: Film evening: A programme of films on aspects of the Danish Co-operative Movement. The Swedish film on Co-operatives in Tanzania "Ushirika" will also be shown.

TUESDAY, 24TH SEPTEMBER

- Morning: Visit to a local Co-operative.
- 12.00 hrs.: Luncheon.
- 14.15 hrs.: Lecture: "The Structural Development of the Consumer Co-operatives" - Mr. Kai Nielsen.

15.00 hrs.: Questions and Discussions on Mr. Nielsen's paper will be taken in plenary session.

WEDNESDAY, 25TH SEPTEMBER

09.00 hrs.: Outline of the final Group reports.

09.30 hrs.: Working Groups.

14.15 hrs.: Plenary session: Final Group reports.

16.00 hrs.: Final summing up and comments on the Seminar.

17.00 hrs.: Close of the Seminar.

INTERNATIONAL CO-OPERATIVE ALLIANCE

37TH INTERNATIONAL CO-OPERATIVE SEMINAR

37EME SEMINAIRE COOPERATIF INTERNATIONAL

37. INTERNATIONALES GENOSSENSCHAFTSSEMINAR

1968

SØHUS, Odense, Denmark

Co-Directors of the Seminar
Co-Directeurs du Séminaire
Leiter des Seminars

R. P. B. Davies

Secretary for Administration
ICA
Secrétaire à l'Administration
ACI
Verwaltungssekretär des IGB

L. Sieber

Secretary for Education ICA
Secrétaire à l'Education
ACI
Sekretär für Bildungswesen
des IGB.

Assistant Director
Directeur Adjoint
Stellvertretender Leiter

H. B. Vestergaard

Assistant Secretary De Samvirken-
de Andelsselskaber
Secrétaire Adjoint de De Sam-
virkende Andelsselskaber
Zweiter Sekretär, De Samvirken-
de Andelsselskaber.

Speakers/Conférenciers/Referenten

A. F. Braid

Agricultural Co-operatives Specialist, Rural Institutions
Division, Food and Agricultural Organisation, Rome.
Spécialiste des Coopératives Agricoles, Division des
Institutions Rurales, Organisation pour l'Alimentation
et l'Agriculture, Rome.
Experte für landwirtschaftl. Genossenschaften, Abteilung
für ländliche Institutionen, Abkürzung für die Ernährungs-
und Landwirtschaftsorganisation, Rom.

E. Dülfer

Professor, Head of Co-operative Institute, University of
Marburg, Federal Republic of Germany.
Professeur, Directeur de l'Institut Coopératif dépendant
de l'Université de Marburg, Rép. Féd. Allemande.
Professor, Leiter des Instituts für Genossenschaftswesen
der Universität Marburg, Bundesrepublik Deutschland.

- E. Groes
 Managing Director, FDB Denmark, and Member of the ICA Central Committee, Chairman: Cooperative Wholesale Committee.
 Directeur Gérant, FDB Danemark, et Membre du Comité Central de l'ACI, Président: Comité des magasins de gros coop.
 Geschäftsführender Direktor, FDB Dänemark, und Mitglied des IGB-Zentralvorstandes, Vorsitzender: Gen.Grossh.-Ausschuss.
- R. Kérinec
 Secretary-General, Fédération Nationale des Coopératives de Consommation, France, and Member of the ICA Central Committee
 Secrétaire-Général, Fédération Nationale des Coopératives de Consommation, France, et Membre du Comité Central de l'ACI
 Generalsekretär der Fédération Nationale des Coopératives de Consommation, Frankreich, und Mitglied des IGB-Zentralvorstandes.
- O. Moback
 Research Specialist, Kooperativa Förbundet, Sweden
 Spécialiste de la Recherche, Kooperativa Förbundet, Suède
 Experte der Forschungsabteilung, Kooperativa Förbundet, Schweden.
- K. Nielsen
 President of HB Consumer Co-operatives, Denmark. Member of the Central Committee and Chairman of the ICA Committee on Retail Distribution
 Président des Coopératives de Consommation HB, Danemark, Membre du Comité Central de l'ACI et Président du Comité de l'ACI de la Distribution au Détail
 Präsident der Konsumgenossenschaften HB, Dänemark, Mitglied des IGB-Zentralvorstandes und Präsident des IGB- Einzelhandelsausschusses.
- C. Pedersen
 Secretary General, Cooperative Central Committee, Denmark, Member of the I.C.A. Central Committee and member of the I.C.A. Agricultural Committee.
 Secrétaire Général du Comité Central Coopératif du Danemark; Membre des Comités Central et Agricole de l'ACI.
 Generalsekretär, genossenschaftlicher Zentralvorstand, Dänemark, Mitglied des IGB-Zentralvorstand und Mitglied des IGB-Landwirtschaftsausschusses.
- E. Dembélé
 Cooperative Rural and Related Institutions Branch, Social Institutions Development Department, I.L.O., Geneva.
 Institutions Coopératives Rurales et Apparentées, Département du Développement des Institutions Sociales, O.I.T., Genève.
 Genossenschaftliche Zweigstelle für ländliche und dazugehörige Institutionen, Abteilung für Entwicklung von Sozialinstitutionen, ILO, Genf.

37TH INTERNATIONAL CO-OPERATIVE SEMINAR

37EME SEMINAIRE COOPERATIF INTERNATIONAL

37. INTERNATIONALES GENOSSENSCHAFTSSEMINAR

PARTICIPANTS

PARTICIPANTS

TEILNEHMER

AUSTRIA

AUTRICHE

OESTERREICH

D	Manfred Kadits	"Konsumverband" Wien	Regional Secretary and Head of Department Secrétaire Régional et Chef de Service Kreissekretär und Abteilungsleiter
D	Friedrich Marx	Konsumgenossenschaft Graz	Head of Organisation Directeur Organisationsleiter
D	Georg Franz Pülle	"Konsumverband" Wien	Officer Dirigeant Mitarbeiter des Konsumverbandes
D	Leopold Renner	Grosseinkaufsgesellsch. österr. Consumvereine Gesellschaft m.b.H.	Head of auditing Department Chef de la Comptabilité Leiter des Rechnungswesens
D	Werner Strassegger	Konsumgenossenschaft Linz	Controller Commissaire Inspektor

CZECHOSLOVAKIA

TCHÉCOSLOVAQUIE

TSSCHECHOSLOWAKEI

E	Rudolf Dvouletý	Central Co-operative Council	Chief of the International Relations Department Chef du Service des Relations Internationales Leiter der Abteilung für internationale Beziehungen
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CYPRUS

CHYPRE

ZYPERN

E	Glafkos Petrides	Cooperative Central Bank	Assistant Secretary-Manager Secrétaire Directeur Adjoint Stellvertretender Direktionssekretär
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FINLAND FINLANDE FINNLAND

E	Pentti Törnälä	Suomen Osuuskauppojen Keskus- kunta	Head of Organisation Division Chef du Service d'Organi- sation de l'Administration et de l'Education Leiter der Abteilung für Erziehung und Verwaltung
<p><u>FRANCE</u> <u>FRANCE</u> <u>FRANKREICH</u></p>			
F	Claude Dallot	Société Générale des Coopér- atives de Consommation	Assistant to the Manage- ment Attaché de Direction Geschäftsleitungsassistent
F	Jean-Claude Delavenne	Les Coopérateurs de Picardie	Head of the Accounts Department Chef du Service Compta- bilité Leiter der Abteilung für Rechnungswesen
F	Michel Granclement	Les Cooperateurs du Jura	Director Directeur Direktor
F	Jean Joubert	Union des Coopérateurs de Paris	Secretary of Chairman's Office Secrétaire de la Présidence Sekretär des Vorsitzenden
F	Claude Kassap	Fédération Nationale des Coopératives de Consommation	Financial Committee Secre- tary Secrétaire du Comité financier Sekretär des Finanzaus- schusses
F	Roger Lenoir	Les Coopérateurs de Normandie	Secretary to the Board of Management Secrétaire de Direction Direktionssekretär
F	Jacky Pirard	Union des Coopérateurs de Lorraine	Head of Advertising Depart- ment Chef du Service Propagande Leiter der Werbeabteilung
F	Serge Seltowski F	Les Coopérateurs de Champagne	Secretary to the Board of Management Attaché de la Direction Direktionssekretär

FEDERAL REPUBLIC OF GERMANYRÉP. FÉD. ALLEMANDEDEUTSCHE BUNDESREPUBLIK

D	Bruno Helms	Bauverein der Elbgemeinden e.G.m.b.H.	Head of Administration & Accounts Departments Chef des Services Adminis- tration et Comptabilité Leitender Angestellter.
E/D	Ursula Hermann (Miss)	Friedrich-Ebert-Stiftung Bonn	Head of Co-operative Dpt. Chef du Service Coopératif Leiterin der Abt. für Ge- nossenschaftswesen
D	Heinrich Hunger	Grosseinkaufsgesellschaft Deutscher Konsumgenossenschaf- ten m.b.H.	Head of the Depts. for Personnel and Planning Chef des Services Personnel et Planification Leiter der Personalplanung und -ausbildung
D	Walter Schneevoigt	Konsumgenossenschaft Lübeck e.G.m.b.H.	Mber. of Supervisory Board Membre du Conseil d'Admini- stration Vorstandsmitglied
D	Heinz Tokarsky	Verband Südwestd. Wohnungs- unternehmen, Genossenschaftl. Prüfungsverb. f. Hessen und Rheinland Pfalz	Mber. of Supervisory Board Membre du Conseil d'Admi- nistration Vorstandsmitglied
D	Arthur Trach	Gemeinnützige Wohnungsgenos- senschaft Köln Süd	Director Directeur Direktor

GHANA GHANA GHANA

E	Emmanuel F.K.Atiemo	Alliance of Ghana Co-oper- atives	Secretary Secrétaire Sekretär
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ITALY ITALIE ITALIEN

F	Vittorio Badoer	Ente Nazionale per le tre Venezie	Chairman of Supervisory Board Président du Conseil de surveillance Präsident des Aufsichts- rates
F	Guiseppe Cirina	Confederazione Cooperative Italiane	Director Directeur Direktor

JAPAN JAPON JAPAN

E Yoshihiko Senzaki The Central Bank of Agriculture and Forestry Chief of Publicity Section
Chef du Service de la Publicité
Leiter der Werbeabteilung

NETHERLANDS PAYS-BAS NIEDERLANDE

E C.H.J.K. Boot Co-op Nederland In charge of storing and distribution
Chef de l'Entreposage et la Distribution
Leiter der Abt. für Lagerung und Verteilung

NORWAY NORVEGE NORWEGEN

E Harald Hauge Norges Kooperative Landsforening Consultant
Conseiller
Berater

E Olav Hørthe Norges Kooperative Landsforening Head of the Development Department
Chef du Service de Développement
Leiter der Abt. für Entwicklung und Organisation

E Knut Vaerdal Norges Kooperative Landsforening Consultant
Conseiller
Berater

POLAND POLOGNE POLEN

E Michael Burian "Spolem" Union of Consumer Co-operatives Vice-Director of the Trade Office
Directeur Adjoint au Commerce
Vizedirektor der Handelsabteilung

SIERRA LEONE SIERRA LEONE SIERRA LEONE

E A.J. Kombe-Bundu

SWITZERLAND SUISSE SCHWEIZ

D	Dominik Müller	Verband Schweiz.Konsumvereine	Economic Department Service Economique Wirtschaftsabteilung
D	Heinz Zeller Fred Widmer	Verband Schweiz.Konsumvereine	Assistant to the Management Secrétaire de Direction Assistent der Geschäfts- leitung

UNITED KINGDOM ROYAUME-UNI VEREINIGTES KÖNIGREICH

E	Alexander G. Cairns	Scottish Co-operative Wholesale Society Ltd.	Director Directeur Direktor
E	David R. Coates	Royal Arsenal Co-operative Society Ltd. Political Committee	Elected Member Membre de la Commission Politique Mitglied der politischen Kommission
E	H. G. Hancock	Leicester Co-operative Society Limited	Director Directeur Direktor
E	F.E. Sampson (Mrs)	Royal Arsenal Co-operative Society Ltd., Education Committee	Committee Member Membre du Comité de l'Education Mitglied der Erziehungs- kommission
E	J. W. Smith	Nottingham Co-operative Society	Director Directeur Direktor
E	R. Stewart Thomson	Scottish Co-operative Wholesale Society Ltd.	Director Directeur Direktor
E	W. Walker	Co-operative Union Ltd.	Senior Tutor Co-operative College Directeur des Etudes au Collège Coopératif Studienleiter am Genossensch.- College.

