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**THRIFT AND CREDIT
CO-OPERATIVES
AND THEIR
ECONOMIC AND SOCIAL ENVIRONMENT**



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**INTERNATIONAL CONFERENCE ON
CO-OPERATIVE THRIFT AND CREDIT**

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Rio de Janeiro 17-21 April 1977

This volume has been compiled under the direction of Anne-Marie Robert, Secretary to the International Liaison Committee on Co-operative Thrift and Credit, by Mathilde Savoye, an international expert working with the ILO.

Margaret Blindell was responsible for the English translation. Hanns Ollman, Marie-Françoise de Breon and Krimhilde François all assisted with the production of the Report.

As no record was made during the Conference itself, the only documentation available for the compilation of this Report were the papers submitted at the time of the Conference. Therefore if some papers are missing and some interventions have been overlooked, we would ask the authors of any such to forgive us.

With these reservations, we hope that this Report will prove a useful document for all those interested in thrift and credit co-operatives and that with its Reference Index, it will help to facilitate the research of its readers.

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**THRIFT AND CREDIT CO-OPERATIVES
AND THEIR
ECONOMIC AND SOCIAL ENVIRONMENT**

**4th INTERNATIONAL CONFERENCE ON
CO-OPERATIVE THRIFT AND CREDIT**

Rio de Janeiro 17-21 April 1977

*Translated from the French
by M. Blindell*





Part of the platform during the Opening Session. From left to right: Mr. Roger Kerinec, President of the International Co-operative Alliance; H. E. Mr Arnaldo da Costa Prieto, Minister of Labour, Brazil; Mr Theo Braun, Chairman of the International Liaison Committee; Mr Maurice Ligot, Minister for Technical Assistance, France; Mr Ousnane Diarra, Director General, National Bureau for Rural Promotion (ONPR), Abidjan.

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The Background

International Conferences on Co-operative Thrift and Credit

- I. Kingston (Jamaica)—October 1966
- II. Paris (France)—September 1970
- III. London (UK)—June 1974
- IV. Rio de Janeiro (Brazil)—April 1977

In preparation:

- V. New Delhi (India)—February 1981

Historical Note

The evolution in the last two decades of mutual and co-operative organisations formed primarily for the economical management of savings and the provision of credit by and for their members—who are both their founders and their users—has produced remarkable changes in the world picture of the Co-operative Movement.

This evolution, which still continues, has two major aspects. One is expansion, that is the multiplication of primary savings and credit associations and the growth of their membership, especially in the newly developing countries of Africa, America and Asia. The other is consolidation—a term which covers among the younger movements the process of federation of primary associations into unions and banks at national levels and the combination of these national groupings in confederations embracing continental regions. Among the older movements consolidation is well advanced in the form of amalgamation of primary and secondary associations to form larger, more complex units, more viable and diversified in their functions, of which one of the most important is the centralisation of certain technical services.

The term also includes steady progress on the international level from consultation to collaboration and ultimately cohesive and integrated organisations for inter-lending and other financing operations, in which the banks created by the savings and credit movements act more and more in concert with the banking institutions evolved by agricultural, con-

sumers', workers' productive and housing co-operative movements. Already results are clearly perceptible in the manner in which these groups of organisations in the sphere of banking and finance constitute a wing of increasing strength and influence in the International Co-operative Alliance, evidenced in the international conferences, first quadrennial and later triennial, on Co-operative Thrift and Credit.

The initial impulse for this particular development sprang from the Credit Union Movement, itself a scion of the original German stock of Friedrich Wilhelm Raiffeisen, and its extension, first from the United States over the rest of the Americas and, subsequently, into the other continents. The special organisation created to promote this development, CUNA International, was thus justified in 1971 in changing its name to "World Council of Credit Unions" (WOCCU). While still under its original name, it organised the first International conference on Co-operative Thrift and Credit, held at Kingston, Jamaica, in October 1966. This Conference, at which the International Co-operative Alliance was represented by its then Director, Mr W. G. Alexander, could not be other than mainly exploratory. The participating organisations had much to learn about one another's situation, scope, objectives and national environment. But they also learnt, in the words of Mr R. C. Robertson, "that all co-operative thrift and credit institutions, whatever their philosophical principles or their geographical situation, have common problems . . . We have also learned

from each other's experience different ways of solving these problems."

The learning process did not cease with the close of the Conference, but was resumed more intensively with the second conference, which was held in Paris in September 1970 on the invitation of the Union du Crédit Coopératif and the Confédération Nationale du Crédit Mutuel of France and with the sponsorship of the International Co-operative Alliance, CUNA International Inc., Les Caisses de Crédit du Canada, the Central Co-operative Bank for Agriculture and Forestry of Japan and the National Co-operative Union of India. An attendance of three hundred delegates from 22 countries devoted five days to discussing the theme of "Thrift and Credit Co-operation as a Basis of Development".

It was evident that the work and recommendations of the Second Conference must be followed up, and it was agreed that a committee or working group was indispensable to keep in touch with the progress of the national thrift and credit movements, their action in carrying out the suggestions approved by the Conference and the emergence of new problems created by the evolution of the world economy. In addition, the committee should choose the theme and guide the preparation of the Third Conference, to be held in 1974.

The work of the committee was carried on in a perfectly co-operative spirit, despite the absence for a time of rules or a constitution. Nevertheless, before the close of the Third Conference it had adopted, in the interests of greater efficiency, the necessary modicum of formal rules (see Appendix I "Statutes of the International Liaison Committee"), as well as amending its title to International Liaison

Committee on Co-operative Thrift and Credit, the International Co-operative Alliance being represented through its International Banking Committee. The International Conferences accordingly have been provided with a permanent body responsible for watching and promoting the development of thrift and credit co-operatives and co-ordinating their action world-wide.

The International Liaison Committee has a permanent secretariat: Mme Anne-Marie Robert of Crédit Mutuel (France) acts as Secretary to the Committee. Up to the IVth International Conference, Mr H. Ohmi of the Norin Chukin Bank (Japan) was Joint Secretary. Mr R. P. B. Davies (ICA) is its Treasurer.

The first chairman of the Informal Committee was Dr Bonow, President of the ICA. When the Liaison Committee formalised its position in October 1974, it elected Mr Pierre Lacour, President of the Union du Crédit Coopératif (France) as Chairman.

In 1976, Mr Théo Braun, President of the Confédération Nationale du Crédit Mutuel (France) succeeded Mr Lacour as Chairman of the Committee.

As early as 1974, proceeding actively with the customary consultations, the International Liaison Committee was able to decide on the theme of the IVth International Conference, "Co-operative Thrift and Credit in its Environment", and to move on to the preliminary preparations with the assistance of the organisations of the Latin American continent and the host country, the Latin American Confederation of Thrift and Credit Co-operatives (COLAC), and the Federation of Thrift and Mutual Credit Co-operatives of South-Eastern Brazil (FELEME) in Rio de Janeiro.

Members of the International Liaison Committee on Co-operative Thrift and Credit*

Chairman: **Mr Théo BRAUN**, *President*, Confédération Nationale du Crédit Mutuel (France)

Central Cooperative Bank for Agriculture and Forestry, Japan

Confédération Nationale du Crédit Mutuel, France

Fédération du Québec des Unions Régionales des Caisses Populaires Desjardins, Canada

Fédération de Montréal des Caisses Desjardins, Canada

Fédération des Caisses d'Economie du Québec, Canada

International Co-operative Alliance (represented by its Banking Committee)

International Raiffeisen Union

National Co-operative Union of India

Union du Crédit Coopératif, France

World Council of Credit Unions

Joint Secretaries: **Mme A-M. ROBERT**, Crédit Mutuel, Paris

Mr H. OHMI, ICA (to April 1977)

*At the date of the IVth Conference, April 1977.

Members of the Conference Committee

The International Liaison Committee for Co-operative Thrift and Credit was the organiser of the Conference. Its Chairman, Mr Théo Braun, was also Chairman of the Conference Committee.

In addition to the member organisations of the International Liaison Committee, the two following organisations also took part in the organisation of the Conference as host organisations:

- Federation of Thrift and Mutual Credit Co-operatives of SE Brazil (FELEME)
- Latin American Confederation of Thrift and Credit Co-operatives (COLAC)

Co-Secretaries: **Mme A-M ROBERT**, Crédit Mutuel, Paris

Mr H. OHMI, International Co-operative Alliance

Treasurer: **Mr R. P. B. DAVIES**, International Co-operative Alliance

Responsible for local arrangements: **Mme M-T. Teixeira MENDES**, FELEME,
Rio de Janeiro

PROGRAMME OF THE FOURTH CONFERENCE

Date	Session	Session Chairman	Subject	Speakers
Sun. 17.4.77	09.30 to 16.30		Meeting of the Liaison Committee (members only)	
	19.30	Mr. T. BRAUN, <i>Chairman</i> , International Liaison Committee and <i>President</i> , Crédit Mutuel (France)	<p>Opening Session Welcoming Addresses</p> <p>Inaugural Address Keynote Speech</p>	<p>Mr. Luiz Diaz THENORIO, <i>President</i>, FELEME</p> <p>Mr. B. ORTIZ VARGAS, <i>President</i>, COLAC</p> <p>H.E. Dr. Arnaldo DA COSTA PRIETO, <i>Minister of Labour</i>, Brazil</p> <p>Mr. Theo BRAUN</p> <p>Mr. T. SIDIBE, <i>Chief</i>, Co-operative Department, ILO</p>
Mon. 18.4.77	09.00 to 12.30	Mr. A. A. BAILEY, <i>Managing Director</i> , WOCCU	<p>Introductory Report on the Activities of the International Liaison Committee</p> <p>Theme 1: THRIFT AND CREDIT CO-OPERATIVES AS A RESPONSE TO SPECIFIC NEEDS, NEW NEEDS AND THE NEEDS OF THE VERY POOR</p>	<p>Mr. J. MEDEIROS, <i>President</i>, WOCCU</p> <p>Mr. A. TERAN MORALES, <i>General Manager</i>, COLAC</p> <p>Mme. Diva BENEVIDES PINHO, <i>Professor</i>, University of São Paulo (Brazil)</p> <p>Dr. Christopher BAKER, CUNA (USA)</p> <p>Mr. Claude BELAND, <i>Jr. Managing Director</i>, Fédération des Caisses d'Economie du Québec (Canada)</p> <p>Mr. R. MATHMUGAN, <i>Managing Director</i>, Co-operative Bank Ltd. (Malaysia)</p> <p>Mr. Aron MONIN, <i>President</i>, Federación Argentina de Cooperativas de Crédito Ltda</p> <p>Mr. Giancarlo BUSCARINI, <i>Managing Director</i>, ICCREA (Italy)</p>

	14.30 to 17.30	<p>Mr. A. ROULEAU, <i>President</i>, Caisses Desjardins, Quebec (Canada)</p>	<p>Theme 2: PROBLEMS OF THRIFT AND CREDIT CO-OPERATIVES FACED WITH COMPETI- TION</p>	<p>Mr. B. S. VISHWANATHAN, <i>President</i>, National Co-operative Land Develop- ment Banks Federation and <i>Vice- President</i>, NCUI (India) Mr. Paul VIVIEN, <i>Fédération du Crédit Mutuel</i> (France)</p> <p>Mr. Yves TETREAU, <i>Managing Director</i>, Caisses Desjardins, Quebec (Canada) Mr. R. C. ROBERTSON, <i>Chairman</i>, Inter- national Credit Unions Services Cor- poration (USA) Mr. A. LEWINSKY, <i>Managing Director</i>, Bank Hapoalim (Israel) Mr. Mauricio Luis MIZRAHI, Co-operative Institute (Argentina)</p>
<p>Tues. 19.4.77</p>	09.00 to 12.30	<p>Mr. D. GRETHE, <i>Managing Direc- tor</i>, International Co-operative Bank (INGEBA)</p>	<p>Theme 3: CONDITIONS FOR THE EFFICIENCY OF THE CO-OPERATIVE SECTOR</p>	<p>Mr. R. SERRANO URIBE, WOCCU Adviser for Latin American Affairs Mr. P. PODOVNIKOFF, <i>President</i>, NACCU (Canada) Mr. Floreal GORINI, <i>General Manager</i>, Instituto Movilizador de Fondos Co- operativos (Argentina) Dr. S. K. SAXENA, <i>Director</i>, ICA Mr. A. C. XAVIER BASTOS, Central Bank (Brazil) Mr. J. MOREAU, <i>President</i>, Union du Crédit Coopératif (France) Mr. R. GARCIA ALVAREZ, <i>Manager</i>, FENACCOAC (Guatemala) Mr. L. LICHOU, <i>Vice-President</i>, Confédéra- tion Nationale du Crédit Mutuel (France) Mr. A. WULLENS-HART, CEBRAE (Brazil) Mr. Ch. VEVERKA, <i>Chairman of the Board</i>, SGCC and <i>Chairman</i>, Financial Commit- tee, FNCC (France)</p>

<i>Date</i>	<i>Session</i>	<i>Session Chairman</i>	<i>Subject</i>	<i>Speakers</i>
Tues 19.4.77	14.30 to 17.00	Mr. Giancarlo BUSCARINI, <i>Managing Director, ICCREA</i> (Italy) and <i>Director, Inter-</i> <i>national Raiffeisen Union</i>	Theme 4: THE ROLE OF THE THRIFT AND CREDIT CO-OPERATIVE MOVEMENT CON- FRONTED WITH THE INTERNATIONAL ECO- NOMIC SITUATION AND THE MONETARY CRISIS	Mr. Théo BRAUN, <i>President, Confédération Nationale du Crédit Mutuel (France)</i> Mr. D. GRETHE, <i>Managing Director,</i> <i>International Co-operative Bank</i> (INGEBA)
	17.00 to 18.00	Mr. Luiz Diaz THENORIO, <i>Presi-</i> <i>dent, FELEME (Brazil)</i>	The Interlending Programme	Mr. ST. SIEGENS, <i>Joint Committee for the Promotion of Aid to Co-operatives</i> (COPAC)
Wed. 20.4.77	09.00 to 18.00		Technical Visits organised by FELEME Plenary Drafting Committee with Mr. Y. DANEAU, <i>Conference Rapporteur</i>	
			Presentation by the EEC Group of Thrift and Credit Co-operatives	Mr. TEICHERT, <i>General Secretary of the Group</i>
Thurs. 21.4.77	09.30 to 12.30	Mr. Théo BRAUN, <i>Chairman, In-</i> <i>ternational Liaison Committee</i> <i>on Co-operative Thrift and</i> <i>Credit</i>	Presentation of the General Report of the Conference Discussion of the General Report	Mr. YVON DANEAU, <i>Conference Rapporteur</i>
	15.00		Closing Speeches	Mr. Roger KERINEC, <i>President, ICA</i> Mr. Marcos R. PESOA DUARTE, <i>President,</i> <i>National Bank for Co-operative Credit</i> (Brazil)
			Conclusions and Close of Conference	Mr. Théo BRAUN, <i>Chairman, International Liaison Committee</i>

Participation by Countries

Antilles, Dutch	1	Italy	2
Argentina	92	Ivory Coast	3
Bolivia	4	Japan	1
Brazil	220	Malaysia	3
Canada	17	Mexico	3
Chile	1	Nicaragua	1
Colombia	2	Panama	2
Dominican Republic	1	Paraguay	8
France	23	(Peru)	(1*)
Guatemala	1	Tanzania	1
Honduras	4	Uganda	2
India	4	Uruguay	20
Israel	1	USA	7
25 countries		424	
16 international organisations ..		30	
		—	
TOTAL		454	

*Representative of USAID (Lima)



At the conclusion of the Opening Session, the Chairman, Mr Theo Braun, shakes hands with the Brazilian Minister of Labour, Mr Arnaldo da Costa Prieto.

Thrift and Credit Co-operatives and their Economic and Social Environment: Summary of Proceedings

SUNDAY 17 APRIL 1977

Opening Session

The 4th International Conference on Co-operative Thrift and Credit opened in the evening of Sunday 17th April 1977, under the chairmanship of Mr Théo BRAUN, Chairman of the Conference Organising Committee and of the International Liaison Committee, and President of Credit Mutuel (France).

Welcoming Addresses

The address of Mr THENORIO, President of the Federation of Thrift and Credit Co-operatives of S.E. Brazil, was marked throughout by the warmth of international co-operative solidarity and the friendship of the host country. Mr Thenorio emphasised that the Conference would have the great responsibility of formulating adequate directives for the orientation of their activities, especially towards the impoverished populations of the world. To achieve this, the activities of Thrift and Credit Co-operatives must be "extended and increased on a solidary basis" and genuine integration was essential.

Mr Bernardino ORTIZ VARGAS, President of the Confederation of Latin American Thrift and Credit Co-operatives (COLAC), then addressed the Conference on behalf, he said, of the organisation which embodies Thrift and Credit Co-operation in institutional form at continental level in Latin America. He declared:

—that Thrift and Credit Co-operation must become an instrument for the liberation of the masses;

—that the spirit of co-operation between all, and the abnegation of the organising or initiating bodies, would allow the establishment of relations between rich countries and "colonised or re-colonised countries" resting on co-operation and justice as essential norms;

—that in this respect, the Latin-American integrating body for which he spoke was a well-structured international organisation, as it had a solid basis of self-sufficiency and was entirely managed by Latin-Americans.

H.E. Dr Arnaldo DE COSTA PRIETO, Brazilian Minister of Labour, reiterated the warm welcome of Brazil to the participants of the IVth International Conference on Co-operative Thrift and Credit, referring to the hope represented by putting into operation the principles of co-operation and solidarity for "integrated and harmonious" development, in particular by the promotion of Thrift and Credit Co-operatives. He hoped the labours of the Conference would be fruitful.

Inaugural Address

by Mr Théo BRAUN, Chairman of the International Liaison Committee

1. All for one, one for all

“All for one, one for all” is the motto of the Thrift and Credit Co-operatives.

It is a humanitarian motto which recognises the unique value of the individual, but which also reminds each individual of his duty to the community.

It is a practical motto, which calls for practical action.

I would like to express the hope that the deliberations of this Conference will serve this ideal on the one hand, and on the other will conceive means of achieving practical results, not only in the industrialised countries but also in the developing countries, towards which co-operative solidarity should be shown more actively.

2. Welcome and thanks

But my first duty—which for me is also an honour and a pleasure—is to thank all of you who have responded to our invitation and have come here today in such large numbers. You have consented to give us your time and you have endured the fatigue of a long journey. We have here almost 500 participants, from Europe, Africa, India, Japan and the Americas.

I would like to greet especially my Latin American friends. The size of their delegation leads to the thought that this conference will be largely their conference; it will certainly pay particular attention to their regional problems.

I would like to thank the Brazilian Authorities, who have encouraged the holding of this international meeting in Rio and have given it their material and moral support. I would particularly like to thank the Hon Minister of Labour for being pleased to honour this session with his presence, and would ask him to express my

profound gratitude to the Government of Brazil and to President Geisel for the help they have given us.

I would equally like to thank the representatives of the United Nations organisations who have come to take part in our work: ILO, FAO, UNIDO, UNESCO, COPAC. Their support shows how much they appreciate the value of co-operative ideas and co-operative methods in promoting that better world which is the aim of all of us.

I would thank especially Mr Blanchard, Director General of ILO: he would have been very happy to give us a masterly discourse which, from the beginning, would set a high level for our work. Unfortunately he was prevented at the last minute from being with us today. I would like to thank Mr Sidibé, Chief of the Co-operative Department of the ILO, for having agreed to take his place and give us the benefit of his experience.

3. International Liaison Committee and Conference Organising Committee

I would also like to pay homage to those who preceded me in this Chair, and to whom we owe in large part the existence of the International Liaison Committee. I refer to Dr Bonow and Mr Lacour.

Dr Bonow was the first Chairman of the Committee. Before he retired from this post he was able to endow our group with its first statutes to give it formal status.

I would especially like to thank Mr Lacour who, succeeding Dr Bonow, worked so hard for the Liaison Committee. It is to him, particularly, that we owe the holding of this 4th International Conference in Brazil, thanks to his understanding of the people and problems of this continent.

It is to him that we also, in great part, owe the creation and maintenance of the Committee. His faith in the co-operative ideal and his knowledge of the various problems allowed us to get over all the difficulties inherent in the formation and in the early stages of a Liaison Committee. It was Mr Lacour who convened the 2nd Conference in Paris, and who was able to convince the principal participants of the usefulness of meeting in a Liaison Committee.

On behalf of all the members of this assembly, Dr Bonow and Mr Lacour, I would like you to recognise in this meeting the expression of our profound gratitude.

Finally, I would not like to pass over in silence the modest, but how efficient and indispensable, role of all those charged with the heavy duty of making the practical arrangements for this meeting: the Latin American Confederation of Thrift and Credit Co-operatives (COLAC) and its President, Mr Bernardino Ortiz, the Federação Leste-Meridional das Cooperativas de Economia e Crédito Mutuo (FELEME), its President M. Thenorio and its dynamic manager, Mme. Maria Theresa Teixeira Mendes, the various departments of the World Council of Credit Unions (WOCCU) and of the International Co-operative Alliance (ICA), and finally the Secretariat of the Liaison Committee.

To all of you I would like to say how valuable is this meeting of abilities, minds and hopes, in the preparation of our common future and in the forging between us of those bonds of companionship, even friendship, which are the surest guarantees of success.

4. History of the Conference

Today we commence our 4th Congress: you all know that the first took place in Jamaica in 1966 on the initiative of the World Council of Credit Unions, the

second in Paris in 1970—when it was decided to set up your Liaison Committee and to commission the International Co-operative Alliance to prepare a study on the possibilities of loans to newly-formed co-operatives—the third in London in 1974 on the theme “Democracy and Efficiency in Thrift and Credit Co-operatives”, which also laid down the statutes of the Liaison Committee.

I think it fair to say how much these meetings were helped by some other events, which were in effect conferences, attended by most of the leaders of the world’s thrift and credit co-operatives.

The first was the celebration in Frankfurt of the centenary of the first Raiffeisen savings bank, which enabled us to appreciate the present strength of the Raiffeisen movement in Germany and in the world.

The second was the commemoration in Montreal in 1975 of the 75th anniversary of the foundation by Alphonse Desjardins of the first Thrift and Credit Co-operative in America: there also we were made aware of the scope of the movement, its faculty for modernisation and its possibilities for assistance to developing countries.

So we are gradually beginning to produce something tangible. Thrift and Credit Co-operatives throughout the world are now conscious of forming a group united in bonds of friendship, and required to express that friendship in practical terms.

5. Work of the International Liaison Committee between the 3rd and 4th Conferences

The report which you will hear tomorrow from President Medeiros will explain in greater detail what have been the principal tasks of your Committee since the London conference:

—improving technical exchanges between the co-operative movements of various countries;

- elaborating the Charter of the Liaison Committee in order better to define its doctrine and objectives. Its aim is to promote mutual assistance and solidarity and to constitute a meeting point;
- holding a seminar on inflation and on the best means of conserving the value of savings;
- setting up an enquiry, thanks to COPAC, on the economic and juridical obstacles in the way of inter-lending between co-operatives of different countries. At the London conference Mr Robertson explained the mechanism envisaged by WOCCU to facilitate such actions with the help of the Canadian International Development Agency (CIDA).

We have since commenced on a juridical study which will allow us to draw up a catalogue of needs and possible assistance, then to distinguish those cases where the international inter-lending programme can be put into practice and, finally, to begin a programme of practical action.

We are very pleased to render you an account of the past, to receive your criticism, and perhaps your approbation, but we must turn to the future which we are going to build together.

6. Theme and Sub-Themes of the 4th Conference

The main theme of this conference is “Thrift and Credit Co-operatives and their Economic and Social Environment”. I would like to draw your attention to four subsidiary themes:

1. Thrift and Credit Co-operatives as a Response to Specific Needs, to New Needs, to the Needs of the Very Poor.
2. Problems of Thrift and Credit Co-operatives Faced with Competition.
3. Conditions for the Efficiency of the Co-operative Sector.

4. The Role of the Thrift and Credit Co-operative Sector, confronted with the international economic situation and the monetary crisis.

7. The 4th Conference and the New International Economic Order

The main theme allows for various approaches covering the subjects with which we are currently concerned. It is not too ambitious because it attempts to integrate our movement with the great transformation of our era, which is the inauguration of a new international economic order.

The proposal was formulated during the 3rd United Nations Conference for Trade and Development (UNCTAD) held in 1972, that the economic rights and duties of States should be laid down in an International “Charter of Economic Rights and Duties of States”.*

The idea took its course and, following the petroleum crisis, the 6th Special Session of the UN General Assembly adopted a “Declaration on the Establishment of a New International Economic Order” and a “Programme of Action” for its establishment. (*See text in Appendix 4.*)

Since then, the idea of consultation between industrialised and developing countries has gained acceptance, resulting in the International Economic Conference (the so-called North-South Conference) which set up four commissions with the object of studying problems connected with energy, raw materials, development assistance, and the financial problems linked to these three.

During the same period the Finance Ministers of OPEC decided to set up an assistance fund for the very poor countries; UNCTAD IV, meeting in Nairobi decided to study the possibility of a joint fund to

*This proposal was first made by a Latin American Head of State, the President of the Republic of Mexico, Luis ECHEVERRIA, in the speech which he made at UNCTAD III on 19th April 1972. See text in Appendix 3.

finance the acquisition of buffer stocks: it declared that it was necessary to increase public aid and to study the problems of indebtedness of the Third World within the framework of the North-South Conference.*

From the meetings of all international bodies, those I have quoted as well as others, the fact emerges that it is becoming urgent to eliminate poverty among the masses, to reach a means of harmonious development based on the evaluation of each country's resources and the play of interdependence.

These objectives are very similar to those which our predecessors and we ourselves

have tried to achieve.

Our present task is to show how Thrift and Credit Co-operatives can play a part in the construction of this new world which is developing around us. This is the challenge I lay down before this Conference. I have no doubt whatsoever that you will take it up; because above all I have confidence in mankind, and society can only be improved by people working on themselves and on their environment.

I am convinced, in fact, that among the vast number of people in the world engaged in the struggle against poverty, for better conditions, for liberty and democracy, Thrift and Credit Co-operatives can help people to become aware that they are both players and stake in this game, and that very few situations exist which mankind cannot change. Our organisations must make it their duty to link, through a vast network of solidarity, those countries which history has placed in different eras of development.

*The International Fund for Agricultural Development was set up in December 1977, with initial support amounting to over 1,000 million dollars, of which 587 million came from the OECD countries, 435 million from OPEC and 19 million from 32 developing countries. Aid from this Fund is intended for low-income countries (less than 250 dollars per capita per annum) within the group of developing countries.

Keynote Speech

by Mr T. SIDIBÉ, Chief of the Co-operative Department, (ILO),
speaking in place of Mr F. Blanchard, Director-General, ILO

It is a great honour and a signal privilege for me to represent, before so many illustrious persons, Mr Francis BLANCHARD, Director General of the International Labour Organisation, whom you invited to give the Keynote Speech at the opening of this 4th International Conference of Thrift and Credit Co-operatives. The obligations of his position did not allow him to be with you, and this he regrets immensely, since it was he who declared at the 26th Congress of the International Co-operative Alliance: "The principles which inspire us are very similar in many ways. This is hardly to be wondered at, since they are

based on social realities and on the permanent needs of man at work."

* * *

The honorable delegates of French origin will no doubt be familiar with the first few lines of Jean La Fontaine's celebrated fable "The Old Man and the Three Young Men":

*An old man, planting a tree, was met
By three joyous youths of the village near,
Who cried, "It is dotage a tree to set
At your years, Sir, for it will not bear
Unless you reach Methusaleh's age:
To build a tomb were much more sage.*

But as with most of these, we forget the next part:

*But why, in any case, burden your days
With care for other people's enjoyment?
'Tis for you to repent of your evil ways;
To care for the future is our employment."*

*(Le vieillard et les trois jeunes gens
English translation by
Walter Thornbury, 1868)*

As for what the moralist makes these young men say in their questioning of the old man, I will deal for the moment only with their disregard of the present and keep for later consideration the "evil ways" past and the "care for the future" which should be our only concern.

The present is no brighter than the prospects evoked before you in London by Mr Burke Knapp three years ago at the Third International Conference on Co-operative Thrift and Credit. Discussing the world prospects for personal saving he did not hesitate to stress that continuing inflation was certainly not the least of the evils, because it could go so far as to destroy financial institutions. He stated that the problems which had arisen showed "the failures and deficiencies" in the "fiscal policies and monetary policy and incomes policy" of governments. Warning against the temptation to "keep interest rates low", he remarked that this practice:

- encouraged "investment of a capital-intensive kind";
- fostered unemployment;
- discouraged "the more effective employment of labour which is the great unused resource of most developing countries";
- encouraged "favouritism not to say corruption";
- distorted economic mechanisms; and finally,
- discouraged savers from maintaining

and increasing their savings in financial institutions.

The Vice-President of the World Bank had previously related the experience of the International Bank for Reconstruction and Development (IBRD), or rather one of the things which it had learned in these countries: that "it is ironic but true that . . . unless there is a savings effort at the grass roots level, we cannot generate the amount of savings necessary to produce economic progress".

In this overall view, Mr Burke-Knapp could see one "bright light on the scene": the accumulation by the petroleum countries of "vast savings on a scale that is quite overwhelming for our financial mechanisms on the world markets". He quoted the Kuwait Development Fund for assistance to developing countries, which had been endowed with 3½ billion dollars, from a community of some 350,000 people. Imagine it: 10,000 dollars for every individual.

Such funds have progressively come into existence and, once operational, have enabled important projects to be launched.

It is no secret to anyone that several developing countries are no longer able to pay their debts. This prodigious indebtedness (118 billion dollars) has been the main theme of discussion in the General Assemblies of the International Monetary Fund and the World Bank held in October 1976 at Manila. Between 1973 and 1975, the deficit in the balance of payments of such developing countries as are not oil-producers increased from 9.3 to 39.2 billion dollars. It only dropped to around 30 billions in 1976 as a result of price increases of raw materials—now again becoming unstable. Certain industrialised countries are taking measures for economising—on energy, or coffee, to quote only two examples—in order to redress their own trading balance or balance of payments, which obviously has its effect on such countries as

Brazil and Mexico, a quarter of whose exports now go to cover their foreign debts.

To meet this situation it has been necessary to appeal to the "good will" of various lenders. But the size of the deficit is now such that public aid is no longer sufficient to make it up. In fact, despite many pressing appeals and warnings, the percentage represented by this aid in relation to the gross national product of the industrialised countries and of those developing countries which are petroleum producers, remains unchanged and in many cases far below the objective of the 1 per cent agreed by the United Nations. It is with the help of financial mechanisms—one could call them parallels—that some, and only some, of the principal obstacles have been overcome: the Euro-currency markets for short-term and Euro-issues for medium-term credits.

But the liabilities incurred by the larger banks in developing countries amounted in March 1976 to 62.3 billion dollars, according to a study by the Morgan Guaranty Trust, and the interest due on the debt increases as the interest rate rises. What will happen in 1980, in only three years from now, when, according to World Bank experts, the deficit of the balance of payments of non-oil producing developing countries, in spite of the increased price of raw materials, will reach 37 billion? What will happen if, in the same period, the economies of many industrialised countries have not made a solid recovery?

However, signs of this long awaited recovery are few and far between. In certain industrialised countries inflation continues to give cause for anxiety; private investments are not being made at the rate expected—and necessary; unemployment and under-employment, hitherto attributes mainly of the developing countries, are beginning to reach worrying proportions—not only for those countries and their social climate, but also for the rest of the world.

Documents published by the OECD in July 1975 and December 1976 show that although the USA is currently experiencing a pause in unemployment figures at 7.8 per cent, the situation is different elsewhere: unemployment in France has doubled since 1973, more than doubled in the UK and Netherlands, almost tripled in the German Federal Republic and Australia, increased by a third in Canada and by two-thirds in Japan, has remained stable in Italy—or even decreased slightly in relation to the average for 1962-73. Only in Sweden has unemployment decreased after flaring up in 1973.

Unemployment and under-employment are not the only evils afflicting the poor and the under-privileged, as was stressed last year by some 1,300 delegates, governmental, employers and workers, who met from 4th to 17th June 1976 at the ILO in a World Employment Conference. These delegates recognised that the development policy for the coming 25 years, that is up to the year 2000, must consist fundamentally in satisfying the "essential needs" of the least privileged groups of populations. The conference believed that the increase of productive employment is a vital factor of this essential needs strategy aimed at procuring for each individual the minimum that he needs to feed, lodge and clothe himself, as well as basic community services, of which the most important is education.

We must add to this picture of our environment the dangers of pollution, the armaments race, the various conflicts—more or less latent—which compromise the chances of the peaceful inauguration of what we now call the New International Economic Order.*

*See Appendix 4: *Declaration on the Establishment of a New International Economic Order and Programme of Action on the Establishment of a New International Economic Order*, 1 May 1974.

Four weeks ago, in Mar del Plata, the recommendations of the United Nations Conference on Water underlined that the whole problem of water could not be resolved in the abstract, nor without a concrete expression of solidarity. In December last, in Abidjan, the Dakar Club launched an appeal to world solidarity. The necessity for such solidarity had already been forcibly pointed out in the warning issued by the World Conference on Employment, that if the attempts to transform economic relations, and consequently the social condition of workers, were to fail, our collective future would be very grim.

Such is our environment. It results in part from the business management methods which have predominated for several decades past. Alfred Sauvy characterised such management as the "Choice of Cruelty" which in our epoch works on the absolute principle of being indirect and whose progress is relatively invisible, therefore, irresponsible and unaware. Two terrible words, all the more so that this great economist continues: "It is through humanity that we hit the hardest. All blows are allowed, so long as they are not seen. Of all the causes of unemployment, the predominant one—if one dares say so—is the totality of measures taken to encourage employment. The moment employment is seen as an end in itself at a time when it constitutes the liability side of economic activity, then all forms of defeatism are allowed."

But the environment is also affected by the aim of such management, which tends to create new needs. It incites to cruder and cruder competition. Only those can expand who appear the most efficient on the international scene, and who benefit from monetary crises. If we speak today yet again of the crisis in society; if, by analogy with biology, we describe it as "unhealthy" or "sick", it is that everything is judged in

terms of monetary results which, ensuring economic power, sooner or later will confer also political power.

The organisation of effective social structures in this perspective happens of itself, in accordance with the objectives chosen. All that is necessary is to finalise juridical frameworks to ensure their perpetuation. But then, as Nicolas Berdiaeff wrote: "Arrived at that point, man will ineluctably renounce the supremacy of his spirit, his basic freedom, sacrificing them to the empire of necessity and becoming the plaything of the worst compulsions."

Here is where the scheme of the organisations which you represent comes in. It is true that the accumulation of capital, through drainage of savings, and its utilisation, through granting of credit, are a part of it. These are the objects, but only the objects, of your management. The latter changes its aim, its method, and consequently its nature, but by reason of its goal it is even more subject to the attacks of a fundamentally hostile environment. In daily life, what is a "management of service"? We say that co-operation is the daughter of necessity. And this management is the daughter of that mother, who has become the ordainer, the organiser, the one who has necessarily come to control her, in the sense in which F. Bloch-Laine uses the word, that is to give directives. Such management becomes a concept which co-operators develop in daily life. Its nature has no limits but those imposed on the physical, technical, social, moral and—why not?—the philosophical level. These limits are therefore ill-defined in time and space, varying with civilisations, societies, people. But everywhere this management observes, as a "trust fund", the postulates which Maurice Colombain analysed clearly in an article written shortly before his death.

To serve equitably in order to achieve greater solidarity and equality—where this

is possible—thanks to education, this management must obtain optimum returns, find its own ways of progress—taking due account of the limiting factors of which ultimately the most important is man himself.

The World Conference on Employment, to which I have already referred, laid down the principle of satisfaction of essential needs for everybody. What needs do thrift and credit co-operatives set themselves to satisfy every day? Are these needs essential, technical, artificial, superfluous, concerned with finery or simply the utilisation of means? To what extent are the new needs that they can or want to satisfy, really essential? The problem arises in many respects and on numerous occasions. It is not a case of rejecting progress, whose continuous creation is characteristic both of nature and of man. But, in certain cases, does not the accumulation of savings, a factor of progress, lead only to deferred consumption of non-essential goods, while its total could have been used to create infrastructures, which *were* essential? The “Co-operative Project”, to use the title of Professor Henri Desroche’s work, is primarily a project of the future. Are all the techniques and management methods utilised by thrift and credit co-operatives always to the point? Examples exist. The Desjardins Movement demonstrates this in its use, more and more generalised, of education by example. But what is the truly co-operative part of contrivances and innovations in the business of collecting savings and granting credit? I don’t want to say that there is none. But is each one here only cognisant of what somebody else has tried, tested, achieved, adopted, normalised, generalised and brought to the notice of members and non-members? What share of the budget, what proportion of the profit, are allocated to research and study in co-operatives? We read, and we hear more and more, also from non-co-operators, that the Co-operative Economy

itself is still a non-starter.