U.S.S.R. U.R.S.S. UdSSR

GROUP LEADERS
FROM DENMARK

Bjarn Tybjerg

RESPONSABLES DANOIS DE
GROUPES DE TRAVAIL

Faellesforeningen for
Danmarks Brugsforeninger

DÄNISCHE
GRUPPENLEITER

Kooperative Faellesforbund

INTERPRETERS ATTENDING
THE
37TH SEMINAR IN DENMARK

Miss Anne-Marie HANHART

Miss Marie-Joseph DU ROURET

Miss Regina MAPSCHKE

Miss Gabrielle HOHENMSEN

INTERPRETES PARTICIPANT
AU 37EME SEMINAIRE
DU DANEMARK

DOLMETSCHER FÜR DAS
37. GENOSSENSCHAFTS-
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INTERNATIONALER GENOSSENSCHAFTSBUND
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TELEPHONE: 01-499 5991

TELEGRAMS: INTERALLIA, LONDON,

RPBD/SH



11, Upper Grosvenor Street,
LONDON, W.1
W 1 X 9 P A

1st August, 1968

Dear

37th International Co-operative Seminar

I shall be sending you a detailed programme and other documentation for the 37th International Co-operative Seminar later this month.

In the meantime, you may find it helpful to have the enclosed Bibliography. The bibliography is not exhaustive, but it includes a list of books and articles which should be accessible within Co-operative Libraries. We do not expect you to read everything listed, but you should find it helpful to read some of the works on the list.

The theme of our Seminar - "The Problems and Achievements Arising from Recent Structural Changes in Co-operatives" is topical, and important. We hope that participants will come with a good knowledge of any structural changes effected or under consideration within their own movements. The work of the Seminar will be done by participants themselves, not the lecturers. We are trying to arrange the programme to give as much time as possible for discussion amongst participants and our lecturers will introduce the various topics rather than read long authoritative statements. The papers prepared by the lecturers will be the basis for the work of the Seminar.

Please note that you should make arrangements to arrive in S^h by 18.00 hours on the 16th September. Participants travelling by air can book through to Odense airport (travelling by Danish internal air-line from Copenhagen to Odense).

With Co-operative greetings.

Yours sincerely,

A handwritten signature in dark ink, appearing to read "R. P. B. Davies".

R. P. B. Davies,
Secretary for Administration.

and

Co-Director of the Seminar

INTERNATIONAL CO-OPERATIVE ALLIANCE
ALLIANCE COOPERATIVE INTERNATIONALE
INTERNATIONALER GENOSSENSCHAFTSBUND
MEZDUNARODNY COOPERATIVNY ALLIANCE

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TRENTE-SEPTIEME SEMINAIRE COOPERATIF INTERNATIONAL W 1 X 9 P A
SIEBENUNDREISSIGSTES INTERNATIONALES GENOSSENSCHAFTSSEMINAR
THIRTY-SEVENTH INTERNATIONAL CO-OPERATIVE SEMINAR

SØHUS - DENMARK: 16TH - 25TH SEPTEMBER, 1968

BIBLIOGRAPHY

1. Problems and Achievements Arising from Recent Structural Changes in Co-operatives.
Problèmes et Réalisations découlant des récents Changements de Structure dans les Coopératives.
Strukturelle Änderungen in Genossenschaften - Probleme und Errungenschaften.
-

BARBIER (Ch.-H.)

Die konsumgenossenschaftlichen Unternehmungen in der wachsenden Wirtschaft (Vortrag vor dem 7. Kongress der Internationalen Forschungs- und Informationsstelle für Gemeinwirtschaft CIFIG) Berlin 1965, mit einem Diskussionsbeitrag zum Thema von Prof. Georges Lasserre (Paris). (VSK Kleine Schriften Nr. 90 - Beilage zu Nr. 24-25, 1965, Schweiz. Konsum Verein) Basel, VSK, Thiersteinerallee 14,; 1965.

BLANK (G.)

The Co-operative Movement under Socialism. pp.26 (1); photos, Moscow, Centrosoyus, Ilyinka Tcherkassy pereulok 15; 1966.

Summary: In countries with different social and economic systems the co-operative movement has fundamentally dissimilar conditions for development, possibilities and objectives. This brochure deals with the co-operative movement in some countries of the world socialist system.

BLANK (G.) & BYKOV (A.) & GUKASYAN (V.)

The consumer co-operative in the USSR. pp.71 (1); photos; tabs. Moscow, Centrosoyus, Ilyinka Tcherkassy pereulok 15; 1966.

Summary: This pamphlet traces the history of consumer societies, and also has chapters on the structure, financial sources and education in co-operatives.

BONOW (Mauritz)

The Co-operative Movement: A Period of Trial (Information from the Secretariate of K.F.) booklet pp.23 (multilith) Stockholm, August 1965.

Summary: An English translation of an article which appeared in "Kooperatören" outlining the structural changes within the Swedish Co-operative Movement necessitated by the changing economy: a problem which confronts most of the long established Western Co-operative Movements. To ensure the efficient administration of larger integrated co-operative units, Dr. Bonow emphasises the importance of training lay officials, educating the consumer and encouraging the participation of the younger generation.

BONOW (Mauritz)

Co-operation in a Changing World: A Survey of Objectives and methods with Special Reference to the Western Co-operative Movements. (A Paper prepared for the 21st Congress of the I.C.A., Lausanne, 10th - 13th October 1960) pamphlet 45 pp.

(also French, German, Swedish and Hebrew texts)

Note: The I.C.A. 21st Congress Report, Lausanne 1960, should be read in conjunction with the above in order that the debate and resolution on Dr. Bonow's paper may be studied.

La Coopération dans un monde en évolution: étude des buts et des méthodes de la Coopération, en particulier en ce qui concerne le Mouvement coopératif en Occident (mémoire préparé pour le 21ème Congrès de l'A.C.I., Lausanne, 10 - 13 octobre 1960).

Note: Les participants feraient bien de lire la partie du compte rendu du 21ème Congrès de l'A.C.I. qui se rapporte au mémoire précité, en prévision de l'étude des débats et de la résolution sur cet exposé.

Das Genossenschaftswesen in einer sich wandelnden Welt: Ueberblick über Ziele und Methoden mit besonderem Hinblick auf die westlichen Genossenschaftsbewegungen. (Referat, vorbereitet für den 21. I.C.B.-Kongress in Lausanne, 10. - 13. Oktober 1960) Broschüre 45 pp.

Anmerkung: Der Bericht des 21. I.G.B.-Kongresses in Lausanne 1960, sollte in Verbindung mit dem obigen Referat gelesen werden, sodass die Diskussion und Entschlussbefassung zu Dr. Bonows Referat studiert werden können.

CO-OPERATIVE UNION LTD.

Regional Plan for Co-operative Societies in England, Wales and Ireland. Manchester 4, Co-operative Union Ltd., Hanover Street; January 1968. Price: 3s. 0d.

Summary: This plan for the formation of 50 regional societies in England, Wales and Ireland was submitted to the 1968 Co-operative Congress.

CO-OPERATIVE UNION OF CANADA

The Structure of Consumer Co-operatives in Canada. Interim Report of the Committee on Structure of Consumer Co-operatives. Ottawa, C.U.C., 111 Sparks Street; March, 1968.

Summary: "This report will examine the present development of consumer co-operatives in Canada and will sketch the framework of an improved structure for the organisation of this type of co-operative".

CO-OP NEDERLAND

Structural changes in relationship between "CO-OP Nederland" and the primary Consumer Co-operatives. pp.11; tabs, (stencilled). n.p., 1965.

Summary: An outline of the administrative organisation, structure of retailing and member participation of Co-op Nederland, with a description of the present policies regarding financing, purchasing, relationship with members, and allied subjects.

DAVIDOVIC (George)

The Structure of Co-operative Unions and Central Co-operative Organisations in Various Countries: 1. Great Britain, 2. Finland, 3. Norway, 4. Sweden (2) 5. Switzerland, 6. United States, variously paged. (mimeo) Pub. The Co-operative Union of Canada. Ottawa, 1965.

Summary: The Co-operative Union of Canada, in common with many other Co-operative Unions, is concerned with the capacity of its organisation to meet present day conditions. In view of this the Union asked Mr. Davidovic, the Director of Research 'to review and describe similar organisations doing comparable work in a number of countries. This booklet is the result'. It tells a fascinating story of evolutionary growth and adjustment to changing needs.

GORST (Sheila)

The Structure of Agricultural Co-operation in the United States (Horace Plunkett Foundation - Occasional Paper No.15) pp.62, biblio. (mimeographed). London, August 1957. Price: 5s. Od.

Summary: A survey of the different branches of American agricultural co-operation with special reference to its structure.

HARRISON (Lloyd) & ROPER (John)

Towards Regional Co-operatives. pp.18 (Fabian Research Series 260). London S.W.1., Fabian Society, 11 Dartmouth Street; 1967. Price 2s. 6d.

Summary: The authors of this pamphlet, having examined the state of the Co-operative Movement in Britain ten years after the publication of the Independent Commission report, feel that it is now necessary to have a more radical re-grouping of societies to form 30 - 40 national Societies.

INTERNATIONAL CO-OPERATIVE ALLIANCE

Structural Changes in Co-operatives. pp.42 (1) (mimeog.) London W.1., I.C.A., 11 Upper Grosvenor Street; n.d.

Summary: This is the verbatim report of the discussions at the I.C.A. Central Committee Meeting at Helsinki in 1965, when the subject was given a special introduction through a paper by Mr. A. Korp of Austria.

INTERNATIONAL CO-OPERATIVE ALLIANCE & INTERNATIONAL FEDERATION OF AGRICULTURAL PRODUCERS

Co-operation in the European Market Economies. Edited by W. P. Watkins. pp.185; statistical annexe; appendices. London W.C.2., Asia Publishing House, 447 Strand; 1967. (Available from the International Co-operative Alliance, 11 Upper Grosvenor Street, London W.1.) Price 16s. Od.

Summary: This Handbook is intended to outline the main features of co-operatives in the Western European market economy countries. It has chapters on i.e. consumer, agricultural, housing and workers' productive co-operative societies.

KNAPP (Joseph G.)

An Analysis of Agricultural Co-operation in England pp.(4) 242; appendices A-D London S.W.1. Agricultural Central Co-operative Association Ltd., Agriculture House, Knightsbridge, Price: 12s. 6d.

Summary: A study of the agricultural co-operative movement in England, including recommendations for improving its methods and its form of organisation in the light of the past history of the movement, present development and probable future demand for co-operative facilities by the agricultural and horticultural industries.

LARSON (Adlowe L.) & HULBERT (Helim H.)

Study of Agricultural Co-operatives in Korea. pp.(vii) 104; map; tabs; statistics; footnotes; foreword. Seoul, United States Operations Mission to Korea, and International Co-operative Training Center, University of Wisconsin, 432 North Lake Street, Madison, Wisconsin, 1966.

Summary: An analysis of the present organisational and power structure of the National Agricultural Co-operative Federation (NACF) with particular reference to operating procedures, performance and controls with their resultant effect on membership or producer participation. The study includes recommendations that would lead to a "conversion of the NACF from its present government oriented posture, into a true farmers' co-operative".

NEWIGER (Nikolaus)

Co-operative Farming in Kenya and Tanzania. pp.157; app. 1-8; biblio; tabs; maps; graphs (mimeog.) 8 Munich 27, IFO-Institut für Wirtschaftsforschung, Afrika-Studienstelle, Poschingerstrasse 5, Postfach 11; 1967.

Summary: This paper deals with two different forms of co-operative farming in Kenya and Tanzania. Both forms are distinct from each other with regard to their motives, conditions of establishment, institutional set-up, stages of development, the way and extent to which Government is assisting and controlling them.

OSTERGAARD (G. N.) & HALSEY (A. H.)

Power in Co-operatives: A study of the Internal Politics of British Retail Societies; pp.xvi, 249; appendix; index. Oxford, Basil Blackwell and Mott Ltd., March 1965. Price: £1 15s. 0d.

Summary: This study deals with the important question of the standing of the Co-operative Movement in present day Democracy, and the conclusion contains 'a number of suggestions designed to preserve the democratic inheritance of the Movement as it moves into its third half-century'.

RAMAEEKERS (Roger)

La Coopération, formule périmée ou grande idée du vingtième siècle. Postface de A. Bayard. No.7 de la série 'Coopération et Société Moderne'. Opuscule de 39 pp., 1964. Les Presses du Massif Central, avenue Pierre Leroux, Guéret (Creuse). Prix: 2 NF.

Résumé: exposé fait par le Secrétaire général de la Société Générale Coopérative Belge, lors d'une réunion coopérative tenue en France en mars 1964. Tout en critiquant certaines des méthodes et techniques actuelles du Mouvement coopératif, M. Ramaekers est persuadé que la coopération a un important rôle humanitaire à jouer dans le développement économique et social du monde.