If I may permit myself to express a wish, it is that when the work of this conference is over, in every one of your institutions more and more measures will be taken, more and more resources will be appropriated, to research into the specificity of co-operative thrift and credit management, that it will be implemented and the results broadcast, so that the instruments of your management, in both their functioning and their evolution, shall at all times be understood by all those in whose service they operate.

For thrift and credit co-operatives are the instruments which must make it possible to pass from an assistance project to the redress of conditions as a first stage, then to growth, finally to development in the sense in which we now understand the word, a sense given to it on this Brazilian soil which now welcomes us by the Rev Father Lebrét when he studied between 1952 and 1954 the “Needs and possibilities of the State of Sao Paulo with regard to development”.

These instruments and structures do not spring automatically from the co-operative project. The juridical categories which govern co-operatives are often only incomplete outlines of a model whose end is not man. The pyramid, symbol of delegation, inscribed in all co-operative statutes, rising from the broad theoretical base of the assembly to end in a president—is that the sign of participative democracy? In the same way, by accepting the principle of the dual function, in many cases, does this not prevent them—however well intentioned—from fulfilling both properly? This framework eventually leads to neglect of one of the essential factors for the realisation of the co-operative project: the combination of individual creativity with the creativity of a group whose members have freely chosen each other and want to continue working together.

In this context, the weight of apparatus is set against the dynamism of the networks: the tension between the latter, which is a necessary factor of progress, becomes opposition which, in turn, paralyses the apparatus and prevents it from working as it should. Co-operatives (including those we call workers' productives), when they reach a certain size, have not resolved the problems posed by the "dual quality" of employers and employees. They have not abolished, within their own organisations, the "struggle of interests" which we call the "class struggle".

Within the apparatus and the networks, the components of these instruments, some personalities will naturally outweigh other individualities. And the all-round efficiency will suffer, reduced by all the potential which remains unexpressed and unrealised. There may even be a blockage of a whole group of individuals. Certain among them have created, then inspected, all the recesses of their enterprise. But, frightened by their own power and their own knowledge, they get to the point when all they desire is to turn it into a beautiful establishment for themselves, fixed—they think—for all eternity. Others turn in a circle, busying themselves in maintaining it, with no other idea than to keep the artificial in place. And when the boredom becomes unbearable, for both—even for all—then the instrument conceived with such care shatters. This is one of the causes of the repeated failures of co-operative movements.

The co-operative ideal is, above all, respect for others. But this respect cannot be shown, cannot even exist, if the instruments forged during the course of the development of activities and group management on the one hand, and of the information and training of individuals on the other hand, are in fact only masks, facades, and ultimately myths. Everybody knows the famous Parkinson's Law. It applies to every

structure which in reality is nothing more than a superstructure, cut off from its base, consequently incomprehensible, losing its significance, and that of its object and finally of its life.

Arrived at this stage the instrument no longer transmits any useful flow of information for a management governed by service. It can no longer compete with other institutions. On the contrary, it will drag others of its kind down in its fall.

It is not easy to analyse the cause of the trouble. It is equally difficult to choose the remedy, while there is still time to apply it. Here is where prevention comes in. Since we are dealing with bodies which have no other end but man, and consequently no end in themselves, prevention can only consist of the systematic multiplication of human relations. That is why this Conference seems to me so important, and why its promoters and organisers should again be congratulated and thanked. Because our present environment arouses fears for the future. What can we do to insure it?

We must at least tackle what can be rationally defined and freely chosen, although knowing that the irrational exists and is boundless.

The type of procedure which could be suggested is that adopted by Vassily Leontief and his team to carry out the survey on "The future of the world economy" requested by the United Nations.

He integrated 2,625 equations, and took account of 269 variables bearing on production, consumption, exchanges, capital movements, demography, protection of the environment, etc. But this was not the essential. Instead of operating his computer after obtaining all possible data on known and observable reality, and then extrapolating, his procedure consisted in first deciding on the required result, then working back from the future to the present, to define the most probable—and least costly

—means for achieving this within the period specified (also fixed beforehand): reduction by one half of the gap between the rich and poor countries.

We should also perhaps choose the same time limit, the year 2000. 1985 is now far too close even if, when that date was the limit, many people thought it was too far ahead and deemed that any projections made would be valueless.

If the inadequacy of those projections is now obvious, it is not for the reason most often stated: the too long term. On the contrary, it is because the period fixed, being too short, made it necessary to some extent to “follow the curve”. The “irrational” to which I referred earlier, was also ignored — which is always manifested through individual or collective decisions which cause havoc to any scenario. This is illustrated by the energy crisis. In short, if the term selected is too short, the imagination cannot play the role it should, either in the long or short term or in the daily routine.

There is an additional reason which pleads in favour of the 2000 horizon, which applies particularly to the thrift and credit sector. In fact thrift and credit are ultimately only a way of making the best use of time. Whatever the amounts, the rates of interest applied, the methods of collection and distribution, the guarantees offered or sought, thrift and credit are both a means and a method of anticipating the future by building it. And that is why thrift and credit co-operatives are, according to the direction which they give their own project, redoubtable management instruments. One is particularly aware of this in the rural areas. In that sector, in whom, in what, can one have confidence? In the rain which still falls how and when it wishes, ensuring or destroying future harvests, because we have not yet discovered how to direct it? In what has been built or ordered in the past and survives in the form of

buildings, of working stock, but whose exploitation depends partly on the market? In the harvested produce, even if it is in a good state of preservation, whose value depends—apart from what is required for home consumption—on that same market?

We have no real influence, or very little, on these elements, of which some are considered as “guarantees”. In fact the only confidence possible is in the period granted to man which will allow his industry, his imagination, his capacity for method and organisation, to turn to best account, in spite of everything, all that nature offers him.

Every plan, every action, every undertaking in the field of thrift and credit, for which the term set is not long enough, runs the risk of setbacks. That is why the only criterion of whether a credit was a good credit, is the fact that the borrower, having used it, finds himself in conditions and a position in all respects better than before he obtained it, or than if he had not done so.

In the same way, although the four series of problems on the agenda of this conference relate essentially to the present, it would appear fundamental that the work of this conference should give some place to the distant future.

* * *

Managing the Future

What objective, therefore, should we set, as from now, for the term of this millennium? It must be simple in order to be understood; it must mark progress which one can then regard as definitive; it must form the base for a new stage; but for all that it must not be too ambitious. For did not the objective assigned by the United Nations to V. Leontief consist in reducing the gap between rich and poor countries by one-half—not more?

Concerning thrift and credit co-operatives, one could consider whether the result

which they should set themselves to achieve in the year 2000 might not be simply to find out—on the one hand—about existing savings, in whatever form, which are undisclosed and hence neither utilised nor utilisable, impossible to take into account when drawing up plans for local, regional or national development; on the other hand—about the granting of credit taking place outside the normal obvious circuit.

Perhaps you will find this suggestion too ambitious or, on the contrary, inadequate and without much effect on the causes of the ills suffered today by hundreds of millions of human beings.

In the first case, the answer might be that the spirit of co-operation is capable of rising to the level of the obstacles to be overcome, and consequently of surmounting them if it is joined to the will to succeed and the systematic utilisation of all techniques now known and those to be perfected during the next 23 years.

In the second case, it should be stressed that the acquisition of knowledge, which implies enormous efforts of co-operation—and therefore of training—of an immense number of individuals working in groups, could have consequences for development perhaps not conceivable at the present time. For example, the elimination of the scourge of usury. It would become easier to satisfy the essential needs of millions of men and women. One of the causes of that other pernicious evil, inflation, would be progressively reduced because immense energies and resources would be liberated by the abolition of usury. The field left vacant by usury, or rather which it would be obliged to leave, would represent a natural area of expansion for thrift and credit co-operatives, and consequently the means of strengthening their position in the face of competition, and the obligatory path towards ever increasing efficiency.

This obviously implies that all the members of thrift and credit co-operatives must

become more and more conscious of the fact that their activities consist in using the cares and hopes of the past to create new hopes and new anxieties. That is the first aspect of “managing the future” which characterises the sector. To this dimension in time is added another in space: human and material resources, whether operational or not, become so in a framework which goes far beyond the immediate environment of this centre of “tele-management” which, whether it likes it or not, is entirely thrift and credit co-operative.

The members of thrift and credit co-operatives must also—and this will no doubt be the greatest obstacle—take account of one of the essential elements of banking alchemy, and especially must carry out surveys and research on this subject. In fact we now know, but only recently, that the instrument which it uses the most is out of true: accounting rules. This is serious enough when it comes to evaluating man-hours or tons of raw materials and products. But how much worse is it when we are dealing with money, that is to say, with something which cannot be measured today except by techniques which we know to be totally inadequate!

Thus, in a very general way, the contribution of thrift and credit co-operatives to development could be not only considerable, but totally different from that expected of them. Taking the form of participation in the developing of knowledge, they would help towards mastering the economic, to set it at last to the service of mankind.

In particular, they would make possible the broadening of human dignity. They would transform credit from an instrument of servitude to an instrument of liberation, and would allow every individual to make his own the remark by Mahatma Gandhi: “It has always seemed very mysterious to me that a man can feel honoured by the humiliation of his fellow-creatures.”

MONDAY 18 APRIL 1977

Mr A. A. BAILEY, Managing Director of the World Council of Credit Unions (WOCCU), acted as chairman for the morning session. The first speaker was Mr J. MEDEIROS whose task was to report on the activities of the members of the International Liaison Committee since the 3rd Conference. He was followed by the speakers on the first Theme.

Introductory Report

by Mr J. MEDEIROS, President of the World Council of Credit Unions (WOCCU)

1. The activities of the International Liaison Committee

It is just over 10 years since we formed the International Liaison Committee of thrift and credit co-operatives in the course of the historic Kingston (Jamaica) Conference in October 1966. I hope in this presentation to give a picture of the more important and outstanding events leading towards more effective co-ordination, more productive integration with co-operative financial mergers, and the co-operative financial transactions which have taken place in the international field during this decade.

First of all I would like to stress the improvements which have taken place in methods, expansion of services, and the recognition by co-operative thrift and credit organisations of the fact that we must provide for all the financial needs of our individual members. The most important development during the decade 1965-1975 is the realisation, on a practical level, within the co-operative thrift and credit movement, that an essential unity must spring from our diversity. From this unity we will gain the strength necessary to face the competition of the other powerful financial institutions, national and multinational, which grows more severe as co-operative thrift and credit institutions improve their efficiency, expand their services, and gain possession of a larger share of the consumer savings and credit market.

2. Integration and expansion of services in some industrialised countries

An outstanding example of the achievement of unity has been that of the Raiffeisen and Schulze-Delitzsch banks in **Germany**. While this was regarded as a monumental task in the early days of the decade, it has now been successfully accomplished. An earlier attempt at unification of the two rival national co-operative credit associations failed. The basis of the rivalry between the two West German groups was that the co-operative credit societies affiliated to the national Raiffeisen Association had their historical background in the country's rural areas while the Schulze-Delitzsch co-operative banks had always concentrated on services to urban business groups.

The results of the recent merger of the two associations have been dramatic. Cost effectiveness of the central co-operative banks in each of the individual German States has been significantly increased through elimination in most areas of competing co-operative banks. This means that the total number of co-operative central banks at state level has been reduced through mergers from more than 25 to 9. Additional mergers at state central bank level are under consideration.

A further benefit of the co-operative merger among these former rivals is the development of a broadly based national advertising programme which emphasises the movement's national unity and allows

the symbols of the associated and affiliated service organisations of the country's national co-operative credit system to receive wide publicity.

A second significant development is the merger now completed between the Raiffeisen Bank and the Boerenleenbank in the **Netherlands**. This has created a united national financial organisation which exercises considerable influence on commercial activities within that country. The national organisations in the co-operative credit field had been competing with each other because, historically, one had a Protestant and the other a Catholic background. Since the merger of the two national groups into the *Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.*—known by its contraction, RABOBANK—the ability of this Dutch financial co-operative to compete effectively has been vastly increased. A national co-operative central organisation—the Central RABOBANK—has emerged of which we can all be justly proud.

Two outstanding examples of the greater effectiveness achieved, include: the widespread national RABOBANK advertising programme, based on a campaign to make the name a household word throughout the nation; and the data-processing service enjoyed by the co-operative credit banks in Holland. *All* of the country's co-operative banks are on the same electronic data-processing system; batch-processing is available to each one of them, with input data collected by messenger at night and the updated records returned in the morning. Individual local RABOBANKS do not bear the direct costs for the data-processing; the expenses of the nationwide service are paid from income earned by the ordinary bank accounts maintained by individual co-operative banks with the national central RABOBANK.

As a result of the integration, mergers and co-operation to which I have referred, the *Deutsche Genossenschaftsbank* of Ger-

many has now extended its influence and operations beyond its national borders and has opened branches in New York, London, Hong Kong and Singapore; and the Netherlands RABOBANK is now in a better position to assist co-operative thrift and credit development in various other countries.

In **France**, the first co-operative thrift and credit organisations, inspired by Raiffeisen, were founded in 1884. Significant developments have also taken place there in the last decade. For example, between 1965 and 1975 the assets of the co-operative credit movement in France increased from US \$1 billion to US \$14 billion.

The *Union du Crédit Coopératif* has broadened its base of assistance to co-operatives through its financial services. Among the initiatives it has taken is the provision of full financial services to fishermen's co-operatives, including loans for equipment and housing. Its financial services also include loans for the promotion of housing, for motor vehicles and pleasurecraft, to assist the development of consumer co-operatives, to assist co-operative ventures by artisans, doctors and other professionals. Finally it operates continuous technical assistance programmes to increase the profitability of co-operative investments.

In **Canada** where the co-operative thrift and credit union movement in the western hemisphere was first launched by Alphonse Desjardins in Quebec in 1901, great strides have also been made in improving the variety of services rendered to members. Each *Caisse Populaire* remains a separate legal entity owned by the local members, and by means of their central organisation, *La Fédération de Québec des Caisses Populaires Desjardins*, they own and control several subsidiaries which embrace a wide range of services: members can now borrow for housing and many home owners finance their homes through loans from their *Caisse Populaire*.

Among the financial service organisations now owned by the Federation are the Société d'Assurance des Caisses Populaires, the Desjardins Mutual Life Insurance Company, Desjardins Co-operative Association, Desjardins Co-operative Institute, the Quebec Trust Company and the General Security Insurance Company of Canada. These organisations stimulate and promote the formation and development of various industrial undertakings within the province and enable individual members of Caisses Populaires in Quebec to participate in their development by investing part of their savings. Through these associations, all the financial services required by individual members are made available to them, including all types of insurance. To provide for the co-operative education of leaders and members—necessary for an understanding of the true aims of the Caisses Populaires—and for management training for all personnel working within the movement so that they may be technically competent, the Federation has developed the Desjardins Co-operative Institute in Lévis, Quebec.

The Canadian provincial federations, members of the National Association of Canadian Credit Unions (NACCU), have restructured their central organisations in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Nova Scotia. In each case, the central finance organisation, the provincial co-operative credit society, has established itself as the financial arm of the co-operative movement. Although its contributions come mainly from the co-operative responsible for capital accumulation, the credit union, its services are available to the entire co-operative movement. As in Quebec, these central co-operative credit societies now make available to their members, through the credit unions, the entire range of financial services from savings and loans to trustee services and pension plans.

One of the most significant elements, however, is the continuing dialogue between the Fédération de Caisses Populaires and NACCU, and NACCU's central financing organisation, the Canadian Co-operative Credit Society. From this relationship, closer co-operation should develop, which will lead to increasing opportunities for joint and/or shared services within the co-operative thrift and credit movement in Canada.

In the **United States of America** the Credit Union National Association (CUNA) is now the fastest growing financial system in that country. The assets of CUNA's member organisations increased from \$10.5 billion at the end of 1965 to \$38.5 billion at the end of 1975, and today amount to over \$46 billion. During the decade immediately preceding this conference, the growth of credit unions in the United States was up by 281 per cent, as compared with 193 per cent for savings and loan associations and 147 per cent for commercial banks. The share of the credit unions is 17 per cent of the consumer credit market in the United States.

Among the most recent innovations introduced by CUNA is the establishment of share drawing accounts. As was recently mentioned in the *US News and World Report*, "these novel deposits, essentially interest-bearing checking accounts, have proved enormously popular. Members who use these accounts are today numbered in the millions." CUNA is now working on the development of a national share drawing account system, which may lead to a national credit card programme.

Legislative approaches have already been made to the United States Congress to permit credit unions to:

- (a) recommend lines of credit to their members;
- (b) increase the maximum term for secured and unsecured loans;

- (c) remove the present limits on unsecured loans;
- (d) permit credit unions to make real estate loans, with terms of up to 30 years.

Among the organisations in the USA which support CUNA's efforts to provide a complete range of financial services for members are: the International Credit Union Services Corporation; the CUNA-DATA Corporation; the US Central Credit Union; the CUNA Mutual/CUMIS Insurance Societies.

3. Promotion of Co-operative Thrift and Credit Regional Organisations

As a promotion measure, CUNA originally set up an experimental Credit Union project in one of the countries of Latin America, prior to its extension to 12 countries in that region and the creation of the Latin American Confederation of Co-operative Thrift and Credit (COLAC), which in turn became the pilot regional organisation of Thrift and Credit Co-operation. Today the World Council of Credit Unions (WOCCU) is considering the development of a similar programme in other regions (Africa, Asia) through an international inter-lending programme to be supported by an international guarantee fund, whose implementation is currently the object of a study being carried out by the Committee for the Promotion of Aid to Co-operatives (COPAC). In the meantime WOCCU has subsidised financial and technical assistance for the African, Asian, Latin American and Caribbean Confederations, financed mainly by the credit union members of North America and the affiliated organisations of that movement.

Between 1965 and 1975, credit union membership in **Latin America** increased from 528,000 to 1,250,000, and assets from \$39 million to \$329 million. By far the most important development has been the limited success of the small farmer production

credit programme, initiated by COLAC and now being operated in 12 Latin American countries. The possibility of credit union loans for small farmers had been considered as a dream of visionaries in the movement; now those same visionaries foresee the day when the international credit union movement will finance production loans for members of co-operative thrift and credit societies the world over.

The success of this international inter-lending programme for production credit, on which detailed information was presented at the Third Conference, has been mainly due to four factors:

- (i) Expertise in the field of international finance was made available to COLAC through the affiliated organisations of WOCCU, in particular the International Credit Union Services Corporation and the Credit Union National Association of the United States.
- (ii) The programme was carefully pilot-tested on a limited basis in one country in order to gain the necessary experience to enable the promoters to proceed with confidence in expanding the programme to other countries in the region.
- (iii) It was considered that the central financial bodies of the COLAC national federations which participated in the programme had acquired experience in interlending at national level. They had successfully managed their internal capital resources, as regards loans and savings, and had thus acquired a certain creditworthiness prior to any introduction of external funds.
- (iv) Every loan proposal was judged on its economic value, according to:
 - the efficiency of the central financial organisation;
 - the effectiveness displayed in its granting of loans and its pre-

- vious collections record;
- the increase in productivity already achieved through improved agricultural methods made possible by such loans;
- insistence on an economically viable or open market interest rate.

The amount of external finance which has been made available and successfully utilised by COLAC in this international interlending programme exceeds \$16 million.*

Voluntary co-operative thrift and credit in **Africa** has been mainly under the auspices of the African Co-operative Savings and Credit Association (ACOSCA), whose assets increased from approximately \$1 million in 1965 to \$44.5 million at the end of 1975. During the same period the number of national federations served by ACOSCA increased from 9 to 27. There are at present three small farmer production credit programmes, being run as pilot projects similar to those carried out in Latin America. ACOSCA has prepared a comprehensive five year development plan involving the participation of 25 governmental and private development agencies. Total cost of the plan is \$9.19 million of which \$4.77 million will be provided from African and \$4.69 million from external sources. At the end of this five year period, the national federations of ACOSCA will be 51.9 per cent self-sufficient. ACOSCA will be celebrating its 10th anniversary at the Kenyatta Conference Centre in Nairobi during the week of 21st-27th August 1978.

In **Asia** the Asian Confederation of Credit Unions (ACCU) now services nine Asian countries. Total assets of credit unions in these countries amounted to \$6.5 million at the end of 1965 and \$45 million at the end of 1975.

*Mainly within the framework of the "Alliance for Progress" launched by President J. Kennedy's Government and US-AID.

Growth and development of the co-operative credit union movement continues in *Australia*, where the state legislatures have recently become aware of the need for specific legislation to protect the credit union movement which by the end of 1975 had over US \$800 million in assets. The Parliaments in Queensland, New South Wales, Victoria and Southern Australia are all now engaged in the consideration of legislation for the promotion, protection and supervision of the more than one million credit union members in Australia.

One of the largest, most experienced co-operative credit organisations in the world is in *India*. This movement has had the benefit of three intensive studies carried out on its co-operative agricultural credit programme under the auspices of the Reserve Bank. India also has a large urban co-operative thrift and credit programme for wage earners, which is self-financed and comprises several progressive co-operative banks which serve these wage earners. Yet India faces considerable difficulties due to the number of small farmers who are in need of co-operative thrift and credit facilities. Where the units for application of co-operative savings to production are large, co-operative credit systems are very successful, as in the State of Maharashtra. To tackle the problem of the need for small farmer production credit, Indian commercial banks were persuaded to set aside a certain percentage of their investment portfolio for agricultural production credit. The result of this experiment is being closely watched by the rest of the world, which could well learn from this Indian initiative.

In *Japan* in 1975 the Central Co-operative Bank for Agriculture, Forestry and Fisheries, which is the sole national organisation in the agricultural co-operative credit field, had deposits of approximately US \$9.5 billion. Deposits with primary agricultural co-operatives amounted to

US \$43 billion, and with prefectural credit federations to US \$21 billion. The share of outstanding loans to the agricultural, forestry and fisheries sector by co-operative banking institutions (primary agricultural co-operatives, credit federations of agricultural co-operatives and the bank) was 77.5 per cent in 1974. When the additional 13.7 per cent granted by governmental banking institutions such as the Agricultural, Forestry and Fisheries Finance Corporation is taken into account, it can be seen that more than 90 per cent, or almost the whole, of credit in this sector was provided by co-operatives and the governmental institutions for most of which co-operatives act as agents. The Central Co-operative Bank, which initially had part of its capital subscribed by the government, no longer has any government share capital, all its shares now being owned by its member co-operatives numbering 12,000.

4. International Bilateral Co-operation

On the international scene it is gratifying to observe the much higher level of financial and technical resources being made available by the major co-operative institutions as well as by governments and private foundations. Among those which deserve special mention are: the RABOBANK foundation and the Dutch social development foundations which have supported projects in Ghana, Uganda and Indonesia; the co-operative thrift and credit institutions and foundations in Germany, which have increased their support to projects in Africa and Asia; the Swiss Raiffeisen banks which have participated in a government-sponsored programme in Rwanda; the French *Crédit Coopératif* and *Crédit Mutuel* which have promoted programmes in Ivory Coast and Upper Volta; the National Association of Canadian Credit Unions (NACCU) and the *Fédération des Caisses Populaires Desjardins* which have joined in a vast programme aimed at the African continent and at countries in other

parts of the world.

In the area of risk management and security, the ICA Insurance Committee has been conducting several studies and has provided technical assistance and guarantees leading to the provision of insurance in developing countries. The credit union insurance companies—the CUNA Mutual Group—have assisted with the provision of risk management training and security guarantees in 58 countries where credit unions exist. They have adopted a very flexible policy in the provision of services to developing areas; in addition to direct insurance services, they also make alternative recommendations to suit the national associations and federations. The CUNA Mutual Group co-operates in developing self-participative programmes and also provides various insurance services to the members, including assistance in organising their own societies. The flexibility of the services provided is of great value in the development of programmes in these countries. The insurance revenue provided by each country remains in that country, so that the insurance programme benefits both the local credit union movement and the country itself.

5. Multilateral Intergovernmental Co-operation

I must also mention the invaluable assistance provided by the intergovernmental organisations, particularly the specialised agencies of the United Nations, the Food and Agriculture Organisation (FAO), the International Labour Organisation (ILO) and the United Nations Development Programme (UNDP). These have all continued their intensive study of the technical problems affecting Co-operation in all its forms, including thrift and credit, in many countries and have contributed mainly through the financing of technicians. The UNDP, through its special fund, has also provided financial assistance to co-operative thrift and credit institutions.

6. Multilateral Co-operation between Co-operatives

Twenty-eight national leaders of co-operative thrift and credit organisations from the five continents met at an International Round Table sponsored by the Fédération des Caisses Populaires (Canada) in October 1976, to discuss the role of co-operative thrift and credit institutions in economic and social development.

The International Liaison Committee is also to be congratulated for studying one of the main problems facing the co-operative thrift and credit movement at a Symposium which it sponsored at Bischenberg on the theme of "Savings and Inflation".

7. Prospects for the Future

Turning to the future, I believe that the World Council of Credit Unions can look forward to increasing effectiveness with regard to the co-ordination, integration and sharing of services, the greater diversity of which will broaden opportunities for co-operative thrift and credit organisations to gain mutual advantages from such joint or shared services.

The growing desire for more formal arrangements to take greater advantage of the financial strength created by our unity, will lead to the development of international services and the formation of appropriate *ad hoc* structures within our organisation. WOCCU itself is moving towards closer association with the world's co-operative thrift and credit agencies. We are now members of the International Co-operative Alliance. We continue to participate in COPAC, and we look forward to taking part in the creation of, and support for, the international interlending programme and the international guarantee fund currently being examined by COPAC.

Finally this Conference can draw very great encouragement from the Resolution (A/31/343) adopted by the 83rd Plenary Meeting of the United Nations General

Assembly on 30th November 1976, part of which states that the General Assembly,

Recalling the Declaration and the Programme of Action for the Establishment of a New International Economic Order and the Charter of Economic Rights and Duties of States,

Recognising that the expansion of the co-operative movement in the promotion of social and economic progress is closely linked to structural and institutional reforms which, *inter alia*, aim at equitable distribution of income, popular participation in the development process and equality of opportunity to contribute to and benefit from the fruits of development,

Bearing in mind the positive experience which many countries have already gained in implementing agrarian reforms and in promoting the co-operative movement and which would be conducive to the establishment of the new international economic order and to the realisation of the objectives of the Second United Nations Development Decade,

1. *Recognises* the necessity to pay due attention to the international exchange of experience in the growth and further development and diversification of the co-operative movement;
2. *Invites* Governments and relevant specialised agencies to report to the Secretary-General on their experience in promoting the co-operative movement and in building the necessary socio-economic infrastructure for it;
3. *Requests* the Secretary-General, in co-operation with Member States, to submit to the General Assembly at its thirty-third session, through the Economic and Social Council, a report on their national experience in promoting the co-operative movement and on the results so far achieved by international co-operation in this field;
4. *Decides* to include in the provisional agenda of its thirty-third session the item entitled "National experience in achieving far-reaching social and economic changes for the purpose of social progress" and to

consider under this item the report of the Secretary-General on national experience in promoting the co-operative movement.

The problems which we will be considering at this conference and in our Liaison Committee are difficult ones, yet greater dangers face our economic communities if these problems remain unsolved. This thought should spur us on to redouble our vigilance, to continue our examination of these problems, to overcome the obstacles and to surmount the difficulties. We can provide the technical expertise and know-how to areas which need them, which will in time produce the creditworthiness which

must precede any interlending programme. We are confident, on the strength of our twenty years' experience in promoting voluntary thrift and credit co-operation, that this creditworthiness can be attained by those whom we most desire to serve. The efforts we apply with regard to the objectives and goals of our international co-operative thrift and credit organisations will ensure their achievement. "The real test of our progress must be, not whether we add to the abundance of the industrial nations which already have so much, but whether we help those less developed countries which have so little."



1: Thrift and Credit Co-operatives as a Response to Specific Needs, New Needs and the Needs of the Very Poor.

Mr. Armando Teran Morales,
General Manager, Latin-American Confederation of Thrift and Credit Co-operatives (COLAC)

Some problems solved in the rural zones

Thrift and Credit Co-operatives which first took root in the urban zones are developing more widely in the rural areas. Where promoted by COLAC, they work essentially—if not solely—with small farmers to satisfy the most urgent needs of this group, i.e.:

- (a) mobilisation of savings (45 per cent of the US \$211,885,299 currently mobilised in Latin America comes from the rural areas);
- (b) organisation of credit in the rural areas where there are no banks, with US \$16,000,000 of supplementary external assets (loans): it is important to note that the greater part of these loans are loans for the purpose of increasing production—by purchase of land to provide stability for the small proprietor, by purchase of fertiliser by the co-operative and sale to its members, etc;
- (c) increased production has led thrift and credit co-operatives to assist with the marketing of their members' produce;
- (d) the federation of these activities also helps to finance the local infrastructure: (1) materially: roads, bridges, electric light, schools and dispensaries; and (2) socially: since the practice of co-operation requires improvement of administrative cadres, while leading to the exercise of democratic management at local level.

New Needs

As the more urgent needs effectively find a solution, other needs appear which the co-operatives are also trying to satisfy.

- (a) the need for a central marketing organisation able to guarantee to the small farmer a minimum price for his produce;
- (b) the need to move towards industrial processing of produce in order to increase the added value generated in the rural areas which benefits their population;
- (c) greater rationalisation of production, in the framework of national development plans . . .
- (d) . . . and hence the need for adequate co-operative representation on the relative decision-making bodies at national level;
- (e) systematic purchase of land to provide stability for peasant life;
- (f) better organisation of training programmes in co-operative management;
- (g) more specifically, the setting up of statistical and accounting systems to allow better monitoring of the results.

Dr Diva Benavides Pinho, *Faculty of Economy and Administration, University of Sao Paulo*

Historical background

The speaker commenced by recalling the various stages in the development of thrift and credit co-operatives in Brazil:

- (1) 1908—creation of the first Raiffeisen Rural Savings Bank in the State of

Rio de Janeiro, followed a year later by another in Rio Grande do Sul, and later by others, all of them uniting German and German-Brazilian settlers; these credit co-operatives, with *unlimited, solidary and personal responsibility* of all members involved in commitment to the society, found a favourable socio-economic environment mainly in Rio Grande do Sul.

- (2) Later, under the influence of Italian immigrants, *limited responsibility* credit co-operatives of the Luzzatti type appeared and developed in the South and South-East of Brazil.
- (3) From 1960 onwards Credit Co-operatives in Brazil, faced with the need to restructure forced on them by the federal government's political and financial requirements, began to decline; Raiffeisen-type co-operatives were considered non-viable, Luzzatti-type co-operatives were accused of distorting their co-operative aims. However negotiations begun in 1959 led, with technical support from CUNA, to the creation in 1961 of the first four Thrift and Credit Co-operatives which later joined to form FELEME (South-Eastern Federation of Mutual Thrift and Credit Co-operatives). In 1976 FELEME had 204 affiliated co-operatives, 70 in Sao Paulo, 67 in Rio de Janeiro, 55 in Minas Gerais and 12 in Espirito Santo (Source: *Integração* (FELEME) Vol. 1, Jan/June 1976 p. 37).

Thrift and Credit Co-operatives Today

Thrift and Credit Co-operatives are still associations of individuals and not of capital, whose aim is both educational and economic. In accordance with existing law they are private financial institutions which require authorisation from the Brazilian

Central Bank before they can operate (Law 595 of 1964) and remain subject to its control.

Current legal provisions concerning capital, liquidity, loans, and non-judiciary interventions and liquidations, as well as a series of prohibitions, can be regarded as very restrictive. In general terms, the principal obstacles preventing the spread of thrift and credit co-operatives can be stated as follows:

- (1) Rigid official regulations, aimed at limiting the operations of mutual thrift and credit co-operatives strictly to the financing of members, and barring them from any complementary functions;
- (2) Confining the activities of mutual thrift and credit co-operatives to persons in the same professional group, in a predetermined geographical area, which restricts the activities of these co-operatives to urban or industrial centres since it makes it more difficult for them to spread in small towns, villages and rural areas;
- (3) Lack of concentration of funds in a central organisation with redistribution of funds to affiliated co-operatives; lack of transfer operations in connection with third-party income, in spite of legal authorisation;
- (4) Inflationary deterioration in the operational capacity of funds, as index-linked taxation has not been authorised for co-operatives;
- (5) Members are not attracted to co-operatives, due to the rate of interest paid on fixed-term deposits (maximum 12 per cent per annum, without indexation, credited to members on condition that the earnings of the co-operative for the same reference period show a like

minimum increase) especially when compared with the rate of interest and the indexation offered by, for example, savings banks;

- (6) Lack of interest by co-operative members in voluntary deposits which do not receive interest or any protection against erosion due to inflation;
- (7) Lack of knowledge of the advantages of Credit Co-operation and of the techniques necessary for its functioning, combined with the weak associative tradition of Brazilian workers;
- (8) Lack of regular savings habits and education in money matters of most of the Brazilian population;
- (9) Low income level of most of the Brazilian population;
- (10) To these obstacles must be added others arising from the high level of illiteracy in the under-developed areas; the low population density over vast areas (such as for example the Amazon); the paucity of transport and communications etc.

Many of these obstacles could be overcome in the short or medium term if the public authorities were to relax some of the more restrictive regulations.

Dr Christopher E. Baker, *Credit Union National Association of the USA (CUNA)*

Small Farmer Production Credit Programmes

Dr BAKER wanted to show that the joint efforts of CUNA, the US Association for International Development (AID), and the World Council of Credit Unions (WOCCU), as well as of ACOSCA and COLAC, to promote the special programme of co-operative production credit

for small farmers, constitute a basic and important answer to the "needs of the very poor".

While he agreed that the main objectives of such a programme must be to reach the largest number of small farmers possible, recent studies have indicated that policies of low concessional interest rates have tended to have largely negative consequences: interest rates which do not cover administrative costs, nor enable an institution to increase its loanable capital, have been found to weaken the entire structure of credit programmes, thus endangering the autonomy of the organisation on the one hand, and the long-term continuity of operations on the other. He suggested that the practicable rate would be 20% or higher, which is in any case preferable to the 50% or more charged by local usurers.

Mr Claude Beland, *Fédération des Caisses d'Économie du Québec*

Mr BELAND recalled the peculiarity of these co-operative savings banks, in that their members share a common professional background and generally a common workplace and a common employer, resulting in:

- greater mutual knowledge of each other, of living and work habits, of each other's "moral standing" but also of each other's needs;
- special operating conditions: regular deductions at source from salaries for savings and repayments, in addition to the fact that "moral value is the guarantee for repayments".

Mr Beland underlined the collective dimension and the social meaning thus restored to earnings: "salaries earned individually are grouped together in the co-operative, providing a balance between those with a surplus to dispose of and those in need . . . workers with the same employer

know that collectively they are earning money which is accessible to them in its entirety to meet specific individual needs and the needs of the poorest (among them).”

But the Caisses have recently had to face “simultaneous collective needs” of two kinds:

- (1) rapid technological developments producing new and highly competitive methods of administration: telegestion, live systems etc, requiring in their turn high concentrations of capital to make them accessible and profitable;
- (2) social problems affecting whole groups: cyclical unemployment and conflicts causing work stoppages, resulting in massive simultaneous applications for loans.

The Caisses have responded to these problems and new needs:

- (1) by concentrating their financial administration in a secondary organisation, the Federation, with modern methods and equipment;
- (2) by the maintenance at the workplace of a savings-bank or activities centre where members of a group are assigned to well-defined duties with regard to organisation, education, co-operative activation, recruitment of new members, etc.

Mr Aron Monin, President of the Argentine Federation of Thrift and Credit Co-operatives

Mr MONIN commenced by indicating that Argentinian Co-operation did not escape the “inexorable socio-economic law” whereby Co-operation is constantly gaining new followers and is asserting itself

among statesmen, economists and sociologists as a solution which deserves consideration, a law recognised and confirmed by the President of the French Republic at the 26th ICA Congress held in Paris (1976): Valéry Giscard d’Estaing not only recognised “the intrinsic value of co-operative ideas and praised their achievements, but he also made an eloquent appeal for Co-operation to give active support in the task of building a more just world economic order”.

Mr Monin then recalled the stages in Argentina’s co-operative development:

- setting up of the first Argentina co-operative (the Argentina People’s Bank) in 1887, with a second in 1889—both in urban surroundings and based on the Rochdale Principles;
- then the development of co-operative rural credit, agricultural activities at that time constituting the main sector of the Argentinian economy; for this reason also the first specifically co-operative legal dispositions concerned rural credit;
- finally, in the current stage, the rural/urban distinction has become blurred, in view of the extraordinary progress of urban credit co-operatives and the decentralised functioning of credit co-operatives operating in small localities closely linked to the rural environment.

The law which came into force in 1973 confirmed the orientation of the preceding law so far as it concerned member/users, as well as the aims of credit co-operatives, “organisations based on personal effort and mutual aid whose purpose is to arrange and ensure the provision of services”. Argentinian credit co-operatives are truly service organisations; their lending benefits “small entrepreneurs, small producers, professionals, craftsmen, employees, work-

men, and individuals and organisations working for the public good or non-profit-making". Addressing themselves "to certain social classes—the most vulnerable and the weakest"—to satisfy their needs (without forgetting the middle sectors of the economy), they act as a genuine people's bank and also prove that they are following "the rules set by the great pioneers of credit co-operatives—Schulze-Delitzsch, Raiffeisen, Luzzatti and others".

Today they serve 2 million members (as against 6 million members for the whole Argentinian co-operative movement and a total population of 25 million inhabitants).

Argentinian Thrift and Credit Co-operatives specialise in short term credit (generally 10 months), ranging from the "indispensable credit for the normal and flexible operation of an enterprise (to the) normal demands of families and households".

"The rate of interest is set by law. For credit banks the interest rate is set by the Central Bank of the Republic of Argentina and for other credit co-operatives it must not exceed the rate set by banks operating in similar fields, in accordance with the provisions of the general law dealing with co-operatives, Law No. 20337". However we must not forget that at the end of the exercise, the exact cost of the financial service provided has been established.

"The exercise of this credit function is made possible through various sources of income available for loans. In most cases the principal source is by way of current accounts which do not pay interest and on which account holders draw endorsable bills of exchange which are, in practice, true 'co-operative cheques'. Although my purpose is not to go into detail concerning the new system of financial organisations in my country, I think it useful to state that, within this new system, it will not be pos-

sible in a year's time (this may be extended to two years in special circumstances) for credit banks to operate current accounts. However, the option to become co-operative banks is open to them, and in this case they will be able to carry out all the operations of a commercial bank . . . We are impatiently awaiting the putting into operation of legislation which has just been sanctioned, which will make possible the practical application of the system adopted. It is obvious that to set impossible conditions—such as making the minimum capital too high—would make the transformation of our savings-banks into co-operative banks illusory, although theoretically possible.

"Nevertheless our co-operatives will retain the faculty of deposit accounts of two kinds: savings accounts and fixed-term deposits. These two can stimulate the desire to save of those people who can put aside part of their resources for a certain period, while at the same time providing these organisations with the financial resources necessary to fulfil the credit function, which is their purpose. Thus, on the practical level the noble principle of mutual assistance, which is fundamental and the ethical basis of the co-operative system, becomes possible and effective."

In spite of this, the Argentine Federation of Credit Co-operatives does not consider that the creation of a Co-operative Bank represents the ideal solution; the Federation believes that "the present organisation of credit co-operation in Argentina, based on societies operating in a decentralised manner and in close touch with local needs, is the most appropriate form to satisfy the needs of the social classes they serve, whereas banking structures presuppose a process of concentration which is rarely compatible with this aim. We made our position publicly known shortly after publication of the text of the new law."

Mr Giancarlo Buscarini, General Manager, Istituto di credito delle casse rurali ed artigiane (ICCREA), (Italy)

1. Introduction

Within the framework of the exchange of experience which forms the wealth of this conference, Italy presents the paradox of a situation which should be of interest to both industrialised and so-called developing countries, since Northern Italy is industrially advanced while the South has vast areas of under-development. In addition, the demand for co-operative development is strong at present, but more difficult to satisfy than in other western countries for two reasons: (1) following its rapid growth between the end of the 19th century and the 1920s, Italian co-operation then came to an abrupt stop due to historical and political causes; (2) during the first thirty years of the Republic, the political forces were indifferent to the development of co-operatives, an attitude which is now changing.

The Italian experience could well be useful to those countries where co-operation has not yet asserted itself, as an example to their governments of the damage caused by lack of appreciation of the co-operative role in effecting more rapid social and economic development with grassroots participation; but it could also be useful to economically advanced countries where co-operation represents a significant economic force since in those countries/co-operatives, in their attempts to attain higher levels of efficiency, aim at greater size and succeed in losing some of their essential aspects, especially the educational aspect which makes Co-operation the instrument of education for democracy.

2. After World War II: from Development to Crisis

The immediate post-war period was

marked by the rapid growth of the manufacturing industry, the liberalisation of trade, allowing the import of essential raw materials, the increase in the number of private enterprises with advanced technology, industrial complexes in fact, an integration with western capitalism with increased consumption and massive state participation in the economic process, the whole approximating to the Keynesian compromise between capitalism and democracy, and directed "from above" with the State guarding the interests of the whole community.

In this context, with social relations in industry remaining unchanged, the trade unions used their increasing strength to obtain higher salaries as well as to improve their own power position in the enterprise. But they were not able to stimulate the consciousness of the workers on questions of management and entrepreneurial efficiency, and maintained their somewhat irresponsible role of defensive solidarity, of which the development of absenteeism appears one of the manifestations.

However from the 60s onward, the limits of the system became apparent and there were signs of decline: modernisation and concentration of power in the large enterprises and industrial complexes, marginalisation and dependence on the part of small and medium enterprises; an increasing gap between the industrial development of the North and the under-development and stagnation of the rural South. The tensions latent in such a system—which gave no room for initiative to small groups, such as co-operatives—made themselves felt little by little, leading to the crisis: inflation, the weakening of social and cultural values, etc.

3. The essential needs of modern society: the demand for co-operation

But positive tendencies seem to be springing from the crisis. The principal and fundamental demand being made today is

that the evolutionary problems should be faced rationally, not allowing developmental impulses to run riot but channelling and controlling them within a long-term strategic plan and an economic programme which will encourage social awareness. In addition to the forces of private enterprise and the trade unions, other social forces—especially the co-operative movement—must join in defining this strategy and set the direction for this programme.

This means that democratic pluralism must be maintained, grassroots participation must be supported by encouraging solidarity and the co-ordination of collaboration: this means that participative mechanisms and instruments must be researched and improved, which will create the basis for a new development model.

That is the way to protect the weaker and most backward social strata, by shielding them from irresponsible tendencies and ensuring their moral and material protection and promotion, aimed at the removal or lessening of class differences. Therefore the role of small and medium enterprises must be re-evaluated from the human aspect, partly because in these difficult times they have shown an unexpected capacity for action and have not proved at all inefficient where saving the economy in general is concerned, and partly because in such enterprises it is easier to satisfy the demands for participation and self-management which are becoming more and more pressing in all countries.

But this must be done by encouraging the links between them, thus eliminating or at least lessening the negative consequences of excessive fragmentation in the production system, and also allowing the smaller units to take advantage of economies of scale and technological progress, as well as integrating their activities in territorial and national economic planning.

So we have a well-defined answer to deal with the crisis which is affecting the liberal

economies dominated by capitalist enterprise (forced to seek participative formulae which at best call themselves co-management), and the collective economies (harassed by unrest and alienation of the worker). The adoption of such a strategy would also meet two other fundamental demands of modern society:

- a more balanced development of the sectors which the dominance of industrial expansion has left behind and in which—for precisely this reason—operations are on a limited scale: agricultural, artisanal, retail trade, etc.
- the revitalisation of the peripheral zones (in Italy, the whole of the South and the islands, and the rural and mountain communities), which would not only restrain the affluence of the towns and the massive and indiscriminate exodus from the country areas—which is at the root of much social tension—but might even reverse the trend.

The co-operative model today has thus acquired new and topical value, since it provides tested solutions to the various problems presented by social and economic evolution. Its slow but sure action is due to certain specific factors, as follows:

- the discovery of the associative formula by the intermediate strata of society who have traditionally chosen the path of individual commitment and who now find in association the possibility of reconciling the aspirations of autonomy with the increased demands in the modern economy for rationalisation and efficiency;
- the rediscovery of Co-operation by the political forces which have realised the contribution which Co-operation can make to strengthening participative democratic institutions; as Mr Giscard d'Estaing said in his inaugural address to the 26th Congress of the Inter-

national Co-operative Alliance (Paris, 1976): "The co-operator is not a man who remains passive, who leans on others. At a time when it is general for men to try to unload their responsibilities on others, and particularly on the State, the Co-operative Movement offers a positive conception of responsibility."

—finally, the maturation of the co-operative movement which has consciously chosen the path of inter-sectoral integration, the creation of higher level associations and consortia, which allow co-operatives to widen their activities, raise the management level of their enterprises and increase their production efficiency.

However, co-operative development in Italy is still somewhat restricted by certain negative aspects which have not yet been resolved, including the lack of adequate legislation and limited access to capital.

4. The specific role of Co-operative Credit

The most important function of Co-operative Credit is probably in connection with the need of co-operatives for access to credit and for channels of relief funding.

In Italy the first generation of thrift and credit co-operatives, the Raiffeisen-type rural banks, were not able to operate a credit policy which would encourage co-operative development. In fact, the legal provisions of 1937—still partly in force:

- oriented the rural banks primarily towards agriculture and handicrafts, to the detriment of the other sectors such as building, small business, etc.;
- did not include credit co-operatives within the framework of co-operative legislation, but subjected them instead to the banking laws of 1936, thus placing them in the ordinary banking credit system which is profit-oriented, instead of in the co-operative system which is service-oriented;

—finally, discouraged the tendency to form federative structures and to integrate with each other (the Central Institute of Rural Banks, ICCREA, was not formed until 1963), which also delayed joint interventions by credit co-operatives and the central credit organisation, which alone can meet the needs of co-operative enterprises.

It should also be noted that the diffusion of credit co-operatives is insufficient, in view of the fine network of co-operative enterprises engaged in production and services: in 1974 Italy had only 643 credit co-operatives as against a total of 80,466 co-operatives (as compared with the world proportion of 266,463 to 657,815, according to ICA statistics). Today however the Rural Banks with their central body (ICCREA) administer almost 4,000 billion Italian lire (2.6 per cent of total national savings), while powerful secondary and tertiary mechanisms have developed and there is growing collaboration with the other co-operative sectors. The fact that in 1975 the national president of the rural banks, Mr Enzo Badioli, assumed the presidency of the largest Italian co-operative organisation, the Confederazione Co-operative Italiane, with 13,620 affiliated co-operatives in various sectors (consumer, agriculture, production and labour, building, etc.) is not without significance.

Finally the fiscal and political authorities have presented a draft law to Parliament which would raise the 1966 ban on the creation of new credit co-operatives, and would give the banks the possibility of becoming a genuine banking system for the co-operative movement, avoiding the profit rationale of the ordinary banking system with its vertiginous rise in passive rates and consequently in active rates of interest.

It should also be emphasised that the latter, while it supported and encouraged the industrialisation of the country, has never done anything to correct its negative

aspects (sectoral and regional imbalance, etc.). The co-operative credit movement has always opposed this way of conceiving and exercising the banking function: it does not seek for gain; it does seek for profit for operational development, for the constant improvement of its organisational efficiency, but it links this profit to the promotion of social objectives. It operates the banking function as a *service*, which meets today's needs. Its distinctive factors are essentially:

- to preserve and safeguard democratic management, bearing in mind the function of participative education which is incumbent on every co-operative organisation;
- to guarantee to its members a low-cost credit service, which will assist their economic initiatives (which is why the rural banks were the only banks in Italy to refuse to follow the general tendency of increasing active interest rates, which would have compromised the interests of both members and clients);
- to preserve the qualities of speed and opportuneness of intervention, avoiding bureaucratisation of its organisational machinery and preferring the unicellular dimension of the bank to an articulated dimension of several counters and branches;
- to give adequate importance to personal, rather than more formal, guarantees, placing the value thus on the effective capacity of the operator and the validity of his proposed initiative, rather than increasing the flow of credit to those who already have a solid patrimony;
- to give priority to serving—at the operational level—the social and economic categories which find difficulty in obtaining credit with other banking sectors.

The other salient features of the present role of the co-operative bank derive naturally from these points:

- the fact of being able to represent the instrument which will encourage, among the less affluent social strata (and especially in the under-developed regions) the appearance of the spirit of enterprise and of the impulse towards association and participation; to represent, in fact, the instrument not only of protection of their interests but also of their political, cultural and psychological maturation;
- the fact of the credit co-operative being the most suitable credit organisation to meet the demands not only of individuals and their families, but also of certain sectors in which small and medium enterprises tend to predominate, particularly because it can encourage within such enterprises organisational and operational co-ordination, i.e. the use of the co-operative formula to rationalise activities and achieve higher levels of efficiency within the enterprise; this at a time when Italy has great need of this co-operativisation process, especially in the agricultural, distributive and building sectors, whose unsatisfactory functioning is largely due to the dismantling of production units;
- the fact of being able to constitute, in local economies, a “global” promotional instrument able to give the local situation a line of economic and social development which is more autonomous vis-a-vis external conditioning; thereby to some extent helping to slow down, or at least make less chaotic, the process of de-ruralisation and the flight from the peripheral communities which have weighed so heavily on social conditions in Italy in the post-war period.

5. Operational Lines for Credit Co-operation

- (i) Credit Co-operation must establish the basic structures of a financing system for specific productive sectors and certain types of enterprise, and must participate directly, in conjunction with the traditional banking system, in the definition of territorial credit policies as well as in the programming of investments.
- (ii) The Credit Co-operative Movement must also rationalise, structure and institutionalise all the means of credit at its disposal, in order to form an autonomous, inter-cooperative financial circuit that will liberate the co-operative movement from the conditioning imposed on it by external credit and the ordinary banking system.

The structural disposition of an inter-cooperative financial circuit could make use of some channels which have hitherto been little used, inter-cooperative revolving funds, supplementary pension funds, co-operative insurance companies and collective guarantee funds. It would be possible to stimulate the setting up of financing organisations by the rural banks and the co-operative sectors which could usefully complement the work of the credit co-operatives, by granting longer-term credit, leaving the allocation of short-term credit to the latter. It would naturally be essential to strictly define the operational framework of these organisations which could—particularly if linked to the functioning of sectoral or inter-sectoral co-operative consortia—represent a highly effective method of providing, organically and globally, the credit which the co-operative movement needs.

- (iii) Finally it is necessary that the system envisaged should enlarge its framework of operations from the regional and national level to the international level and thus be able to

promote interrelations between the co-operative credit organisations of various countries, i.e. the gradual international integration of the national co-operative movements.

Some initiatives have already been taken to this end, as we know, especially within the framework of the European community, but I would like to draw your attention to the fact that this path is trodden with little conviction and that nothing at all is being done to encourage its rapid expansion from a restricted group of countries to all those who might be interested. However I firmly believe in its validity for the future, not only for economic reasons but also for reasons of a more substantial nature, for the development of Co-operation throughout the world and above all in the so-called “emerging” countries.

6. Conclusion

I conclude by hoping that this strategic plan for the development of Co-operation, of which the rough outlines are already appearing in Italy in response to demands for the growth of society in justice and democracy and in which the contribution of the co-operative banks appears to be a determining factor, may achieve a parallel formulation and realisation in the international sphere through the co-ordinated efforts of all the national credit co-operative movements, for the growth of every country in justice and democracy.

Mr B. S. Vishwanathan, *President, National Co-operative Land Development Banks Federation (India)*

After a brief historical account of the setting up of credit co-operatives at the beginning of the century, with the benefit of European experience, Mr Vishwanathan distinguished between the specialised co-

operatives dealing in short-term credit and those dealing with long-term credit for capital investment in agriculture; it was the latter which he proposed to talk about.

Independence inaugurated the Planning era, with the diversification of loans for productive purposes. The Agricultural Refinance and Development Corporation established in 1963, is the main agency for providing refinance in the implementation of agricultural development schemes, and has considerably improved the resource position of the Land Development Banks which have been in operation since the 1920s and now have 19 Central Banks at State level with about 2,000 branches and affiliated primaries at lower level, serving 7,000,000 members. During the current Five-Year Plan their lending programme is expected to amount to Rs.3 billion.

The Land Development Banks were also the first credit institutions in the country to undertake financing under the Agricultural Credit Projects sanctioned by the World Bank/IDA. In India the farm economy is basically dominated by small farmholders. About 70 per cent of the holdings constitute marginal smallholdings commanding 21 per cent of the area. Marginal farmers whose holdings are below 1 hectare number 37.5 million, accounting for half the number of total holdings. The credit institutions have a social responsibility to fulfil by assisting these economically weak farmers to improve their standards of living and their economic viability; in recent years the Land Development Banks have voluntarily aimed at allocating 50 per cent of their yearly credit disbursements to this section

of the farming community.

Mr. Vishwanathan indicated that there was a problem of competition and/or collaboration with other banks outside the co-operative sector. However, considering the size of the prevailing credit gap, there was room for the various institutions to supplement each others' efforts in a co-ordinated manner.

He also urged that serious thought should be given to the establishment of an International Co-operative Bank for Agriculture, to strengthen agricultural development and the world co-operative credit movement.

Mr Paul Vivien, *Credit Mutuel*
(France)

A Rural Housing Experiment

Mr Vivien reported on one of his experiences during his 30 years as Director of the local bank of *Crédit Mutuel*. This particular experiment was concerned with financing a modest family dwelling for an agricultural day labourer, father of 9 children, with beneficial effects on the employment of the parents in question, and the local population. Mr Vivien concluded by declaring that "this experiment contributed to the renown of the *Credit Mutuel* banks among low-income families in need, faced with housing problems. Now our chief preoccupation concerns employment: our young people have to leave us to find work in the town . . . Therefore we must fight against urban concentrations. To re-establish more humane living conditions, solutions will and must be found."

2: Problems of Thrift and Credit Co-operatives faced with Competition

Mr Yves Tétreault, Fédération de Montréal des Caisses Desjardins (Canada)

Mr Tétreault commenced by recalling the major role played by co-operatives, and especially by thrift and credit co-operatives, in the economic life of Quebec, where the provincial Government considered that Co-operation in Quebec was still rich in unexplored potential. Although it was of course in competition with the private banking system, it was in a relatively good position because the nine banks operating in the territory had altogether (1976) around 7 billion dollars in savings deposits, while the co-operative system had 7½ billion.

1. The various forms of co-operative savings

- (a) *Current savings accounts* (on which cheques and payments are drawn) constitute 28 per cent of liability deposits of banks affiliated to the Montreal Federation, compared with 21 per cent in the private banks. Moreover the average amount of the savings (US \$750 p.a. per member) shows that this is not entirely a question of "small savers". It would seem that members tend to over-use this type of savings account, because they are insufficiently informed on the possibilities of deposit facilities with higher interest rates. The cause of this lack of information could spring from the fact that the directors and managers are apparently afraid that a massive increase in deposit savings might adversely affect the profitability of the banks: an experiment carried out by one "caisse populaire", together with an information campaign, demonstrated that this fear is probably unjustified.

(b) *Deposit savings accounts with withdrawal facilities*: it is no doubt due to the above mentioned mistaken belief that deposit savings accounts amount to only 21 per cent of the total savings, against 33 per cent in the private banks, although the rate of interest offered is the same in both.

(c) *Fixed term deposits*: here the savings banks have a slight edge over the private banks (average level of members' accounts = 4,000 dollars).

Altogether, therefore, the savings banks are in a good competitive position, with a characteristic concentration of middle-income customers among the members.

2. Credit

Thrift and credit co-operatives do not score so well where credit is concerned. Between 1971 and 1976,

- the share of the private banks increased from 47 to 55 per cent;
- the share of the finance companies went from 25 to 19 per cent;
- the share of the co-operatives fell from 28 to 26 per cent.

To correct this trend, the Family Economy Co-operative Association (Association coopérative d'Economie Familiale—ACEF) launched a strong campaign to "mobilise" the savings banks in favour of families, thus reversing the trend bequeathed by the founder, Alphonse Desjardins, who had little inclination for consumption credit ("Never, I insist, never should a 'Caisse populaire' lend money for a non-productive expense"—understood in the sense that non-productive meant extravagant, useless, frivolous) and also reversing the longstanding tendency of the savings banks to favour mortgage loans at the expense of personal loans.

3. The co-operative structure

Co-operatives in Quebec are gradually emerging from the parochial model and are today divided in two groups:

- those located in old urban districts, with an ageing and traditional population, where savings are high and personal loans almost non-existent;
- those located in new rapidly developing residential districts, with much younger populations, much more inclined to use personal credit for consumption.

This division would seem to require the savings of the first group to be channelled to meet the credit demands of the second group, but primary co-operatives still insist on maintaining strict autonomy, which also has its advantages in the face of competition from the private banks; lower staff turnover, a more personalised service, better knowledge of the members and a more active response to the socio-economic needs of the locality—which no doubt accounts for the rejuvenation of co-operatives during the past five years and their extension to more than 500 districts where banks are non-existent.

4. The spirit of innovation

This brings us to the spirit of innovation, of which the savings co-operatives of Quebec are proof: retirement savings plans, home-ownership savings plans, computerisation—ahead of the banks!—of their services, and the possibility of making withdrawals and deposits at other savings banks than the member's own, which only the savings-banks offer.

5. Relations with the State

Historically co-operatives have never received any favours from the Government. Moreover the Federal Government, under the influence of the Bank of Canada, is now attempting to impose restraints which would have the effect of weakening their

competitive position in the market. In fact, this new Canadian banking legislation would materially slow down the growth of co-operatives compared with the banks, because of certain reserves which the former would be obliged to maintain with the Bank of Canada!

This interference by the Federal Government is however slightly counter-balanced by the long-cherished hope of founding a Quebec co-operative development corporation, which would provide risk capital, as well as technical support and consultative services to new co-operatives, thus becoming a development instrument for newly organised sectors and a promotional body for existing co-operatives seeking to operate in the large economic sectors.

6. Conclusion: towards a "Third Sector"

Despite some failings, such as the almost complete autonomy of the units, too much confidence in their knowledge of the environment, insecurity in the face of competition, Quebec thrift and credit co-operatives will have the wind behind them in 1977. Appearing more and more as a third avenue for economic development, with the state and capitalist enterprise, it will be surprising if the Quebec co-operatives do not expand into wider fields. However, to achieve this, they must channel their efforts within a global development strategy, they must appear in the eyes of the State as an agent of social transformation, and they must be animated and inspired—not only by the technocrats—but above all by the grass-roots co-operators. These conditions for success are not unique for co-operatives in Quebec, since they were quoted by Mr Roger Kerinec, President of the International Co-operative Alliance, as a gauge of the success of Co-operation.

So we must ask ourselves whether, in 1977, Quebec co-operatives will meet these conditions. Are their efforts united in a global development strategy? Are they

Thrift and Credit Co-operatives in Quebec

Statistics at December 31, 1976

	<i>Caisses</i>	%	<i>Members</i>	%	<i>Global Assets</i>	%
Fédération de Québec des Caisses populaires Desjardins	1,245	79.16	3,492,858	82.02	\$6,278,384,300	83.19
Fédération de Montréal des Caisses Desjardins	34	2.16	210,848	4.95	474,822,932	6.29
Fédération des Caisses d'économie du Québec	138	8.77	191,000	4.49	222,259,000	2.94
Ligue des Caisses d'économie du Québec	90	5.72	135,000	3.17	145,000,000	1.92
Fédération des Caisses d'établissement du Québec	12	0.76	64,206	1.51	73,509,552	0.97
Fédération des Caisses d'entraide économique du Québec	54	3.43	164,414	3.86	353,752,729	4.69
	1,573	100.00	4,258,326	100.00	\$7,547,728,513	100.00

ready, with the government's approval, to become instruments of social transformation? Do they not have a tendency to fear the concertation of effort and rationalisation of operations often demanded by the grassroots membership, because they identify this too exclusively with capitalist development? Are they as mindful as they should be of the expectations and needs of their members?

Lastly, are they conscious of the range of their possibilities and of their field of action? These are the reflections to which they must now yield if they aspire to full social and economic development.

Mr Akiva Lewinsky, *Bank Hapoalim, Israel*

Mr Lewinsky recalled that when thrift and credit co-operatives began, to serve the needs first of the urban workers and later the isolated rural populations, they were the only organisations to interest themselves in those sections of the population. With industrial and urban growth, and the consequent changes in urban-rural relations, the private sector banks established themselves everywhere. He

declared that thrift and credit co-operatives must challenge this competition, and not place themselves in the position of "poor relation" to the banking community, since they appear to use the same methods as the private banks to provide equivalent services; and since money can never be isolated in the community, Bank Hapoalim calls itself 'the bank with a difference'—that of its co-operative label. With this in mind it attempts: to retain a sense of the practical needs of its members; to avoid over-development of its bureaucracy, and a too vertical authority in its managers—which is difficult when it is totally integrated in the capitalist growth system. Lastly the Co-operative Bank Hapoalim has taken the lead in extending its banking network to developing countries, especially some ten countries in Latin America.

Mr R. C. Robertson, *International Credit Union Services Corporation (USA)*

The CUNA representative presented the needs and challenges, as well as the prospects, of organising a highly integrated and totally centralised management system

such as the one which CUNA is thinking of setting up in the U.S.A.

The credit union financial system would be a co-ordinated and interrelated network of credit unions and their service organisations. The system would augment the ability of credit unions to provide financial services to their members and to maintain and enhance their competitive position in the financial services marketplace.

Credit unions are currently faced with the following problems:

- (1) *Liquidity disparity*: people in the aggregate save more than they borrow. In the credit union movement, the current excess of savings over borrowing amounts to almost \$5 billion. However some credit unions may have a need for funds while others have significant amounts of excess liquidity.

Credit unions need a liquidity management system which will allow efficient distribution of excess funds to those institutions which have loan demands greater than they can meet from the savings of their own members.

Credit Unions need a liquidity management system which will combine safety and liquidity with a maximum yield for credit unions with surplus funds.

- (2) *Changing member demands*: the effect of demographic trends combined with certain socio-cultural changes (e.g. more women entering the labour force) is that family incomes have been increasing, resulting in increased savings as well as the increased use of credit and a demand for a wider variety of financial services: on the saving side people are becoming more rate sensitive, more interested in long-term savings plans and security of

retirement; the increasing mobility of the population demands a mobile credit service; members want a transaction account which they can control and on which they can earn interest; etc.

- (3) *Competition for business*: increasingly the individual consumer is becoming the chief source of funds for all financial institutions. Competition for funds is held in check somewhat by the current regulations limiting interest rates among various institutions and on various accounts. Proposals to remove or liberalise those regulations would have the effect of raising the net cost of funds substantially.

Competition for consumer loans is also on the increase; these loans tend to be high return loans.

The characteristics of credit union members make them prime targets for the competitors.

- (4) *Technology*: the introduction of electronic data processing (EDP) in financial institutions: small local systems, automated clearing houses, national credit and debit card systems, retailer point of sale equipment. These technologically based developments have at least two elements in common: they assume *the right* to use equipment and services, and *the capacity* to do so (in the sense of being able to face the costs, with common data bases etc.). They also assume total integration with the national financial system (private sector), as well as total submission to the consequent centralisation and control (there are plans for linking all the processing centres together within the next two years).

- (5) *Changing Legislative and Regulatory Powers*, with a trend towards equalisation of powers for all financial institutions.
- (6) *Data processing diversity*: credit unions have hitherto used a great diversity of methods in the processing of their accounting data. The creation of a single highly centralised national system will require their total uniformity.

According to the CUNA representative, these six problems are so many challenges to credit unions, which at the same time represent opportunities if they are tackled constructively, pointing to the need for an integrated system, not only in terms of integration with the national financial system but in terms of operational and technological integration. The existence of these problems suggests that the historic anarchistic tradition of individual credit unions may not be viable in the world of the future. What will be required will be a form of "controlled anarchy" moving towards greater centralisation only in areas where there is mutual benefit for all participants.

The technical improvements deriving from the centralised system were then analysed: transaction accounts, methods of remote access to loans or cash withdrawals, variable rate and variable term shares, mortgage lending.

Lastly he stressed that the setting up of the centralised system would require preparation in relation to:

- open-end credit and transaction accounts;
- standardised data processing;
- standardised approach to marketing and market research.

Credit union leagues must take the lead in the development of the corporate central for their state, as well as the corresponding linkage network. CUNA and other national

organisations must develop the corporate central system and establish operating standards and guidelines. The leagues and CUNA must remain alert to the legislative and regulatory challenges and opportunities during this highly volatile period in the legal world of financial institutions.

Mr Mauricio Luis Mizrahi,
Instituto Movilizador de Fondos Cooperativos (Argentina)

Mr Mizrahi based his address on the question of whether, within the framework of national legislation, credit co-operatives should be authorised to carry out the same operations and make use of the same operational instruments as banks, without the need to convert to commercial banks.

In 1966 the co-operative credit savings banks occupied third place in Argentina with more than 10 per cent of the country's total deposits. This rapid development sprang from the use of demand deposit accounts and of payment orders and co-operative bills of exchange (or co-operative cheques) which had given considerable impulse to small and medium enterprises.

However this development of Credit Co-operation in Argentina came to a stop in July 1966, when the large commercial banking interests instigated the enactment of a series of laws and measures to provide the maximum restriction on the operations of co-operative institutions. The subsequent mobilisation of all the sectors affected procured in 1972 the partial restoration of the mechanism, with the reinstatement of the system of demand deposit accounts and endorsable bills of exchange. Since 1977, with the sanctioning of the new law on financial institutions, there has been a serious setback due to clear official discrimination against credit co-operatives. This shows itself mainly by a ban on demand deposit accounts and payment orders. The

only possibility left to them is the acceptance of fixed deposits, which has reduced by 80 per cent the loan capacity of the savings-banks, with an inevitable increase in interest rates. In addition, while the 1977 law in theory allows the creation of co-operative banks, in fact this is rendered impossible, or at least very difficult, by the high initial capital requirement laid down by the Argentina Central Bank.

In consequence of this, Mr Mizrahi suggested that the Conference should make the following recommendations:

- (1) that co-operatives should be authorised to utilise a "co-operative cheque system";
- (2) that co-operatives should be authorised to operate current accounts, with debit balances reclaimable in law;
- (3) that a single clearing-house should be set up for the whole banking system, including credit co-operatives;
- (4) that freedom should be granted for the opening of credit banks without the imposition of a minimum capital requirement;
- (5) that primary and secondary credit co-operatives should be authorised to retain the necessary effective reserves (instead of being obliged, as at present, to convert their members' deposits to current bank accounts, which involves the subordination of the co-operative financial market to that of the commercial banks, and the illegal draining by the latter, to their own profit, of resources issuing from the credit co-operatives).

TUESDAY 19 APRIL 1977

3: The Conditions for the Efficiency of the Co-operative Sector

Dr Rymel Serrano Uribe, *Latin American Adviser to WOCCU*

In addition to, and beyond, the specific and general studies carried out by the International Co-operative Alliance and the International Labour Organisation, Dr Serrano Uribe wished to draw the attention of the Conference to an aspect which he considered absolutely basic if the co-operative movement is to make progress in the context of the fierce competition and the serious monetary crisis now prevailing: the co-operative integration which is today essential. Only co-operative integration, the creation of an actual "co-operative sector" within national economies, will prevent Co-operation from compromising itself or being absorbed by the dominant sector, and will allow it to take up a dynamic position and maintain a positive attitude to change. To achieve this and to avoid remaining isolated and weak, primary co-operatives must join together and integrate to form pressure groups, to obtain consideration and strategic support from the public sector and the public authorities; from this position of strategic strength, the co-operative sector will be able to procure just and appropriate legislation, to obtain recognition of its role in national economic development planning, to gain access to and participate in the social and economic mechanisms of importance for the co-operative movement. This requires the setting up of secondary and tertiary co-operative organisations, truly representative and able to become the elements of "self-propelled" development of the co-operative sector.

But the achievement of this objective also requires internal effort on the part of

the co-operatives constituting the sector, in terms of training of leaders and of administrative personnel, choice and improvement of management techniques, planning, improvement and adaptation of structures.

Mr Peter Podovnikoff, *National Association of Canadian Credit Unions, NACCU*

Mr Podovnikoff based his intervention on the direction recently taken by the co-operative credit union system in Canada, which could be relevant for the members of thrift and credit co-operatives in other parts of the world. He mentioned the following:

1. *Internal aspects:* some years of effort and thought led the Canadian credit unions to the realisation that they would be unable to progress further without seeking a higher degree of co-ordination and integration.

Although there is a relatively high degree of co-operation in Canada between the financial and non-financial co-operatives, neither has in the past made the best use of the funds that exist within the overall co-operative system. The result has been a less than maximum rate of return, because financing is often negotiated on an individual basis, and a flow of funds out of the co-operative system towards other investment opportunities.

After a series of studies, the Canadian credit unions came to the conclusion that the solution to these problems was the development of a national financial establishment designed to meet the financing needs of all Canadian co-operatives. They

therefore decided to expand the existing Canadian Co-operative Credit Society (CCCS) into an organisation with an equity base of at least \$100 million, which through leverage could eventually be enlarged to at least \$1 billion in assets.

The fundamental purpose of CCCS will be to provide liquidity to its credit union members, with the longer-range aim of providing financing to non-financial co-operatives, either directly or by co-ordinating the investment activities of co-operative trust, insurance and pension funds. CCCS is already beginning to explore the possibilities of tapping the domestic and international money markets for funds.

Thus the co-ordination between co-operatives of the co-operative system or sector, of all the available liquidity, seems essential if Canadian co-operative organisations are to continue to remain self-sufficient in an increasingly competitive financial environment. However it is essential that this should be effected without threatening either the principle or the reality of institutional autonomy (of primary co-operatives, of secondary and tertiary co-operatives, and of the whole co-operative sector).

There is a further range of internal conditions for co-operative efficiency: better development of human resources, recognition of the key role of the manager of the co-operative in its activities, better member communication—both locally and nationally—and increased vigilance to ensure that a democratic control structure is maintained, in practice as well as in theory.

2. External aspects: Canadian credit unions are incorporated under provincial legislations. However, their significant rate of growth during recent years (between 1967 and 1975 total assets grew at a compound annual rate of 18.1 per cent compared with 16.6 per cent for the chartered banks) has resulted in the Federal Government becoming one of the powerful forces with

which co-operatives more and more have to deal. The latter:

- cannot afford to take government benevolence for granted, although there is rarely a conflict between their goals and those of government;
- must ensure that government officers, both civil service and elected, are aware of the unique characteristics and needs of co-operatives when they formulate policies that affect them either directly or indirectly.

This has led the credit unions to give some thought to the nature of their relationship with the government and the private sector within the framework of the national economy. The Canadian government recently recognised in a discussion paper that there is a specific economic role for co-operative institutions, both financial and non-financial. The co-operatives have encouraged this recognition by the Government that co-operatives do indeed constitute a “third force” in the Canadian economy—as also elsewhere—which fits into neither the public nor the traditional private sector. Co-operatives seek to accomplish the same social aims as Government, while hoping to avoid the red-tape that seems inevitably to accompany public sector initiatives; and unlike the private sector, they contribute neither to the development of an economic elite nor to foreign control of the economy. Thus Canadian co-operatives are becoming more aware of their position within the national economy as they begin to view themselves as a co-ordinated movement rather than as a series of small, local units, and are in turn making use of this enhanced self-image and self-confidence in dealings with Government, with foreign money-markets, etc.

A co-operative brief to a government commission examining the concentration of corporate power, summed up the views of the Canadian credit unions as to where they fit into the larger picture:

“... the co-operative system does not wish to be working alone in an economic corner by itself. It wants to take its proper and legitimate place in a rational combination under which the public, private and co-operative sectors combined result in a strong and socially healthy national economy. This position in no way compromises our firm view that, if people want to build democracy and keep their freedom, they cannot allow either capitalistic business or government to grow too big and powerful.”

To criticism that they are in reality no longer any different from the chartered banks, the Canadian credit unions reply by reaffirming their decision to contribute a specified portion of their assets to programmes in developing countries of the world. They are convinced that such a policy will ensure:

- that they do not lose their original reason for existence: service;
- that they will maintain their own efficiency through the continuation and expansion of the co-operative sector in other parts of the world.