SELCHERT (Friedrich Wilhelm)

Die Beteiligung der Mitglieder am inneren Wert der Genossenschaft. pp.158; bibliog; tabs (mimeog.) Berlin, Free University, Institut für Genossenschaftswesen; 1966.

Zusammenfassung: Eine Studie über die Beziehungen der Deutschen Genossenschaftsverbände untereinander.

STUPKA (J.)

Genossenschaftliche Strukturtypen. Dargestellt am Beispiel der Konsumgenossenschaften (Vorträge und Aufsätze des Institute für Genossenschaftswesen an der Universität Münster - Heft 10; pp.(6) 27; Bibliog. 1961. Verlag C. F. Müller, Karlsruhe.

Zusammenfassung: Vortrag über die Typen der Genossenschaftsstruktur, dargestellt am Beispiel der Verbrauchergenossenschaften.

SPIRK (Ludvik)

Czechoslovak Agricultural Co-operatives (Trans. By Dr. Ladislav Sieber) pp.(4) 75. Prague, Central Co-operative Council, 1966.

Summary: An account of the origins, development and present day activities of Agricultural Co-operatives in Czechoslovakia.

ZENTRALVERBAND DEUTSCHER KONSUMGENOSSENSCHAFTEN

Schlussbericht über Auftrag, Tätigkeit and Vorschläge der vom Generalrat am 3. April 1964 eingesetzten Reformkommission. Hamburg, n.d.

Zusammenfassung: Der Bericht der Kommission von 1964, die den Aufbau der Deutschen Konsumbewegung untersucht hat.

Articles - Articles - Artikel

ALLIANCE COOPERATIVE INTERNATIONALE

Revue de la Coopération Internationale 1967, Vol. 60, No. 5: Les reformes de structures des coopératives.

Revue de la Coopération Internationale 1968, Vol. 61, No. 2: Notes sur les reformes de structure des coopératives.

INTERNATIONAL CO-OPERATIVE ALLIANCE

Review of International Co-operation, September 1967, Vol. 60, No. 5: Structural Changes in Cooperatives.

Review of International Co-operation, March 1968, Vol. 61, No. 2: Notes on Structural Changes in Cooperatives.

INTERNATIONALER GENOSSENSCHAFTSBUND

Internationale Genossenschaftliche Rundschau 1967, Band 60, Nr. 5:
Strukturänderungen in den Genossenschaften.

Internationale Genossenschaftliche Rundschau 1968, Band 61, Nr. 2:
Bericht über die strukturellen Änderungen in den Genossenschaften.

The Cooperative Movement in Denmark
Le Mouvement Coopératif au Danemark
Die Genossenschaftsbewegung in Dänemark

THE CENTRAL CO-OPERATIVE COMMITTEE and THE CENTRAL UNION OF URBAN
CO-OPERATIVE SOCIETIES and THE DANISH CO-OPERATIVE WHOLESALE SOCIETY

The Co-operative Movement in Denmark. pp.41 (1): photos.

Summary: This excellent pamphlet gives a comprehensive view of the major aspects of the co-operative movement in Denmark - agriculture, consumer, housing - as well as an explanation of the structure of the national organisations.

GORST (P. G.)

The Structure of the Danish Co-operative Movement (Occasional Paper No. 16) pp.vi, 51 (1); charts; statistics. London W.C.1. Plunkett Foundation for Co-operative Studies, 10 Doughty Street, 1957. Distributed with a reprint of an article published in the 1968 Yearbook of Agricultural Co-operation: "Structural Changes in the Co-operative Movement of Denmark" by Clemens Pedersen.

Summary: These publications give a detailed account of the agricultural co-operatives in Denmark. The paper by Gorst is "a general survey of the multi-branch organisational structure of the Danish movement", and the article by Pedersen brings it up to date with structural changes and statistics for 1967.

PEDERSEN (Clemens)

Recent Trends and Developments in the Danish Co-operative Movement. pp.98 - 105 in Yearbook of Agricultural Co-operation 1965. London W.C.1., Plunkett Foundation for Co-operative Studies, 10 Doughty Street.

RAVNHOLT (HEHning)

The Danish Co-operative Movement. pp.97 (4): photos; charts; index; maps. Copenhagen, Det Danske Selskab, 8 Niels hemmingsensgade; 1950.

Summary: A useful, mainly historical, introduction to the Danish movement, illustrating how it has helped to shape modern Danish society.

37TH INTERNATIONAL CO-OPERATIVE SEMINAR
37EME SEMINAIRE COOPERATIF INTERNATIONAL
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INTERNATIONAL CO-OPERATIVE ALLIANCE
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27th August, 1968

TO: PARTICIPANTS AT THE 37TH INTERNATIONAL CO-OPERATIVE SEMINAR

Dear Co-operator,

We enclose the Programme for the 37th International Co-operative Seminar which contains the detailed timetable, administrative notes, list of participants and list of speakers.

Please note that you should arrive at ~~Søhus~~ near Odense in time for dinner at 18.00 HOURS. Mealtimes at the College are:

Breakfast	08.00 HOURS
Lunch	12.00 HOURS
Dinner	18.00 HOURS
Light Snack	21.00 HOURS

No further documentation will be sent out from this Office.

If you cannot arrive by the evening of 16th September, please inform the I.C.A. Office or Mr. Harald Buhr Vestergaard, De samvirkende danske Andelsselskaber, H.C. Andersens Boulevard 42, COPENHAGEN V.

We look forward to meeting you in Denmark.

Yours sincerely,

R. P. B. Davies,
L. Sieber,

Co-Directors

INTERNATIONAL CO-OPERATIVE ALLIANCE

37TH INTERNATIONAL CO-OPERATIVE SEMINAR

Why and How there must be a new co-operative

structure in France

Roger Kerinec, Secretary-General,
Fédération Nationale des Coopératives
de Consommation, France.

My experience is that of the entire French Co-operative Movement: which, only a year ago, adopted new structures.

Why it had to take this decision, how it did it and what are the present structures: these are the points at issue in this report. We shall also try to define some of the preliminary results achieved and we shall not be able to avoid mentioning certain general aspects - and here we must ask our readers to bear with us - which have already been dealt with by previous Seminar speakers.

Nevertheless, if from among all the structural reforms undertaken today by Co-operative Movements all over the world we can define certain points in common, this might help to some extent those who will be called upon without any doubt to tackle the same problem.

1. Why the need for new structures?

If we seek the essential fact which set in motion a whole process which has ended (provisionally, at least) by a reform of the structures of the French Movement, we find that we must accept the brutal fact that Consumer Co-operatives were not progressing as fast as their more dynamic competitors.

It was the 1961 National Congress in France, which took note of this and decided to undertake a thorough study of the reasons which lay behind this relative decline.

Since the end of the war, the French Movement had been progressing regularly and had "harvested laurels", which fact seemed to eliminate the necessity of worrying about its future, but, as one humorist has remarked, "nothing fades faster than laurels upon which one rests" and our Movement did have a slight tendency to do just that, to rest on its laurels.

A detailed and thorough examination of the figures revealed that towards the end of the Fifties the chain stores and the department stores were gaining on the Co-operatives; this tendency continued into 1967; this meant that it was during those years in fact that our Movement was engaged in rethinking its aims, and subsequently in re-establishing itself.

Since it had become obvious that our fiercest competitors were progressing faster than we were, it was equally obvious that it was vital to discover the reasons for this, and it soon became clear that what each of us now knows to be true today (and for this reason I will not dwell too much on the fact) was summed up as follows:-

- that the population of France was in a state of renewal which in its turn meant that there were large-scale movements of population from one area to another and also from the countryside into the towns; apart from these factors, we must not forget the creation of the new towns;
- that the rapid evolution of new methods of transport meant new ways of life, particularly as the new towns themselves were built "out in the country", i.e. far from the place of work;
- that purchasing power was increasing, and was no longer concentrated on the same products; this meant that a new sales structure must be introduced (importance of non-food market);
- that a new European market had opened up and that for all these reasons and some others also trade was on the point of a breakthrough;
- that there were new types of shops, new commercial techniques, new distribution circuits and new methods of finance;
- and that our competitors were merging, etc.

And during that period, the Co-operative Movement went on opening small shops, hesitating to launch itself into fields which would have given it the key to the new techniques.

This hesitation can be explained by the fact that there was an unsatisfactory profitability ration, coupled with very heavy investments financed through the collective savings of co-operators who remained faithful to their traditional co-operative shops.

Respect for tradition can also be explained by the fact that for half a century the French Co-operative Movement had adopted a policy of small branches and the face which it showed to the public at large was that of network of small shops, at either village or district level, based on a range of groceries and all practising the same price policy throughout all the shops belonging to a particular co-operative.

The degree of success which was achieved with this type of structure was embodied in the network of 10,000 shops, all virtually "interchangeable" and all more or less corresponding to an identical commercial conception.

And then the French Co-operative Movement was suddenly made aware that this particular type of "sales front" was in the melting pot, because although it allowed the Movement to live, it no longer could be considered a winning feature.

The Movement disliked "large areas" and self-service stores also and this attitude had led the authorities and the consumer to the conclusion that the Co-operative Movement was on the defensive and was no longer to be considered a motivating force in the development of the distribution chain.

It had therefore become obvious that urgent action was needed to prevent the co-operative heritage from being dispersed; it needed to be preserved, and even enlarged so that Co-operative ideas would lose none of their chances of permeating the world of tomorrow.

In 1964 therefore the National Congress decided that this objective would be unattainable if the Co-operatives continued to maintain the same rate of progress as they had done in the past, and it set up a Commission of 12 members to determine a new rate of progress and to establish the means to attain it, to visualise new frontiers for Co-operation to conquer, new structures also, and in a word, to plan for the Movement's expansion.

2. How the new structures were worked out.

Planning was nothing new for French co-operators; it had been a familiar feature for decades, the first report on the subject being dated 1921, but the plans drawn up at various times for each of the various types of Co-operative Society (and not for the Co-operative Movement as a whole) had been worked out by one man designated for the task (and not an entire team chosen in a democratic manner) and therefore this may explain why such plans were never actually applied.

It should be said here that the Resolutions voted by the Congresses, more often than not unanimously, had never been interpreted as actual law, to be applied to the Societies, but rather as vague guidelines, sometimes merely pious hopes.

There was therefore a need to invent a new method, which would be both democratic and efficient, to work out the plan in such a way as would make it the work of collective enterprise binding on all concerned in the common interest.

French co-operators adopted the following method:-

The Resolution voted by the 1964 Congress stipulated that a Restricted Commission, the so-called Commission of 12, would undertake:

"studies by working groups, especially with the accent on the young executives of the Movement, of all the particular problems facing the Co-operative Movement in its efforts to bring its Plan to fruition."

The 12 members of the Commission, chosen from among leaders of central organisations and of the more active societies, at once nominated seven working groups, who in their turn sub-divided into sub-groups, and chose the executive from among the staffs of the societies taking part, not on the basis of representation as such, but wholly on their competence in a particular field.

Nearly 150 executives of the French Co-operative Movement worked together throughout almost two years and one may say that never before have so many men of action and technicians teamed up to think deeply about the future of our Movement. (They held more than 100 meetings).

It should be stressed here that the prime achievement of all this work was to give the younger executives of our Movement the chance to meet each other and to put forward their contributions to the future development of their own Movement.

They worked together enthusiastically and we have noted that those co-operative societies which agreed to detach their executives, not without some difficulty in certain cases, for this work in Paris, were among the first to benefit, since these same executives were eager to try out on their own societies the first conclusions which emerged from their studies, and this stimulated their colleagues to adopt immediately some aspects of the new ideas, even before the Plan proper had been worked out and adopted by the Congress.

I will not dwell in detail on the studies carried out - that does not concern us here today - and I will merely say that they gave us the opportunity to see just what was missing in our Movement, at least in rough outline, and especially to be made aware that we do not understand it clearly (this is due to a lack of statistics), and to attempt now to fill in the gaps made apparent. The studies also enable us to pinpoint financial waste and misuse of talent, and thus to correct these matters.

The studies also gave us the opportunity of tackling all possible subjects, even those normally taboo, in an atmosphere of great frankness and mutual respect. It was a general mobilisation of energies and talents of all those who made, make and will make Co-operation work.

All these various studies were closely followed up by the Commission of 12, who issued a report every month, and informed the Council of the National Federation of suggestions on the measures to be taken without necessarily waiting for the final adoption of the Plan proper.

At the end of this period of activity, each sub-group and group issued a brief report, and a consolidated report was presented by the Council of the FNCC to each of the different bodies within our Movement, and finally to the National Congress.

At the conclusion of its business, the Congress adopted a resolution directed on the one hand to Co-operative Societies and on the other to our central organisations, which delineated the lines of a new policy and a reform of structures at Society level. The last part of the resolution dealt with reform of structures on the level of the Movement proper, this being adjudged necessary so that the resolution could be universally applied.