Mr Floreal Gorini, *Instituto Movilizador de Fondos Cooperativos (Argentina)*

Mr Gorini first recalled the objective to be served by the search for co-operative efficiency. Credit co-operatives, to achieve the essential principle of co-operative democracy, must seek for the conditions of optimum efficiency to ensure that solidary credit reaches the great masses in adequate quality and quantity.

He then stressed the fact that, in the search for co-operative efficiency, various factors must be harmonised effectively, without any one excluding the others or being judged more important: the utilis-

ation of advanced and appropriate administrative and financial techniques; the existence of dedicated leaders persuaded of the co-operative ideal; identification of the co-operative with its social surroundings; constant improvement of members' cultural level through education; co-operative integration at regional, national and international level.

From this, Mr Gorini went on to indicate that he would limit himself, in connection with co-operative efficiency, to analysing an operational technique, the *demand deposit or current account*, insufficiently developed in Latin American credit co-operatives although it allows them to fulfil their purpose even during a period of continued inflation.

Before describing the operation of the technique, Mr Gorini specified the objectives of thrift and credit co-operatives, which were mainly concerned with attracting as large sums as possible in the form of savings, on the best terms, in order to convert them into credit in sufficient amount to satisfy demand and at sufficiently low rates to interest the user. These sums have to satisfy increasing needs, due to the increasing membership and the improvement in their economic circumstances. The rates of interest must not only be well below those of private lenders, but must also be substantially lower than those of the capitalist banks which manage money for profit.

If credit co-operatives do not achieve this objective, they will—without any shadow of doubt—fail to fulfil the purpose for which they were created.

The aims stated—the rapid attraction of money combined with low cost loans—are not a novelty, but are more and more difficult to achieve in present-day economic society, threatened by successive crises and constant inflation. These two problems—economic crisis and inflation—very often simultaneous at the present time, militate

against the growth of savings and endanger the development of credit co-operatives, especially in the developing countries where political and institutional instability may intensify the difficulties in the way of economic development, aggravate inflation and, consequently, the mobilisation of real savings.

Inflation, the method of recovery in the capitalist economic and financial system, while it affects the whole system is nonetheless particularly harmful for the popular savings sector in every country, and more especially in the developing countries. Thus, in Latin America the annual rates of inflation were:

—1975—Chile 340%.

—1975—Argentina 334%.

—1976—Argentina 401%.

compared with the previous year.

It is easy to understand that in such conditions people tend to dispose of their liquid capital, to increase their consumption, and to acquire—without reference to their actual needs—physical assets, preferably durable goods. This attitude in turn accelerates inflation, although it is not the cause. Inflation in Latin America is related to structural causes and the economic dependence of its countries.

Governmental policies which attempted to deal with the problem through revenue, monetary and fiscal measures, have failed, and inflation has established itself in the majority of the countries of Latin America, increasing their state of underdevelopment and economic dependence.

Consequently, the shortage of genuine savings and the difficulty of attracting them, especially in view of the incentives offered by the traditional bank and to some extent private lenders, militate against the co-operatives, restrict their objectives and possibilities of development, and reduce their role in the national economy.

Mr Gorini then indicated that to increase their efficiency in attracting funds, credit co-operatives had to develop the operational technique of the current account, implemented by the use of money orders or drafts, popularly known as “co-operative cheques”.

This technique was so successful in Argentina that during the first six years of its operation (1959-1965) the number of credit co-operatives increased from 116 to 978, representing in 1965 12 per cent of the legal financial activity in the country. At the same time, this new form of operation enabled them to develop a policy of cheap credit in increasing amounts, able to satisfy the economically weak sectors of the population.

To facilitate this operation, co-operatives had to open wide their doors, to widen the spectrum of their members to include artisans, workers, professionals, small and medium traders and manufacturers, instead of restricting themselves to the needier sections, which did however benefit from the funds brought in by the wider membership.

Not surprisingly, the growth of the co-operative sector, supported basically by this operational technique (drawing accounts) produced an adverse reaction from the traditional capitalist bank which, through its representative bodies, put pressure on the government to enact legal dispositions limiting the operations of co-operatives in this monetary field. Two such laws were passed in a period of ten years. However, the argument that certain methods of payment should be restricted to the banking sector alone, is unsubstantiated. Co-operators believe that while methods of payment should be under the control of the central clearing bank or a country's fiscal authority, all financial bodies subject to that control should be empowered to utilise such methods. This controversy has involved the whole co-

operative movement in Argentina, and there have been similar experiences in other Latin American countries.

It is also said that the limited scope of individual credit co-operatives does not allow them to provide adequately for this type of operation, properly the function of the large bank which seeks to acquire the monopoly in this field.

However, the credit co-operative movement has itself through integration, solved the problems posed by this operation without having to resort to capitalist-type mergers leading to monopoly. In fact, credit co-operatives have not limited themselves to developing current accounts and the circulation of co-operative cheques locally. On the contrary, they have joined together in secondary co-operatives which take care of cheque clearance, transfers from one area to another, and the development of data processing centres to systematise information and to give security and flexibility to the system.

The importance of this struggle and the fierce opposition of the capitalist banking sectors—which seek, and often obtain, government support—demonstrates the need for action in this field, in the interests of successful financial management.

We think that the situation in relation to this problem in the various countries in which credit co-operatives operate, is not sufficiently widely known, at least in Latin America, and perhaps an enquiry by the International Co-operative Alliance on this subject would be useful to the international co-operative credit movement and perhaps a special conference to study the development of techniques for the attraction of funds in economic conditions dominated by inflation.

Even though the strength and power of co-operative action rests on solidarity and the social content of its doctrine, this does not mean that co-operatives should not use

the best techniques offered by scientific progress to achieve optimum efficiency in gaining co-operative objectives in general, and the specific objectives of thrift and credit co-operatives in particular.

**Dr S. K. Saxena, Director,
*International Co-operative Alliance***

Dr Saxena's remarks, while mainly concerned with agricultural co-operative credit in developing countries, nonetheless have wider relevance.

He referred to a recent report by the FAO stating that less than 10 per cent of institutional credit is available to rural areas, and that only a fraction of that amount goes to small farmers. Therefore if agriculture, which is often the backbone of the economies of developing countries, is to expand, both the absolute and relative levels of agricultural financing must be considerably raised. And since finance is a scarce commodity, it must be used rationally and efficiently.

Government Policies

The following aspects are particularly important:

- (1) the amount of emphasis placed upon agricultural development, and hence on agricultural finance, in development plans;
- (2) this in turn depends on the interplay of the various political forces which shape Government policies: therefore, does the thrift and credit movement wield the power necessary to influence the creation of a favourable climate for its development?
- (3) co-operative and other laws which may adversely affect the work of the movement;
- (4) the monetary policy of the central bank, which have a direct effect on

lending rates, on the inflationary situation, and on the whole savings climate;

- (5) the co-ordination of the various agencies dealing with thrift and credit—a conflict of motivation could result in a net outflow of finance from rural to urban areas;
- (6) the choice of agricultural technology, particularly important if the supply of credit is to be used rationally;
- (7) land reform programmes and the land tenure system, if motivation is to be provided for the investment of savings in the agricultural sector.

The policies of the Movement

Dr Saxena mentioned seven aspects which deserve special attention:

- (1) A co-operative society belongs to its members, and its principal purpose is not to maximise its returns but rather to provide services for those members as efficiently as possible; the co-operative must maintain equilibrium between its financial balance sheet and its “co-operative” balance sheet, bearing in mind that, for a co-operative, the social and economic development of its members is a single whole.
- (2) From this it follows, that the members and the staff of a co-operative must be trained both in the ideology and in the business practices of the movement; the members must be able to monitor intelligently the results of the operations of the society and to formulate policies which are consistent with co-operative ideology; they must also be able to use credit rationally and economically, as otherwise credit will have a stagnating rather than an energising effect on the members and the society. This is a very com-

plex area and considerable discussion has taken place on supervision of credit, its productive and non-productive use, credit in kind, the concept of the ‘package’ to include credit, marketing, extension, supply of inputs, processing, storage, etc.

- (3) This in turn raises the question of whether these functions, which are all undoubtedly within the competence of the co-operative movement, should be performed (a) by a multi-purpose society, or (b) by several interconnected specialised societies.
- (4) On the personnel side, emphasis must be laid on the business and operational tasks of a co-operative credit institution.
- (5) But account must also be taken of the pressure on co-operative thrift and credit societies to provide cheap credit; however financial discipline requires that the rate of interest should not be too low.
- (6) It should be stressed that ‘training’ does not necessarily mean classroom instruction, but practical instruction relevant to the needs in the field and daily operations.
- (7) Finally it is extremely important that close links should be established between the co-operative credit movement and other aspects of co-operative activity, so that different branches of the movement may mutually reinforce each other and help to create a strong co-operative sector.

In conclusion, Dr Saxena spoke of the role played by the International Co-operative Alliance in co-operative education and training in the international field:

- (a) on a multi-national basis, through its Regional Office for South-East Asia and East and Central Africa;

- (b) on a bilateral basis, through collaboration between co-operative movements in two countries: Canada, U.K., Sweden, France, Japan, Poland, USSR etc., and one or other of the third world countries; a vigorous programme of exchange has been put into operation by the Advisory Group for International Training of Co-operators (AGITCOOP);
- (c) finally the ICA also provides a direct service of "prototype material" through its Co-operative Education Materials Advisory Service (CEMAS).

Mr A. C. Xavier Bastos, *Central Bank of Brazil*

The term 'profitability' is not used here in its capitalist sense, meaning only the degree of financial success of an enterprise in relation to the capital employed in it.

This definition is profoundly modified by the fact that, in co-operatives, it is subservient to the fundamental principle of mutuality. Thus profitability signifies efficiency in carrying out social objectives for the satisfaction of human needs. It also signifies the economic emancipation of its members, small agricultural producers and urban wage earners, whose access to credit is particularly difficult. Co-operatives should not be regarded in the same light as commercial banks, since their objectives have a greater social content and their profitability must be directed to the benefit of the people who make the most use of their services. The growth of a co-operative can therefore not be judged under the same criteria as a commercial organisation. An important factor is, the members' attitude towards the co-operative, particularly as regards 'associative awareness'—and this is not easy to achieve;

but only then can its programme materialise.

Governments tend to support co-operatives in order to stimulate their social and educational services, and in Brazil this is expressed in the form of specific legislation to improve their operating conditions and hence their profitability. In the field of credit, co-operatives are exempt from tax on their credit operations, and also exempt from the usual compulsory deposit with the Central Bank of Brazil.

In common with all economic enterprises, co-operatives have:

- (a) *Sources of revenue*: a function of the services provided, including the acquisition of consumer durables. The author considers that "there should be no limit on the price of these services, but it should be sufficient for the society's maintenance. It is thus not necessary, as for example in credit co-operatives, to limit interest rates on loans and credit, which should be considered as services rendered to members with scarce resources."
- (b) *Operational costs*: the primary concern of the co-operative must be to fix cost limits at all levels which, in conjunction with the legal exemptions indicated above, will allow it to "transfer the optimum profitability to its members".
- (c) *Reduced capital purchasing power*, which must be compensated by formation of adequate reserves, not convertible into withdrawable shares; these reserves undoubtedly represent a strengthening factor. On the other hand, it is possible to specify a compulsory minimum capital holding, based on salary in the case of employed people, and on production in the case of agricultural producers.

Finally supplementary capital can be created which can be withdrawn by the member separately from the fixed capital to which he has contributed according to the co-operative's bylaws within the legal limits; the supplementary capital would come as a voluntary increment, unrelated to legal and accounting considerations of non-withdrawability. The member could thus draw it out whenever needed, as if it were a current account. Those are the deposits on notice, regulated by the Central Bank.

All the methods mentioned above, allow thrift and credit co-operatives to declare themselves, in the medium or long term, as legitimate defenders of small savings, since they provide their members with greater benefits.

**Mr Jacques Moreau, Caisse
Centrale de Crédit Coopératif
(France)**

Referring to previous speakers, Mr Moreau reiterated the dilemma currently at the centre of co-operative thrift and credit activity: the necessity of maintaining, in the direct line of Raiffeisen and Schultze-Delitzsch, the concern for good management carried today to the level of co-operative banks. This evolution has made it appear that in the economies of our industrialised countries, credit co-operation can only be efficient if it attains a dimension large enough to endow itself with all the services offered to the public by the modern banks. But to what extent are the technical imperatives of efficiency compatible with the social objectives which co-operatives naturally set as their goals?

It is clear that in the industrialised countries credit co-operation has been able to maintain an important position in the

banking system and to endow itself with all the necessary technical improvements. In order to continue to hold the present average of 20 per cent of total savings, our organisations have had to make use of economies of scale and, to this end, to join together in regional and national structures the multitude of primary organisations which had become too small. This has led them to extend the range of their services: in France, by developing networks of specialist sections (savings proceeds, specialised credit, foreign operations, etc.), setting up co-operative banks and even creating through the latter, common organisations in financial centres, such as Locabanque in London, Ingeba in Basle. Thus all the co-operative bodies have become respected members of the national and international banking community.

However, these same co-operative organisations find themselves confronted internally with the same social problems as public and private enterprise: the contradiction between the interests of the member/co-operators and those of the employed staff, difficulties concerning the integration of immigrants, of young people, of women. They are also confronted by the facts of the inflationary crisis and the size of the need for collective investments (social facilities, leisure facilities, or the creation of general interest co-operatives), with all the difficulties and tensions inherent in the attempt to meet these double expectations.

Some successes: maintenance of relatively advantageous payment and credit terms (even if the fight for the defence of individual savings still goes on); diversification of activities with improving the quality of life as a basic concern; contribution to regional economic development and to the development of human-sized enterprises. But also *some bitter failures* have demonstrated that far from being able to avoid banking orthodoxy, co-operative banks must be even stricter than their colleagues in all oper-

ations in support of the collective economy. In certain cases, the imperatives of good management restrict the achievement of social aspirations which constitute our reason for existence, and of this we must all be aware.

However, the dilemma would not appear to be insoluble: for example, by seeking from the social capital-collecting organisations (such as pension funds, etc.) the means of releasing capital resources for the launching of general interest enterprises; and from interested local public authorities, the necessary guarantees to protect the patrimony of its savers.

A similar dilemma has appeared in the context of assistance to the Third World. It will serve for nothing if our organisations, playing such an important role, being so efficiently and so democratically managed, if we are not capable of concerted effort for the evolution of our societies, and of participating in the grand project of solidarity with the Third World.

A Statement by the National Co-operative Union of India (NCUI)

Although the Credit Co-operative Societies Act dates from 1904, it was only after Independence (1947) that the Indian Credit Co-operatives, and Co-operation in general, developed to reach a figure of 338,000 co-operatives in 1974, of which 153,808 were credit co-operatives. Co-operatives today cover all fields of production and marketing, although the Delegation restricted its paper to the theme under discussion.

To understand the structure of credit co-operation in India, distinction must be made between rural and urban organisations:

(i) *Rural structure*—Short- and medium-term credit organisations, consisting

of 26 tertiary State co-operatives, 341 central co-operative banks at district level, and primary/village co-operatives; the last-mentioned originally numbered 153,000 but were too small to provide all the services required—they were regrouped to form 80,000 co-operatives in 1977.

(ii) *Urban structure*—urban co-operative banks, thrift and credit co-operatives for workers and employees, and specialised credit co-operatives for various professional requirements.

In general terms it can be stated that rural credit is much more developed than urban credit; and that development varies widely from region to region, reflecting general conditions of development in India. Seventy per cent of the population makes its living from agriculture and related activities, and at least 50 per cent of rural families are members of credit co-operatives. The main problems are in the areas of management and financing.

Management problems

The rapid development of the movement did not arise spontaneously but was the result of systematic promotion programmes set up by the Government. Therefore co-operative education and training are particularly important:

- basic co-operative education for members;
- more advanced co-operative education (legislation, etc) and general management training for elected Board members;
- specialised training in management and/or administration for employed personnel.

Nevertheless advanced specialised training is still often lacking, especially in primary co-operatives (hence the trend towards the formation of larger groups indi-

INDIA: Co-operative Expansion 1965-1975

Years	Members of primary co-ops. (millions)	Short and medium term loans (Rs. millions)	Long term loans (Rs. millions)	Total agricultural credit (Rs. millions)
1965-66	26.1	3,420	1,630	5,050
1968-69	29.1	5,040	3,950	8,990
1969-70	29.8	5,400	5,120	10,520
1970-71	31.0	5,780	6,380	12,160
1971-72	32.0	6,140	7,290	13,430
1972-73	33.5	7,760	8,490	16,250
1973-74	35.0	7,620	9,140	16,760
1974-75	36.4	9,008	9,925	18,933

cated earlier). It is therefore absolutely indispensable to strengthen training structures and to complement State financing with funds for co-operative education allocated by the co-operatives themselves:

- National Council for Co-operative Education
- National Institute for Co-operative Education
- 16 Colleges of Co-operative Education
- 66 Co-operative Education Centres under the control of Co-operative Savings Banks (at State level).

Financial problems

Around 76 per cent of the working capital comes from deposits and loans, but for all the demands to be satisfied, deposits must increase and existing resources must be utilised more rationally. The various legal and administrative difficulties which hinder action are as follows:

- insufficient co-ordination between credit co-operative institutions, which prevents their members from use of all available services;
- the not negligible proportion of credit co-operatives, whose deposits are not covered by insurance;
- competition from commercial banks and post offices.

It should be possible to remedy all these, but there has also been a recent tendency for local administration to do its business with the private banks, thus depriving the co-operatives of the corresponding financial circulation at a time when the latter are still distributing 80 per cent of agricultural production credit.

Finally it is essential that a national co-operative bank should be formed as soon as possible, which would enable co-operatives to deal with regional disparities more effectively.

Mr Rocael Garcia Alvarez, *National Federation of Thrift and Credit Co-operatives FENACOAC (Guatemala)*

Mr Garcia stated that his intervention was based on rural Co-operation in Latin America, and that he was concerned to consider the question of co-operative efficiency, starting from the conception of Co-operation as a social and economic force, within the context of society as a whole.

National constraints

These are of various types:

(1) *Economic*

- Lack of definition by the State of the respective roles to be played by public

and co-operative credit respectively, to harmonise their efforts instead of competing with each other: for example, long-term credit provided by development banks (infrastructural investments, land purchase, irrigation projects, etc), with short- and medium-term credit for family needs reserved for the co-operatives.

- Access to land as a basic resource should be such that all members of co-operatives can combine to create agricultural working conditions which will enable them to rise above subsistence or even lower, farming levels. In this connection the co-operative sector must participate actively in agrarian reform programmes; it can in fact offer a more human form of organisation which, in conjunction with State efforts, would encourage the revitalisation of the rural areas.
- Access to technology—Members of rural co-operatives have very limited access to technology, because the latter is expensive and because they have been previously deprived of access to a basic education. To reverse this situation requires giving them access to technical institutes which are capable of democratising technology.
- Access to internal and external trade mechanisms — Public investment in rural infrastructure (see above) does indirectly protect the profitability margins of small rural producers. But it is also important that the State should provide them with adequate information on prices and markets, principally regional and international markets, without which small producers and their co-operatives can hardly benefit from entry into circuits only accessible to traditional, and more powerful, business.

(2) *Institutional*

Co-operation would develop consider-

ably faster if the State contributed to improving “environmental” conditions:

- By greater public investment in the rural sector, where Co-operation is itself developing its programmes and/or vice versa. (In fact, at the present time, the efforts of the State and those of rural co-operation are not concentrated in the same areas.)
- By genuine access to and genuine participation of co-operation in decision-making: due to the fact that co-operation is absent from the decision-making bodies concerned with national credit policy, it is deprived of certain financial mechanisms (special lines of credit, refinancing, protection of savings by the Central Banks, etc). It is essential that thrift and credit co-operatives integrate at national level, in and with the co-operative sector, so that they cease being a passive element and gain participation in all the national centres of decision-making which concern them either directly or indirectly.

(3) *Legal*

It is generally recognised that the law regulating co-operatives in Guatemala has become totally inadequate for present day co-operative activities and development. There are also in existence other laws which indirectly create adverse conditions, for example:

- the fiscal system unjustly makes capitalisation more difficult for co-operatives than for other private enterprises;
- the legislation concerning contracts is totally unsuitable for rural areas;
- no adequate juridical framework exists to regulate and encourage the dynamic use of land resources: ownership in fact without title, lack of a register for rural estate, infinite division of tiny farms, lack of agrarian restructurisation programmes, etc.;

—lack of adequate control of rural credit: objective, terms, guarantees, cost etc.

Mr Garcia suggested recourse to a trust form which would enable them to take advantage of the banking system without being subject to the demands of banking legislation. He stated that external financing and public credit have compelled the creation in many countries of special trusts for rural development. It would in any case be desirable that the co-operative sector should constitute itself an agent for the distribution of short-term credit, leaving to the State the responsibility for long-term credit which concerns rural infrastructural investment with which the co-operative sector would not have the resources to deal.

—Nor does there exist a body of legislation and regulations adequate to deal with co-operation: co-operatives should first of all be explicitly recognised in law as economic instruments aimed at improving the living standards of their members. The law should equally permit them to develop their own particular organisational models: purchasing and sales centres, agro-industrial processing centres, etc., in order that they may draw all the benefits consequent on their peculiar social and economic organisation. Finally they should always be actively represented on those public bodies where decisions affecting them are taken.

Internal constraints

(1) Social

Training of local leaders has proved to be a real life-insurance for co-operatives and an indispensable condition for co-operative development. On the contrary, the imposition of leaders from outside the community often acts as a check to development and also goes against co-operative principles. However the low level of educa-

tional investment slows down the development of a genuine leadership, while the lack of a leadership tradition, due to a still recent colonial past, requires that it should be increased tenfold. It therefore seems essential that co-operatives increase their co-operative education and training efforts.

(2) Economic

- (a) Co-operatives should not be content to follow the ways and means of the banking sector in the *attraction of funds* (deposits, shares) but should utilise new methods peculiar to themselves, both for current savings accounts and for deposit accounts: children's and women's savings accounts, fixed purpose saving, etc. At the same time, with a view to guaranteeing the possibility of "sight withdrawals", it is suggested that the funds in hand be apportioned as follows:

—10 per cent to the primary savings bank;

—15 per cent to the Federation savings bank;

—75 per cent for short-term loans.

If these percentages seem at first sight rather daring from the investment point of view, nevertheless they appear to work in the Guatemalan context.

Attention must also be paid to the promotion of services, and to the security and attraction value of the interest paid. However it must also be recognised that, when all this has been done, the monies deposited are not utilised in a totally satisfactory or significant manner for the benefit of the co-operative sector.

- (b) When the credit co-operative frees its members from the hands of the usurers, it often happens that their increased purchasing capacity flows

into other channels, whether it is a question of production input supplies or current consumer goods; in this way co-operation only contributes to the promotion of private trade.

Therefore co-operation must *diversify its activities* and investments to create its own distribution mechanisms, and must co-invest in those industrial processes which its members, though interested, are unable to carry out themselves.

(3) *Institutional*

The principal internal institutional constraints are:

- The need for the co-operative sector to draw up its own medium- and long-term programmes, as well as its own strategy, in order to be able to face the other components of the national economy (particularly a national co-operative development plan or programme);
- A specific effort towards structuring co-operative integration, in view of the essential need for co-operative bodies to be invested with real power of representation and to increase their direct negotiating power in all decision-making bodies.

(4) *Technical*

Redoubled effort in the co-operative education of members, in the acquisition of techniques and methods necessary for adequate management, on the part of officials (board of directors and executive officials) in order to achieve sound management and good administration. Many co-operatives are still weak in the management of human and financial resources: therefore costs must be included in investment for the “technicalisation” of executive and administrative personnel.

International constraints

Mr Garcia summarised two main types:

- (1) The creation of *regional financing mechanisms* which, in addition to providing each country with access to new sources of financing and greater and more regular liquidity, must also be regarded as a means of consolidating the economic independence of the co-operative sector at regional and national level. For this purpose the international community should co-operate in the establishment of a guarantee fund.
- (2) The advantage to be taken of intra-regional trading mechanisms, since if co-operatives are taking an increased share of imports and exports, they should also be capable of being represented in the deliberations of regional organisations. This makes regional integration essential for the co-operative movement.

Mr Louis Lichou, *Confédération nationale du Crédit Mutuel* (France)

Following on the various interventions on co-operative efficiency, Mr Lichou underlined the new difficulties which have given rise to discussion of this subject, and which co-operatives must face if they are to safeguard their originality. He asked what efficiency meant in the co-operative sector.

If a thrift and credit co-operative:

- operates the lowest debit rates,
- pays the highest rates on savings,
- remunerates its employees at a rate comparable with personnel of other banking establishments,
- builds up large reserves to ensure the perpetuity and development of the institution,
- distributes at the year end large surpluses to its members and staff,

would it be considered efficient? Should its members be well satisfied? Should they consider that the co-operative has fulfilled its purpose? In other words, should the efficiency of a co-operative be measured only in qualitative and quantitative terms of the banking services it provides and the material advantages it gives to its members and its employees? If this were so, what fundamental difference would there be, ultimately, between a co-operative and a state-run, nationalised or capitalist organisation plying the same trade?

Now, we believe that the more a co-operative concerns itself with the efficiency of its services, the more it develops, the more both it and the second and third tier bodies to which it is affiliated will find themselves obliged to maintain a high level of technical competence among their employees; the workforce will expand rapidly; they and their elected representatives, as well as their trade unions, will insist more and more on having a say in the policy of the co-operative and the group, especially in the allocation of surpluses. Faced with the complexity of the new problems set by the development of co-operatives and of their secondary and tertiary organisations, faced with the necessity to call in technicians of increasing competence, faced with the demands of employees for more and more participation—the members of co-operatives and their elected representatives often wonder whether they still have any role within their co-operative, and whether they are in a position to play it.

So what can be done if the development of a co-operative—which is unavoidable if it is efficient (and it must be!)—is not to lead to the feeling among both members and staff that there is no longer any difference between a co-operative and a capitalist, nationalised or state bank, and that their attitude no longer has any reason to be different from that of the customers, users and employees of those establishments.

Men and women, both the members and the employees of co-operatives and their groups, are more and more asking for genuine participation in the decisions which concern their future. If steps are not taken to satisfy this strong desire for participation without detriment to sound management; if a just equilibrium between the interests and aspirations of members and staff, and the imperatives for safeguarding the development of the enterprise, are not found; if a fair balance is not struck between the functions of the primary, secondary and tertiary organisations; if the respective roles of executives, elected officials and staff are not sufficiently clearly defined, in agreement with the people concerned; if both parties are not prepared beforehand to deal with the fresh problems arising out of the development of co-operatives, and if vigorous efforts in the matter of information and training are not made—then there is the danger that both will detach themselves more and more from the social aspects of their co-operative and the latter will lose its soul.

Therefore it must be recognised that efficiency is not the universal panacea, and especially that it must not be measured only in terms of credit and debit interest rates, salaries, management quality, etc.

The problem which I have evoked will inevitably arise, one day or another, for most co-operatives at some stage in the course of their development.

I am convinced that if they look at this problem, pooling their ideas, perhaps rethinking their information and training programmes for elected members and staff, co-operatives will resolve these difficulties as they have resolved so many others.

Mr M. A. Wullens-Hart, *Adviser with CEBRAE (Brazil)*

The speaker explained that in Brazil

since the second National Development Plan, the body charged with the promotion of human resources for small and medium enterprises (CEBRAE) participates in co-operative training programmes operated by PRONACOOP (National Co-operative Programme of Brazil) and thus extends its own management training direction and facilities (for the private non-cooperative sector) to rural co-operatives.

Mr Wullens-Hart spoke about co-operative education, but wanted to stress the importance of the training effort to be made, so that the elected officials of co-operatives, and their employed executives and managers, should understand the dynamic functioning, in terms of financial structure, of their co-operatives.

Mr Ch. Veverka, *Fédération Nationale des Coopératives de Consommateurs (France)*

Mr Veverka first mentioned the wide range of activities covered by the co-operative sector, within the framework of its voluntary associations, in the service of its members, hence the important developments which assume the study of co-operative efficiency extended to include the efficiency of the integrated whole, of the Sector; hence also his desire to base his intervention on **collaboration between thrift and credit co-operatives and other forms of co-operation.**

His first point was that the efficiency of the co-operative sector depends, in all co-operative organisations, on the operation by motivated and competent individuals of sound management techniques.

Secondly, co-operative efficiency implies that each organisation will always remain attentive to the needs of its members, that it will study them and respond to them, and that to do this it will make any necessary changes.

Thirdly, collaboration between co-operatives must contribute, regionally, nationally and internationally, to improving the whole co-operative system.

Mr Veverka then elaborated his third point to deal with inter-cooperative collaboration in the area of finance in day-to-day operations and bearing in mind his first two points.

The development of the co-operative sector, other than thrift and credit co-operatives, requires the setting up of an increasing amount of capital. Whether agricultural, consumers' or workers' production, co-operatives must all face the problem of growing investment, which can usually only be ensured by autofinancing.

The co-operative sector is very often handicapped in the accumulation of capital by the fact that its members are more interested in the operations of the co-operative than in the financial aspect of those operations: the social capital of co-operatives has no share, in fact, in the distribution of "profits", which explains why it is generally very low. On the other hand, the building up of reserves intended to compensate for the shortage of capital, is also often limited.

The remaining option for co-operatives is to have recourse to credit, the counterpart of preconstituted savings.

That is why the co-operative sector, apart naturally from thrift and credit co-operatives, will very often appear as a seeker of credit on the financial market, obtaining this where it can from co-operative financial institutions, and in default, from the public or private banking sector.

It must be realised that the co-operative sector's needs are essentially for medium- and long-term capital, aimed at financing the increasing investments imposed by technical progress. But the recourse to medium- or long-term credit with its high rate of repayment, especially when money

is dear, endangers the profitability of the projects thus financed, at least during the whole period of setting up and putting into operation.

The efficiency of the co-operatives is also endangered: either because in an excess of prudence they adopt an excessively low development pattern; or, on the contrary, because they run into operational difficulties through the financial charges originally incurred, even before the investments so financed have been brought into service.

Here we have a definite point where closer collaboration between co-operatives in the co-operative sector and thrift and credit co-operatives might arrive at solutions compatible with the interests of both parties, because better adapted to those interests. It would be possible, for example, to envisage a formula for granting credit to primary co-operatives, involving the temporary partial or total waiving of interest during the first few years of projects so financed, enabling them to attain profitability sooner. The financial charges thus deferred would be carried forward and spread over the remaining term of the loan.

One could also envisage the temporary subscription to the capital of the primary co-operative by the thrift and credit co-operative, subject to the conclusion of an agreement for repayment, not of the capital, but of the service rendered by the subscription to the capital, within the framework of a joint programme of development.

Operations of this nature are conceivable between enterprises in the co-operative sector which are animated by the same ideal and function according to the same principles of mutual aid and solidarity. But these

privileged relations can naturally not be considered without particular care being taken in respect of the soundness of the management, the control of which can more easily be ensured where it is a matter of organisations between which confidence and trust should be a matter of course.

It seems to me that the study of these particular problems in the financing of co-operative development, and conditions for its realisation, could usefully be entrusted to an inter-cooperative committee assembling representatives from all branches of the co-operative sector, with the object of enquiring into the best solutions to the financing problems posed by the management of co-operatives. This ad hoc inter-cooperative committee could be formed under the patronage of the International Co-operative Alliance.

In a world of increasing complexity, the co-operative sector declares its willingness to bring to men of goodwill its ideals of solidarity and mutual help in order to resolve their problems and improve their standards of living. If the ideals must be constantly in our minds, the search for efficiency must also be the constant concern of all those who have the task of managing co-operatives in their various forms. To master the relevant techniques and to utilise them is an imperative duty.

But even better results will be obtained if co-operation between co-operatives can be strengthened and extended, nationally as well as internationally. Particularly in the matter of financing, great progress can be expected from seeking closer co-operation between thrift and credit co-operatives and the other forms of co-operation.

4: The Role of the Thrift and Credit Co-operative Movement confronted with the International Economic Situation and the Monetary Crisis

Mr Théo Braun, Confédération Nationale du Crédit Mutuel (France)

Mr Braun stressed that the success of their present meetings should not make them forget the world dimensions of the current crisis which constitutes:

- a *monetary crisis*: increased petroleum prices, leading to excessive indebtedness of a number of countries, inequalities in balances of payments and currencies in peril;
- a *development crisis*: poverty which is bare survival, environmental problems not yet mastered, lowering of the “quality of life”, giving rise to doubts in all countries about the content and orientation of growth, the scandalous inequalities in the international field.

In brief, this is a civilisation crisis of exceptional intensity, duration and dimensions, perhaps the first in the history of humanity to assume a world-wide character.

Given these conditions, the international community would appear to be the authority best qualified to work out an overall strategy and its direction. At the international level, general agreement seems to have been reached, at least on a broad basis:

- a consensus as to the *objective*: directed towards the building of a new economic international order to promote the development of every single individual, and of the whole individual*;
- a consensus as to the *approach*: the new economic order will be born out of co-operation, in other words, out of reciprocal dialogue;

—a consensus as to *means*: every society will organise its own development, making the most of its own resources while admitting the reality of interdependence and the need for it.

This brief statement of the lines of action which the international community had traced for its guidance to arrest the crisis, highlighted the profound agreement which exists between its motivation and that of the thrift and credit co-operative movement. The proposals submitted by Mr Braun to the participants aimed at giving their co-operative organisations the means to carry more weight in the determination of the new social map of the world which was now taking shape. They should:

- on the one hand, evaluate the particular qualities which co-operatives offer in the face of the crisis;
- on the other, develop an anti-crisis strategy, as a new form of national and international solidarity and co-operation.

The peculiar qualities of co-operatives

The most original feature of thrift and credit co-operatives is to provide for the material needs of their members as well as to respond to their fundamental aspiration for greater dignity in their lives. The pursuit of their economic goal cannot be separated from their action aimed at a more just and more fraternal world where democratic principles will prevail. Thrift and credit co-operatives will therefore be judged on their capacity to satisfy the needs of their members, their effectiveness in liberating man from various constraints, including that of money and, more generally, on the way in which they will have contributed to solving today's predominant difficulties.

*See UN, *Op.cit.*, reproduced in Appendices III and IV.

The satisfaction of essential needs: no one strategy will suffice, since needs vary according to place and according to time. It is obvious that the first needs to be satisfied are the essential ones of food, health, housing, education, etc. In the industrialised countries, while it is true that credit co-operatives largely finance agriculture, housing and household equipment, they are also attaching growing importance to the satisfaction of community needs: the quality of life is taking precedence over the standard of living, and co-operatives must adapt their techniques and methods to these new requirements (improvement of the environment, development of leisure facilities, increased training activities, etc.).

The significance of money: far from considering money as a source of overbearing power and of conflict, co-operators regard it as a means of achieving solidarity and making exchanges, and believe that the co-operative bank has a social function.

It is a fact that, in thrift and credit co-operatives, the loan has always been considered as an instrument of social liberation. Its size, often small, would seem ridiculous to any other organisation. The same applies to its counterpart, savings.

Service attracts money, which permits the service. This is the importance of the non-profit making organisation, in which surpluses are very often used for community purposes when they are not utilised as a whole for strengthening the organisation's structures.

Anti-inflation: additionally, in a society characterised by endemic inflation, our co-operative administration has encouraging indirect effects. This management is distinguished by the absence of a lucrative aim and by the small radius of the savings-credit circle.

It has been observed that in some industrialised countries, non-profit making undertakings which compete with other types of enterprise, can contribute to

lowering rates of interest. Our co-operatives, often created to combat usury, can be proud of this.

It has also been shown, in some industrialised countries, that this simple system of distributing loans from collected savings does not play a part in the inflationary process, but rather acts as a moderating element in more than one respect:

—first, the savings collected are withdrawn from consumption and from non-productive investments;

—secondly, the credits granted do not call for the creation of currency.

One must always be careful not to generalise techniques. The fight against inflation does not depend everywhere on the same methods. In developing countries, loans sometimes precede savings and give rise to them. There are cases where external aid proves necessary to initiate the process, often with a positive impact on development. This is an aspect of development strategy which cannot be ignored.

A school for the promotion of man's development: finally, while it is true that a doctrine is an entity from which it is not possible to subtract one or more of its parts without shaking the whole edifice, we are not stretching the truth when we affirm that, in the eyes of our members, the economic and social success of our co-operatives is as important as the means by which we achieve it.

Our co-operative movement is rooted in the moving of the heart that leads individuals to feel that they are interdependent and to give each other mutual support, and what perpetuates it in spite of the vicissitudes from which it has not been exempt, is its anchorage in enterprises and the practice of democracy, as laid down in its statutes, and which are summarised by the three key words of community, decentralisation and training.

First, *community*, which is a living reality

in our undertakings, where power has moved from a minority of capital holders to an assembly of free men who are jointly responsible; where service has replaced profit as a motive to action; where lenders and borrowers, managers and members, are united by the multiple links of mutual dependence.

Next, *decentralisation*, which is one of the conditions of a practising democracy: knowledge of people and of facts can only be acquired within a group, at the social level where individuals are in direct contact, and where the matters to be discussed are well known to all. The rapid growth of urbanisation, far from disproving this thesis, simply confirms it: the breaking up of natural communities, the isolation of individuals in large cities, call for the creation of new centres around which people may group—and co-operation must be one such centre.

Finally, *training*: technical training and ideological training would seem to be the ultimate condition necessary to a democracy that accepts techniques while refusing to be dominated by them.

Nobody can fully assume his responsibilities unless he has a clear vision of the importance of the facts and the final aims pursued. Inadequate professional training of lay officials and employees will lead to the decline of the enterprise; inadequate ideological training will cause it to lose its identity, and as a result, its reason for existence.

There are several ways of reducing the apparent antinomy between the requirements of the technicians and those of the ideologists, and one is the training programme. But another, equally effective, is action—taking advantage of every opportunity to translate the principal elements of the ideology into living facts—and this is what we are seeking to do, when we suggest that our instruments of solidarity should

be more effectively organised, both in our own countries and internationally.

An anti-crisis strategy

The efficacy of an anti-crisis strategy depends on two conditions: first, the means employed must be qualitatively adapted to the nature of the problems to be solved, and secondly, their effect must be quantitatively significant. While it is evident that, subject to further ideological and methodological studies in process, thrift and credit co-operatives comply well with the first condition, it is not so certain that they comply with the second.

Despite its world-wide character, our thrift and credit co-operative movement has two weak spots:

- on the one hand, our societies are obviously insufficient in number, considering what they ought to be doing, and their distribution in the world does not correspond exactly with the hierarchy of needs, especially in the developing countries;
- on the other hand, many of our organisations do not seem to have taken all possible advantage, at the economic level, of the profound affinities which bind them to other co-operative institutions and more generally to the vast sector of non-profit making enterprises.

We must therefore provide ourselves with the means to react against the crisis, by assembling into one united whole, the present dispersed social and economic initiatives. This suggests two lines of action aimed at developing our co-operative networks and strengthening the whole co-operative sector.

Developing our co-operative networks: In spite of the differences in situation and therefore in achievements of co-operatives all over the world, it is still possible to follow a general policy which can be expressed by two complementary aims:

- self-reliance, ensuring the maximum independence and economic autonomy; and
- solidarity.

That is to say that each group and each unit must count only on its own resources and on the active solidarity of the authorities closest to it, at the same level or at the level immediately above it in the organisation scale. Solidarity between units must also be organised, and this could be based on four elements:

- (1) *An international co-ordination centre*, which would be the International Liaison Committee: this is apparently well suited to the task, since the concepts of service and aid to development guide its theory and determine its activities; the adoption of its Constitution is one of the important elements working towards the efficacy of all the proposals made.
- (2) *The Interlending Programme*, originally proposed by the World Council of Credit Unions (WOCCU), then studied by the Canadian International Development Agency (CIDA) and COPAC, should also study the possibility of setting up a guarantee fund to function like a reinsurance system, to be fed by levies on lenders, national subscriptions, donations from governments and international organisations, etc.
- (3) *A development fund*, which could provide aid for the most impoverished, without repayment of any kind. It could be earmarked for use during the initial period of a thrift and credit co-operative, to cover all or part of the costs of setting it up and training its manager or, less ambitiously, to cover interest charges involved in these operations. Its resources would be raised by appealing to the solidarity of members

within our own organisations, and of other religious and philosophical movements which share our aims, as well as by government donations, even by regional communities.

- (4) *The contract*, the legal instrument which would put into practice our determination to encourage the autonomous functioning of all co-operative units affiliated to our international organisation, while safeguarding the principles of economic efficiency without which any undertaking must eventually fail. The obligations which this implies, freely discussed, would be nothing less than the rules for success deduced from past experience and amended to suit the operational conditions; they would be accepted, not under pressure or constraint, but through consensus.

Strengthening the co-operative sector: There are several fields in which co-operative action could be extended or strengthened; in addition, the activities of thrift and credit co-operatives would gain from being better co-ordinated with other co-operative activities, and vice versa. If it were better articulated, better integrated, the co-operative movement could make a decisive contribution to combating the crisis. Two general categories of action are envisaged:

- (1) Extension of the activities of thrift and credit co-operation:
 - to developing countries;
 - to the whole non-profit making sector;
 - to international investment projects.

This would involve new forms of activity:

 - acting as channels for international aid;

—more direct collaboration in the promotion of the vast sector of non-profit making organisations, whether co-operative or not; these are sometimes producers of services, sometimes of goods, but are always employment generators;

—participation in large investment projects concerning whole regions, even several regions; within the framework of a form of “banking club”, we should look into those projects most consistent with co-operative aims.

- (2) All our activities should be coordinated with those of other co-operative sectors. In order to have an activating and stimulating effect on the economic and social structures now in crisis, the co-operative movement should present to the public an articulated whole, in which all elements converge. This is the justification for increased co-operation between co-operatives.

This would involve action at two levels:

—first at national level: the grouping of all types of co-operative could be carried out within local or national “Chambers of Co-operation”, to facilitate exchange of experiences and to provide opportunities for contacts, leading to concrete actions;

—secondly, at international level: bilateral or multilateral contacts, as required, could be provided between members of different countries through the “Chambers of Co-operation”, to improve international exchanges, as well as to survey

means by which a new international division of labour could be achieved.

This system would also allow international forms of payment to replace the traditional currencies or cheques.

Far from duplicating the work of the *International Liaison Committee* or of the ICA, such strengthening of co-operative links at all levels would, on the contrary, form the necessary basis for such a scheme. Indeed, it is the development of inter-cooperation at the horizontal level that will facilitate exchanges between individuals, between individuals from countries with different regulations or which have chosen different forms of social order. We should not be afraid of a proliferation of initiatives: this abundance will provide apex organisations with a wider choice, and enable them to make a more appropriate selection.

One of the requirements laid down by the international community for the setting up of a new world economic order, as already stated, is self-reliance—this invitation that we address to individuals, to take their own steps to ensure their future. So far, two dimensions of independence have been proposed: that each country should act as an autonomous unit, and that there should be groups of countries united by common interests. We would like to suggest a third: the joining together throughout the world of all men caught by the same ideal of solidarity and co-operation.

Conclusion

“Co-operation or Chaos”—this celebrated phrase uttered by Mr Luis Echeverria, former President of the Mexican Republic, has echoed resoundingly in our circles. In the context in which it was pronounced, it was aimed at the present international order founded on force, which it is no longer possible to maintain.

Co-operation, understood in this narrow sense of consultation and dialogue, consti-

tutes real progress when applied to the various types of organised human relations where coercion still prevails, although there may be some doubt as to whether co-operation alone can fundamentally change the power structures within business and within the economy which underlie the present crisis.

To attain this goal it would seem that we must accept co-existence and competition between different economic and social systems, of which one at least would express, in its structures, its methods and its objectives, man's ideal at this moment in history.

The co-operative system as we understand it fulfils this definition. It stands out as the indispensable factor and driving force of the free and responsible pluralist society of which we all dream. But it depends largely on us, on our capacity to act in order that today's dream may become the reality of tomorrow.

Mr Dieter Grethe, *International Co-operative Bank (INGEBA)*

Mr Grethe returned to the circumstances of the world crisis which render banking operations particularly difficult, especially for co-operative banks in that inflation particularly affects the small worker and saver who is their preferred client.

Mr Grethe stressed the interdependence between industrialised and developing countries: the excessive indebtedness of the latter (servicing the debt absorbs more than 30 per cent of their revenue from exports), and the continuing deterioration in the terms of trade, has forced developing countries to reduce drastically their imports, which in turn reduces the exports of the industrialised countries and also, added to unrestrained automation, increases the latter's unemployment problem.

Mr Grethe could see no prospect of a solution to the crisis: traditional capitalism, with its economic and social order, is finished; communism of the Soviet type does not attract. Many people are studying the third path of a human and humane society with a just economic order. As citizens and co-operators we have the duty and obligation, in addition to our daily work, to make our contribution within the democratic parties of our countries, within the voluntary organisations and the trade unions, in order to serve our economic interests and to achieve our humanitarian ideals.

What has the International Co-operative Bank done in this respect?

- (1) INGEBA is attempting to promote collaboration between co-operative societies:
 - Its capital (140 million Swiss francs, of which 18.5 not yet paid up) is in the hands of 56 shareholders from 20 different countries, which are either co-operative societies or commonweal enterprises such as those promoted by the trade unions of the German Federal Republic.
 - Reserves amount to 27.4 million Swiss francs, its total balance amounts to some 1.3 billion Swiss francs, and it is in contact with 140 big international banks in Europe, USA and Canada.
- (2) INGEBA is also participating in four programmes organised by the Banking Committee of the International Co-operative Alliance (ICA), namely:
 - During the past seven years it has organised annual conferences for cambists and the heads of foreign departments of its

affiliated co-operative banks: exchange of experiences, greater collaboration, and a growing turnover in bonds.

- It provides financial support for the ICA Development Fund, for co-operative projects in developing countries.
- INGEBA also takes part in the exchange programme for young assistants in the co-operative banks, which certainly reinforces collaboration between these banks.
- It seeks to obtain financing for co-operative projects in developing countries.

The financing of co-operative projects in developing countries can no longer be done by the private and/or co-operative banks alone, because of the crisis already mentioned and the resulting increase in risks of all types.

This is to say that in future only governments will be able to grant large credits. Nevertheless there are many opportunities for financing co-operative projects in developing countries which are not grasped. The World Bank and the “Kreditanstalt für Wiederaufbau” (Credit Institution for Reconstruction) of the Federal Republic of Germany have made considerable credits available to the national development banks in several countries in Latin America, Africa and Asia, and these funds can also be used to finance co-operative projects. It is worth noting that, according to the evi-

dence, many developing countries are not so much lacking in the necessary funds, as in suitable projects ripe for financing. Mr Grethe and Mr Moshe G. Hess, Secretary of the ICA Banking Committee, have therefore proposed to the International Co-operative Alliance in London that it should approach the apex organisations of co-operative societies in various countries on the possibility of seeking credits from their respective national development banks for the setting up of co-operative projects.

However, it is certainly a fact that such projects often fail to get financial support through lack of a fully detailed and concrete plan which means that the request for credit cannot be presented in due form. Mr Grethe suggested therefore that an *International Co-operative Consultative Association* should be formed in Europe, whose task would be to enquire into projects, their planning, the guarantee for their financing, and to supervise the utilisation of funds and the progress of co-operative projects. This body should work closely with the ICA in London. If such a consultative body could demonstrate some evident successes, it could surely gain recognition, encouragement and financial support as an associate, not only from the World Bank but also from the European Economic Community, from the Credit Institution for Reconstruction of the German Federal Republic and from other international organisations. The difficulty of founding such a co-operative consultative body will undoubtedly lie in finding the necessary funds to maintain an office and capable managers to ensure its success. This task is not easy, but it should be possible to find a solution.

Additional Papers

We present in the following pages some of the addresses given by participants which did not fit into the four sub-themes because they dealt either with the general Conference theme as a whole, or with the speaker's national organisation.

Mr Fritz Denis, *Caisse Populaire Dominique Savio (Haiti)*

Mr Denis first described the general economic and demographic situation in Haiti: high birth-rate, a young population, and a low per capita income (90.60 dollars), with coffee, sisal, bananas, cotton and sugar as principal products.

He then traced the history of thrift and credit co-operatives in Haiti: establishment on the *Caisses Populaires Desjardins* model in 1946; first recognition of public utility in 1953, the year in which the National Co-operative Council was set up; in 1974 a law was enacted which consolidated the basis of existing co-operative societies, and for the first time a representative of the *Caisses Populaires* (People's Banks) sat on the National Co-operative Council.

In 1960 there were 40 People's Banks, of which half were in the capital. The first union, the *Union des Caisses Populaires de l'Ouest (UCPO)* was formed in 1961-62, which was not in fact very active until the launching of the "Nagua Plan" in 1975 with Canadian assistance. This plan provided technical assistance to all the people's banks, as well as to the *Centre Haitien d'Etudes Supérieures du Coopérativisme (CHESCO)*. But auto-financing would still be difficult, and the Nagua Plan only has a short time still to run.

What is the economic and social impact of the work already accomplished? Traditionally, the economically weak are the victims of certain "cultural" systems, such as:

—speculators who lend money to the

peasants and are repaid in produce;

—the "dagger thrust": usurious practices at high rates (50 to 100 per cent), plus four or five months' interest on signing the contract; and

—the Consortium (a type of lottery) among factory workers (once a fortnight, or once a month, the beneficiary being chosen by lot).

The People's Banks came to remedy these abuses, as well by their educational work as by the alternatives which they offer. At the end of 1972 their position, for a total of 35 banks, was as follows:

—social capital	842,273 gourdes*
—savings (deposits)	2,326,303 gourdes
—loans	1,546,570 gourdes
—reserves	82,025 gourdes

The total amount of savings (social capital plus deposits) was therefore 3,168,576 gourdes, for 13,096 members belonging to 374 primary co-operatives, or an average saving of:

—242 gourdes (US\$ 48.4) per member

—90,350 gourdes per co-operative

which would seem rather low until one remembers that the average income per inhabitant is US\$ 90.60 and that 19 out of the 35 people's banks represented are located in particularly poor rural areas; also that the country has very little in the way of communication routes.

In conclusion the people's banks would certainly appear destined to play an important role with the economically weak

*1 gourde=1/5 dollar.

sector of the Haitian population, provided that the movement continues to develop its structure and the ability to reach both the rural and the urban masses.

Mr Carlos Perette, Centre for the Study and Promotion of Co-operation (Argentina)

Mr Perette first restated the aims of co-operation: thrift and credit co-operation, with its quintessential mutual aid and its integral solidarity, seeks and must seek the elimination of unjust privileges which benefit only a minority in society. This definition is in line with the principle of efficient functioning, and points to it as a path to ensure the vital development of the co-operative movement in the economy, in the face of the crisis passing through contemporary society. Co-operation in general, and credit co-operation in particular, constitutes “the economic effort of the masses” and acts as a powerful revitalising current which demands democracy with integrity, justice with structural reform, the genuine distribution of wealth and the management of a new world economic order which all desire for future humanity.

But if Co-operation is not an island separated from the rest of the human continent, it is indeed its own continent, and it must be urgently understood that those who must abdicate are not the co-operators who desire a “better society”: the challenge of the world crisis demands a united co-operative movement, which is dynamic, modernised and integrated. It is also urgent that all should understand that Co-operation, far from being an enemy of the State and an agent of destructive association, is an ally of the public good, an educational and economic movement which aspires to the wellbeing of the majority and rejects the fatal evil of privileged minorities taking advantage of an unjust order.

If the historic clamour of “Liberty, Equality, Fraternity” gives life to an effective co-operative movement, the latter embodies this slogan in four requirements which are conditions for its development: effective solidarity, integral democracy, irreversible essential changes, and structural reform. In response to the statement by Paul VI that “the greatest crisis today is the crisis of solidarity”, Co-operation offers itself as the strongest revivifier of human solidarity and of society as a whole. But many do not want to understand, and prefer to accept the abuses of the privileged, associated either with external economic dependence or internal financial concentration, which are the exact antitheses of thrift and credit co-operation.

Mr Perette entirely concurred with the position taken by Dr Saxena, Director of the ICA, concerning the protection of the true philosophic orientation of the co-operative movement and of more intensive and integral co-operative education. He also concurred with Messrs Monin and Gorini concerning the function of Argentinian Co-operation and, more specifically, their position concerning the possibility of ensuring credit for co-operators without claiming that this inevitably implied higher interest rates.

Mr Perette thanked Messrs Theo Braun, Kerinec and Saxena for their efforts and their contributions.

Mr Perette then took up a position in favour of greater unity within the Co-operative Movement, of greater interdependence between its branches and activities, the basis for its integration into a Co-operative Sector. Such integration must be realised not only nationally but worldwide, because the economy is not a melon which can be cut up and distributed at whim or in their own interests by the larger nations without taking into account the interests of the developing countries.

He reminded participants that co-operatives profess the objective of protecting the least favoured sectors of society, that they are the abiding allies of small- and medium-sized enterprises and voluntary organisations, and that they work in the hope that “the people will reach the top of the pyramid”.

The Latin-American sub-continent (which of course includes Brazil) of 316 million inhabitants today, which will be 600 to 700 million in the year 2000, a sub-continent which is young and rich in natural and spiritual resources, aspires to auto-development, because it is nobody’s colony and does not have the soul of a satellite or of a pawn of others on the international chess-board.

Co-operation in Argentina—where Mr Perette presides over the Centre for its Study and Promotion—has six million members and more than 5,000 societies, representing more than 15 per cent of the gross domestic product and extending its activities to more than half the population of Argentina, which places it in the forefront of the Latin American movements.

The country’s credit co-operative movement demonstrates a vigorous dynamism, with almost two million members and more than 500 societies. It has always played, and still does, a role of fundamental importance in the economy, fulfilling a vital function for Co-operation and for the country. Latterly credit co-operation, with its Instituto Movilizador and the national Federation of Credit Co-operatives, has carried out an intensive campaign in defence of the principles and standing of the co-operative, in which it was supported by the whole Argentinian co-operative movement, giving a telling example of co-operative unity in the struggle for common ideals. This work will continue with the same effort, the same faith and the same principles which have always sustained it, since it can be said that Argentinian Co-operation—leader in the

struggle of human solidarity, the antithesis of destructive violence and the testimony of law against all absolutisms—is the only economic process which has not failed. It thus becomes one of the greatest “sources of power” which man has created to attain to a better life.

Mr Perette concluded by proclaiming, on the Latin American soil of Brazil, that co-operators work positively for Peace, for Liberty, for Democracy, for Justice, for the proper distribution of wealth and for the dignity of man, which are incompatible with any form of subjection or unjust exploitation; they also demand greater collaboration between co-operatives and the integration of the co-operative movement at national and international level.

Mr Alberto Rezzonico, *Instituto Movilizador de Fondos Cooperativos (Argentina)*

Mr Rezzonico too spoke about the present structure and, above all, the future prospects open to the Co-operative Credit movement in Argentine faced with the new legal dispositions enacted there which are causing considerable reflection and mobilisation among all co-operators.

He recalled that historically this movement passed through two phases: the financing of agricultural activities, as a palliative to the poverty of the immigrants, for whom finance would only be possible on the basis of co-operative thrift; the phase following, at the time of the concentration of the national financial system and of inflation, which made it necessary to seek new means of attracting savings, in order to be able to respond to requests for finance from ever larger sectors of the population, deprived of all service, and more especially to the requests of small and medium industrial and trade enterprises. It was possible to meet these: through the use

of current accounts, similar to bank accounts, with "co-operative cheques"; by clearing bonds within the framework of the co-operative movement; and through the rapid growth of the system.

During this second phase, the co-operatives found themselves operating as genuine "people's banks", with legal recognition of their status and the requisite State protection for the progressive extension of their orbit of activities which were characterised by a tendency to operate with easily mobilised funds (current accounts); and effective geographic decentralisation, the integration of 400 savings banks into regional secondary organisations (in complete contrast to the massive financial concentration of the private banks) leading to better balanced sectoral, regional and national development and to better socio-economic integration.

However this rapid growth in the capacity of co-operatives provoked a fierce reaction from the other financial institutions which were accustomed to subordinate financial service to their own profit, in conformity with their economic philosophy.

The battle was joined in 1966, with an effort to deny co-operatives the right to operate current accounts with use of the co-operative cheque. However this first battle was won by the extraordinary mobilisation and militancy of the whole co-operative movement. A fresh battle raged round the public discussions of the draft law which would affect the functioning of the country's financial institutions; the authorities gave some weight to the arguments of the co-operators, which paralysed the primary aim of this legal operation, which had been to ban all types of co-operative organisation from operating in the financial sector. In this fundamental battle, the Co-operators of Argentina were supported by the Organisation of the Co-operatives of America (OCA) and the International Co-operative Alliance, which

resulted in the ban on the operation of current accounts being at least suspended for two years.

The two year period starts from the date on which the Central Reserve Bank of Argentina issues its regulations in accordance with the new law, mainly concerning the minimum guarantee deposits to be lodged with that bank to procure the right to operate. This new provision will force the co-operative savings banks into some new form of integration, otherwise they will not be able to meet this requirement: they naturally wish to succeed provided that their specific mode of operation is not affected. This assumes arbitration between regulations which could reinforce their position and provisions which would bring them under the control of the banking system, devoted primarily to profit and not to the service of the most needy sectors.

The co-operative movement has demanded to be heard before arbitration and adoption of the regulations, relative to the text of a law which concerns them directly and on which they were not even consulted.

**Mr S. M. Osman, Secretary
General, Afro-Asian Rural
Reconstruction Organisation
(AARRO)**

Mr Osman introduced himself as a rural social worker who commenced his field work in Egypt 35 years ago. During all those years he had been in touch with co-operatives—at first, multi-purpose co-operatives aimed at rural development in Egypt, one of whose functions was the distribution of credit, which later also took in savings.

Mr Osman commenced working with AARRO in 1965 as Director of Rural Co-operatives. He described the organisation—which has just celebrated its 15th anniversary—as a small international organisa-

tion formed on the initiative of the Afro-Asians themselves (28 countries), and which continues to be exclusively financed, operated and managed for the benefit of their rural populations. He felt that the developed countries could make use of AARRO to study their assistance to developing countries, on either a bilateral or a multilateral basis.

The activities of AARRO are essentially educational:

- two education and research centres, one in Tokyo (Japan) and one in Alexandria (Egypt), have organised to date 11 seminars in addition to a conference of Asian co-operative leaders;
- AARRO gives scholarships for students from its member countries who desire to study in Egypt or India (a total of 100 scholarships between 1965 and 1977);
- AARRO has launched four Integrated Rural Development projects (following the formula adopted by the World Bank), in Korea, Philippines, Egypt and Soudan, with a fifth to start in Tunisia (these projects receive financial and operational aid for three years through technical assistance);
- AARRO sets up case studies, carries out research and publishes reports, various educational material, as well as a periodical, *Rural Reconstruction*.

A modification in AARRO's statutes made at its 5th Session (Philippines 1975) now permits it to accept members from other parts of the world, which of course includes Latin America.

**Mr Teichert, General Secretary,
Thrift and Credit Co-operative
Group of the European Economic
Community**

Mr Teichert mentioned that this was the

first time that the Thrift and Credit Co-operative Group of the EEC had sent an observer to the International Conference on Co-operative Thrift and Credit, and he proposed to take the opportunity to give a brief account of the structure, objectives and activities, as well as the method of operation, of the Group.

The Group was formed eight years ago, and includes almost all the credit co-operatives in the EEC countries:

- Belgium: Centrale Raiffeisenkas van de Belgische Boerenbond;
- Denmark: Danske Andelsbanken and Danske Andelskasser;
- German Federal Republic: Bundesverband der deutschen Volksbanken und Raiffeisenbanken; Deutsche Genossenschaftsbank; and Landwirtschaftliche Rentenbank;
- France: Fédération Nationale du Crédit Agricole; Caisse Nationale du Crédit Agricole; Confédération Nationale du Crédit Mutuel; Crédit Populaire de France; Union du Crédit Co-opératif; and Fédération Centrale du Crédit Agricole Mutuel;
- Ireland: Agricultural Credit Corporation; and Irish Sea Fisheries Board;
- Italy: Ente Nazionale delle Casse Rurali Agrarie ed Enti Ausiliari; Istituto di Credito delle Casse Rurali ed Artigiane; and Federazione Italiana dei Consorzi Agrari;
- Luxembourg: Caisse Centrale des Associations Agricoles Luxembourgeoises;
- Netherlands: Cooperatieve Centrale Raiffeisen-Boerenleenbank;
- United Kingdom: Co-operative Bank

The Chairman of the Group is Mr Theo Braun of Crédit Mutuel (France), who was also presiding over the present conference.

Side by side with this Group there also existed, for certain organisational reasons, a Liaison Bureau for countries outside the EEC, whose members were Austria, Finland, Sweden and Switzerland. These two bodies work closely together: their activities are co-ordinated by the same person and they share a common secretariat.

Thus it can be said that the Group and the Liaison Bureau between them cover almost all the credit co-operatives of the European market economy countries. The headquarters of the Group has been in Brussels ever since its foundation.

What does the Group do?

Its objective and task is to promote and protect the interests of credit co-operatives in the European institutions and authorities, which it seems to have done successfully over the past years. The fact has also emerged that our member organisations share a whole series of identical or similar problems, not related to initiatives or activities on the part of the European Authorities, and that it is extremely useful to deal with such problems jointly. So gradually questions of this kind and problems of common interest have come to be discussed more and more together, with the exchange of relevant experiences. Compara-

tive studies are carried out on predetermined problems.

As far as specifically European questions are concerned, joint positions are defined and communicated to the European Authorities. Thirteen specialised working parties are involved in this work.

In the course of this work we have been able to establish that a number of areas exist in which we can also collaborate economically, that is commercially. This has led to the foundation by some of the member organisations in various countries, of joint banking institutions in various parts of the world and thus to commercial collaboration, which will probably increase considerably in the years to come.

Mr Teichert concluded by saying that the Group has not so far developed any programme of assistance to Third World countries, as this lies outside its terms of reference. However the Group is in the process of drawing up a sort of inventory of the projects carried out by its members or in process, and it is not impossible that it may decide to co-ordinate these activities also, if not to study joint action which could and should be undertaken, in order that the European credit co-operatives may collaborate in a joint effort beyond their frontiers.

THURSDAY 21 APRIL 1977

Report and Recommendations of the Conference

Presented by **Mr Yvon Daneau**, *Conference Rapporteur*

The theme suggested for our consideration during this Conference gave rise to interventions of remarkable pertinence and depth. To attempt to summarise these is a daring undertaking, and you will forgive me in advance for the time it takes me to present this report.

I wanted to produce a summary, rather than a descriptive account, and I have therefore not always identified the authors of the ideas I have taken up. You will easily understand that this would have made the report very cumbersome, especially as, very often, several individuals broached the same subject.

I will deal successively with the four subsidiary themes in the order in which they were discussed, seeking to give to each its due logic and coherence. I have, therefore, made selections, mentioned one idea rather than another in connection with a certain theme, and placed your interventions in a framework which may not have been their original one. I hope you will recognise them nevertheless.

I received some papers before the Conference, but others only reached me during the Conference itself. I hope I have not favoured the one at the expense of the other.

1. Thrift and Credit Co-operatives as a Response to Specific Needs, New Needs and the Needs of the Very Poor

Following on the meetings which we have attended during the past few days, the evidence of the spread of co-operative achievement throughout the world would seem to prove that Co-operation can satisfy the most diverse needs, both individual and collective.

Among all the co-operative forms which have so far appeared, thrift and credit co-operatives are perhaps those which have undergone, and are still undergoing, the greatest expansion, no doubt because the needs which they attempt to satisfy are basic ones, and the means utilised to do so are, even today, well adapted to the economic environment of every continent. A thrift and credit co-operative pursues much wider aims than would appear from its economic activities alone, and the needs it would satisfy are not only economic but also social, cultural and humanitarian. In fact, it could more truly be said that the economic aims *serve* the other aims, that

financial and banking activities are *means* of achieving human and social ends and only find their full and true significance in relation to those ends: mutual credit is not an end in itself but the means whereby an individual may take in hand his own destiny and participate, jointly with others, in his own economic and social progress—in brief, may achieve his full human potential in full liberty and full dignity.

It has been said that “Co-operation was born of want”. Whether the poverty was that of the early factory workers, of small agricultural producers dependent on unscrupulous middlemen, or of the developing nations themselves, in every case co-operators have attempted to eliminate it by the organisation of mutual financial solidarity fired by associationist ideals which, as mentioned by Mr A. C. Xavier BASTOS (Brazil) permit the combining of individual efforts in order to exercise more effective collective pressure. The organisation of

thrift and credit, as we were reminded by Dr D. Benévides PINHO (Brazil) quoting Alphonse Desjardins, aims at “the inculcation of the spirit of thrift in the masses of the people, and the dispensation of the credit necessary for their activities, placing at their disposal the abundant fruits of this same thrift”.

The Third World Countries

In the countries of the Third World this reality is a crying need and, there as elsewhere, thrift and credit co-operatives are responding to the very elementary demands of the people. They assist in the emancipation of the individual, by encouraging the fight against human exploitation and usury, by breaking the vicious circle of poverty and by teaching families how to manage their budgets and their savings.

But it is not certain that the traditional version of co-operative thrift and credit as we know it in the so-called advanced countries is the best suited to the cultural and social context of the Third World countries, at least in the first instance. Here the report of Mr R. MATHIMUGAN (Malaysia) was most enlightening.

Certain forms of solidarity are already practised in many parts of the world. Very often such organisations are loosely structured and their methods of operation are not necessarily correlated in codes of procedure.

In such surroundings, the thrift and credit co-operative structure is too complex, and its methods too sophisticated; it would be unthinkable to introduce it point-blank even if based on existing community networks, especially as the skills needed to manage such an enterprise would need to be developed. The thrift and credit co-operative must adapt itself to its new surroundings, modify its structures and its functions so that it is available to all and can respond more adequately to the needs of all, as Mr Maurice LIGOT pointed out.

In this perspective, the thrift function must be modified. Although it was conceived primarily for the purpose of helping individuals, it must be realised that in many under-developed countries the thrift function can be put to better use if it serves the interests of the community as a whole: it must provide general economic growth before it can provide a better life for each member. To illustrate my thought, a village may provide itself with an irrigation system, a group of farmers with certain equipment, etc. The invested savings create riches which serve the community rather than the lure of individual gain.

The will to offer under-privileged communities the economic instruments necessary for their development will come to nothing unless it is accompanied or preceded by a vast training and motivation programme, as was pointed out by Mr GARCIA ALVAREZ (Guatemala). In this respect, the needs of co-operatives are immense, an immensity even more conspicuous than the distance which separates the poor countries from the rich, and less and less tolerated or tolerable. There is much to do: teaching people to read and to reckon, to manage money, to work out solutions for their needs, introducing them to the idea of co-operative solidarity—and much else . . . the resources of mankind are vast, and if international solidarity can express itself in terms of financial and technical aid, the objectives will more easily be attained.

The Industrialised Countries

In the industrialised countries, thrift and credit co-operatives have evolved considerably since their foundation. The movement has been in existence for a long time and its achievements to date are impressive. Such success has only been made possible by continuous adaptation of thrift and credit co-operatives to the changing needs of their members, engendered by changes in society

in these countries: *created to satisfy specific needs, they were compelled to evolve with the developing needs of their members.*

In this context, what can thrift and credit co-operatives offer their members today, and what needs can they help to satisfy? In these days, co-operatives in the financial sector are of a size to compete with the banks, and if they want to satisfy the financial needs of their members, they must—if possible—do this better than the banks. Under present day conditions it is not feasible to make a member go to a bank for certain of his needs and to a co-operative for others: once he takes the road to the bank, he may never return . . .

The banking activities of thrift and credit co-operatives are conditioned by the economic context of our age. They are also conditioned by the evolution of our society, and the more we can learn from this evolution, the more easily we shall adapt to future situations, or even better, foresee changes before they take place.

Today, as Mr Theo BRAUN (France) so rightly said, our people are seeking a certain quality of life, and “growth at all costs” is no longer accepted without question. “Quantitativism” has engendered further alienation, created new demands; consumption and credit offer new snares, and social needs hitherto neglected cry louder than ever (health, education, housing, community facilities, etc.). Because men realise they have reached an impasse, they seek a better understanding of the implications of the decisions they are forced to make; participative structures are acquiring fresh importance.

Through their very nature, thrift and credit co-operatives exist to serve the individual and consequently they cannot remain aloof from the need for the community facilities which would allow him a better quality of life.

Whether it be thrift and credit or any other type, a co-operative communicates

the idea of change, and participates in the gradual metamorphosis of society.

What response can thrift and credit co-operatives make to the need for change manifested by a growing sector of the population?

- First and foremost, they can share with other concerned organisations in the search for solutions to the most urgent problems of our age, and in the determination of our collective destiny.
- They can organise and offer new services.
- They can help the very poor to organise themselves.
- They can help in the development of other co-operative sectors, by expressing the view that perhaps this is the way more quickly to bring about change.

Inter-Cooperative Solidarity

It is perhaps also by stimulating inter-co-operation that thrift and credit co-operatives will best respond to the needs of their members, as was pointed out by Messrs C. H. PERETTE (Argentina) and D. GRETHE (INGEBA). We have so far spoken only of short-term needs, those which co-operatives can satisfy straight away or in the immediate future. But the fundamental need of man is long-term: “to live in pleasant surroundings where he can expand freely and in full liberty, because they are his responsibility”.

Co-operatives are particularly well suited to respond to this need, provided that they co-ordinate their activities in planned development and determine a joint strategy to this end. It is therefore the responsibility of the whole co-operative movement to attempt to respond to the essential needs of man at this moment in time, and the thrift and credit sector will have a part in this response to the extent that it is answerable to the whole co-operative movement.

2. Problems of Thrift and Credit Co-operatives faced with Competition

Members expect to satisfy their needs through a co-operative enterprise, because of its own particular approach. A co-operative enterprise is unlike any other, in that its method of functioning is governed by democratic principles. Its goal is not profit but service. It is a non-profit enterprise which must still operate in a market economy, exposed to the competition of other enterprises.

This means that the co-operative enterprise must be efficient and profitable if it is to survive. Our particular challenge is to ally democracy with efficiency.

Economic Efficiency and Social Effectiveness

As we have said before, the co-operative enterprise is a means, not an end: it succeeds in the fullest sense only to the extent that it achieves aims which are more than economic. Efficiency, meaning the capacity to attain goals previously determined, forces us to put the question concerning ultimate aims. What are the ultimate aims of co-operatives in general, and of thrift and credit co-operatives in particular?

We know that these aims find their justification in the possibility of responding to the needs of members, and we know also that the needs of man are a reflection of his own nature—complex, varied and numerous. They can be placed in two categories, according to whether they find economic or social satisfaction. We are thus led to consider, first the economic efficiency of the enterprise, and secondly, man's social development through association.

We shall concern ourselves with this question of economic efficiency to start with. From Section III onwards, we shall look into the social development effected by thrift and credit co-operatives. This sub-

division is imposed by the discussion, and we shall try to avoid pitfalls by bearing in mind that the performance of an enterprise cannot be dissociated from that of the association, hence from the idea of progress.

Locating the Problem

What attitude should thrift and credit co-operatives adopt in the face of competition? Is it possible to be competitive without seeking profit? What advantages and what disadvantages does the structure of thrift and credit co-operatives impose on them in their daily dealings? Can their weaknesses be remedied, and what strengths can they use to consolidate their position in the banking sector?

Interventions made during the Conference force us to the conclusion that it is particularly the *industrialised* countries which are concerned with this matter of competition, even urgently concerned. It seems that the developing countries face a different range of problems, touching on the emergence, the establishment and the growth of co-operatives, and that in those countries the question of competition bears less immediately and is less of a priority than in the industrialised countries.

In the market economies of the industrialised countries, thrift and credit co-operatives are subject to constraints of a different order from those experienced in developing countries. Let us examine the constraints on co-operatives facing competition in the industrialised countries.

To start with: *how to offer the same level of service as the competing institutions?*

Our basic postulate is the following: if thrift and credit co-operatives are to justify their existence both economically and through their services, they cannot offer services inferior to those of the banks. Here

we come to the concern expressed by Mr R. RIUS (Uruguay). In fact, the services provided by thrift and credit co-operatives must be better adapted to the needs of the individual than those of the banks. This requires imagination and initiative. To do this, the cost of services must be equal to, or lower than that of the traditional banks; or as Mr Charles VEVERKA (France) put it: "the search for optimum efficiency constitutes a constant imperative for all enterprises in the co-operative sector".

Faced with the "centralism" of the traditional banking organisations, the decentralisation of our co-operatives, with their federalist structure, is a major trump card in this competition.