3. The new structures.

The resolution we have just mentioned delineated the outlines of a three-year plan; it may be thought more correct to say that it is not really a plan but a series of directives allowing each society and each national organisation three years to take the necessary steps to see that at the end of that time it is in the position to apply a real Plan (four-year or five-year).

A minimum expansion rate was determined, however, and the steps were clearly defined so that each organisation should make the necessary efforts to achieve it.

These were concerned with, among other things: (since our Plan is in the course of being applied) setting up of shops, commercial and financial policy, new sectors for expansion, injecting new life into co-operative undertakings, consolidation of co-operative energies, and staff policy.

The new policy thus defined - it is not necessary to go into it in detail - meant that co-operatives should now take a new look at their organisational set-up, create new divisions, and adopt modern management techniques with a view to achieving greater efficiency.

But the most important problem was to ensure that such counsels were followed and this will explain why the vote on the reform of national structures was of such importance.

For a whole year therefore new studies were undertaken, a new series of discussions engaged on and new reports drawn up, which would lead to the implementation of the new structures desired.

But I think we have now come to the point where it would be useful to recall the old structure in its essentials, and this will serve to stress the necessity of adopting the new one.

Old structure.

Since the time - during the Twenties - when co-operatives embarked on a series of consolidations by merging small societies into regional societies, the structure was as follows:-

On retail side: 40 powerful societies (out of 400) responsible for more than 90 % of the total turnover figure of the Movement as a whole.

On national side: One National Federation governed by 18 members elected by annual Congress.

- One central purchasing organisation, also handling imports and production, governed by a Council of 12 members, elected by an annual General Assembly.
- One Bank, one Insurance society, One Household Credit Union, etc. in all, some thirty organisations at national level, each one autonomous, each jealously preserving its independence, with co-ordination provided only by the fact that a certain number of leaders of the Movement attended all Council meetings.

The links were very slack between the societies and the national organisations, the sovereignty of each co-operative remaining inviolate, impinged on solely by a few "federal" obligations, whose application was guaranteed not by any possibility of sanctions, but purely by co-operative loyalties.

In fact, then, the big co-operative societies were the main source of decisions at national level and power was concentrated in the hands of a few "feudalists" who asked little from the central organisations since they were able for the most part to satisfy their needs from their own resources.

Thanks to a slow process of education, a certain "collective discipline" has been evolved which has made possible the application of sound administrative principles and has given the Movement an economic superiority in real terms over the small, disparate undertakings belonging to the private sector of the retail trade.

But the co-operatives decided for themselves on their policy of range of goods, and sales, their thinking being based on the fact that they were in the better position to judge the requirements of their members and the needs imposed on them by the competition.

The co-operatives also enjoyed the right to buy from external suppliers in cases where the latter's prices were more favourable than the co-operatives' own wholesale societies. It should be stressed here that these reservations meant that the antagonism between buyers and sellers on the private market also existed in the co-operative system, even though it was somewhat attenuated by mutual liabilities.

The structure described has determined to a large extent the rate of growth and management methods of consumer co-operatives and if we look at the achievements of the past one cannot deny that, in practice, the federal structure system has proved its worth. It was under such a system that the Movement became so large, acquired such power and even during difficult periods demonstrated qualities of endurance and flexibility.

It is therefore not surprising that, after the second world war, which meant for many of our organisations a serious decline, and with whose termination many others embarked on a new course, the old conceptions were simply adopted anew.

But twenty years have now passed since then. During this period, the economic and social climate in which we live has completely altered and we now find ourselves in the middle of a rapidly evolving, radically altered system of economic structures, which we have already mentioned and of which you all know both the causes and the effects.

Faced with this evolution, over a period of years the doubts have grown that the traditional structure of our Movement was still fitted to the new requirements of the affluent society to which the western world was heading.

Finally, even those co-operative societies who were the best equipped suddenly discovered that they were going to be obliged to undertake market studies, to think about setting up supermarkets, to instal computers, to recruit staff, ... all tasks for which a well-equipped central organisation would have been of great help to them.

And so, very slowly, there arose a variety of new ideas which were destined to act as guidelines for the working out of the new structures which would preserve a certain aspect of the past while at the same time ensure a better degree of adaptability by our Movement to the needs of the present.

Towards greater unity.

The first of these ideas is that the totality of the Movement must be sovereign, exercising its power through a "legislative" assembly of the highest order - Congress - which elects a representative body from among the totality of members, determines the Movement's objectives and assigns the various tasks to the different bodies making up the Movement.

The second idea, which follows on from the first, is that there must be great unity of viewpoint in both the conception and the application of the policy as defined by the Movement.

The third idea is that the new Statutes must promote greater efficiency while at the same time not impinging on the democratic operation of co-operative institutions, and, in a wider sense, forcibly express the immutability of co-operative principles.

Using these ideas as a starting point we have conceived the following structure whose outlines are described later on. It is quite simple and scarcely revolutionary, though it does of course, entail profound alterations.

- Every two years there will be a National Congress attended by delegates from all co-operative societies. This will be the sovereign organ of the Movement which will determine the general policy of the Movement as a whole. Each co-operative society will have one vote for each shareholder.

- In these circumstances it will be the duty of the Congress to elect a Central Council which will direct and administer the National Federation and, within the framework of the directives set out by Congress, the decisions on general policy matters which will act as general guidelines for all the member-organisations.

The Central Council may comprise from 18 to 30 members, elected for a period of 6 years, renewable as to one-third every two years. There is a membership today of 29 and, in point of fact, the most important societies are already represented thereon, plus several smaller ones. The mergers which will be taking place between various co-operative societies in the years to come should allow us to reduce the membership of the Council to a total of 18 members.

There must be representation on the Council on behalf of the Société Générale des Coopératives de Consommation (our Co-operative Wholesale Organisation), will have two seats, of the Central Co-operative Bank, and the national insurance organisation, each being entitled to one seat.

By this means those who are called upon to apply the policy laid down by the Central Council will play their part in its drafting.

I should like to digress here to make it clear that the specialised national organisations which are represented on the Central Council - and the others - will continue to be administered by the autonomous Boards elected by the General Assembly in each case (this meeting being held separately from that on the Congress), but that these Boards will no longer be responsible for matters other than the best methods to be applied in their particular fields to the application of the decisions made by the Central Council, and also to operate, under their general responsibility, the particular undertaking which concerns them.

The Central Council will meet every two months but for those who are required to work together on a day-to-day basis and for the purpose also of ensuring that the Co-operative presents the same aspect both to the general public and the authorities, it will be necessary to set up an Executive Committee within the Central Council which will comprise the President, Vice-President and Secretary-General of the National Federation, the President and Vice-President of the SGCC (Purchasing Office), the President of the Bank and the President of the Co-operative Insurance Society.

This Executive Committee, according to the Statutes, will carry out its duties under the control of the Central Council, will administer and take the necessary decisions for the application of the general policy of the Movement and will in particular ensure the application of development plans by specialised national organisations and co-operative societies.

It will meet every fortnight but may be convened at earlier intervals if the need arises by the President of the National Federation.

Regional delegations will extend and decentralise the activity on a regional level of the National Federation and to implement this decision six (the number may vary) co-operative regions have been created each led by a regional delegate appointed by the Central Council on the recommendation of the societies concerned in the particular region. His tasks - representation, information, co-ordination and regrouping of co-operative forces will be laid down by standing orders.

This delegate may seek the advice of a Regional Consultative Committee, of restricted size, on which the regional societies will be represented.

The societies in each region meet every year at an information Conference at which the Executive Committee will be represented. (In the structures of the past there were 13 regions with their Councils elected by the societies and each year there was a regional Congress which elected the Boards and the federal secretary, and voted resolutions which were put forward to the National Congress.)

To complete the picture we must now add that in the interval between two Congresses, policy direction is ensured by a National Committee, which comprises some 100 persons and on which the societies are represented in accordance with precise rules. This Committee will meet twice a year and in the year where the Movement does not hold its National Congress it will be convened on a third occasion (this is, of course, the equivalent of a restricted Congress, without publicity).

Financial control will be exercised by an Auditor-General, appointed by the National Federation Council, and may be revoked only by the National Committee with a two-thirds majority.

The Auditor will be assisted in his work by an audit and control department, which, every three years, will undertake an administrative, financial and commercial audit of each society belonging to the National Federation.

Whenever it appears that any particular society cannot surmount its difficulties on its own, it is proposed that a management contract should be entered into with the national society set up for this purpose (this has been in being for several years now) so as to obtain the benefit, during a predetermined period of time, of the services of a competent manager. As soon as the society concerned is back to normal operations again, then it will regain its autonomy.

To complete the picture of the new structures there is also a Finance Committee whose mission will be to check that the investments contemplated by the various co-operative societies are sound, and to give them its advice on their investments, insofar as these are adjudged necessary to the expansion of our Movement.

The Finance Committee, "management society" and audit department all conform to the idea that only the central co-operative organisations possess the management ability to preserve the collective capital which is the heritage of our Movement.

These are the new structures, in outline. Their adoption was accompanied by one or two suggestions of a marginal character. We should like to mention two which are not without interest: firstly, that which requires executives and staff in general of all co-operative societies to retire at the age of 65 and for directors to retire at the age of 70.

This unpopular measure was taken so as to compel leading members to start thinking about their replacements in good time and to ensure also that the efforts made by all co-operative societies are provided with an essential degree of continuity.

The second measure removes one or two "private preserves" which afforded protection to the smaller societies against the larger by denying them rights in their territory. Henceforth, where a small society finds that it cannot set up a supermarket within its territory, then the large society may install it, after prior consultation with the small society.

Finally, we think that the new structures are somewhat less weighty than were the old ones and more importantly they set out to provide for a greater degree of unity and greater efficiency in co-operative institutions.

4. First results and first impressions.

These structures were adopted last year, but not without a great deal of discussion. Some people averred that they were witnessing the possibility of the disappearance of all democratic co-operatives.

The answer made to these critics was that their conceptions of democracy were based on custom and that it was not in relying on nostalgia for the past nor on local interests, however respectable they may be, that one could set about the building up of a living democracy on the scale of the Movement.

It was necessary to incorporate shareholders and militants who would be open-minded to the benefits of progress, endowed with the feeling that all structures were imperfect, as well as with the desire to ensure their adaptability to the world of today. It was also necessary to have co-operative societies who would subordinate their interests to those of the Movement, for the interests of the latter are those of Co-operation itself.

The dangers of technocracy were also brought up and this aspect is understandable for when faced with the magnitude of technical and economic knowledge required to run a Movement such as ours, there are enormous difficulties facing the shareholder in controlling everyday management aspects, since these cannot be carried out any longer by any but competent men.

Some militant co-operators fear that the technocrats - the very people whom we need - will take over power politically without having the necessary qualities for the exercise of power and especially without having the necessary degree of faith in Co-operation.

Reasoning such as this leads to the conclusion that the technocrats of co-operation are merely mercenaries, that they are incapable of believing in Co-operation since they know nothing of it.

There can be no question but that our Movement, in contradistinction to capitalist undertakings lacking a philosophy, requires its members to be partisans of our conception of things, but it is up to us to ensure that those who are willing to place their strength and their intelligence at the service of our undertakings are also willing to give us their hearts.

It is true that our Movement has always been faced with the persistent problem of democratic efficiency and we must first of all ask ourselves if our new structure is democratic and then if experience shows that it is more efficient than the old one?

A democratic structure.

For any structure to be democratic, it would be necessary for several well-known conditions to be present and we think that this is so in the case of the Consumer Co-operatives Movement.

Firstly, those who have delegated their powers must be to the fullest extent associated with the preparation of the decisions to be taken. This is even more vital when power is centralised than when it is not, for decisions are taken by the Movement as a whole and they will have a virtually compulsory character.

Naturally, collaboration between co-operatives and the central organisation cannot be fruitful unless there is the fullest information available, and in this connection it would be apposite to say here that the rôle of information will expand since each society will no longer be called upon to make decisions affecting its regional interests, but decisions affecting the problems of the Movement as a whole.

Any possible errors will have serious consequences and each society will have to be in full possession of all the facts when important decisions have to be taken.

For any structure to be called democratic, there is another essential condition: the application of the decisions taken must be carried out in association with the societies themselves.

This is what happens in the French Consumer Co-operative Movement in that the main departments of the central organisations rely on the work carried out by the specialist technical committees which provide for the leaders of co-operative societies to take part in the work of the central organisations.

And there is a third condition to be fulfilled to ensure that structures are democratic: this is that they must be permeated by a certain spirit.

Democracy is in essence primarily an attitude towards others, a way of life in both the personal and the social sense.