Intrinsic Advantages of Thrift and Credit Co-operatives

1 The *autonomy* of the primary co-operative offers the advantages of a personalised service accessible to the member, as we were reminded by Mr Yves TETREAULT (Canada).

2 The co-operative is *owned by its members*, and is thus in a better position to respond to their needs, provided it can take full advantage of its general meetings and its leaders know how to keep in touch with members' needs.

3 Co-operatives have another fundamental advantage, they have their own particular *trade-mark* which characterises them and distinguishes them from the banks. In order to give full value to this trade-mark, we must stress the idea of co-ownership and participation, we must explain our motivation in order to tie our members to us. We can also evoke the "openness" of our operations (has it not been said that a co-operative is a house of glass?) to develop a feeling of "belonging". The foundation stones of our co-operatives have been their structure, and the initiative and imagination of their leaders.

How should Thrift and Credit Co-operatives envisage the future?

The general attitude to adopt must be one of initiative. Like all other enterprises, thrift and credit co-operatives must be aware of change and adapt to it: adapt continuously to the needs of new members, to the socio-economic environment characterised by inflation and unemployment, to technological progress. Thrift and credit co-operatives will benefit from thinking in terms of the future, and taking action accordingly.

It is at the level of their structures and their operational methods and instruments, that thrift and credit co-operatives must act:

- to respond to the needs of their members;
- to respond to the socio-economic environment;
- to respond to changing techniques.

Responding to the needs of members—modernising premises and working methods, taking measures to strengthen their own funds through guarantee funds.

Responding to the socio-economic environment—adopting new techniques to adapt to the economic situation; responding to the exigencies of monetary policies; protecting our savers in an inflationary situation, and modifying for our borrowers our practices in the matter of rates and duration. In Argentina, for example, as Mr A. MONIN (Argentina) told us, thrift and credit co-operatives are at present operating short-term loans—approximately 10 months—because they feel that this is the best response to the needs of the hour.

Responding to changing techniques—modernising our accounting methods; adapting to new payment systems, such as electronic transfer of funds with terminals at sales points, as described by Mr ROBERTSON (USA); training and improving personnel performance; re-grouping co-operatives and increasing the powers

of central co-operatives, as suggested by Mr F. GORINI (Argentina). Co-operatives can in fact increase their efficiency by devising adequate structures for consultation and joint action while maintaining grassroots autonomy.

Mr P. PODOVINIKOFF (Canada) explained in detail why and how the Canadian thrift and credit co-operatives had come to develop a financial institution with the principal aim of providing liquidity to its member unions, while not excluding the possibility of offering more or less long-term finance to other co-operative sectors. Such co-ordination and voluntary integration on the part of thrift and credit co-operatives within a country is easily justified by the radius of activities of competing financial institutions, especially where the latter operate on an international scale. In all countries thrift and credit co-operatives can benefit from the establishment, on a regional or national scale, of a centralised financial body capable of responding to new needs of the co-operative financial sector, or even of the whole co-operative sector.

Mr John TERPAK (WOCCU) supported this idea of the need for collaboration between thrift and credit co-operatives, with examples of voluntary amalgamation and joint activities within a country, or between several countries. Such co-ordination offers numerous possibilities, all leading to increased profitability in the operations of the thrift and credit co-operatives practising it, and strengthening their position. Co-ordination also makes it possible:

- to organise common services for several co-operatives in the same regional, national or international area;
- to centralise the management and financial administration of several units within a larger unit, while maintaining decentralised services at the points where they are needed by mem-

bers; as mentioned by Mr Claude BELAND (Canada);

- to practise economies of scale with more resources available;
- to widen representational powers;
- to effect vertical integration on a larger scale (such as the acquisition of profit-making banks);
- to finance joint projects in a development framework;
- to ensure more effective representation at government level.

Selling Co-operation

Whatever methods and techniques may be contrived by mutual credit co-operatives to improve their efficiency as commercial enterprises, the co-operative trade-mark must always show through. Their members, and the public, must be conscious of the fact that transactions with a co-operative differ from transactions with a bank. What is the difference? The banks court the public and try to gain favour by offering all sorts of financial services. Thrift and credit co-operatives may offer those same services, but they also offer the right of legal ownership of an enterprise which genuinely belongs to its members, whose activities are oriented towards satisfying their needs.

Besides offering the best financial services to their members, thrift and credit co-operatives will stand the best chance of distinguishing themselves from other financial institutions by developing a system of co-operative selling which would aim at bringing the member closer to his co-operative and strengthening his feeling of participation in a process based on the organisation of mutual solidarity, as was suggested by Mr A. LEWINSKY (Israel). This is the motivation, not wholly economic, that will enable thrift and credit co-operatives to win the economic battle. They will then be the better prepared for another battle, that of social effectiveness.

3. Conditions for Social Effectiveness of the Co-operative Sector

At a time when orthodox economic science recognises the necessity of regarding social development as a corollary to economic development, co-operatives cannot stop short at the evaluation solely of their economic efficiency and profitability, especially as the recognition of this duality is fundamental to their very nature.

Having examined the economic efficiency of the thrift and credit co-operative sector, we now come to their role in social development. In other words:

What are the means available to enable the Co-operative Sector to respond to the needs of its members, and what criteria can we use to evaluate these?

In our report we shall take into account, as Mr J. MOREAU (France) did, two operational levels—the primary co-operative and the federation. Without being too rigid, we will analyse the primary co-operative and try to evaluate its capacity to satisfy the individual needs of its members. We will then examine the role of the federation and try to evaluate its capacity to resolve the problems inherent in a collective body.

(A) Criteria for Social Effectiveness of Primary Co-operatives

Co-operation wants nothing less than to contribute to the well-being of the individual by placing in his hands an instrument which he may use to fulfil his destiny in all liberty and dignity.

What means has it set up to achieve this?

1 The most important—*education*. Education for responsibility, for taking over one's own destiny, which leads members to concern themselves, at first, with their own affairs within the co-operative, then later awakens an active sense of civic responsibility, working for the better well-being of the community.

Co-operative structures, which by their

very nature are participative, draw their life from education. We could even go so far as to evaluate the effectiveness of education within a co-operative by the degree of participation of its members, so much is the latter a consequence of the former. On this point we agree with Dr W. HART (Brazil).

2 *Member Participation*. Both rich and poor countries agree on the importance of participation as a gauge of a co-operative's success, but the way it operates varies according to whether the co-operative is situated in the one or the other.

The industrialised countries have a relatively long history of Co-operation. Thrift and credit co-operatives have established their position on the market, and are even improving it; their members are satisfied with the services provided and are, on the whole, loyal although general meetings are often poorly attended. The feeling of 'belonging', so strong in times of difficulty, has slackened and a sudden change in the economic situation could cause wholesale desertion.

The third world countries may envy us our problems, which are the problems caused by prosperity. In their case, so much is still to do, from the point of view of development as well as of Co-operation. We cannot impress too strongly upon them the importance of this feeling of 'belonging', nor that they should neglect nothing in the field of training and information.

In the industrialised countries, as in the developing countries, the social effectiveness of the co-operative movement depends on the effective functioning of its democratic structures. It is to be feared that, in our large co-operatives, both our chosen administrators and our members have abdicated their powers, leaving them in the hands of the technocrats. Competence and economic profitability appear to many to be the strongest if not the most legitimate criteria. Democracy must renew its 'letters

of patent' in this respect, as was so well expressed by Mr LICHOU (France).

3 *Employee Participation.* It is desirable that the workers in a co-operative should be regarded not merely as employees, but should also participate in its development.

4 *Extension to other sectors.* Once members have grasped the nature of co-operative commitment within their thrift and credit co-operative, they will want to start again in other fields, take over other aspects of life hitherto out of their control.

(B) Criteria for the Social Effectiveness of Federations

We now come to the second point, the federation.

As Mr Martin Legère, Director-General of the Fédération des Caisses Populaires Arcadiennes (Canada) said at an international meeting held last year in Montreal.*

"It is utopian to believe that we can really assist the individual to improve his economic and social conditions simply through the accumulation of monetary funds, unless those funds are made available to him through the medium of other co-operative institutions . . . The people's banks must go further, they must help the community by a *continuing interest in the development of related co-operative institutions so that the savings of the thrift and credit co-operator may be used for the integrated development of the individual.*"

When we discussed earlier the idea of immediate needs and long-term needs, we wondered whether the development of co-operative strategy might not be one of those long-term needs—not immediately apparent to members but indispensable for the movement, and for the members of tomorrow; because the movement must of

*Report of the International Meeting, Montreal, 5-7 October 1975, pp.308-309. *Fed.de Quebec des CPD, Levis (Canada) 1976.*

necessity ensure its own future progress, and organisations with a larger territorial coverage must take over where the activities of primary co-operatives end. The same is true of inter-co-operation and co-operative development.

Each co-operative sector contributes only a part to the 'integrated development' of the individual, but all working together can claim to achieve the whole. This is the co-operative idea, which develops under the force of its own dynamism, a force which must be supported by every co-operator and every co-operative body.

As part of a development strategy, we can conceive of two forms of collaboration within the co-operative movement:

1. Between organisations in the same sector;
2. Between organisations of different sectors.

In both cases such exchanges can take place at national or international level, as described by Mr B. S. VISHWANATHAN (India).

1. *Between organisations in the same sector.* Many countries recognise more than one type of thrift and credit co-operative, and although they all pursue the same ends they do not always pursue them in concert. History cannot be altered, but would not some *rapprochement* be desirable? This would allow for greater influence with the public authorities, better representation, and the organisation of common services, for the greater benefit of members.

The same advantages can be found on the international level, including that of increased contact with international organisations.

2. *Between organisations of different sectors.* Co-operatives have much to gain from collaboration, as in the examples quoted by Mr A. TERAN (Panama), and the hopes expressed by Dr S. K. SAXENA (International Co-operative Alliance).

Do they not have the same principles in common, the same interests to be protected? Do they not face the same problems: member relations, employee relations, training problems, legal problems? Pooling experience and searching together for solutions must contribute to the progress of the whole movement and increase its socio-economic impact.

This stage is far from being reached in many countries, and yet even this is not enough. Collaboration or, as Professor Paul Lambert would say, "the will to conquer and co-operativise the world's economic and social systems", demands the concentra-

tion of all national co-operative endeavours, not only on organisational problems, but also—and especially—on future development plans and the strategy necessary to achieve them.

Co-operatives cannot remain estranged in this "crisis which affects the liberal economy", to take up the phrase used by Mr M. BUSCARINI (Italy). Co-operatives cannot remain insensitive to the future of humanity. On the contrary, they have things to say, things to suggest, and other things that they themselves can accomplish and for which they already have at their disposal the necessary resources and powers.

4. The Role of The Thrift and Credit Co-operative Movement confronted with the International Economic Situation and the Monetary Crisis

These considerations bring us to the core of the theme following, which forces us straight away to look at the economy from a world viewpoint. In economic matters, in fact, frontiers have ceased to exist: interdependence is world-wide, and prosperity cannot be achieved without the combined actions of all countries. This means that crises are also world-wide—not only monetary crises but, even more basic, also development crises. "And it is in this latent development crisis", as our President reminded us, "that sickness in international relations flourishes. It is unfortunately at the international level that the most scandalous inequalities and the least admissible divisions can be seen, despite efforts made over the years—not without resolution, not without courage, but without decisive results—to reduce discrepancies in the standards of living between the less well endowed and the more favoured countries."

The common interests of humanity alone today should compel us to get together to overcome the crisis of civilisation which confronts us.

In this respect we must underline the points existing in common between those who support the co-operative ideal and the consensus of those who are promoting a new international order. The consensus of ideas on the general level would seem to be:

a consensus on the objective: concerning development, which is seen as for all men and the whole man;

a consensus then on the approach: the new economic order will spring from co-operation, that is from dialogue and concerted action;

a consensus finally on the means: every society will organise its own development, making the most of its own resources but admitting the reality and necessity of interdependence.

Co-operation and the New World Economic Order

We must next define specific concrete actions which thrift and credit co-operatives could undertake from this point of view.

1 International collaboration

The internationalisation of capital neces-

sitates an equivalent internationalisation of the Thrift and Credit Co-operative Movement. To counteract the consequences of supranational economic action, such as the vicious capital movements which so often provoke monetary crises, the co-operative movement must fight at the international level for the creation of controls outside the multinational firms and national governments. Such international collaboration would allow joint monetary activities to be carried out which conformed both to the needs of members and to the ideals pursued by the co-operative movement, as Dr J. K. TEICHERT (Belgium) observed from the European experience.

By way of example, one could envisage more technical forms of co-operation:

- a system of guaranteed cheques payable by affiliated bodies to international organisations;
- credit cards valid in the various affiliated countries;
- equalisation of liquidity surpluses;
- participation in international loans;
- participation in establishment, development and financing of thrift and credit co-operatives in developing countries; technical assistance in these countries.

Finally, in discussing the role of co-operatives, given the present organisation of the world economic system, we come to discussion of a new international economic order. We realise first of all that the promoters of this new international economic order pursue similar goals and ideals to those of Co-operation: elimination of

poverty, better distribution of wealth, freedom for nations to develop in accordance with their own objectives, etc. Co-operatives, as we have already said, contribute to the cultural, economic and social development of communities where they are established and can therefore play a fundamental role in setting up a juster international order.

2 *Aid to developing countries*

This can be done even better if the co-operatives of developing countries are assisted by the co-operatives of industrialised countries. Such aid finds its natural justification in the co-operative nature of the bodies concerned and the solidarity underlying their existence, in one continent as in the other. Inter-cooperation can take numerous forms. Technical assistance is without doubt the most urgent, but it must be carried out with due respect, that is, the receiving countries must be the ones to decide on the allocation of the resources put at their disposal by the wealthy countries, in accordance with their own priorities and their own objectives.

Technical assistance, as with other types of assistance, can take various forms:

- directly between the countries concerned through the intermediacy of co-operative central bodies;
- co-operative to co-operative, on a “twinning” basis;
- on a larger scale through joint action between several industrialised countries and several developing countries;
- by agreement between the countries concerned and international bodies.

Conclusion

The wealth of your interventions has forced me to speak at length, so my conclusion will be brief. From all that has been said, it seems to me that three main ideas stand out.

The *first* is a call for initiative, for imagination, perhaps for non-conformity, to get away at all costs from the beaten path. In the world in which we live, with its rapid transformations, to stand still is to

move backwards. Thrift and credit co-operatives must adapt their methods, their structures, their objectives, and their mentality to the changing world, the world in the making. The translation into fact of these imperatives wears many forms, some of which are still to be invented, but it seemed to me that the instrument which you favoured was voluntary co-ordination and amalgamation within the co-operative financial sector as expressed by Dr REZ-ZONICO (Argentina). Such willingness to join together to do things together opens the way to hitherto unsuspected prospects, whether looked at from within national frontiers or in the field of international action.

The *second* idea that stands out is that the ideal conveyed by Co-operation seems more than ever before to be in popular favour and to correspond to popular aspirations, in both developing and industrialised countries. The type of development propounded by Co-operation, and the uniqueness of its organisation, attract an ever-increasing number of adepts, and the co-operative movement today embraces a

significant proportion of the world's population. This means also that our Movement can no longer be ignored by governments. In order to safeguard our identity, it behoves us to press these governments for the same legislative advantages as are granted to traditional banking enterprises. Governments should lend their support to an economic institution which aims at awakening and developing a sense of democratic and social responsibility.

The *third* idea, which for me is the most significant, is the determination expressed by many of you to strengthen international solidarity between our co-operative thrift and credit institutions. This determination, it seems to me, is not confined to exchanges of technical information or to the better preparation of our interventions in the competitive markets. I see it rather as a desire and a determination to participate in the building of a new international economic order in which the Thrift and Credit Movement, with other forms of co-operative organisation, could play a decisive role in building a juster and more equitable society.

Conference Recommendations

Relations between the State and Thrift and Credit Co-operatives

More than ever before, thrift and credit co-operatives seem to be contributing to the well-being of larger sections of the population in both industrialised and developing countries. They are the instruments of economic liberation, allowing the individual to assume his responsibilities in all freedom and dignity.

In addition to providing economic advantages for their members, they play a vital role in education for democracy.

In order to safeguard the identity of thrift and credit co-operatives, the State should help to create a climate which allows them to

develop; they should be accorded at least the same advantages, legislative and otherwise, as the traditional banks.

International Collaboration

There is a considerable demand for assistance from thrift and credit co-operatives in the developing countries. Such assistance could be provided by the industrialised countries. It should be co-ordinated both at national and international level.

The technical experiences of advanced co-operatives provide a powerful proving ground for aid to less developed co-operatives. This aid should be adapted to the specific needs of developing co-operatives.

Quality of Service

Members of thrift and credit co-operatives are entitled to better and cheaper service than that obtainable from traditional banks.

Training and information, the definition of goals and the means by which they can be achieved, are essential conditions for the maintenance of respect for principles while at the same time ensuring optimum technical efficiency.

The International Situation

In a society in which the economic and

monetary crisis is not only continuing but also growing, thrift and credit co-operatives by their vocation and their experience have an irreplaceable role.

To fulfil this role effectively, they must acquire resources in order to contribute to the building of a juster and more brotherly society.

Their first contribution must be to pledge the means for setting up a guarantee fund which could facilitate aid to the most destitute, seeking association with other bodies for this purpose.

Closing Session

Mr Roger Kerinec, *President of the International Co-operative Alliance*

At the close of this Conference on Thrift and Credit Co-operation, held in the exceptional surroundings of this city so truly described as wonderful, I would like to begin by expressing my grateful thanks to those who decided to hold this Conference in Rio.

Not only—and why not admit it?—because a visit to Rio is the dream of millions of men and women all over the world, but because it is an esteemed privilege, which I personally appreciate, to witness even briefly the adventure which is Brazil, this great country, one of the world's giants, soon perhaps one of the wealthiest but still today experiencing the problems of poverty.

And this at a time when the peoples of the industrialised countries are seeking new reasons for belief in their good fortune—everything is relative—and when other peoples in Asia, Africa and Latin America are still seeking the way of escape from under-development.

Brazil has crossed the threshold of sustained growth, but it is running up against problems, not only problems inherited from the past, but also conflicts provoked by this rapid growth which has astonished the world.

Like all, or almost all, Latin American countries, Brazil is the son of European culture, but it is descended from a very ancient people whose recently rediscovered institutions are the admiration of all, and we can only wish that it, and that all the peoples of Latin America, may find their own path to happiness, because only then will they be able to help the world to find

the way to true peace, founded on the balanced exchange of experience between all peoples of good will.

As President of the ICA, I must thank those who took the initiative of allowing us to spend a short while—important for the future of the Alliance—on this Brazilian soil, and of course, also to thank most sincerely our Brazilian hosts for their warm welcome which has provided such excellent conditions for our Conference.

It is not for me to draw conclusions from this Conference—our Chairman, Mr Braun, will do this, as is his right—but he will permit me simply to thank him for having invited Dr Saxena and myself, to express to him my satisfaction with the spirit in which this Conference has been held and with the attitude of your Liaison Committee towards the International Co-operative Alliance, for the Alliance can only act effectively if it is truly representative of all the forms of Co-operation, if all the forms of Co-operation understand that it is in their interest to co-operate with each other, and that each has its own specific role to play.

It is truly the virtue of the Alliance, that it has succeeded in gathering together co-operative forces drawn from the five continents, regardless of the political regime under which they carry out their activities.

On the morrow of the Congress which it recently held in Paris at the headquarters of UNESCO, I would like, Mr Chairman, to try in a few words to pick out the significance of this incredible but indisputable fact—the existence for more than 80 years of an International Co-operative Alliance which has succeeded in passing through all the crises which our world has experienced during this period, without ever losing its unity—by telling you what it is, what it does and what it believes.

What it is: the most powerful—and to my knowledge, the greatest numerically—non-governmental organisation, grouping together more than 300 million Co-operators in 65 countries, recognised as such by the United Nations which every day gives it greater credence, and by Governments.

A profoundly democratic organisation which has demonstrated that, for Co-operators, links can be forged across frontiers, links which go beyond the stage of pious thoughts and good intentions.

What it does: it has succeeded, in fact, in multiplying exchanges of experience between Movements of all types, mainly through its Specialised Committees, for the benefit of the whole Co-operative Movement.

In the same way, it has succeeded in making it possible for Co-operatives of many countries to work jointly, creating international institutions in the field of insurance, for example, banking, credit, consumer goods—particularly petroleum products—thus introducing a new form of international trade.

As it has also succeeded in creating genuine collaboration between co-operatives in the industrialised countries and those of developing countries; in this context it has set up regional offices in Asia and Africa. It has at the same time increased contacts between co-operatives of the East and of the West, being aware—perhaps before others—that it is not possible to have a North-South dialogue on the one hand and an East-West dialogue on the other, but that all must discuss together, as we do within the Alliance.

What it believes: what it believes is that the application of co-operative principles can make its contribution on a world level to the inauguration of a world which is juster because it is more mutually responsible and more participative.

As was stressed by the Commission which, in 1966, reformulated the so-called

Rochdale Principles: the mission of the Co-operative Movement “is to teach the common people by demonstration how the principles which express their neighbourly and brotherly relations in their co-operatives can also inspire the mutual relations of the nations”.

And it must necessarily be so, because we live in an age under the sign of mankind’s interdependence and the progressive globalisation of the economy: let there be drought, rain or frost which affect the harvests in one part of our planet—and we then get increased prices, modifications in exchange currents, generalised inflation, developing unemployment. Whether mankind desires it or not, whether governments understand it or not, we are all bound together, for better or worse.

It is for the politicians and the political authorities to find the solutions to the world’s problems, but they can only make fruitful political decisions if they are fully aware of the respective strengths of the various social and economic forces—and Co-operation is one of those forces, one which allows the mobilisation of the people’s efforts which is essential for lasting progress.

Co-operation is one of those forces whose breadth must increase, because it has its roots deep in the people; which also explains (and governments should understand this) why it cannot escape the fears and hopes felt and expressed by the people.

When mankind is seeking the way to greater happiness, it often finds the path of Co-operation, which rapidly broadens to become one of the routes that people may utilise for the march towards the society of the future.

However, we should not conclude that it is enough for governments to impose Co-operation, or rather the creation of co-operatives, in order to resolve their economic problems. Co-operation is not a panacea. Co-operation cannot be imposed

on people, but governments can aid their peoples to rediscover the springs of co-operative action, the more so as co-operatives will not be the subsidiaries or branches of multinational groups, and that they represent a school for the teaching of the sense of responsibility.

I said "rediscover"; because those who invented Co-operation in Europe in the mid-19th century well know that the circumstances which produced it do not exist everywhere in the world today, and that it is necessary to adapt it, to rediscover it. And the role of the International Co-operative Alliance is to say whether or not this rediscovery is faithful to the co-operative spirit with which it cannot compromise: the spirit of tolerance, of understanding of others, of joint labour, of just participation in the fruits of that labour.

If the co-operative spirit is to be saved, the co-operative principles must be interpreted in the light of the historical values of each country, so that co-operatives become an integral part of their country's culture and way of thinking. In a word, Co-operation in Brazil must be Brazilian, and the more Brazilian it is, the more it will contribute to the co-operatives of other countries, the more it will be capable of assimilating the experiences of other countries' co-operative movements.

Brazil is moving fast, very fast, but when we move fast there are always people who get left behind, and it is those people above all who need to help each other, and also to be helped: helped by governments who should, in their own interests, create legal and fiscal conditions which will allow co-operatives to play their own particular role, which I have tried briefly to define, alongside private enterprise and state institutions.

Mr Chairman, dear Co-operators:

I have been present for the first time at a Conference on Co-operative Thrift and Credit. I have learnt much, thanks to the

wealth of accounts which I have heard on the role which these co-operatives can play in each country and in the international field.

I have been moved by the spirit which animated all these speakers, by their faithfulness to what they have called their "reason for existence", and by their determination to come to terms realistically with the problems, with what they have called the challenges, which they must overcome.

The world is obsessed by the future, which shows that it is thinking about it, and that is a good thing. Co-operators also think about it, as they should.

A Conference like this must convince us that the future belongs to those who understand the importance of the need to be united and mutually dependent in the fight, because it *is* a fight, even a hard fight. Your contribution, as leaders of thrift and credit co-operatives, is fundamental, because you have shown that money is only a means, but—to repeat your Chairman's phrase—"a means of solidarity" and "an instrument for social liberation".

You have also begun to make this money available, not only to your members but to other forms of Co-operation, thus stressing the fact that Co-operation is a whole, that it will be more and more understood as such by governments, by public opinion. And it is this whole—that is to say Co-operation—with everything which its various manifestations imply for the future of those who understand its meaning—it is this whole which will succeed or fail.

What is happening today, and threatens to happen tomorrow, in many Latin American countries, alas!, illustrates this incontrovertibly. We must be aware of it. We must say it aloud, and we must repeat it again and again. Co-operation needs a powerful International Co-operative Alliance because the world needs co-operatives and Co-operation.

I hope this 4th International Conference on Co-operative Thrift and Credit will have contributed to the necessary identifying of our responsibility by each one of us, a responsibility of which we must be proud, but must nevertheless assume.

Success to the Thrift and Credit Co-operatives!

Success to all Brazilian Co-operators!

Long live International Co-operation!

Thank you again, Mr Chairman.

Mr. Théo Braun, Chairman of the International Liaison Committee on Co-operative Thrift and Credit

In concluding the discussions of these stirring sessions, I would like you to grant me a special favour, to authorise me to take on a kind of split personality. I would like to take up the lessons learned from our Conference from a dual point of view: that of a fighter in the co-operative cause who, like all of you, has been deeply moved by the warmth and enthusiasm rising from this hall; and that of an observer ignorant of our problems and endeavouring to base his judgment on the criteria of cold reason.

The Chairman of this Conference has every reason to declare himself entirely satisfied and owes a debt of gratitude to the creators of this success.

My first thanks go to Mr Thenorio and to Mme Texeira Mendes who have borne the brunt of the organisation. We know that Brazil is the country, *par excellence*, of the most extraordinary prowess, and we wish this great people a future in conformance with their immense possibilities and their dynamism. Our Brazilian friends have just provided confirmation of their ability to produce out of limited means the most remarkable results.

My thanks then go to the assembled participants, to all the delegates who have come in such large numbers and who, in spite of all the seductions offered by Rio and its countryside, have obstinately maintained their assiduous attention to our work sessions.

Might I be allowed to mention particularly my Latin American friends, whose participation both in numbers and in quality has been remarked by all. I have gained the impression that in their country Co-operation is strongly felt as one of the best means of organising and making the most of this immense territory. Our thanks for this go to those at the heart of Co-operation: the national organisations of COLAC.

In the name of all of us, I address to the session chairmen, to the reporters and the speakers, our congratulations and the expression of our gratitude. We cannot but be aware of the sometimes difficult conditions under which these reports have been written and presented. There might have been discrepancies or false notes, since each section was written separately: there were none. A few variations were certainly apparent, but these did no harm to the development of the central theme. On the contrary, all the speakers showed the same belief, the same enthusiasm, in the service of the same ideal.

However this in no way detracts from the merits of our General Rapporteur, Mr Daneau, who had the difficult task of presenting the summarised report of our work. You yourselves were able to see how imposingly he performed it. I thank him in the name of all of us. Our gratitude goes equally to Mr Kerinec, President of the International Co-operative Alliance. Thrift and credit co-operatives are not ends in themselves; we have said it before, and we shall have occasion to say it again. We must thank Mr Kerinec for showing so clearly their position within the whole co-operative system: I express the hope

that the route indicated will be followed.

I would also like to ask Mr Hideo Into to express my thanks to Mr Katayanagi, President of the Norinchukin Bank. He has contributed to the strength of the Liaison Committee by giving it the benefit of the Bank's excellent experts. I would like to repeat my thanks to the Japanese organisation, and our best wishes go with Mr Ohmi, who is returning to his own country, for his future work, as we also thank him for his collaboration and help.

I mention them last, but they are by no means least—the various services and departments which made this Conference a success: first the secretariat of the Liaison Committee, Mme Robert; then here in Rio the personnel of FELEME and Mme Sofia's team. I would also like to thank our interpreters and translators, without whose assistance even the best ideas could not have been grasped.

The feeling of satisfaction which I have just expressed in these thanks, reflects without any doubt the impression of a task well accomplished, which you must all feel as I do myself.

* * *

We must, however, pause for an instant, to wonder what would have been the judgment of a man, a stranger to our routine activities, who had sat with you and followed all the debates of this assembly. He would perhaps have noticed two things: (1) First, the very great difference in age, and hence in development, of the various movements forming this assembly. Certain of our organisations rank among the most important financial powers of their own countries; they compete at technical level with the best organised and most powerful banks. Others are taking their first stumbling steps, and their infrastructures and resources are relatively modest.

(2) Secondly, the fact that our various organisations do not necessarily stress the same problems: with some it is essentially

the matter of solidarity and ideology, while others emphasise technical efficiency.

And the observer will ask himself whether this situation might not be a symptom, in embryo, of the dangers of division or fragmentation.

I would like in a few words to dispel this fear. Diversity, it seems to me, is our strength.

The strength of thrift and credit co-operatives lies in their possession of two-fold capital: the capital of expertise and techniques accumulated by the organisations over the years, and the capital of noble ideals developed by our predecessors and maintained to this day, despite the vicissitudes of history.

These two forms of capital are not evenly distributed today. Those of our organisations which are the most advanced technically, may run the risk of letting the flame of ideals die down; when this happens, it must be taken up by others. The flame of our founders is often found today in our young movements, who render us the exceptional and highly important service of reminding us of the principles we might be inclined to forget. Would it not be fair if, in recognition of this great contribution, these young organisations were invited to draw from the capital of experience and techniques of the older ones?

But we must not be misled into thinking that this material and moral wealth has been given us once and for all, and for always. Capital dwindles if it is not renewed, and experience proves that, however strong or powerful they may be at a given moment, movements wither if they are not constantly updated. This adaptation of principles and techniques to evolving conditions demands co-ordination between all those who support the same cause.

This was true already yesterday, and is even more so today in a world rocking on its foundations, if we genuinely desire that the co-operative spirit may help to bring

into being that new economic order to which so many aspire.

We are a movement for social transformation, and we are also a banking-type organisation, but we shall attain none of the aims we have assigned ourselves if we abandon one of our specific characteristics to the detriment of the other.

With regard to our young organisations, I would like to state that we genuinely are "a bank" in all practical senses of the word, capable of rendering the same services as the traditional banks. Even if, in certain circumstances in certain countries, during the initial period we specialise in certain operations, often due to a lack of traditional organisations and in the interests of the persons concerned, we must later on aim at offering the whole range of banking services, at a pace which each one of us must define in accordance with our responsibilities and the terrain.

We must above all, of course, pay attention to strict management. This is essential, not only for offering quality services at least cost, but also to dispel all fears concerning the security of deposits.

No technical innovation should be rejected, provided it does not cause violation of our principles, if it appears justified by an improvement in our services and in our position *vis-a-vis* the competition. Likewise our personnel must attain maximum qualification and competence. In other words, in the field of technique and banking services, we are and want to be banks like the others, without it being possible to discriminate against us. The only limitations we can accept are those imposed by our means and the decisions of our boards of directors.

However, the similarity of techniques and vocabulary must not gloss over the fundamental differences which exist between the traditional banking network and ourselves.

There is first of all between them and us a difference in aims: the traditional banks aim at profits, we aim at service. Our activity is not an end in itself but a means of acting on the economy, a means to help the individual fit better into the city.

The co-operative bank puts technique at the service of the ideal of mutual help, which implies both the profound union of the participants and the reciprocity of services rendered.

This union between individuals within the enterprise produces an internal force, which results in a determination by each one to direct his actions for the service of others. Consequently, authority does not proceed from a financial, more or less anonymous power, but is rooted in the general will of the members.

Where could one find participation better practised? Is it really necessary to go still further, at the risk of dissolving all power and paying by the deterioration of the institution itself for apparently increased participation?

It is true, certainly, that some improvement is possible, in terms of raising the level of knowledge and the level of awareness, of members, of administrators and of employees. We could transpose to our own era, in relation to our own problems, the saying of a great French Conventionalist: "It is training—instruction—which after bread is the primary need of the common people."

Whatever the methods and the system chosen, there will always be conflict between essential authority and indispensable freedom. The co-operative system has succeeded in reducing the tension between these two poles to a minimum, by defining very closely both the aims and the means of attaining them.

A "participative bank", the thrift and credit co-operative, allows individuals to be responsible and to collaborate in the

construction of a more just and more human society.

If there exists a system of values, which deserves to be defended and proposed to all who feel the need for it, it is surely the one which we hold. This is the challenge thrown to our organisations, and it is answered by numerous proposals which we have discussed here.

I would not like to encourage hopes which cannot be followed by results. We have to take into account people, people's habits and even their foregone conclusions. Many excellent results have been achieved by our various national and international organisations. We are not starting from scratch. It is not a question of building, but simply of converging our forces, scattered at present, towards common aims.

After our thinking together here we must act together, in accordance with our possibilities and our temperaments.

The structures I have suggested do not have the force of dogma. But they appeared to me as possible of achievement, in the banking system and in conjunction with the whole co-operative sector, so that we should not give the impression of being disabled by the crisis in society which, far from diminishing, still continues and extends.

We must not allow it to be said, at a time when the great voice of the peoples—in the industrialised societies as well as in the developing countries—is declaring in favour of co-operative values and their contribution to solving this crisis, that the

leaders of our organisations are not doing everything in their power to take up the challenge.

It is true to say that the only solid ground is that which time has confirmed. And we must beware against overturning what has been confirmed by experience. But equally, sown grain will sprout.

We are responsible for what we have sown. A compromise must be found, a structure must materialise out of the combined action of the lessons of the past and the modern world's aspirations.

The London Conference was a Conference for reflection, in an atmosphere conducive to meditation. The Rio Conference must mark a change of rhythm, from thought to action, so that our thrift and credit co-operatives—and beyond them the whole co-operative movement—may weigh on the world's future.

To the sceptics, to the small-minded bookkeepers who compare the immensity of the project with the limited means available, I would say that we are no more foolhardy than the pioneers of Co-operation, who set our right to live against the converging forces of capitalist materialism and narrow statism.

To the impatient, I would simply recall the lines which a great poet of that land of peasants from which my country sprang, loved to sing: "We march slowly, we are the infantry, we only take one step at a time." Patience and faith are the cardinal virtues of our movement. Thanks to them we will make "new stars mount from the depths of the ocean to skies unknown".

Appendix I

Rules of the International Liaison Committee on Co-operative Thrift and Credit

1. Title:

The name of the Committee will be the *International Liaison Committee on Co-operative Thrift and Credit*.

2. Aims:

The Committee is an organisation which has as its purpose the development of thrift and credit co-operatives throughout the world and the co-ordination of their activities at international level by providing the facilities necessary for the exchange of information, personnel and expertise.

3. Methods for the achievement of these aims:

- Exchange of information;
- Organisation of international conferences at appropriate intervals;
- All other appropriate means.

These tasks will be accomplished in close and active collaboration with international organisations having similar objectives, and in particular with the International Co-operative Alliance and its Banking Committee and with the World Council of Credit Unions.

4. Membership:

Organisations constitute members of the Committee, and designate representatives to attend its meetings.

Membership is open to the following:

- national, central or similar thrift and credit co-operatives;
- national central co-operative unions;
- organisations whose aim is the promotion of thrift and credit co-operatives, appropriate United Nations agencies, non-governmental organisations, international and regional co-ordinating bodies, etc.

Admission of new members is subject to the approval of the Committee.

5. Officers:

The Committee will elect a Chairman and two or three Vice-Chairmen from among the accredited representatives of member organisations with the consent of the organisation concerned. The term of office will be two years and officers will be eligible for re-election.

In the event of the Chairman's absence, one of the Vice-Chairmen as designated by the Chairman or by the Committee will take his place.

6. Committee decisions:

Decisions of the Committee will be by simple majority vote. Each member organisation will have one vote provided that it has fulfilled its financial obligations to the Committee.

In the event of an equal vote the motion will not be approved.

In the event of absence, another member of the Committee may be appointed as proxy.

7. Committee Meetings:

As a rule the ordinary meetings of the Committee will be held twice a year.

Extraordinary meetings of the Committee may be convened whenever the Chairman deems it necessary or at the request of one third of the members.

8. International Conferences:

As a general rule the Conference will meet every three years.

9. Secretariat and Finance:

The Secretariat is appointed by the Committee.

The amount of the subscription to be paid each year will be determined in such a way as to cover the operating costs of the Secretariat.

Member organisations will defray the travelling costs and other expenses with regard to attendance of their representatives at Committee meetings and general conferences.

The fiscal year of the Committee runs from 1st January to 31st December.

Appendix II

Participants

1. List of Participants by Countries

ANTILLES (DUTCH)

Raymond Philip RÖMER

AMBTENAREN CREDIT UNION,
CURACAO

ARGENTINA

Ricardo TERAN

Luiza TERAN

Henry H. COLLARD

Horacio Alfredo BURCAIZES

Nelson GIRIBALDI

Hulio Ted BURLLOS

Basilio Luis WERHUN

Roman Feliciano FUERTES

Roberto DENEGRÍ

Carlos H. PERETTE

Alberto Edmundo REZZONICO

Abraham ROITMAN

Federico EPELMAN

Mario Auis D'ANNA

Miguel PEREZ

Francesco Mateo BOTELLI

Luis Cruz LOPES

Orlando Alberto BRUMER

Salomon LERECK

Francisco VALEARCE

Ricardo Aurelio MASTRONARDI

Ricardo Alberto MASTRONARDI

Cesareo MARCOS

Juan Mandel ESPARIS

Jorge Alberto BASSI

Jose Luis BASSI

Carlos A. PEREZ DE MUCCI

Manuel SINDAN

Victorio PAWLUK

Luis Virgilio MARIN

Ricardo ERASMIE

Aldo Ruben Gil NAVARRO

Carlos HELLER

Hermínio LUDI

Ruben Edgardo BENZINA

Vitto OSVALDO

Ernesto MARTINEZ

Rodolfo RODRIGUES

Georgina M. de VILLEGAS

Alberto GRINBERG

Ricardo D. POLISEND

Nestor LICERAN

Leonardo Julio BRIGIOLLI
Juan MONCZER
Valentina K. de JUDEWICZ
Salvador JUDEWICZ
Salvador ROCCUZZO
Victor RIOL
Oscar R. OJEDA
Omar D. MONTIVERO
Jorge P. MAIN OTERO
Jorge W. ZAZANIUK
Leocides B. DENTIS
Antonio Torac CABILDO NORTE
Manuel Monteaguido CABILDO NORTE
Luis Osvaldo SERRANO
Vicente Luis CIANO
Domingo Sabate PEYRANO
Mauricio RUIZ
Carlos CAVANNA
Marcos WOSCOBOINIK
Julian OSTROVSKI
Isaak PRUSAK
Carlos H. BRUSCO
Mario Pascual SANTELLA
Marin Enrique VEGA
Luis Adolfo GROTADAURA
R. Marcelo BEGUELIN
Hugo E. RIBBA
Humberto LABAY
Gustavo R. SILVA
Roberto C. GIRALA
Pedro Jorge LLORENTE
Julio Ramon SANTOS
Jesus ALBORNOZ
Mauricio L. MIZRAHI
Floreal GORINI
Pascual Alberto NIGRO
Carlos ROMANO
Fernando CORDOBA
Jorge Omar de BIASSI
Oscar A. GIORGI
Alejandro SISSAK
Amadeo AGONI
Francisco FERNANDEZ
Carlos ELWART
Juana de FERNANDEZ

Aron MONIN
Eduardo NAKACHE
Juan SCARLATO
Juan Carlos BASANES
Roberto CAPRI

FEDERACION ARGENTINA DE CO-
OPERATIVAS DE CREDITO Ltda, BUENOS
AIRES

SOCIEDAD INTERAMERICANA PARA EL
DESARROLLO DEL FINANCIAMIENTO
COOPERATIVO (SIDEFCOOP), BUENOS
AIRES

BOLIVIA

Orlando Bravo SORUCO
 Ma co A. TELLEZ RIVERA
 Walter Rivas POZO
 Agustin COVARRUBIAS

FEDERACION NACIONAL DE CO-
 OPERATIVAS DE AHORRO Y CREDITO
 DE BOLIVIA, COCHABAMBA

BRAZIL**Rio de Janeiro**

Adari LACERDA HART
 Luiz DINIZ da SILVA
 José BEZERRA da SILVA
 Ary FERREIRA TINOCO
 Sebastiano Victoriano da SILVA

Alexander Mc ADAM LUIZA
 Ary CAPUTE
 Jorge LAHMAR
 Jayr FERNANDES do NASCIMENTO
 Jesse FERNANDES do NASCIMENTO
 Itacy de LIMA
 Jovina GOMES SILVA
 Ana Maria de ALMEIDA MARQUES
 José Joaquim BAPTISTA
 Antonio Carlos OLIVIERI
 Celso MARQUES MOREIRA
 Wanderson de ALMEIDA MARQUES
 Raymundo MACIEL SOARES NERY
 Eduardo NICODEMUS
 Nelson Rodrigues de MORAES
 Antonio dos SANTOS SARAIVA
 Neli ABREU PEREIRA
 Edna Maria da SILVA BRANDAO
 Amadeu BERRETARE
 José dos REIS PEREIRA
 Silvio TEIXEIRA da ROCHA
 Wilson FERREIRA
 Wolney ALVES de CARVALHO
 Roberto da SILVA MORAES
 Sergio da SILVA
 Alvaro PASCHOAL PINHEIRO
 Alzira da SILVA SOUZA
 José Alberto do COUTO
 Sebastiao José de MATTOS
 Armando BLONDET ALVES
 Moacyr AGUIAR

C.E.C.M. ALCALIS

C.E.C.M. AMERICA FABRILDEODORO
 C.E.C.M. AMERICA FABRILPAU
 GRANDE
 C.E.C.M. BRASIL INDUSTRIAL
 C.E.C.M. CARIOCA DE IND. PLASTICAS
 C.E.C.M. CAVAN
 C.E.C.M. C B V SUL

C.E.C.M. CELF

C.E.C.M. CIMENTO PORTLAND
 C.E.C.M. CIMENTO TUPI
 C.E.C.M. CISPER-RIO
 C.E.C.M. CISPER-RIO
 C.E.C.M. CURTUME CARIOCO
 C.E.C.M. C V L
 C.E.C.M. DONA ISABEL
 C.E.C.M. EBIN
 C.E.C.M. EBSE
 C.E.C.M. ELETROMAR
 C.E.C.M. SCHINDLER
 C.E.C.M. EMAQ

C.E.C.M. CIA. FEDERAL DE FUNDICAO
 C.E.C.M. FICAP
 C.E.C.M. FORMIPLAC
 C.E.C.M. FURNAS

C.E.C.M. GAVEA RECOVEMA

Gilson ALBERTO PEREIRA
Nilo de MAGALHAES
Paulo Fernandes CATELO BRANCO
Anjo de BRITO RIBEIRO
Oswaldo SOARES
Ronaldo SMITH LISBOA
Exdo PEREIRA dos SANTOS
Maury Cosme VIANNA
Minoru KITADA
Joao de DEUS FREITAS
José BENEDITO de ASSIS
Marcio KOCHEN STRENG
Adolpho dos SANTOS MARIA
Véra Lucia de SOUZA PINHEIRO
Paulo de OLIVEIRA GRANJA
Humberto CORREA MACHADO
Joaquim da CUNHA BORSARO
Jayme de ASSUNCAO MATHIAS
Felipe CURA RUIZ
Jair BARBIERI da COSTA
Joao Paulo CRUZ SANTOS
Walter MACEDO
José Carlos S. MARINS
Manoel ROCHA

Waldyr SOUZA da ROCHA
Ennio SOUZA de LIMA
Francisco Gomes FORTUNATO
Arlindo Gomes PINTO
Wilson Rodrigues de ALMEIDA
Geraldo AZEVEDO MACIEL
Carlos BARDEN
Geronimo GOMES MONTEIRO
Carlos HELVIDIO AMERICO dos REIS
Luiz Carlos SOARES COUTO
José de SOUZA CARVALHO
Elzon CASSIANO de LIMA
Adari LACERDA LADEIRA

Alfred WULLENS HART
Luiz Diaz THENORIO Filho

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C.E.C.M. GRUP NOVO MUNDO
C.E.C.M. GRUPO METROPOLITANO
C.E.C.M. THE HOME INSURANCE
C.E.C.M. SERVIDORES DO I.R.B.
C.E.C.M. ISHIKAWAJIMA

C.E.C.M. JOHN KENNEDY

C.E.C.M. LANIFICO INTER-AMERICAN
C.E.C.M. MARVIN

C.E.C.M. OLIVETTI
C.E.C.M. PRODUTOS ROCHE

C.E.C.M. PARKE DAVIS
C.E.C.M. LUXOR
C.E.C.M. REFINARIA PIEDAD
C.E.C.M. SPERRY RAND

C.E.C.M. TECELAGEM BEZERRA DE MEL
C.E.C.M. UNIAO MANUFATORA
TECIDOS
C.E.C.M. UNIBRASA
C.E.C.M. USINA CUPIM
C.E.C.M. USINA DE NEVES
C.E.C.M. USINA SANTO AMARO
C.E.C.M. WAYNE S.A.
C.E.C.M. BAIXO GUANDU
BANCO DO BRASIL
BANCO CENTRAL DO BRASIL
O.C.E.R.J.
C.E.C.M. DOS SERVICOS PUB. DE RIO DE
JANEIRO
C.E.C.M. ROS SERV. DO S.E.S. C/RJ
SINDICATO DOS TRABALHADORES NA
IND. DE PROD. QUIMICOS CABO FRI
C.E.B.R.A.E.
FEDERACAO LESTE MERIDIONAL DAS
COOPERATIVAS DE ECONOMIA E
CREDITO MUTUO

Sao Paulo

Antonio Carlos LUPINACCI
José Arly ABBONDANZA

Antonio TEIXEIRA
Joao VASQUES
Francisco Inacio PEREIRA RITO

Orlando KREBSKY
Joao Batista SUNDFELD
Natalino de CARLI
Osmar VERUSSA

Fabio DIB GUELF
Honorio RIOS
CARVALHO MELLO ELSON
Alaor ARANHA

Mauro LOMBIANO PARRA
Sonia ORSOLETTI
Wladimir FIRMIANO CAMPOS

Antonio CEZAR Jr.
GLAUBER FONTANA
Maria Tereza ANDRADE NOGUEIRA
Paulo Roberto de CASTRO

Celso Eduardo MOREIRA
Aristides FERREIRA NETTO
Sidney FRAGEL MADEIRA

José R. MORATO
MISSEN KALIL

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Nelson dos SANTOS
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Paulo Cezar FELIPAZZI
Gabriela RODRIGUES MARZI
Luiz Antonio NOGUEIRA SANTOS

C.E.C.M. DA BRASIL LTDA

C.E.C.M. ACOS ANHANGUERA
C.E.C.M. ALCAMBRASIL

C.E.C.M. DA BENDIX FREIOS
C.E.C.M. BRAZACO MAPRI
C.E.C.M. BRASINCA

C.E.C.M. BOMBRIIL
C.E.C.M. CIA. BRAS ALUMINIO
C.E.C.M. CIA. BRAS. PROD. ALIMENTARI
C.E.C.M. CESP. RIO CLAO
C.E.C.M. CIMAF

C.E.C.M. COBRASMA
C.E.C.M. CONFAB

C.E.C.M. DAKO
C.E.C.M. EMBRAER

C.E.C.M. EQUIPAMENTOS CLARK
C.E.C.M. FEDER. COMERCIO SESC E
SENAC

C.E.C.M. GRUPO CALOI
C.E.C.M. GRUPO COMOLATTI
C.E.C.M. GRUPO IND. ITAU
C.E.C.M. GRUPO SPAL
C.E.C.M. GRUPO SCHAEFFER

C.E.C.M. G T E
C.E.C.M. HOSP. MAT. SANTO ANTONI
C.E.C.M. IND. VILLARES ELEVADORES
C.E.C.M. JOHNSON E JOHNSON
C.E.C.M. LACTA
C.E.C.M. LONAFLEX

C.E.C.M. MANNESMANN
C.E.C.M. MASSEY FERGUSON SP

Tiago Takamori YAMASITA	C.E.C.M. MASSEY FERGUSSON SOROCAB.
Lineu Carlos CUNHA MATTOS Maria de LOURDES da SILVA	C.E.C.M. MOTORES PERKINS
Sergio FHURMANN Maria Helena CARMINIATO Renato Michele PICCIONE	C.E.C.M. OLIVETTI DO BRASIL
José de OLIVEIRA FERREZ Rubens PEDRO JOSE FRANCISCO	C.E.C.M. QUIMBRASIL SERRANA
Antonio José MONTE Roberto CHIPOCH	C.E.C.M. RHODIA QUIMICA
Ismar VIGNOLA José GIGLIOLI Luiz Dias THENORIO FILHO Maria Terezinha REGO Marino LOZIO	C.E.C.M. RHODIA TEXTIL/VALISERE
Messias MENINO de CARVALHO Roberto de PAULA FERREIRA	C.E.C.M. RHODIA SAO JOSE
Antonio Carlos MERINO Rubens MAURO EPAMINONDAS ROCHA	C.E.C.M. RHODIA SAO PAULO
Amandio Fernandes PACHECO	C.E.C.M. SCALA D'ORO TEXTIL
Luiz Carlos BERTONCELLO	C.E.C.M. VALVULAS SCHRADER
José Roberto ALVES CUNHA Max HUET Renato BAUER	C.E.C.M. VIDRARIA SANTA MARINA
Eurydice FERNANDES TRINDADE Pedro Luiz RIBAS MARIAS	C.E.C.M. VIDROS CORNING
Fernando Francisco PANTAROTE Rubens MESADRI	C.E.C.M. VOTOCEL
Clovis POGETTI	C.E.C.M. BRASILEIRA CIA. SEGURO VIDA
Abe JOSHIE	C.A.C.-COOP. REG. CREDITO RURAL
Theodoro H. MAURE Jr.	COOP. CONSUMO SAO PAULO
Mylton MESQUITA	CREDITO DE GUARULHOS
Cicero FERREIRA FORTES	C.E.C.M. PLASTICOS
Moacir TEIXEIRA	PLAVINIL
Dorival CATELAN	C.E.C.M. S K F
Evandro MACHADO LOPES Maria Henriqueta MAGALHAES	DEPT. ASSIST. COOPERATIVISMO
Francisco Antonio TOLEDO PIZA Paulo de AGUIAR GODOY	MONTEPIO COOP. BRASIL
Plinio Antonio MACHADO	O C E S P
Waldirio BULGARELLI	U S P
Diva BENEVIDES PINHO Carlos Marques PINHO	UNIVERSIDADE DE SAO PAULO

Minas Gerais

Genes de OLIVEIRA
Emilson MIRANDA
José Mauricio da SILVA
Paulo do NASCIMENTO FRANCA
Geraldo BRAGA
José das GRACAS TEODORO
Jairo BRAGA PERDIGAO

Antonio GARIZO BECHO NETTO
Valdir ARANTES
José Antucio SAMPAIO
José Raimundo da ROCHA
Eugenio COIMBRA
Nelson WENDEL PIROTTA

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Alipio José de SOUZA
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Ailton BERTAO
Ascy CASTELO de MENDONCA
Luiz GONZAGA VIANA CAGE
Afranio PINHEIRO COSTA
José CAIO de ALMEIDA
Jaider de VASCONCELOS
Neimar dos SANTOS GARCIA
Sergio Augusto de VASCONCELOS

C.E.C.M. DA ALUMINAS

C.E.C.M. DA BELGO MINEIRA-
MONLEVADE

C.E.C.M. DA TREFILARIA BELGO
MINEIRA

C.E.C.M. DA D R C T DE JUIZ DE FORA

C.E.C.M. DA DROGARIA SAO FELIX

C.E.C.M. DOS FERROVIARIOS DA E F C B

C.E.C.M. DA CIA. FERRO BRASILEIRO

C.E.C.M. DO GRUPO ITAU EM
CONTAGEM

C.E.C.M. DO GRUPO ITAU DE MINAS

C.E.C.M. DA CIA BRAS. PROD.
ALIMENTARES

C.E.C.M. DA CIA INDUSTRIAL
ITAUNENSE

C.E.C.M. DA MANNESMANN

C.E.C.M. DIA MINEIRA DE ELECTRICI-
DADE

C.E.C.M. DA MINERACAO TRINDADE

C.E.C.M. DOS SERV. PUBLICOS DE
MONLEV.

C.E.C.M. DA PREFEITURA DE JUIZ DE
FORA

C.E.C.M. DA TECEL. SANTA CRUZ

C.E.C.M. DO S E S C

C.E.C.M. DA USIMINAS-BELO
HORIZONTE

C.E.C.M. DA USIMINAS IPATINGA

C.E.C.M. DA VIACAO UTIL

O.C.E.M.G.

Espirito Santo

Severino RAMOS GRAMPINHA
Gabriel Leonidas A. RODRIGUES
Ricardo Antonio M. BERGMANN
Mario GURGEL
Joaquim PECHeco SANTOS
Eloisio PAIVA MARTINS
Jonas SOARRES BARBOSA

C.E.C.M. FERRO E ACO EM VITORIA
C.E.C.M. DA ESCELSA

C.E.C.M. EM GRUPO BUAIZ
C.E.C.M. DA FER. DO ESP. SANTO
C.E.C.M. DA CIA. VALE DO RIODOCE

Rio Grande Do Sul

Geraldo José THEISEN
Dario MEIRELLES
Sidnei BORGES GUIMARAES
Dirley MENEGOTTO
Emiliano LIMBERGER

C.E.C.M. DE ACOS FINOS PIRATINI
C.E.C.M. DA AMADEO ROSSI
C.E.C.M. DA CORLAC-CREDEAL
C.E.C.M. DA FEDERACAO SULINA
INST. DE DESENV. DO
COOPERATIVISMO
C.E.C.M. DA TECELAGEM SPERB
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BANCO NAC. CREDITO COOPERATIVO

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Santa Catarina

Udo BORK

C.E.C.M. DAS ORGANIZACOES HERING

Amapa

Adilio MANSUR ARABE

C.E.C.M. ICOMI-SERRA DO NAVIO

CANADA

M. Marcel PAGEAU
M. Yves TETREAUULT
M. Guy BERNIER
M. Albert BERTRAND
M. P. E. CHARRON
M. Yvon DANEAU
M. Jean-Marie OUELLET
M. Rosario RAINVILLE
M. Roger ROY
M. Henri Paul TRUDEL

FEDERATION DE MONTREAL DES
CAISSES DESJARDINS
FEDERATION DE QUEBEC DES CAISSES
POPULAIRES DESJARDINS

M. Claude BELAND

Robert J. INGRAM
Peter PODOVINIKOFF
Maurice J. KING
M. J. HOGAN
J. CHAGNON
R. V. BARBER
Henry F. WIEBE

CHILE

Walter SOMMERHOF

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Rymel SERRANO URIBE

Crucelena OROZCO de GUERRERO

DOMINICAN REPUBLIC

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FRANCE

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Jean-Marie FABRE

Joseph THIBAUT

Paul VIVIEN

Roger KERINEC

Jean-Jacques GERVAIS

Louis OGER
Armel BELIARD

Charles VEVERKA

Jean-Bernard GINS
Jacques MOREAU

FEDERATION DES CAISSES D'ECONOMIE DU QUEBEC

NATIONAL ASSOCIATION OF
CANADIAN CREDIT UNIONS (NACCU)
QUEBEC CREDIT UNION LEAGUE

COOP CREDIT SOCIETY, WINNIPEG

SIDECOOP

CONSELHO MUNDIAL DE COOP.
POUPANCA

COOPERATIVA TELECOMCENTRO
ESTUDIOS COOPERATIVOS, BOGOTA

FEDERACION DOMINICA COOP. DE
AHORRO Y CREDITO

BANQUE REGIONALE D'ESCOMPTE ET
DE DEPOTS, PARIS

CAISSE NATIONALE DE CREDIT AGRICOLE, PARIS

CREDIT MUTUEL DE MAINE ET LOIRE,
ANGERS

FEDERATION DU CREDIT MUTUEL DE
MAINE-ANJOU ET BASSE-NORMANDIE,
LAVAL

FEDERATION NATIONALE DES COOPERATIVES DE CONSOMMATEURS
(F.N.C.C.), BOULOGNE/S.

FEDERATION REGIONALE DES CAISSES
DE CREDIT MUTUEL DE L' AISNE,
L'OISE, DU PAS-DE-CALAIS ET DE LA
SOMME, ARRAS

FEDERATION REGIONALE DU CREDIT
MUTUEL DE LOIRE-ATLANTIQUE,
NANTES

SOCIETE GENERALE DES COOPERATIVES DE CONSOMMATION (S.G.C.C.),
BOULOGNE-s.-S.

UNION DU CREDIT COOPERATIF, PARIS

Bernard GENDRILLON

— . JAMET

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M-F. de BREON

Théo BRAUN
Martine BRAUN
Roger REYNAUD
Anne-Marie ROBERT
K. FRANCOIS

Louis SIGRIST
Daniel SCHREIBER
Marie-Louise MOISSET

GUATEMALA

Rocael A. GARCIA

HONDURAS

Arnaldo CASTILLO GUIZA
Reydilio REYES SORTO
Ricardo MEJIA
Rolando CRUZ MARTINEZ

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S. M. OSMAN

Prabnakar Waman REGE

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IVORY COAST

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M. DIENG
M. TRUTT

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DEUX-SEVRES ET CHARENTE-MARI-
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BOMBAY

NATIONAL COOPERATIVE LAND
DEVELOPMENT BANKS FEDERATION,
BOMBAY

NATIONAL COOPERATIVE UNION OF
INDIA/KERALA STATE COOP. BANK,
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Juan Manuel ROCHEA

Rafael ALCANTARA

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POPULAIRES, MEXICO

NICARAGUA

Andrés WELLER KOLBE

FECACINA, MANAGUA

PANAMA

Simon PASTOR GONZALES

Roderiguo Enrique BOTELLO

MONTALBAS

FEDERACION DE COOPERATIVAS DE
AHORRO Y CREDITO DE PANAMA,
PANAMA

PARAGUAY

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Cirilo MARTINEZ

Mme PAEZ de VIRGILI

José OCAMPOS

Miguel A. RIVAROLA MERNES

Guido SPANO

Juan Carlos GORLETE

Antonio O. RADOLONI ROSARIO

CENTRAL COOPERATIVA NACIONAL,
ASUNCION (CREDICOOP)

PERU

Hector German NIETO UBILLUZ

A.I.D., LIMA

TANZANIA

Ahimidiwe SWAI

LONT SAVINGS AND CREDIT SOCIETY,
MOSHI

UGANDA

Samuel Otai EJANGU

George GUMA MATHIAS

THE COOPERATIVE BANK, KAMPALA

URUGUAY

German LEZEMA ALMADE

José ALCIDES MUNIZ FUEAC

Fernando ESTENA

Domingo CARVALHO

Ruben D. CABRERA

CENTRO COOPERATIVO DO URUGUAY
FED. URUGUAYA DE COOP. DE
CREDITO, C.O.S.A.C.

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Appendix III

The United Nations Charter of Economic Rights and Duties of States*

On 12 December 1974, the General Assembly adopted the Charter of Economic Rights and Duties of States, contained in resolution 3281 (XXIX). It was adopted by a roll-call vote of 120 in favour to 6 against, with 10 abstentions. In the preamble of the resolution, the Assembly stressed the fact that "the Charter shall constitute an effective instrument towards the establishment of a new system of international economic relations based on equity, sovereign equality, and interdependence of the interests of developed and developing countries".

PREAMBLE

THE GENERAL ASSEMBLY,

Reaffirming the fundamental purposes of the United Nations, in particular, the maintenance of international peace and security, the development of friendly relations among nations and the achievement of international co-operation in solving international problems in the economic and social fields,

Affirming the need for strengthening international co-operation in these fields,

Reaffirming further the need for strengthening international co-operation for development,

Declaring that it is a fundamental purpose of this Charter to promote the establishment of the new international economic order, based on equity, sovereign equality, interdependence, common interest and co-operation among all States, irrespective of their economic and social systems,

Desirous of contributing to the creation of conditions for:

(a) The attainment of wider prosperity among all countries and of higher standards of living for all peoples,

(b) The promotion by the entire international community of economic and social progress of all countries, especially developing countries,

(c) The encouragement of co-operation, on the basis of mutual advantage and equitable benefits for all peace-loving States which are willing to carry out the provisions of this charter, in the economic, trade, scientific and technical fields, regardless of political, economic or social systems,

(d) The overcoming of main obstacles in the way of the economic development of the developing countries,

(e) The acceleration of the economic growth of developing countries with a view to bridging the economic gap between developing and developed countries,

(f) The protection, preservation and enhancement of the environment,

Mindful of the need to establish and maintain a just and equitable economic and social order through:

(a) The achievement of more rational and equitable international economic relations and the encouragement of structural changes in the world economy,

(b) The creation of conditions which permit the further expansion of trade and intensification of economic co-operation among all nations,

(c) The strengthening of the economic independence of developing countries,

*Reprinted from *UN Monthly Chronicle*.

(d) The establishment and promotion of international economic relations, taking into account the agreed differences in development of the developing countries and their specific needs,

Determined to promote collective economic security for development, in particular of the developing countries, with strict respect for the sovereign equality of each State and through the co-operation of the entire international community,

Considering that genuine co-operation among States, based on joint consideration of and concerted action regarding international economic problems, is essential for fulfilling the international community's common desire to achieve a just and rational development of all parts of the world,

Stressing the importance of ensuring appropriate conditions for the conduct of normal economic relations among all States, irrespective of differences in social and economic systems, and for the full respect for the rights of all peoples, as well as the strengthening of instruments of international economic co-operation as means for the consolidation of peace for the benefit of all,

Convinced of the need to develop a system of international economic relations on the basis of sovereign equality, mutual and equitable benefit and the close interrelationship of the interests of all States,

Reiterating that the responsibility for the development of every country rests primarily upon itself but that concomitant and effective international co-operation is an essential factor for the full achievement of its own development goals,

Firmly convinced of the urgent need to evolve a substantially improved system of international economic relations,

Solemnly adopts the present Charter of Economic Rights and Duties of States.

CHAPTER 1

Fundamentals of international economic relations

Economic as well as political and other relations among States shall be governed, *inter alia*, by the following principles:

- (a) Sovereignty, territorial integrity and political independence of States;
- (b) Sovereign equality of all States;
- (c) Non-aggression;
- (d) Non-intervention;
- (e) Mutual and equitable benefit;
- (f) Peaceful coexistence;
- (g) Equal rights and self-determination of peoples;
- (h) Peaceful settlement of disputes;
- (i) Remedying of injustices which have been brought about by force and which deprive a nation of the natural means necessary for its normal development;
- (j) Fulfilment in good faith of international obligations;
- (k) Respect for human rights and fundamental freedoms;
- (l) No attempt to seek hegemony and spheres of influence;
- (m) Promotion of international social justice;
- (n) International co-operation for development;
- (o) Free access to and from the sea by land-locked countries within the framework of the above principles.

CHAPTER II Economic rights and duties of States

Article 1

Every State has the sovereign and inalienable right to choose its economic system as well as its political, social and cultural systems in accordance with the will of its people, without outside interference, coercion or threat in any form whatsoever.

Article 2

1. Every State has and shall freely exercise full permanent sovereignty, including possession, use and disposal, over all its wealth, natural resources and economic activities.

2. Each State has the right:

(a) To regulate and exercise authority over foreign investment within its national jurisdiction in accordance with its laws and regulations and in conformity with its national objectives and priorities. No State shall be compelled to grant preferential treatment to foreign investment;

(b) To regulate and supervise the activities of transnational corporations within its national jurisdiction and take measures to ensure that such activities comply with its laws, rules and regulations and conform with its economic and social policies. Transnational corporations shall not intervene in the internal affairs of a host State. Every State should, with full regard for its sovereign rights, co-operate with other States in the exercise of the right set forth in this subparagraph;

(c) To nationalize, expropriate or transfer ownership of foreign property, in which case appropriate compensation should be paid by the State adopting such measures, taking into account its relevant laws and regulations and all circumstances that the State considers pertinent. In any case where the question of compensation gives rise to a controversy, it shall be settled under the domestic law of the nationalizing State and by its tribunals, unless it is freely and mutually agreed by all States concerned that other peaceful means be sought on the basis of the sovereign equality of States and in accordance with the principle of free choice of means.

Article 3

In the exploitation of natural resources shared by two or more countries, each State must co-operate on the basis of a system of information and prior consultations in order to achieve optimum use of such resources without causing damage to the legitimate interest of others.

Article 4

Every State has the right to engage in international trade and other forms of economic co-operation irrespective of any differences in political, economic and social systems. No State shall be subjected to discrimination of any kind based solely on such differences. In the pursuit of international trade and other forms of economic co-operation, every State is free to choose the forms of organisation of its foreign economic relations and to enter into bilateral and multi-lateral arrangements consistent with its international obligations and with the needs of international economic co-operation.

Article 5

All States have the right to associate in organisations of primary commodity producers in order to develop their national economies to achieve stable financing for their development, and in pursuance of their aims, to assist in the promotion of sustained growth of the world economy, in particular accelerating the development of developing countries. Correspondingly all States have the duty to respect that right by refraining from applying economic and political measures that would limit it.

Article 6

It is the duty of States to contribute to the development of international trade of goods, particularly by means of arrangements and by the conclusion of long-term multilateral commodity agreements, where appropriate, and taking into account the interests of producers and consumers. All States share the responsibility to promote the regular flow and access of all commercial goods traded at stable, remunerative and equitable prices, thus contributing to the equitable development of the world economy, taking into account, in particular, the interests of developing countries.

Article 7

Every State has the primary responsibility to promote the economic, social and cultural development of its people. To this end, each State has the right and the responsibility to choose its means and goals of development, fully to mobilize and use its resources, to implement progressive economic and social reforms and to ensure the full participation of its people in the process and benefits of development, All States have the duty, individually and collectively, to co-operate in order to eliminate obstacles that hinder such mobilization and use.

Article 8

States should co-operate in facilitating more rational and equitable international economic relations and in encouraging structural changes in the context of a balanced world economy in harmony with the needs and interests of all countries, especially developing countries, and should take appropriate measures to this end.

Article 9

All States have the responsibility to co-operate in the economic, social, cultural, scientific and technological fields for the promotion of economic and social progress throughout the world, especially that of the developing countries.

Article 10

All States are juridically equal and, as equal members of the international community, have the right to participate fully and effectively in the international decision-making process in the solution of world economic, financial and monetary problems, *inter alia*, through the appropriate international organizations in accordance with their existing and evolving rules, and to share equitably in the benefits resulting therefrom.

Article 11

All States should co-operate to strengthen and continuously improve the efficiency of international organizations in implementing measures to stimulate the general economic progress of all countries, particularly of developing countries, and therefore should co-operate to adapt them, when appropriate, to the changing needs of international economic co-operation.

Article 12

1. States have the right, in agreement with the parties concerned, to participate in sub-regional, regional and interregional co-operation in the pursuit of their economic and social development. All States engaged in such co-operation have the duty to ensure that the policies of those groupings to which they belong correspond to the provisions of the Charter and are outward-looking, consistent with their international obligations and with the needs of international economic co-operation and have full regard for the legitimate interests of third countries, especially developing countries.

2. In the case of groupings to which the States concerned have transferred or may transfer certain competences as regards matters that come within the scope of the present Charter, its

provisions shall also apply to those groupings, in regard to such matters, consistent with the responsibilities of such States as members of such groupings. Those States shall co-operate in the observance by the groupings of the provisions of this Charter.

Article 13

1. Every State has the right to benefit from the advances and developments in science and technology for the acceleration of its economic and social development.

2. All States should promote international scientific and technological co-operation and the transfer of technology, with proper regard for all legitimate interests including, *inter alia*, the rights and duties of holders, suppliers and recipients of technology. In particular, all States should facilitate the access of developing countries to the achievements of modern science and technology, the transfer of technology and the creation of indigenous technology for the benefit of the developing countries in forms and in accordance with procedures which are suited to their economies and their needs.

3. Accordingly, developed countries should co-operate with the developing countries in the establishment, strengthening and development of their scientific and technological infrastructures and their scientific research and technological activities so as to help to expand and transform the economies of developing countries.

4. All States should co-operate in exploring with a view to evolving further internationally accepted guidelines or regulations for the transfer of technology, taking fully into account the interests of developing countries.

Article 14

Every State has the duty to co-operate in promoting a steady and increasing expansion and liberalization of world trade and an improvement in the welfare and living standards of all peoples, in particular those of developing countries. Accordingly, all States should co-operate, *inter alia*, towards the progressive dismantling of obstacles to trade and the improvement of the international framework for the conduct of world trade and, to these ends, co-ordinated efforts shall be made to solve in an equitable way the trade problems of all countries, taking into account the specific trade problems of the developing countries. In this connexion, States shall take measures aimed at securing additional benefits for the international trade of developing countries so as to achieve a substantial increase in their foreign exchange earnings, the diversification of their exports, the acceleration of the rate of growth of their trade, taking into account their development needs, an improvement in the possibilities for these countries to participate in the expansion of world trade and a balance more favourable to developing countries in the sharing of the advantages resulting from this expansion, through, in the largest possible measure, a substantial improvement in the conditions of access for the products of interest to the developing countries and, wherever appropriate, measures designed to attain stable, equitable and remunerative prices for primary products.

Article 15

All States have the duty to promote the achievement of general and complete disarmament under effective international control and to utilize the resources freed by effective disarmament measures for the economic and social development of countries, allocating a substantial portion of such resources as additional means for the development needs of developing countries.

Article 16

1. It is the right and duty of all States, individually and collectively, to eliminate colonialism, *apartheid*, racial discrimination, neo-colonialism and all forms of foreign aggression, occupation and domination, and the economic and social consequences thereof, as a prerequisite for development. States which practise such coercive policies are economically responsible to the countries, territories and peoples affected for the restitution and full compensation for the

exploitation and depletion of, and damages to, the natural and all other resources of those countries, territories and peoples. It is the duty of all States to extend assistance to them.

2. No State has the right to promote or encourage investments that may constitute an obstacle to the liberation of a territory occupied by force.

Article 17

International co-operation for development is the shared goal and common duty of all States. Every State should co-operate with the efforts of developing countries to accelerate their economic and social development by providing favourable external conditions and by extending active assistance to them, consistent with their development needs and objectives, with strict respect for the sovereign equality of States and free of any conditions derogating from their sovereignty.

Article 18

Developed countries should extend, improve and enlarge the system of generalized non-reciprocal and non-discriminatory tariff preferences to the developing countries consistent with the relevant agreed conclusions and relevant decisions as adopted on this subject, in the framework of the competent international organizations. Developed countries should also give serious consideration to the adoption of other differential measures, in areas where this is feasible and appropriate and in ways which will provide special and more favourable treatment, in order to meet the trade and development needs of the developing countries. In the conduct of international economic relations the developed countries should endeavour to avoid measures having a negative effect on the development of the national economies of the developing countries, as promoted by generalized tariff preferences and other generally agreed differential measures in their favour.

Article 19

With a view to accelerating the economic growth of developing countries and bridging the economic gap between developed and developing countries, developed countries should grant generalized preferential, non-reciprocal and non-discriminatory treatment to developing countries in those fields of international economic co-operation where it may be feasible.

Article 20

Developing countries should, in their efforts to increase their over-all trade, give due attention to the possibility of expanding their trade with socialist countries, by granting to these countries conditions for trade not inferior to those granted normally to the developed market economy countries.

Article 21

Developing countries should endeavour to promote the expansion of their mutual trade and to this end may, in accordance with the existing and evolving provisions and procedures of international agreements where applicable, grant trade preferences to other developing countries without being obliged to extend such preferences to developed countries, provided these arrangements do not constitute an impediment to general trade liberalization and expansion.

Article 22

1. All States should respond to the generally recognized or mutually agreed development needs and objectives of developing countries by promoting increased net flows of real resources to the developing countries from all sources, taking into account any obligations and commitments undertaken by the States concerned, in order to reinforce the efforts of developing countries to accelerate their economic and social development.

2. In this context, consistent with the aims and objectives mentioned above and taking into account any obligations and commitments undertaken in this regard, it should be their

endeavour to increase the net amount of financial flows from official sources to developing countries and to improve the terms and conditions thereof.

3. The flow of development assistance resources should include economic and technical assistance.

Article 23

To enhance the effective mobilization of their own resources, the developing countries should strengthen their economic co-operation and expand their mutual trade so as to accelerate their economic and social development. All countries, especially developed countries, individually as well as through the competent international organizations of which they are members, should provide appropriate and effective support and co-operation.