It is even probable that to differentiate our Movement from those of private enterprise, for the recruitment of executives needed, and to demonstrate to the authorities the fact that it is disinterested in character, it is precisely this spirit which will be needed to permeate all our decisions, all our actions, and which will play the most essential rôle.

In the final analysis, Co-operation cannot merely show that it is a material success, that it is a group of well-managed enterprises. It must also show that it is a social success, that it is a group of people strongly united in their desire to show that one may build a better society, more humane and certainly at least as efficient.

There can be no doubt that there are enormous efforts to be made before it can reach this stage, but we believe that the new structures will provide the National Federation with the means of helping the societies to create that climate of confidence and participation which must characterise any co-operative enterprise.

.... And an efficient structure.

It remains to be seen whether the new structure will be, one year after its adoption, more efficient than the old, though it is a little early yet to make any judgement on the results after so short a period of time. I will therefore take only a few examples of the more concrete results:

1. The strengthened unity of our Movement has allowed us to take, at national level, various initiatives which could not have been embarked upon before, especially the following:-

- launching of a mail order campaign and construction of regional warehouses to handle the demand so created;
- construction of a regional warehouse in Paris for fruit and vegetables, under the joint auspices of the Central Purchasing office and several large co-operatives from the Paris region, from Champagne, Normandy, and Lorraine.
- studies for a national wine and spirits store;
- setting up of a Co-operative Union for Supermarkets (this has now been done);
- selection of a new logotype (new CO-OP sign).

2. Investment planning has prevented the building of warehouses and shops which would not have been profitable and has facilitated the mergers taking place between regional co-operative societies; a new "map of Co-operative France" is now in the process of being drawn up and regional studies are under way to prepare the ground for future consolidations.

Co-ordination between national organisations and especially the close collaboration between the FNCC's Audit Department and Management Department has helped to provide assistance to those societies which ran into difficulties, despite their size and their achievements.

3. The National Federation has expanded its market study departments, as well as those dealing with the installation of shops, with education and information and has set up a new department for "Computers", which has already studied the possibilities offered by the installation of computers in seven societies, as well as working out management methods which will be applicable to all co-operative societies.

4. The steady progression of turnover figures by the co-operatives has improved constantly and during the first few months of 1968 was at the level of the leading competitors in the private sector (though it must be said that this figure did not reach the goal agreed on of 13 %, only attaining 10 %).

5. The Central Council and the Executive Committee have played the rôle they were called upon to play and the co-ordination which has now been established between co-operatives and national organisations on the one hand, and the various national organisations on the other hand has meant that overlapping has been eliminated.

Finally the decision was taken to build a "Maison de la Coopération" in which all the various departments of the central organisation would be installed and the idea is that this "Maison" will be a reflection of the organisation itself, of our Movement proper. (The building will be completed in three years' time).

Conclusion

In conclusion to this rather lengthy analysis, it would be opportune to add that any reform which seeks to be both democratic and efficient cannot be fixed and unalterable, set down for all time, but on the contrary the leaders of Co-operative Movements must be constantly on the alert and responsive to changes taking place outside their Movement so that they can adapt themselves to these changes, while at the same time remaining faithful to their ideals.

These same leaders will also have to understand - and this fact is well-known - that any structure is only as good as the men who apply it and have the competence and the spirit to do so properly. But this is really another question altogether, which had already been dealt with under another heading, and I have no doubt will be gone into again many times.

The texts laid down are thus to be considered as a "juridical framework" to which it would be wrong to attach too great a degree of importance. We know that these are often imperfect, but what is really important (since all legal texts are in a perpetual state of evolution) is to ensure that our conceptions themselves will not be too far behind the economic and social evolution which is taking place, since it is true to say that it is extremely difficult to make up for lost time, particularly in this day and age.

INTERNATIONAL CO-OPERATIVE ALLIANCE

37TH INTERNATIONAL CO-OPERATIVE SEMINAR

Financial Aspects of the Structural Changes in the Co-operative Movement

Ebbe Groes,
Danish Co-operative
Wholesale Society

The emerging new structure not only of co-operative activity, but of the industrial system as a whole is characterised by large requirements of capital. This is so because structural improvement is closely connected with the utilisation of modern technology in a number of fields. New methods in production and distribution on the wholesale as well as the retail level means heavy and time-consuming investments. Capital has become a key factor in competition. This is why long term planning of investment and financing is an art of ever increasing importance in our co-operative societies confronted with the imperatives of change.

More than 100 years have elapsed since the first co-operative societies started to function on the basis of the rather modest capital amounts which their poor members were able to save for this purpose. The first Danish consumer co-operative in Thisted started to work in 1866 with the distribution of bread from a private house. In the beginning the members did not pay less for the bread than from the private shops. The savings on the bread price which the co-operative was able to get was retained in the society to create funds for acquiring a shop and expanding business. On account of this willingness of the members to put hard needed money in their common society the basis was laid for much larger savings in the future.

Even if conditions since then have changed totally in almost every technical aspect it still holds true that the capital formation of co-operation is deeply connected with retained earnings and dividends. Awareness of this simple principle has been a fundamental feature through the history of all expanding co-operative movements, and it should not be forgotten in the world of today with all its complicated financial mechanisms.

Planning of structural changes in most cases means aiming at bigger technical or economic units, for example full line supermarkets and giant societies covering a whole region or perhaps the whole nation. Internationally it means the shaping of industrial units producing for several countries. In the co-operative movements all over Western Europe the structural goals have resulted in long term investment programmes the fulfillment of which is a question of time and money.

A few figures will illustrate the amounts involved in Denmark:

1. The co-operative societies delivering fertiliser, seeds and feeding stuffs for agriculture are aiming at concentration in one organisational unit. Production and distribution centres are going to be fewer and bigger. The investment need for this is calculated to about 80 mill. kr. per year in the next few years.
2. The co-operative dairies are also engaged in a plan for creating one countrywide organisation. The estimates of their yearly capital requirements exceed 100 mill. kr.
3. The consumer co-operatives are presently working hard to realise a shop structure consisting of bigger and fewer units located in centres pointed out by careful analysis of demographic and economic developments. A long step has already been taken in this direction, but yet for some years investments will be required in supermarkets and department stores amounting to approximately 150 mill. kr. per year.

Which financial sources are available for these huge investment needs? I shall mention some of the most important.

Self-financing

A high degree of self-financing has for many years been typical for the main part of European co-operative movements. During the last few years there has been - at least in Denmark - a tendency of a falling percentage of own capital in new investments, but this should be considered as a natural consequence of a strong expansion period.

The first method of securing a fair financial position is to follow a rational policy of allocations to depreciation and reserve funds. The amounts accumulated in this manner are cheap money to work with, even if the demand for return on investment of these means should not be less than in the open capital market. The advantage is that you do not have to pay high interests to private capital investors.

For co-operative managers it is an important task to convince the board members of the necessity of a good consolidation. In a great many Danish consumer societies the costs are presently increasing sharply in proportion to turnover. This in turn puts a squeeze on the capacity to show a fair surplus and to pay the traditional dividend. In 1966 for example, the Danish co-operatives as a whole tried to maintain the dividend on its usual level, which was unfavourable to consolidation. In 1967 many of the co-operatives took the consequence of the continued fall of earnings and reduced the dividend percentage. The main reason, I dare say, was that the financial consultants from FDB seriously and carefully advised the societies not to weaken their position as regards the yearly accounts. The exact advice was that the allocations for depreciation and reserve funds should amount to at least one per cent of the turnover of the society.

Another capital source belonging to the category of co-operative self-financing is upward adjustments of the members' shares. In the largest consumer co-operative in Denmark, HB, for example, the congress recently decided to increase the share of each member from 100 kr. to 300 kr. This sum can be paid in cash, but the usual method is to transfer a certain part of the yearly dividend to the members' share accounts until they have reached the demanded sum.

In accordance with fundamental co-operative principles the interest payment on members' share capital is limited to a so-called "normal" level. In FDB this is maximum 6 per cent per annum. In HB the interest on the shares follows the interest on time deposits in the savings banks.

There has been some discussion on the fixation of the interest on shares in co-operatives. If it is low in relation to the general level of interest on the money market there is no stimulus for the members to invest their savings in such shares. During a recent international conference for co-operative leaders in Paris on finance questions it was proposed to offer shares in co-operative companies for sale on the Exchange in order to get more capital. This probably can be done in the way of issuing debentures bearing the same interest as obtainable on the bond market. You could also choose to reserve the debentures for sale to members only. To issue papers offering profit possibilities as the stock companies is not feasible in co-operatives if we shall stick to the principles - which we must do. When speaking of finance we should always keep in mind that within our movements capital must be regarded as a cost factor and never as a profit factor. Otherwise all speeches on economic democracy will become hollow words.

In a lot of Danish consumer co-operatives loan capital is obtained from members by withholding part of the dividend on an account, which is paid back after a certain number of years. According to the recommended rules for the societies the loan account or dividend account receives an interest of 5 per cent per annum.

Members' savings accounts play only a modest rôle within the Danish retail societies. The town society, HB, has however established a savings department for its members. Savings certificates are issued and bear an interest which is $\frac{1}{2}$ per cent above the discount rate of Danmarks Nationalbank. The deposits can be drawn by members

with a notice of at least three months. In Sweden and Norway the degree of self-financing through members' savings deposits is a good deal more advanced than in Denmark. If you are interested in further information about the practical methods for obtaining savings deposits from members you are advised to ask directly at KF in Sweden and NKL in Norway.

If the financing by members is included in the concept of self-financing you get the following figures for the degree of financial self-support:

In Sweden: 67 per cent of the consolidated balance total of the central organisation, KF, and the retail societies.

In Norway: 41 per cent of the total balance of the central organisation, NKL, and 67 per cent of the balance of the retail societies.

In Denmark: 46 per cent of the balance of FDB, and 50 per cent of the balance of the retail societies.

Capital from External Sources

The planning for dynamic change throughout the co-operative sector cannot, however, be financed by own capital and members' savings only. Outside loan resources have to be taken into account by the preparation of the finance budgets.

First of all, long term loan capital is obtainable from the credit associations lending on first, second and perhaps third mortgages. Secondly, there is the possibility of getting money from the co-operative insurance companies. Especially in Norway this possibility has been realised to a very large extent. In this connection the pension funds are also an important source of capital in the bigger co-operative enterprises.

Thirdly, there are the savings banks, also lending on long term against mortgages in real property, and the ordinary commercial banks, primarily working with short term financing of current assets. Instead of giving security in property, money can be obtained at the banks against guarantees from co-operative societies. This requires solidarity and collaboration spirit from the societies joining the guarantee arrangement. In Denmark a considerable number of projects for new supermarkets and self-service stores has been financed through such arrangements co-ordinated through a special institution carrying the name "The consumer co-operative societies' Guarantee and Credit Fund". The financial support made possible through this fund so far exceeds 20 mill. kr.

The state does not participate in the financing of structural change in Danish co-operation. One of the exceptions is state support to the building of co-operative stores in Greenland. Another is state grants for the consultant service in FDB and private organisations. The consultants play an important rôle in the realisation of new shop projects and in the endeavours to improve efficiency throughout the distribution chain. A recent statute promises state guarantees for liabilities of financing institutes established by

retailer associations. So far, the consumer co-operation has not needed such state guarantees. Lastly, it can be mentioned that co-operation has got its part of cheap loans from a Marshall-fund for shop modernisation.

A capital source of increasing importance is loans from foreign countries. As an example from Scandinavian co-operation I should like to mention the substantial credits obtained from the Bank of America against joint guarantees from the co-operative wholesale organisations in the Scandinavian countries. These credits are canalised through the Scandinavian Co-operative Wholesale Society's daughter company in San Francisco and have especially been utilised by FDB as a consequence of rather high interest levels on the Danish capital market.

This survey of co-operative capital sources should not be finished without mentioning the International Co-operative Bank in Switzerland. This bank has as its purpose to promote collaboration between its members in the field of international banking, finance and credit and to assist co-operative organisations all over the world in their expansion and development, for example by financial support to the rationalisation of their merchandising and production operations. The bank acts as an ordinary commercial bank. The stockholders comprise 32 co-operative organisations and banks with special interest in the development of co-operative activity. The stockholders come from 16 countries inside and outside Europe. Its total balance amounts to about 300 mill. Swiss francs, and the bank is steadily expanding its activities.

Utilisation of Capital Resources

The problem of capital for structural development is not only a question of getting the financial means from internal and external sources but to utilise the means in the most economical way.

Two of the biggest items in the balance sheet of consumer co-operatives are credits to members and stocks. Capital need for members' debts can be reduced by introduction of full cash payment. So far this has been done in 1100 of Denmark's 1800 co-operative retail societies. Costs can be reduced and capital can be liberated by increasing the rate of inventory turnover.

These and other efforts to improve the efficiency of capital utilisation requires a close collaboration between the local societies and the central society. One of the main reasons for structural concentration is the possibility to make better use of the total financial resources of the movement. This is why the Danish co-operatives in different trades try to co-ordinate investment decisions - and ultimately to centralise them. The risk of fatal investment failures is overhanging if you do not succeed in getting this co-ordination.

In the consumer co-operation, for example, investments must be properly balanced between the requirements of the retail level, the wholesale distribution system,

and the production facilities. Furthermore, the expansion of turnover following structural improvements draws new capital needs in the form of increases of stocks and other current assets on all levels. Theoretically, there is at any time an optimal allocation of capital on the different demands. In practice this allocation cannot be realised, but it can be approximated by overall judgements of the capital situation of the movement.

Electronic data processing and improved methods of analysis and economic control represents to the management new tools for better administration of capital use and financial budgeting. Skill in working with these tools probably will be more important in future competition than the procurement of the needed capital itself.

INTERNATIONAL CO-OPERATIVE ALLIANCE

37TH INTERNATIONAL CO-OPERATIVE SEMINAR

Recent Structural Changes in Co-operative Societies

Eberhard Dülfer

I The Co-operative Society in Empirical Science and Theory

Surveying the development of co-operatives in various sectors of the economy over a long period, for example from the end of the Second World War, a great number of changes in the empirical concepts of co-operatives can be observed. Some societies or co-operative organisations who can look back on a long tradition, expanded their area of activities, changed their role and even laid down new rules for members' collaboration, and the methods of action of the co-operative enterprise. In this way, institutional and functional concepts have gained a new meaning and importance, so that, if one applies these, other and newly-founded social and economic bodies could also be called co-operatives. In short, the changes in the empirical concepts of co-operatives had to lead to a fresh discussion on the question of how to define a co-operative society, and might result in a change of the concept of co-operation itself.

In making these introductory remarks, it is not my intention to continue my lecture with sophisticated definitions; but it seems to me to be necessary for someone who wants to examine the changes in a certain object, to characterise this object first in order to compare it with others.

1. Some basic concepts of Co-operation

The discussion on co-operatives, and especially the changes in co-operation which has been going on in Western Europe for more than 10 years now, is characterised by the fact that the various authors either base their statements on purely one-sided definitions of a co-operative society, or that they do not limit their subject by any definition, but in addition refer to traditional phenomena, which they regard to be characteristic of the co-operative society in general. This kind of discussion is bound to lead to misunderstandings because the people involved will be talking about different things and may not even be aware of it. This is known to be happening not only in the theoretical discussions but also in the discussions among people who are actively engaged in the practical aspects of co-operation.

Some people, for instance, think of consumer co-operatives only which is just one type of society. Then, there is the belief that a "co-operative" is an association of wage-earners who want to improve their social position in a "capitalist" society. To the followers of this definition it will come as a surprise, and may even be incomprehensible, that there are in fact co-operatives of retailers in some European countries (for example the EDEKA co-operatives in the Federal Republic of Germany)

which are of considerable importance. Other people automatically associate co-operatives with farmers' associations, and usually think they are based on ethical principles like the ones laid down by Friedrich Wilhelm Raiffeisen.

It is easy to see that the term "co-operative society" is used to describe a whole variety of phenomena which have developed in different cultural and economic conditions. In joining together in discussion, the various groups representing the different schools of thought are able to realise what they have in common, and learn to differentiate between the permanent and essential features of a co-operative and the individual ones which may be different from case to case. From this point of view it can be said that improved communication among co-operators from different countries, and research into co-operative structures in the so-called developing countries, have greatly contributed to our experience and knowledge, and enabled us to look at the term co-operation in a more detached manner, detached from its European definition and characteristics that is, also to view it more abstractly, that is in a wider context.

As the various structures of co-operative organisations in different cultural and economic spheres have been formed mainly by the different ethical values and aims of people, a general concept of co-operative association can only be of a technical value. If one wants to interpret certain aims, such as the postulate of brotherly Christian love or the exclusion of intermediate traders in order to reduce prices, as an essential feature of the co-operative society, a more limited definition emerges which can be applied only in a certain economic or cultural system and is therefore not of a general nature.

Different concepts of co-operation involve different ethical judgements, they are therefore of a basic nature and serve for guidance. They do include the phenomenon of co-operative association, but they are influenced by the programme of action of the association. It is quite clear that there are therefore as many programmes of action of co-operative groups as there are concepts of co-operation.

If on the other hand one wants to find a term to describe the phenomenon of association for the pursuance of common aims by economic measures as such, it would be an organisational term which characterises the structure of a whole co-operative unit which is made up from a number of elements and describes its particular methods of action.

Against the background of such a general and organisational concept of the co-operative society those changes which represent structural changes, i.e. changes of action, appear to be the most interesting ones.

Changes of aims and objects can only be discussed on the basis of a specific co-operative doctrine.

2. The Characteristics of a Co-operative as a Type of Organisation

On the basis of such a general and organisational concept, a co-operative society can be defined by the following characteristics:

Characteristic 1.

Voluntary association of several individuals who have at least one interest in common.

By the act of association these persons (Personenvereinigung¹, legally a "corporate body"²) become a "group" in the sociological sense, i.e. a "co-operative group".

The association of members necessitates:

- a) The members' awareness of their own interests;
- b) A minimum of dynamic spirit;
- c) A friendly humanitarian attitude (Kooperativ-Neigung³).

These points represent elementary problems for the setting up of co-operatives in development areas⁴.

Characteristic 2.

Object of the association is the continued pursuance of the aims resulting from common interests by fulfilling common economic needs

From the point of view of the group this means "self-help", from the point of view of the member it is "mutual help" (assistance mutuelle). This requires that within the social framework of the countries concerned, individual freedom of action is guaranteed and the economic structure is based on or tends to follow a certain pattern of communications.

Characteristic 3.

The fulfilling of the members' economic needs by way of self-help is achieved by the provision of services and goods made possible by individuals and production requisites provided for on a communal basis.

This is called the Co-operative Enterprise, which can take various forms

1. Reinhold Henzler, Die Genossenschaft - eine fördernde Betriebswirtschaft, Essen 1957, p. 13 ff.

2. Co-operative Law of the Federal Republic of Germany, Art. 1.

3. Georg Draheim, Die Genossenschaft als Unternehmungstyp, Gottingen 1955, p.22 ff.

4. Eberhard Dülfer, Aufgaben und Struktur von Genossenschaften in Entwicklungsländern, Tagungsbericht 1964 of the "Deutsche Stiftung für Entwicklungsländer", Berlin/Bonn 1964.

depending on the stage of technical development (this will be explained in more detail at a later stage)⁵.

Characteristic 4.

With the exception of the productive society each member of the co-operative group has an individual enterprise (members's enterprise). Therefore it is the responsibility of the co-operative enterprise to make available to the members' enterprise its achievements and services. (In the case of consumer societies to the members' households). This means that the co-operative enterprise exercises certain entrepreneurial functions on behalf of the members' enterprises requiring these. It does not matter whether they have previously exercised these functions themselves or not⁶.

The economic aims of the co-operative enterprise are therefore based on the aims of production (or consumption) of the members' enterprises. The overall entrepreneurial aim of the co-operative enterprise is therefore the "promotion of the members' enterprises by providing the required services". Henzler considers this to be the "principal task" (Grundauftrag)⁷. The co-operative enterprise is therefore a "promotional economic enterprise".

Characteristic 4. in particular makes it clear that the productive society (workers' co-operative society, societe cooperative ouvriere de production) represents a border-line case. In this case the formerly independent economic units or members (as suppliers of services) to be promoted have been integrated with the co-operative enterprise. What we regard as a big organisational structure consisting of members' enterprises and the co-operative enterprise in the case of the promotional societies, becomes an entrepreneurial unit in the case of the productive society.

It is therefore important to differentiate between the "co-operative group" which from an economic point of view represents the whole of the members' enterprises (or households), and the "co-operative enterprise". Both are economic units which are constituent parts of a bigger organisational entity, namely the "co-operative union" or the whole co-operative structure. The particularity of a co-operative association can be attributed to the special relationship of these constituent parts within the overall structure. It explains easily the object of the co-operative enterprise to provide services: its provision of services is basically determined by the requirements (or more generally the interests) of the members' enterprises - even though various forms and degrees of intensity have been observed. The co-operative enterprise aims at providing its services for the members' enterprises at the minimum amount of cost. This is why we find a great variety of rationalisation measures carried out by modern co-operative enterprises (for example in the field of data processing) which

5. On lower levels of development there are border-line cases of societies which aim solely at the fulfilling of minimum basic human needs, such as the Indian co-operatives for a better life.

6. In the discussion on the reform of German co-operative law, one opinion was that the co-operative enterprise should only pursue activities which are "characteristic" of the members' enterprises. This limitation does not logically follow from the principle of promotional economic activity.

7. R. Henzler, Die Genossenschaft, a.a.O., p. 17 ff.

are often mentioned under the heading of "Okonomisierung". There is no doubt that these measures are an intensification of promotion through an increase in efficiency. The fundamental character of a co-operative enterprise as a promotional economic enterprise is therefore not weakened by them (as some authors claim) but in fact strengthened.

By stating that the promotion of the common interests of members is achieved by economic action by the co-operative enterprise (characteristics 2 and 3.) we simply want to set aside the co-operative society from other kinds of communal enterprises. There are many other groups of individuals who join together in order to pursue common interests. The particular feature of the co-operative is that it does in fact pursue common economic interests, but that their realisation necessitates economic measures which are carried out by an enterprise set up on a communal basis. This does not mean that the objects of co-operatives are of a purely economic character. This particularity, however, which is represented by the object of the co-operative enterprise to cater for the requirements of the members' enterprises, characterises the co-operative structure as a "union of enterprises" - ("Betriebsverbund"). The term "Genossenschaftsverbund" (co-operative union) has been created for this primary union although it has recently been used to a greater extent for multi-purpose co-operative organisations.

3. Changes in the "Genossenschaftsverbund" (Co-operative union)

Having characterised the co-operative union as a type of organisation (on the basis of the four principal characteristics) the changes in co-operation can easily be classified. Basically they are transformations coming under the above Characteristics. The changes in the make-up of membership, for example, are particularly prominent in industrialised countries. Rural co-operatives which used to have farmers as members only, today count among their members a high percentage from other trades who live in rural areas. This is especially true of credit societies in rural as well as urban areas. Another typical example of such a change in the character of a co-operative by the change in the make-up of membership is the consumer co-operatives, which in some countries have developed from associations of class-conscious wage-earners into general consumer organisations. From the point of view of Characteristic 1., these changes indicate quite clearly that the common interests of the co-operative group have changed because the make-up of the group has changed. This can mean that in a co-operative society of long standing, the aims and objects have changed completely; but which is not necessarily made clear by way of a change of the name of the co-operative or of its corporate form, or even rules.

Most changes observed refer to changes in the co-operative enterprise, and come under Characteristic 3. These may be changes in quantity and size (increase in capital, expansion of plant and equipment, increase in the number of employees, etc.), but they can also lie in the fact that the enterprise has taken over new functions and therefore provides different services. The degree of efficiency of the members' enterprise may have changed by improved information and information processing. This will always benefit the promotional effect on the members' enterprises, but is also characterised by a growing matter-of-fact attitude in the internal dealings with members. The adjustment by the co-operative enterprise of its market policy to that of its competitors is on the same lines.

Whereas there are a great number of changes under the heading of Characteristic 1. (co-operative group) and Characteristic 3. (co-operative enterprise), there are no changes in respect of Characteristic 2., i.e. the principle of co-operative self-help. This heading includes the problems arising from the educational integration of members into the co-operative, such as in certain housing projects in development areas, or problems related to certain benefits for co-operative members granted by the State.

One critical point coming under Characteristic 2. is the compulsory membership which results from the abolition of individual freedom and an economic system based on communications, i.e. from compulsory collectivism. In this extreme instance Characteristic 2. can no longer be observed. This case represents an empiric phenomenon which does not fit the concept of a co-operative society.

4. Structural Changes

Whereas the admissible changes or variations under Characteristics 1. to 3. discussed above do not in themselves represent a structural change of the co-operative organisation, there can be changes occurring along with these variations which refer to the direction of the flow of information and the type of communications system among the constituent parts or elements of the co-operative union, federation or whatever it may be called. In this case these variations would come under Characteristic 4. They change the relationship existing between the members' enterprises on the one hand, and the co-operative enterprise on the other, or to put it more clearly, between members and management of the co-operative enterprise. They may influence the basic principles underlying all important measures because the relationship mentioned above determines the degree of dependence of the individual members on the group or the degree of independence of each member from his group. I shall in the following chapters refer to these changes in greater detail and try to explain why in most discussions on the changes in modern co-operation which are associated with Characteristics 1. to 3. these changes do in fact come under Characteristic 4.

At this point it should be mentioned that the organisational relationship between members' enterprises and the co-operative enterprise is essentially a question of the society's legal position as a corporate body. The responsibilities of the management of the co-operative or the different authorities of the society as a legal structure have to be defined as well as the rights and duties of the society's members as members of a corporate body. I shall make it clear in my report that legislation in this respect is as a rule based upon a model structure which can make it more difficult to give appropriate legal consideration to any organisational changes within the co-operative structure. However, I shall within the context of this paper refer to aspects of co-operative law only by the way.

II The Original Structure of the Co-operative Society as an Organisation

1. From collective orders to an auxiliary enterprise

Looking at the early forms of co-operative societies such as the consumer society of the Rochdale Pioneers and the early artisans' purchasing co-operatives under Schultze Delitzsch, as well as the agricultural purchasing co-operatives under Raiffeisen, it is difficult to recognise the co-operative enterprise as being an instrument of self-help of a group. This primitive form of a purchasing co-operative

developed from collective orders. As shown in Diagram 1, in the case of collective orders it is the group of members itself who puts the orders together, forwards them on, and in turn distributes the goods and services received to the members, at the same time dividing the cost.

However, as soon as this type of communal operation becomes a permanent process and requires constant activity, we have an institutionalisation of group activity in the primitive form of the traditional co-operative, as can be found among the early co-operative forms mentioned above. In this case (Diagram 2) an executive is appointed which is entrusted with the execution of activities formerly undertaken by the members. In practice this executive is a member appointed for this purpose as "accountant" or "secretary" who deals with the small amount of relatively simple administrative work at home, using unsophisticated technical equipment. This person enquires among the members about their requirements, forwards the orders on to the suppliers, receives the goods and distributes them on the basis of the orders. He keeps a record of these and the cost, as well as taking care of the payments to the suppliers, and reports on these matters to the members at certain times.

Although this activity is relatively simple, an establishment consisting of human and material assets which has been set up on a communal basis by the members, and which we have to define as an early form of the "co-operative enterprise" (characteristic 3.), clearly emerges alongside the members' enterprises. But we also see that an enterprise of this kind can only assume an intermediate function which is defined as an "auxiliary enterprise" (Hilfsbetrieb) in earlier literature. No decisions are made within this enterprise, its functioning is determined by the decisions of the members' enterprises.

2. The "Traditional Co-operative Society" (including enterprise)

The type (1 a) of the "traditional society" (primitive form plus auxiliary business) has hardly any practical importance today, not even in the developing countries. Where it exists it has usually no corporate form in the legal sense, for in all European countries there has been a development from this type to a society including an enterprise at an early stage which we shall define henceforth as a more advanced type of the traditional co-operative (1 b). This development resulted from the fact that the requirements of the individual members' enterprises were not stated at regular intervals and at certain times as before, but on a continuous basis over a given period. This meant that goods supplied by the merchants were not distributed immediately to the members, which necessitated storage of the goods. A certain rhythm developed depending also on the conditions of the suppliers and not entirely on the orders of individual members any more.

We know this process from the small rural co-operatives which established a small warehouse, employed a warehouse keeper or manager who then took on certain administrative and accounting responsibilities. The co-operative enterprise becomes more defined in appearance. A complete range of business activities can be observed which can be compared to a trading enterprise. Depending on the kind of purchasing co-operative, some technical and organisational problems develop soon, such as assortment, installation of filling and machinery, additional wholesale supplies apart from the simple forwarding on and distribution of supplied goods, etc.

This development cannot be regarded only as a technical expansion of the co-operative business but also represents a change of the organisational structure. Within the business procedure of the now clearly defined co-operative enterprise set up on a communal basis, a variety of faults may occur unexpectedly, which would not happen with the simple system of collective orders and distribution. It is, however, necessary from the point of view of the interests and requirements of members, to guarantee the supply of the quantity and kind of goods needed. This means that the enterprise must have a central apparatus which can deal with unexpected break-downs and make provisions for the target quantities of goods and services calculated in advance. This is why the co-operative enterprise needs a special executive centre (Leitungszentrum) which will take over when faults or break-downs occur - not for legal but for purely economic reasons. The accountant or secretary of the primitive type of co-operative who was nothing more than an executive organ of the members, now takes on the responsibility of decision-making in respect of the output and efficiency of the co-operative business.

The orders he receives from the members give him an indication of the supplies needed, and it is his task to see that the output of the co-operative enterprise meets these requirements. He continuously has to compare the output figures with the target figures in order to ascertain any discrepancies which will have to be eliminated. This in turn requires a much more sophisticated method of accounting, which can supply the necessary information. Internal accounting of the goods received also becomes more complicated because of additional types of cost related to the co-operative enterprise and cannot be dealt with by simple methods. The amounts of goods supplied and the amount distributed to members are identical only on a long term basis. In this context the minimum amount of stock according to the principle of rentability is a particularly important problem for the management of the enterprise.

The type of the "traditional co-operative" is familiar to us from the literature available. As it is members only who are supplied with goods and services, the strength of the relationship between the members' enterprises on the one hand, and the co-operative enterprise on the other, is considerable. The two are linked only by accounting procedures; the dividend or patronage refund is a means to distribute to members the surplus, which is a result of careful price-fixing, over the expenditure during a given time. There is no market relationship between the parties. The co-operative enterprise has such a relationship only with the suppliers. This is why only the co-operative structure or organisation as a whole can be regarded as an enterprise within the economy, as Ohm and Robotka see it (note also indicating lines in Diagram 2). This entity is called "Wirtschaftsgebilde höherer Ordnung" by Ohm (an economic structure of a higher order), and we call it "kooperativer Betriebsverbund" (a union or system of co-operative enterprises).

III Organisational and Theoretical Interpretation of Variations on the Traditional Co-operative Society

For the observer of co-operatives as they exist in reality, the development of type 1 b from type 1 a of the traditional co-operative has changed nothing in principle. The internal economic structure has been retained and there are no transactions with non-members. Therefore, the output of the business which is still based on the members' requirements, has also remained unchanged. In this case we can characterise the functioning of the whole co-operative structure (Verbund) as follows: the members' enterprises control the co-operative enterprise.

In fact in this respect the two types of variations on the traditional co-operative differ from other types which come under the system of co-operative undertakings and have to be discussed later. This is why I wanted to interpret the two variations mentioned above as coming under the same type (1). Nevertheless they are fundamentally different from the point of view of organisational structure. This distinction is important for the understanding of other important changes which are to be explained later. It can only be described well in terms of modern organisational theory. That is why we have to refer to certain terminology and methods at this point.

1. The regulating mechanism in complex organisations

By way of numerous publications, sometimes of a simplifying kind, it has become known in recent years that there is a parallel between organisations of the most varying kinds in so far as organisational structures and principles are concerned. Norbert Wiener's book "Control and Communication in the Animal and the Machine" is considered a breakthrough in this respect. In his book, Wiener claims that the functioning of highly complex organisational systems in living bodies on the one hand, and in highly developed artificial (technical) systems on the other can be related back to a certain method of co-operation between the elements of these systems which is similar in all cases.

The important thing is that organisational systems which consist of a great number of elements related to each other, have the capacity to cope with unexpected and disturbing influences from the outside in such a way that the system as a whole can still attain those aims which it was meant to attain anyway. This astonishing ability is achieved through a regulating mechanism which is also used in technical science and the simplest form of which is shown in Diagram 4. There are two elements one of which shows a certain effect or condition. It assumes this condition on orders from the other element, the regulator. As soon as outside disturbances influence the first element, the second element, which is the regulator, fails to have the usual effects normally achieved by the orders. The orders have to be changed in such a way that unexpected disturbances or faults are taken into consideration. The regulating element can only achieve this if it knows the discrepancies which the first, or regulated, element shows when compared with the previously planned effects. It is therefore necessary that the regulator receives information of the actual effect in return, ascertains the discrepancy by way of comparing the actual effect and condition with the planned one, and makes the necessary corrections.

In complicated and highly complex organisations there is a great number of regulating mechanisms which are connected with one another in various ways. In this way the limited capacity of simple regulators can be extended by other regulators placed above them.

2. The system of co-operative enterprises as a regulating mechanism

To see the fundamental difference between types I a and I b, it is sufficient for us to use the simple form of a regulator. We can assume that the co-operative society too is an organism which consists of elements related to each other and that the general knowledge of regulating and steering mechanisms, named "cybernetics" by Wiener, do also apply to the system of co-operative enterprises. To begin with we want to describe certain phenomena of this co-operative system by using exact terms.

If we go back to type Ia, we see that the co-operative business enterprise only has an intermediate function. It receives orders from the members for goods and services they require and passes them on to the suppliers. In turn it distributes the supplies received to the members. This could be called a kind of sorting process. The co-operative enterprise in this case has the simple task of "sorting" the orders. This function involves organisational elements whose relationship is determined by input and output and can be calculated in advance.

Type I b presents us with a completely different picture, that is we have to reckon with unexpected faults within the co-operative enterprise. If this type of enterprise was limited to a sorting activity only, there would be no guarantee that the supplies to the members corresponded to the kind and quantity required by them. This can only be guaranteed if the enterprise has a regulating mechanism which enables it to fulfil its task, even if disturbances occur. This is in fact assured by the fact that the management of the co-operative business takes on the functions of a regulator, with the enterprise and its business activities being the regulated element. (Diagram 3.)

At this point we can state the following in respect of the type of a traditional co-operative which forms the basis of most publications: Even in dealing with this "classical" co-operative system of enterprises it would lead to misunderstanding to call the management of an undertaking simply an executive authority. This term can wrongly give the impression that the activities of the management of the enterprise are limited to the functions of sorting. If this interpretation is used as a basis for legislation, it could lead to an inadmissible limitation of the freedom of action of the management. The legal term executive authority has to fit the organisational responsibilities which arise from the regulating functions of the management of the enterprise. These functions refer to the decisions to be put into practice because the decision-making of the management is determined by the requirements of the members' enterprises. The theoretical instrument of a regulating mechanism and its functions makes it easier for us to define exactly the extent of responsibilities which are to be delegated to the management of the co-operative enterprise, in this case the traditional co-operative.

3. Need for information and its storage

The interpretation of the responsibilities of the management of a co-operative enterprise as functions of a regulator, gives us an indication as to how the information system of the enterprise or the system of enterprises has to be organised. On the one hand there must be sufficient communication between the members' enterprises and the management of the enterprise so that the management is informed of the requirements of the members' enterprise at any given time. This contact supplies the management with the necessary figures. On the other hand, the management has to be informed on all activities of the enterprise at all times.

For both purposes it needs an efficient accounting system which under no circumstances must be limited to the minimum prescribed under trade regulations or to the necessary records for taxation purposes, but must be organised in such a way that it makes possible optimum decisions regarding output. This information system is an auxiliary to the management. Again the regulating mechanism makes it clear that the fulfilling of the management's responsibilities require a considerable amount of rationalisation and that this rationalisation is not opposed to the

co-operative character of the system of enterprises nor to the economic character of co-operative methods as some people think. On the contrary, the necessary harmonisation of the enterprise's capacity and the orders received by the members requires a rather accurate and efficient procedure of decision-making.

Having explained that a system of communications between members' enterprises and the co-operative enterprise are absolutely necessary, we can now understand that it is useful especially from the point of view of output, to have modern technical equipment for the communication of information. This means that the communication of information between the members' enterprises and the co-operative enterprises is simplified by prepared forms; the bureaucratic atmosphere resulting from this, is considered by many to damage the personal character of co-operative association. It must be explained at this point that we are simply dealing with the principle of efficiency, i.e. to use the best available technical equipment in order to increase output at the lowest possible cost.

Regarding the case of the traditional co-operative we can further add: The close and exclusive relationship between the co-operative enterprise and the members' enterprises within this classical framework is not affected in any way by the fact that an efficient information system is established for the purpose of optimum efficiency of the regulating functions of the management, a system which in the technical and organisational sense is equivalent to any other management information system. The fact that the communication of information has become standardised and is operated technically and does not travel from person to person, does not change the basic structure of the co-operative combine of enterprises.

IV Growing Independence of the Society's Management

A real change in the structure of the co-operative system of enterprises can only be effected when transactions with non-members are allowed to a considerable extent or without limitation. Transactions with non-members make it possible for the management of the co-operative business to determine the output, irrespective of the requirements of members' enterprises, particularly in respect to quantity, but also regarding quality. This makes the management more and more autonomous and can in an extreme case lead to a dissolution of the co-operative system of enterprises and therefore to a degeneration of the society.

1. Need for trading with non-members

If this danger exists we must ask why the society allows transactions with non-members at all. The answer is easy. It is related to the requirements in respect to the size and equipment of the co-operative enterprise in competition with other undertakings. Consumer societies and urban credit co-operatives in industrialised countries are a typical example. Both types of society developed at a time when members were not able to obtain their requirements from any other source. But now food products are offered for sale not only by consumer co-operatives but by retailers belonging to trading co-operatives, chains, in department stores by branches of retailing organisations and other specialised enterprises, and customers of the People's Banks (Volksbanken) enjoy the same banking facilities at savings banks or branches of the big banks. In this new competitive situation the size of an enterprise is of great importance for the cost of production. Although the branches of retailing organisations for example are private profit-making enterprises, they are able because of their enormous size and favourable purchasing conditions and sharing of fixed cost, to offer their food products at prices which a small consumer co-operative cannot afford even if

the principle of cost price was applied. The same goes for the competition between the People's Banks and savings banks.

Under these circumstances co-operative enterprises have to aim at creating the same conditions for themselves as their competitors. In the first place these refer to the size of the enterprise, the continuous exploitation of full capacity and the adjustment to the market behaviour of competitors. This means nothing more than that the criteria of efficient production by the co-operative enterprise take the place of the formerly exclusive criterion of the requirements of members' enterprises. The co-operative enterprise has to pursue a policy of quantities and prices which is based on market conditions, and give secondary consideration to members' requirements and needs. It is clear that this is practicable only, if there is a possibility for trade with non-members.

2. Management in competition (Type II)

In this case the management of a co-operative enterprise has to have completely different qualifications compared with the case of the traditional co-operative. Not only has the management to be capable of dealing with unexpected disturbances within the enterprise but also of reacting to continuous unexpected and newly arising conditions of the market which are outside influences disturbing their planning. Co-operators actively engaged in the practical aspects of co-operative enterprises, were the first to recognise this, and demanded that the co-operative manager should be employed full-time just as in any other enterprise, and they emphasised the importance of managerial qualities. Co-operative theorists ignored this demand of a long time because some authors were of the opinion that this would mean a degeneration of the co-operative enterprise with a tendency towards a profit-making undertaking. Again the concept of efficient production was confounded with the concept of the rentability of the enterprise.

From the point of view of organisational theory we have in this case a new structure of the co-operative system of enterprises in so far as a new regulating function has been added. In the traditional co-operative the regulating function of the management covered internal disturbances only; now the outside influences of competition have to be coped with. The capacity of the old simple regulating mechanism does not suffice anymore, particularly as regards the provision of information. What is meant by necessity for entrepreneurial capabilities in practice, is in reality nothing more than a new extended regulating capacity which is based on information on the market situation and knowledge of possible ways in which to react. This is why within the enterprise a superior regulating mechanism must be set up whose task it will be to deal with any outside influences from competition which affect the management or the departmental controls. We call this new element the "Board of Management" (Unternehmensleitung). The Board must have the ability to alter production targets if and when the market situation changes. In this case it would represent a regulating mechanism of a higher order which can only work satisfactorily, if certain special conditions for the obtaining and processing of information exist. This is why the existence of a special information storage apparatus is emphasised in Diagram 5.

3. The market co-operative and its "principal task"

In Diagram 5 this new structure within the co-operative system of enterprise is explained to us and we call it Type II of the "market co-operative". In recent publications certain characteristics of this structure have been dealt with; the structure itself has sometimes been called "co-operative undertaking" (Genossenschaftsunternehmung). Henzler calls this type of co-operative a borderline case. This indicates that there is an inherent danger in this type to lead to degeneration.

It would be theoretically possible for the co-operative enterprise to exist and function without paying any attention to the members' requirements. This would express itself by an increasing share of transactions with non-members in the total turnover. The question arises how it can be guaranteed that the co-operative continues to base its output on the needs of its members. Business transactions with non-members can also be beneficial to the members' enterprises if they serve the purpose to reduce cost. We realise that in the case of Type II of the market co-operative, the promotional and economic character of the enterprise is not guaranteed from the organisational structure of the co-operative system of enterprises alone. An additional aim or target is needed which serves the Board as a general policy rule when making decisions. This principal aim can be formulated in the following way: to act according to competition and market situations with a constant view to choosing from two given possibilities the most favourable one for the members' enterprises. This overriding principle refers to the same thing as the term "principal task" (Grundauftrag) of the co-operative society.

Our organisational and theoretical considerations now make it clearer what are the contents or what is the function of this principle task. It is mainly the responsibility of the Supervisory Board as the representative body of the members, to give concrete instructions to the management of the co-operative. Naturally the Supervisory Board can inform itself of the efficiency of its work by way of checking with the accounting system which is required by law and by the rules or otherwise agreed upon. In this respect the relationship between the Supervisory Board and the Board of Management is equivalent to a regulating mechanism as far as their principal task is concerned. It is clear that the efficiency of this superior regulator depends on how close the relationship is between members, the interest of the members, also on the agreements or other legally binding contracts with the management, and finally on the sense of responsibility of the management to the whole of the members' enterprises (in respect to the difficulties arising from the realisation of the principal task of the co-operative).

In summarising our remarks on Type II of the market co-operative we can say the following: In the case of the market co-operative we note a real change in the structure of the co-operative system of enterprises. The management of the enterprise is largely independent from the members. In this respect there is danger that the enterprise may become completely independent and detached, and it depends on the practical results from the application of the rules set by the principal task and the special sense of responsibility of the management, to which extent the co-operative enterprise maintains its aim to promote and serve the members' enterprises in spite of its potential independence.

V. Re-integration of the Co-operative Structure as a Whole

1. Recent structural tendencies

In the fifty's and sixty's there has been a thorough discussion particularly in the Federal Republic of Germany, on the possible degeneration of modern co-operatives. This degeneration refers to those structural changes in the co-operative enterprises which lead from the traditional to the market co-operative. These developments are also described in foreign literature. In our opinion far less consideration is given to another development which runs completely contrary to the market co-operative. This is the fact that particularly producers' co-operatives (farmers and artisans) and also trading co-operatives (retailers) show a tendency to work much more closely with the member enterprises. The co-operative enterprise helps the member enterprises with their activities and tries to guide them. In the retail trade this is called "full-service co-operative". It could be said that the member enterprises, i.e. the affiliated retailers have become a part of the co-operative enterprise as a wholesale organisation. Critics call this development "Filialisierung" (tendency of member enterprises to become branches). However, it is important in this context that this development is desired and welcomed by the members. Referring to the functions of the co-operative enterprise, we can say that it is not only the function of provision anymore which is carried out, but in addition recommendations are given by the enterprise regarding the marketing activities or the production activities (of producers' co-operatives) of the member enterprises. This means that from the point of view of organisation a new and close business relationship between the co-operative enterprise on the one hand and the member enterprises on the other has been established. To put it more simply, the steering direction of the system has been reversed. Whereas in the case of the traditional co-operative the business activities of the co-operative enterprise were determined by the member enterprises, the new structure shows a tendency of the enterprise trying to control the activities of the member enterprises. The whole business combine appears as a group in the market. It is typical that this new structure - and it is a new structure - first appeared in food retailing when one used to speak of a development towards group competition.

2. The "integrated co-operative" (Type III)

In view of this new intensive relationship which takes place with the exclusion of business with non-members (which is typical) we would like to speak of a re-integration of the system of co-operative enterprises. In short we are dealing with Type III, the "intergrated co-operative". Diagram 6 shows its structure.

This diagram refers to a society consisting of food retailers. This example is especially suited to explain the basic features of the new structure, because in this case the member enterprises, now existing within the co-operative group in a legal sense only, appear as departments or parts of the co-operative enterprise itself. This inclusion of the member enterprise into the control area of the enterprise's management, leads to the best possible relationship between both elements of the system of co-operative enterprises.

From the member's point of view this integration is desirable because it helps him in his future task to obtain all the information necessary for his own entrepreneurial activities through the co-operative enterprise. All measures taken by the members must be understood in this way and not interpreted as inadmissible officiousness on the part of the member enterprises. The order for supply of information by the member enterprises to the co-operative enterprise leads to the latter ascertaining the interests of consumers initially through research into their motives. At the same time the enterprise tries to influence consumers by collective advertising and supply them with information on its products. This is sometimes called "pre-sale by propaganda". Purchasing and production of the co-operative enterprise are then adjusted accordingly. Additionally the shop architect of the co-operative enterprise has to arrange the individual member enterprises in such a way that the customer's information is in fact "called up". The representative who was formerly needed to advise the enterprise, now acts in reverse, i.e. he advises the member enterprises on the best possible assortments, the right time for bargain offers etc. The efficiency of collaboration is increased by the member sending in his orders on prepared forms, giving reference to assortments and delivery terms. Supplies arrive in accordance with orders in sealed containers and cannot be altered afterwards.

Diagram 6 shows how several information or regulating mechanisms are connected in this structure.

3. The educational momentum in the integrated society

As has been mentioned, this structure is particularly important in producers' co-operatives. For instance it can serve to make farmers specialise in certain produce and cause them to maintain certain standards of quality. In this case too, the most important feature of this new collaboration is the additional information which each member receives from the enterprise on the produce to be grown, terms of delivery, appropriate dates for delivery, quantities of supplies and quality grades. It is easy to see that the structure of an integrated society only develops when there are radical changes within the economy or a sector of the economy, which demand from the individual a new attitude for which he does not have sufficient information. So passes an "order" to the co-operative for supply of information which enables him to adjust himself to the changes in the economic situation in the best possible way.

The structure of the integrated society has become a topical subject in connection with the changes in European agriculture which are a result of the Common Market. For the same reason especially the agricultural co-operatives in development countries have adopted the structure of integrated and not traditional co-operatives, because there the co-operative serves almost exclusively the purpose of information supply, i.e. the technical "know-how"¹.

¹ The case of the integrated co-operative in agriculture is illustrated in Diagram 7.

The integrated co-operative is of special importance in the case of service co-operatives, and is found particularly in inland navigation where co-operative shipping firms have been in existence for a long time. The ships or boats have remained private property, but the shipowners act on instructions from central control points. We have the same structure when independent taxi-drivers join together in a taxi co-operative with a communal radio control system.

It seems that the integrated co-operative is of special interest to producers' co-operatives where it is important that the producers are supplied with information on the optimum production of their produce which as individuals they would not be able to obtain. The integrated co-operative has therefore a special educational character; but this is also why it can be of importance to other types of co-operatives. Housing co-operatives for example quite clearly show a tendency of not just offering accommodation to their members but to create a certain atmosphere and style of communal living. Similar phenomena could also arise in the consumer co-operatives, especially if they extend their assortments beyond food products to include durable consumer goods. This would doubtless be a point for discussion. We would not like to make much comment on this question, but would like to report that in earlier discussions on the question of integrated societies, a keen interest was expressed on the part of consumer as well as housing co-operatives.

To summarise we can say: The integrated co-operative leads to a new close and exclusive relationship between the co-operative enterprise on the one hand, and the member enterprise on the other. In comparison with the traditional co-operative which also shows this kind of relationship, the direction of guidance and control has been reversed. This is the result of the special need for information of the member enterprises which are unable because of radical changes in the economy or a sector of the economy, to obtain sufficient knowledge and information in order to adjust themselves to the new conditions. The provision of necessary information which may become a general educational feature of the whole system, leads to a control of the member enterprises by the co-operative enterprise, a control, however, which is introduced through the initiative of the members.

This new structure of the system of co-operative enterprises is of particular topical interest in the agricultural sphere and the sphere of artisan's co-operatives as well as full-service co-operatives of retailers. It could also be of interest to consumer co-operatives, and of course it is of special importance to producers' co-operatives in developing countries.

4. Special problems of the integrated co-operative

As can be seen from the diagrams, the integrated co-operative is a much more complex organism than other co-operative structures. This is why it requires an efficient information system. It is no coincidence that in integrated co-operatives in industrialised countries electronic data processing equipment is used. This equipment makes it possible to process data material concerning the whole structure on a large scale from which detailed information for the individual member enterprises can be derived within a very short period of time.

A special characteristic of the integrated society is the problem of decision making which does not only take place within the co-operative enterprise but all its member enterprises as well. We cannot speak of an enterprise's management any longer but have to call it group management. The geographical area of an organisation which may cover a whole country (e.g. the EDEKA co-operatives of the Federal Republic of Germany) creates problems as to transport, determination of quantities for ordering and storage etc. Computers could help to establish the approximate figures. This would also be a step forward in the rationalisation of the enterprise's activities, and at the same time would create a more factual and impersonal atmosphere as more technical means are being used. On the other hand it must be emphasised that this has nothing to do with the personal character or the co-operative but simply means an increase in efficiency of production.