Article 24

All States have the duty to conduct their mutual economic relations in a manner which takes into account the interests of other countries. In particular, all States should avoid prejudicing the interests of developing countries.

Article 25

In furtherance of world economic development, the international community, especially its developed members, shall pay special attention to the particular needs and problems of the least developed among the developing countries, of land-locked developing countries and also island developing countries, with a view to helping them to overcome their particular difficulties and thus contribute to their economic and social development.

Article 26

All States have the duty to coexist in tolerance and live together in peace, irrespective of differences in political, economic, social and cultural systems, and to facilitate trade between States having different economic and social systems. International trade should be conducted without prejudice to generalized non-discriminatory and non-reciprocal preferences in favour of developing countries, on the basis of mutual advantage, equitable benefits and the exchange of most favoured-nation treatment.

Article 27

1. Every State has the right to enjoy fully the benefits of world invisible trade and to engage in the expansion of such trade.

2. World invisible trade, based on efficiency and mutual and equitable benefit, furthering the expansion of the world economy, is the common goal of all States. The role of developing countries in world invisible trade should be enhanced and strengthened consistent with the above objectives, particular attention being paid to the special needs of developing countries.

3. All States should co-operate with developing countries in their endeavours to increase their capacity to earn foreign exchange from invisible transactions, in accordance with the potential and needs of each developing country and consistent with the objectives mentioned above.

Article 28

All States have the duty to co-operate in achieving adjustments in the prices of exports of developing countries in relation to prices of their imports so as to promote just and equitable terms of trade for them, in a manner which is remunerative for producers and equitable for producers and consumers.

CHAPTER III

Common responsibilities towards the international community

Article 29

The sea-bed and ocean floor and the subsoil thereof, beyond the limits of national jurisdiction, as well as the resources of the area, are the common heritage of mankind. On the basis of the principles adopted by the General Assembly in resolution 2749 (XXV) of 17 December 1970, all States shall ensure that the exploration of the area and exploitation of its resources are carried out exclusively for peaceful purposes and that the benefits derived therefrom are shared equitably by all States, taking into account the particular interests and needs of developing countries; an international régime applying to the area and its resources and including appropriate international machinery to give effect to its provisions shall be established by an international treaty of a universal character, generally agreed upon.

Article 30

The protection, preservation and the enhancement of the environment for the present and future generations is the responsibility of all States. All States shall endeavour to establish their own environmental and developmental policies in conformity with such responsibility. The environmental policies of all States should enhance and not adversely affect the present and future development potential of developing countries. All States have the responsibility to ensure that activities within their jurisdiction or control do not cause damage to the environment of other States or of areas beyond the limits of national jurisdiction. All States should co-operate in evolving international norms and regulations in the field of the environment.

CHAPTER IV

Final provisions

Article 31

All States have the duty to contribute to the balanced expansion of the world economy, taking duly into account the close interrelationship between the well-being of the developed countries and the growth and development of the developing countries, and the fact that the prosperity of the international community as a whole depends upon the prosperity of its constituent parts.

Article 32

No State may use or encourage the use of economic, political or any other type of measures to coerce another State in order to obtain from it the subordination of the exercise of its sovereign rights.

Article 33

1. Nothing in the present Charter shall be construed as impairing or derogating from the provisions of the Charter of the United Nations or actions taken in pursuance thereof.

2. In their interpretation and application, the provisions of the present Charter are interrelated and each provision should be construed in the context of the other provisions.

Article 34

An item on the Charter of Economic Rights and Duties of States shall be inscribed in the agenda of the General Assembly at its thirtieth session, and thereafter on the agenda of every fifth session. In this way a systematic and comprehensive consideration of the implementation of the Charter, covering both progress achieved and any improvements and additions which might become necessary, would be carried out and appropriate measures recommended. Such consideration should take into account the evolution of all the economic, social, legal and other factors related to the principles upon which the present Charter is based and on its purpose.

Appendix IV

Declaration of the United Nations General Assembly on the establishment of a New International Economic Order *and* Programme of Action on the Establishment of a New International Economic Order

Resolutions Adopted on the Report of the Ad Hoc Committee of the Sixth Special Session

3201 (S-VI). Declaration on the Establishment of a New International Economic Order

The General Assembly

Adopts the following Declaration:

DECLARATION ON THE ESTABLISHMENT OF A NEW INTERNATIONAL ECONOMIC ORDER

We, the Members of the United Nations,

Having convened a special session of the General Assembly to study for the first time the problems of raw materials and development, devoted to the consideration of the most important economic problems facing the world community.

Bearing in mind the spirit, purposes and principles of the Charter of the United Nations to promote the economic advancement and social progress of all peoples,

Solemnly proclaim our united determination to work urgently for THE ESTABLISHMENT OF A NEW INTERNATIONAL ECONOMIC ORDER based on equity, sovereign equality, interdependence, common interest and co-operation among all States, irrespective of their economic and social systems which shall correct inequalities and redress existing injustices, make it possible to eliminate the widening gap between the developed and the developing countries and ensure steadily accelerating economic and social development and peace and justice for present and future generations, and, to that end, declare:

1. The greatest and most significant achievement during the last decades has been the independence from colonial and alien domination of a large number of peoples and nations which has enabled them to become members of the community of free peoples. Technological progress has also been made in all spheres of economic activities in the last three decades, thus providing a solid potential for improving the well-being of all peoples. However, the remaining vestiges of alien and colonial domination, foreign occupation, racial discrimination, *apartheid* and neo-colonialism in all its forms continue to be among the greatest obstacles to the full emancipation and progress of the developing countries and all the peoples involved. The benefits of technological progress are not shared equitably by all members of the international community. The developing countries, which constitute 70 per cent of the world's population, account for only 30 per cent of the world's income. It has proved impossible to achieve an even and balanced development of the international community under the existing international economic order. The gap between the developed and the developing countries continues to widen in a system which was established at a time when most of the developing countries did not even exist as independent States and which perpetuates inequality.

2. The present international economic order is in direct conflict with current developments in international political and economic relations. Since 1970, the world economy has experienced a series of grave crises which have had severe repercussions, especially on the developing countries because of their generally greater vulnerability to

external economic impulses. The developing world has become a powerful factor that makes its influence felt in all fields of international activity. These irreversible changes in the relationship of forces in the world necessitate the active, full and equal participation of the developing countries in the formulation and application of all decisions that concern the international community.

3. All these changes have thrust into prominence the reality of interdependence of all the members of the world community. Current events have brought into sharp focus the realisation that the interests of the developed countries and those of the developing countries can no longer be isolated from each other, that there is a close interrelationship between the prosperity of the developed countries and the growth and development of the developing countries, and that the prosperity of the international community as a whole depends upon the prosperity of its constituent parts. International co-operation for development is the shared goal and common duty of all countries. Thus the political, economic and social well-being of present and future generations depends more than ever on co-operation between all the members of the international community on the basis of sovereign equality and the removal of the dis-equilibrium that exists between them.

4. The new international economic order should be founded on full respect for the following principles:

(a) Sovereign equality of States, self-determination of all peoples, inadmissibility of the acquisition of territories by force, territorial integrity and non-interference in the internal affairs of other States;

(b) The broadest co-operation of all the States members of the international community, based on equity, whereby the prevailing disparities in the world may be banished and prosperity secured for all;

(c) Full and effective participation on the basis of equality of all countries in the solving of world economic problems in the common interest of all countries, bearing in mind the necessity to ensure the accelerated development of all the developing countries, while devoting particular attention to the adoption of special measures in favour of the least developed, land-locked and island developing countries as well as those developing countries most seriously affected by economic crises and natural calamities, without losing sight of the interests of other developing countries;

(d) The right of every country to adopt the economic and social system that it deems the most appropriate for its own development and not to be subjected to discrimination of any kind as a result;

(e) Full permanent sovereignty of every State over its natural resources and all economic activities. In order to safeguard these resources, each State is entitled to exercise effective control over them and their exploitation with means suitable to its own situation, including the right to nationalisation or transfer of ownership to its nationals, this right being an expression of the full permanent sovereignty of the State. No State may be subjected to economic, political or any other type of coercion to prevent the free and full exercise of this inalienable right;

(f) The right of all States, territories and peoples under foreign occupation, alien and colonial domination or *apartheid* to restitution and full compensation for the exploitation and depletion of, and damages to, the natural resources and all other resources of those States, territories and peoples;

(g) Regulation and supervision of the activities of transnational corporations by taking measures in the interest of the national economies of the countries where such transnational corporations operate on the basis of the full sovereignty of those countries;

(h) The right of the developing countries and the peoples of territories under colonial and racial domination and foreign occupation to achieve their liberation and to regain effective control over their natural resources and economic activities;

(i) The extending of assistance to developing countries, peoples and territories which are under colonial and alien domination, foreign occupation, racial discrimination or *apartheid* or are subjected to economic, political or any other type of coercive measures to obtain from them the subordination of the exercise of their sovereign rights and to secure from them advantages of any kind, and to neo-colonialism in all its forms, and which have established or are endeavouring to establish effective control over their natural resources and economic activities that have been or are still under foreign control;

(j) Just and equitable relationship between the prices of raw materials, primary commodities, manufactured and semi-manufactured goods, exported by developing countries and the prices of raw materials, primary commodities, manufactures, capital goods and equipment imported by them with the aim of bringing about sustained improvement in their unsatisfactory terms of trade and the expansion of the world economy;

(k) Extension of active assistance to developing countries by the whole international community, free of any political or military conditions;

(l) Ensuring that one of the main aims of the reformed international monetary system shall be the promotion of the development of the developing countries and the adequate flow of real resources to them;

(m) Improving the competitiveness of natural materials facing competition from synthetic substitutes;

(n) Preferential and non-reciprocal treatment for developing countries, wherever feasible, in all fields of international economic co-operation whenever possible;

(o) Securing favourable conditions for the transfer of financial resources to developing countries;

(p) Giving to the developing countries access to the achievements of modern science and technology, and promoting the transfer of technology and the creation of indigenous technology for the benefit of the developing countries in forms and in accordance with procedures which are suited to their economies;

(q) The need for all States to put an end to the waste of natural resources, including food products;

(r) The need for developing countries to concentrate all their resources for the cause of development;

(s) The strengthening, through individual and collective actions, of mutual economic, trade, financial and technical co-operation among the developing countries, mainly on a preferential basis;

(t) Facilitating the role which producers' associations may play within the framework of international co-operation and, in pursuance of their aims, *inter alia* assisting in the promotion of sustained growth of the world economy and accelerating the development of developing countries.

5. The unanimous adoption of the International Development Strategy for the Second United Nations Development Decade was an important step in the promotion of international economic co-operation on a just and equitable basis. The accelerated implementation of obligations and commitments assumed by the international community within the framework of the Strategy, particularly those concerning imperative development needs of developing countries, would contribute significantly to the fulfilment of the aims and objectives of the present Declaration.

6. The United Nations as a universal organisation should be capable of dealing with problems of international economic co-operation in a comprehensive manner and ensuring equally the interests of all countries. It must have an even greater role in the establishment of a new international economic order. The Charter of Economic Rights and Duties of States, for the preparation of which the present Declaration will provide

an additional source of inspiration, will constitute a significant contribution in this respect. All the States Members of the United Nations are therefore called upon to exert maximum efforts with a view to securing the implementation of the present Declaration, which is one of the principal guarantees for the creation of better conditions for all peoples to reach a life worthy of human dignity.

7. The present Declaration on the Establishment of a New International Economic Order shall be one of the most important bases of economic relations between all peoples and all nations.

*2229th plenary meeting
1 May 1974*

3202 (S-VI). Programme of Action on the Establishment of a New International Economic Order

The General Assembly

Adopts the following Programme of Action:

PROGRAMME OF ACTION ON THE ESTABLISHMENT OF A NEW INTERNATIONAL ECONOMIC ORDER

INTRODUCTION

1. In view of the continuing severe economic imbalance in the relations between developed and developing countries, and in the context of the constant and continuing aggravation of the imbalance of the economies of the developing countries and the consequent need for the mitigation of their current economic difficulties, urgent and effective measures need to be taken by the international community to assist the developing countries, while devoting particular attention to the least developed, land-locked and island developing countries and those developing countries most seriously affected by economic crises and natural calamities leading to serious retardation of development processes.

2. With a view to ensuring the application of the Declaration on the Establishment of a New International Economic Order, it will be necessary to adopt and implement within a specified period a programme of action of unprecedented scope and to bring about maximum economic co-operation and understanding among all States, particularly between developed and developing countries, based on the principles of dignity and sovereign equality.

I. FUNDAMENTAL PROBLEMS OF RAW MATERIALS AND PRIMARY COMMODITIES AS RELATED TO TRADE AND DEVELOPMENT

1. Raw materials

All efforts should be made:

(a) To put an end to all forms of foreign occupation, racial discrimination, *apartheid*, colonial, neo-colonial and alien domination and exploitation through the exercise of permanent sovereignty over natural resources;

(b) To take measures for the recovery, exploitation, development, marketing and distribution of natural resources, particularly of developing countries, to serve their national interests, to promote collective self-reliance among them and to strengthen mutually beneficial international economic co-operation with a view to bringing about the accelerated development of developing countries;

(c) To facilitate the functioning and to further the aims of producers' associations, including their joint marketing arrangements, orderly commodity trading, improvement in the export income of producing developing countries and in their terms of trade, and sustained growth of the world economy for the benefit of all;

(d) To evolve a just and equitable relationship between the prices of raw materials, primary commodities, manufactured and semi-manufactured goods exported by developing countries and the prices of raw materials, primary commodities, food, manufactured and semi-manu-

factured goods and capital equipment imported by them, and to work for a link between the prices of exports of developing countries and the prices of their imports from developed countries;

(e) To take measures to reverse the continued trend of stagnation or decline in the real price of several commodities exported by developing countries, despite a general rise in commodity prices, resulting in a decline in the export earnings of these developing countries;

(f) To take measures to expand the markets for natural products in relation to synthetics, taking into account the interests of the developing countries, and to utilise fully the ecological advantages of these products;

(g) To take measures to promote the processing of raw materials in the producer developing countries.

2. Food

All efforts should be made:

(a) To take full account of specific problems of developing countries, particularly in times of food shortages, in the international efforts connected with the food problem;

(b) To take into account that, owing to lack of means, some developing countries have vast potentialities of unexploited or underexploited land which, if reclaimed and put into practical use, would contribute considerably to the solution of the food crisis;

(c) By the international community to undertake concrete and speedy measures with a view to arresting desertification, salination and damages by locusts or any other similar phenomenon involving several developing countries, particularly in Africa, and gravely affecting the agricultural production capacity of these countries, and also to assist the developing countries affected by any such phenomenon to develop the affected zones with a view to contributing to the solution of their food problems;

(d) To refrain from damaging or deteriorating natural resources and food resources, especially those derived from the sea, by preventing pollution and taking appropriate steps to protect and reconstitute those resources;

(e) By developed countries, in evolving their policies relating to production, stocks, imports and exports of food, to take full account of the interests of:

(i) Developing importing countries which cannot afford high prices for their imports;

(ii) Developing exporting countries which need increased market opportunities for their exports;

(f) To ensure that developing countries can import the necessary quantity of food without undue strain on their foreign exchange resources and without unpredictable deterioration in their balance of payments, and, in this context, that special measures are taken in respect of the least developed, land-locked and island developing countries as well as those developing countries most seriously affected by economic crises and natural calamities;

(g) To ensure that concrete measures to increase food production and storage facilities in developing countries are introduced, *inter alia*, by ensuring an increase in all available essential inputs, including fertilisers, from developed countries on favourable terms;

(h) To promote exports of food products of developing countries through just and equitable arrangements, *inter alia*, by the progressive elimination of such protective and other measures as constitute unfair competition.

3. General Trade

All efforts should be made:

(a) To take the following measures for the amelioration of terms of trade of developing countries and concrete steps to eliminate chronic trade deficits of developing countries:

(i) Fulfilment of relevant commitments already undertaken in the United Nations Conference on Trade and Development and in the International Development Strategy for the Second United Nations Development Decade;

- (ii) Improved access to markets in developed countries through the progressive removal of tariff and non-tariff barriers and of restrictive business practices;
- (iii) Expeditious formulation of commodity agreements where appropriate, in order to regulate as necessary and to stabilise the world markets for raw materials and primary commodities;
- (iv) Preparation of an over-all integrated programme, setting out guidelines and taking into account the current work in this field, for a comprehensive range of commodities of export interest to developing countries;
- (v) Where products of developing countries compete with the domestic production in developed countries, each developed country should facilitate the expansion of imports from developing countries and provide a fair and reasonable opportunity to the developing countries to share in the growth of the market;
- (vi) When the importing developed countries derive receipts from customs duties, taxes and other protective measures applied to imports of these products, consideration should be given to the claim of the developing countries that these receipts should be reimbursed in full to the exporting developing countries or devoted to providing additional resources to meet their development needs;
- (vii) Developed countries should make appropriate adjustments in their economies so as to facilitate the expansion and diversification of imports from developing countries and thereby permit a rational, just and equitable international division of labour;
- (viii) Setting up general principles for pricing policy for exports of commodities of developing countries, with a view to rectifying and achieving satisfactory terms of trade for them;
- (ix) Until satisfactory terms of trade are achieved for all developing countries, consideration should be given to alternative means, including improved compensatory financing schemes for meeting the development needs of the developing countries concerned;
- (x) Implementation, improvement and enlargement of the generalised system of preferences for exports of agricultural primary commodities, manufactures and semi-manufactures from developing to developed countries and consideration of its extension to commodities, including those which are processed or semi-processed; developing countries which are or will be sharing their existing tariff advantages in some developed countries as the result of the introduction and eventual enlargement of the generalised system of preferences should, as a matter of urgency, be granted new openings in the markets of other developed countries which should offer them export opportunities that at least compensate for the sharing of those advantages;
- (xi) The setting up of buffer stocks within the framework of commodity arrangements and their financing by international financial institutions, wherever necessary, by the developed countries and, when they are able to do so, by the developing countries, with the aim of favouring the producer developing and consumer developing countries and of contributing to the expansion of world trade as a whole;
- (xii) In cases where natural materials can satisfy the requirements of the market, new investment for the expansion of the capacity to produce synthetic materials and substitutes should not be made;

(b) To be guided by the principles of non-reciprocity and preferential treatment of developing countries in multilateral trade negotiations between developed and developing countries, and to seek sustained and additional benefits for the international trade of developing countries, so as to achieve a substantial increase in their foreign exchange earnings, diversification of their exports and acceleration of the rate of their economic growth.

4. *Transportation and insurance*

All efforts should be made:

(a) To promote an increasing and equitable participation of developing countries in the world shipping tonnage;

(b) To arrest and reduce the ever-increasing freight rates in order to reduce the costs of imports to, and exports from, the developing countries;

(c) To minimise the cost of insurance and reinsurance for developing countries and to assist the growth of domestic insurance and reinsurance markets in developing countries and the establishment to this end, where appropriate, of institutions in these countries or at the regional level;

(d) To ensure the early implementation of the code of conduct for liner conferences;

(e) To take urgent measures to increase the import and export capability of the least developed countries and to offset the disadvantages of the adverse geographic situation of land-locked countries, particularly with regard to their transportation and transit costs, as well as developing island countries in order to increase their trading ability;

(f) By the developed countries to refrain from imposing measures or implementing policies designed to prevent the importation, at equitable prices, of commodities from the developing countries or from frustrating the implementation of legitimate measures and policies adopted by the developing countries in order to improve prices and encourage the export of such commodities.

II. INTERNATIONAL MONETARY SYSTEM AND FINANCING OF THE DEVELOPMENT OF DEVELOPING COUNTRIES

1. *Objectives*

All efforts should be made to reform the international monetary system with, *inter alia*, the following objectives:

(a) Measures to check the inflation already experienced by the developed countries, to prevent it from being transferred to developing countries and to study and devise possible arrangements within the International Monetary Fund to mitigate the effects of inflation in developed countries on the economies of developing countries;

(b) Measures to eliminate the instability of the international monetary system, in particular the uncertainty of the exchange rates, especially as it affects adversely the trade in commodities;

(c) Maintenance of the real value of the currency reserves of the developing countries by preventing their erosion from inflation and exchange rate depreciation of reserve currencies;

(d) Full and effective participation of developing countries in all phases of decision-making for the formulation of an equitable and durable monetary system and adequate participation of developing countries in all bodies entrusted with this reform and, particularly, in the proposed Council of Governors of the International Monetary Fund,

(e) Adequate and orderly creation of additional liquidity with particular regard to the needs of the developing countries through the additional allocation of special drawing rights based on the concept of world liquidity needs to be appropriately revised in the light of the new international environment; any creation of international liquidity should be made through international multilateral mechanisms;

(f) Early establishment of a link between special drawing rights and additional development financing in the interest of developing countries, consistent with the monetary characteristics of special drawing rights;

(g) Review by the International Monetary Fund of the relevant provisions in order to ensure effective participation by developing countries in the decision-making process;

(h) Arrangements to promote an increasing net transfer of real resources from the developed to the developing countries;

(i) Review of the methods of operation of the International Monetary Fund, in particular the terms for both credit repayments and "stand-by" arrangements, the system of compensatory financing, and the terms of the financing of commodity buffer stocks, so as to enable the developing countries to make more effective use of them.

2. Measures

All efforts should be made to take the following urgent measures to finance the development of developing countries and to meet the balance-of-payment crises in the developing world:

(a) Implementation at an accelerated pace by the developed countries of the time-bound programme, as already laid down in the International Development Strategy for the Second United Nations Development Decade, for the net amount of financial resource transfers to developing countries; increase in the official component of the net amount of financial resource transfers to developing countries so as to meet and even to exceed the target of the Strategy;

(b) International financing institutions should effectively play their role as development financing banks without discrimination on account of the political or economic system of any member country, assistance being untied;

(c) More effective participation by developing countries, whether recipients or contributors, in the decision-making process in the competent organs of the International Bank for Reconstruction and Development and the International Development Association, through the establishment of a more equitable pattern of voting rights;

(d) Exemption, wherever possible, of the developing countries from all import and capital outflow controls imposed by the developed countries;

(e) Promotion of foreign investment, both public and private, from developed to developing countries in accordance with the needs and requirements in sectors of their economies as determined by the recipient countries;

(f) Appropriate urgent measures, including international action, should be taken to mitigate adverse consequences for the current and future development of developing countries arising from the burden of external debt contracted on hard terms;

(g) Debt renegotiation on a case-by-case basis with a view to concluding agreements on debt cancellation, moratorium, rescheduling or interest subsidisation;

(h) International financial institutions should take into account the special situation of each developing country in reorienting their lending policies to suit these urgent needs; there is also need for improvement in practices of international financial institutions in regard to, *inter alia*, development financing and international monetary problems;

(i) Appropriate steps should be taken to give priority to the least developed, land-locked and island developing countries and to the countries most seriously affected by economic crises and natural calamities, in the availability of loans for development purposes which should include more favourable terms and conditions.

III. INDUSTRIALISATION

All efforts should be made by the international community to take measures to encourage the industrialisation of the developing countries, and to this end:

(a) The developed countries should respond favourably, within the framework of their official aid as well as international financial institutions, to the requests of developing countries for the financing of industrial projects;

(b) The developed countries should encourage investors to finance industrial production projects, particularly export-oriented production, in developing countries, in agreement with the latter and within the context of their laws and regulations;

(c) With a view to bringing about a new international economic structure which should increase the share of the developing countries in world industrial production, the developed

countries and the agencies of the United Nations system, in co-operation with the developing countries, should contribute to setting up new industrial capacities including raw materials and commodity-transforming facilities as a matter of priority in the developing countries that produce those raw materials and commodities;

(d) The international community should continue and expand, with the aid of the developed countries and the international institutions, the operational and instruction-oriented technical assistance programmes, including vocational training and management development of national personnel of the developing countries, in the light of their special development requirements.

IV. TRANSFER OF TECHNOLOGY

All efforts should be made:

(a) To formulate an international code of conduct for the transfer of technology corresponding to needs and conditions prevalent in developing countries;

(b) To give access on improved terms to modern technology and to adapt that technology, as appropriate, to specific economic, social and ecological conditions and varying stages of development in developing countries;

(c) To expand significantly the assistance from developed to developing countries in research and development programmes and in the creation of suitable indigenous technology;

(d) To adapt commercial practices governing transfer of technology to the requirements of the developing countries and to prevent abuse of the rights of sellers;

(e) To promote international co-operation in research and development in exploration and exploitation, conservation and the legitimate utilisation of natural resources and all sources of energy.

In taking the above measures, the special needs of the least developed and land-locked countries should be borne in mind.

V. REGULATION AND CONTROL OVER THE ACTIVITIES OF TRANSNATIONAL CORPORATIONS

All efforts should be made to formulate, adopt and implement an international code of conduct for transnational corporations:

(a) To prevent interference in the internal affairs of the countries where they operate and their collaboration with racist regimes and colonial administrations;

(b) To regulate their activities in host countries, to eliminate restrictive business practices and to conform to the national development plans and objectives of developing countries, and in this context facilitate, as necessary, the review and revision of previously concluded arrangements;

(c) To bring about assistance, transfer of technology and management skills to developing countries on equitable and favourable terms;

(d) To regulate the repatriation of the profits accruing from their operations, taking into account the legitimate interests of all parties concerned;

(e) To promote reinvestment of their profits in developing countries.

VI. CHARTER OF ECONOMIC RIGHTS AND DUTIES OF STATES

The Charter of Economic Rights and Duties of States, the draft of which is being prepared by a working group of the United Nations and which the General Assembly has already expressed the intention of adopting at its twenty-ninth regular session, shall constitute an effective instrument towards the establishment of a new system of international economic relations based on equity, sovereign equality, and interdependence of the interests of developed and developing countries. It is therefore of vital importance that the aforementioned Charter be adopted by the General Assembly at its twenty-ninth session.

VII. PROMOTION OF CO-OPERATION AMONG DEVELOPING COUNTRIES

1. Collective self-reliance and growing co-operation among developing countries will further strengthen their role in the new international economic order. Developing countries, with a view to expanding co-operation at the regional, subregional and interregional levels, should take further steps, *inter alia*:

(a) To support the establishment and/or improvement of an appropriate mechanism to defend the prices of their exportable commodities and to improve access to and stabilise markets for them. In this context the increasingly effective mobilisation by the whole group of oil-exporting countries of their natural resources for the benefit of their economic development is to be welcomed. At the same time there is the paramount need for co-operation among the developing countries in evolving urgently and in a spirit of solidarity all possible means to assist developing countries to cope with the immediate problems resulting from this legitimate and perfectly justified action. The measures already taken in this regard are a positive indication of the evolving co-operation between developing countries;

(b) To protect their inalienable right to permanent sovereignty over their natural resources;

(c) To promote, establish or strengthen economic integration at the regional and sub-regional levels;

(d) To increase considerably their imports from other developing countries;

(e) To ensure that no developing country accords to imports from developed countries more favourable treatment than that accorded to imports from developing countries. Taking into account the existing international agreements, current limitations and possibilities and also their future evolution, preferential treatment should be given to the procurement of import requirements from other developing countries. Wherever possible, preferential treatment should be given to imports from developing countries and the exports of those countries,

(f) To promote close co-operation in the fields of finance, credit relations and monetary issues, including the development of credit relations on a preferential basis and on favourable terms;

(g) To strengthen efforts which are already being made by developing countries to utilise available financial resources, for financing development in the developing countries through investment, financing of export-oriented and emergency projects and other long-term assistance;

(h) To promote and establish effective instruments of co-operation in the fields of industry, science and technology, transport, shipping and mass communication media.

2. Developed countries should support initiatives in the regional, subregional and inter-regional co-operation of developing countries through the extension of financial and technical assistance by more effective and concrete actions, particularly in the field of commercial policy.

VIII. ASSISTANCE IN THE EXERCISE OF PERMANENT SOVEREIGNTY OF STATES OVER NATURAL RESOURCES

All efforts should be made:

(a) To defeat attempts to prevent the free and effective exercise of the rights of every State to full and permanent sovereignty over its natural resources;

(b) To ensure that competent agencies of the United Nations system meet requests for assistance from developing countries in connection with the operation of nationalised means of production.

IX. STRENGTHENING THE ROLE OF THE UNITED NATIONS SYSTEM IN THE FIELD OF INTERNATIONAL ECONOMIC CO-OPERATION

1. In furtherance of the objectives of the International Development Strategy for the Second United Nations Development Decade and in accordance with the aims and objectives of the Declaration on the Establishment of a New International Economic Order, all Member

States pledge to make full use of the United Nations system in the implementation of the present Programme of Action, jointly adopted by them, in working for the establishment of a new international economic order and thereby strengthening the role of the United Nations in the field of world-wide co-operation for economic and social development.

2. The General Assembly of the United Nations shall conduct an overall review of the implementation of the Programme of Action as a priority item. All the activities of the United Nations system to be undertaken under the Programme of Action as well as those already planned, such as the World Population Conference, 1974, the World Food Conference, the Second General Conference of the United Nations Industrial Development Organisation and the mid-term review and appraisal of the International Development Strategy for the Second United Nations Development Decade should be so directed as to enable the special session of the General Assembly on development, called for under Assembly resolution 3172 (XXVIII) of 17 December 1973, to make its full contribution to the establishment of the new international economic order. All Member States are urged jointly and individually, to direct their efforts, and policies towards the success of that special session.

3. The Economic and Social Council shall define the policy framework and co-ordinate the activities of all organisations, institutions and subsidiary bodies within the United Nations system which shall be entrusted with the task of implementing the present Programme of Action. In order to enable the Economic and Social Council to carry out its tasks effectively;

(a) All organisations, institutions and subsidiary bodies concerned within the United Nations system shall submit to the Economic and Social Council progress reports on the implementation of the Programme of Action within their respective fields of competence as often as necessary, but not less than once a year;

(b) The Economic and Social Council shall examine the progress reports as a matter of urgency, to which end it may be convened, as necessary, in special session or, if need be, may function continuously. It shall draw the attention of the General Assembly to the problems and difficulties arising in connection with the implementation of the Programme of Action.

4. All organisations, institutions, subsidiary bodies and conferences of the United Nations system are entrusted with the implementation of the Programme of Action. The activities of the United Nations Conference on Trade and Development, as set forth in General Assembly resolution 1995 (XIX) of 30 December 1964, should be strengthened for the purpose of following in collaboration with other competent organisations the development of international trade in raw materials throughout the world.

5. Urgent and effective measures should be taken to review the lending policies of international financial institutions, taking into account the special situation of each developing country, to suit urgent needs, to improve the practices of these institutions in regard to, *inter alia*, development financing and international monetary problems, and to ensure more effective participation by developing countries—whether recipients or contributors—in the decision-making process through appropriate revision of the pattern of voting rights.

6. The developed countries and others in a position to do so should contribute substantially to the various organisations, programmes and funds established within the United Nations system for the purpose of accelerating economic and social development in developing countries.

7. The present Programme of Action complements and strengthens the goals and objectives embodied in the International Development Strategy for the Second United Nations Development Decade as well as the new measures formulated by the General Assembly at its twenty-eighth session to offset the shortfalls in achieving those goals and objectives.

8. The implementation of the Programme of Action should be taken into account at the time of the mid-term review and appraisal of the International Development Strategy for the Second United Nations Development Decade. New commitments, changes, additions and

adaptations in the Strategy should be made, as appropriate, taking into account the Declaration on the Establishment of a New International Economic Order and the present Programme of Action.

X. SPECIAL PROGRAMME

The General Assembly adopts the following Special Programme, including particularly emergency measures to mitigate the difficulties of the developing countries most seriously affected by economic crisis, bearing in mind the particular problem of the least developed and land-locked countries:

The General Assembly,

Taking into account the following considerations:

(a) The sharp increase in the prices of their essential imports such as food, fertilisers, energy products, capital goods, equipment and services, including transportation and transit costs, has gravely exacerbated the increasingly adverse terms of trade of a number of developing countries, added to the burden of their foreign debt and, cumulatively, created a situation which, if left untended, will make it impossible for them to finance their essential imports and development and result in a further deterioration in the levels and conditions of life in these countries. The present crisis is the outcome of all the problems that have accumulated over the years: in the field of trade, in monetary reform, the worldwide inflationary situation, inadequacy and delay in provision of financial assistance and many other similar problems in the economic and developmental fields. In facing the crisis, this complex situation must be borne in mind so as to ensure that the Special Programme adopted by the international community provides emergency relief and timely assistance to the most seriously affected countries. Simultaneously, steps are being taken to resolve these outstanding problems through a fundamental restructuring of the world economic system, in order to allow these countries while solving the present difficulties to reach an acceptable level of development.

(b) The special measures adopted to assist the most seriously affected countries must encompass not only the relief which they require on an emergency basis to maintain their import requirements, but also, beyond that, steps to consciously promote the capacity of these countries to produce and earn more. Unless such a comprehensive approach is adopted, there is every likelihood that the difficulties of the most seriously affected countries may be perpetuated. Nevertheless, the first and most pressing task of the international community is to enable these countries to meet the shortfall in their balance-of-payments positions. But this must be simultaneously supplemented by additional development assistance to maintain and thereafter accelerate their rate of economic development.

(c) The countries which have been most seriously affected are precisely those which are at the greatest disadvantage in the world economy: the least developed, the land-locked and other low-income developing countries as well as other developing countries whose economies have been seriously dislocated as a result of the present economic crisis, natural calamities, and foreign aggression and occupation. An indication of the countries thus affected, the level of the impact on their economies and the kind of relief and assistance they require can be assessed on the basis, *inter alia*, of the following criteria:

- (i) Low *per capita* income as a reflection of relative poverty, low productivity, low level of technology and development;
- (ii) Sharp increase in their import cost of essentials relative to export earnings;
- (iii) High ratio of debt servicing to export earnings;
- (iv) Insufficiency in export earnings, comparative inelasticity of export incomes and unavailability of exportable surplus;
- (v) Low level of foreign exchange reserves or their inadequacy for requirements;
- (vi) Adverse impact of higher transportation and transit costs;

(vii) Relative importance of foreign trade in the development process.

(d) The assessment of the extent and nature of the impact on the economies of the most seriously affected countries must be made flexible, keeping in mind the present uncertainty in the world economy, the adjustment policies that may be adopted by the developed countries and the flow of capital and investment. Estimates of the payments situation and needs of these countries can be assessed and projected reliably only on the basis of their average performance over a number of years. Long-term projections, at this time, cannot but be uncertain.

(e) It is important that, in the special measures to mitigate the difficulties of the most seriously affected countries, all the developed countries as well as the developing countries, should contribute according to their level of development and the capacity and strength of their economies. It is notable that some developing countries, despite their own difficulties and development needs, have shown a willingness to play a concrete and helpful role in ameliorating the difficulties faced by the poorer developing countries. The various initiatives and measures taken recently by certain developing countries with adequate resources on a bilateral and multilateral basis to contribute to alleviating the difficulties of other developing countries are a reflection of their commitment to the principle of effective economic co-operation among developing countries.

(f) The response by the developed countries which have by far the greater capacity to assist the affected countries in overcoming their present difficulties must be commensurate with their responsibilities. Their assistance should be in addition to the presently available levels of aid. They should fulfil and if possible exceed the targets of the International Development Strategy for the Second United Nations Development Decade on financial assistance to the developing countries, especially that relating to official development assistance. They should also give serious consideration to the cancellation of the external debts of the most seriously affected countries. This would provide the simplest and quickest relief to the affected countries. Favourable consideration should also be given to debt moratorium and rescheduling. The current situation should not lead the industrialised countries to adopt what will ultimately prove to be a self-defeating policy aggravating the present crisis.

Recalling the constructive proposals made by His Imperial Majesty the Shahanshah of Iran and His Excellency Mr Houari Boumediene, President of the People's Democratic Republic of Algeria,

1. *Decides* to launch a Special Programme to provide emergency relief and development assistance to the developing countries most seriously affected, as a matter of urgency, and for the period of time necessary, at least until the end of the Second United Nations Development Decade, to help them overcome their present difficulties and to achieve self-sustaining economic development;

2. *Decides* as a first step in the Special Programme to request the Secretary-General to launch an emergency operation to provide timely relief to the most seriously affected developing countries, as defined in subparagraph (c) above, with the aim of maintaining unimpaired essential imports for the duration of the coming twelve months and to invite the industrialised countries and other potential contributors to announce their contributions for emergency assistance, or intimate their intention to do so, by 15 June 1974 to be provided through bilateral or multilateral channels, taking into account the commitments and measures of assistance announced or already taken by some countries, and further requests the Secretary-General to report the progress of the emergency operation to the General Assembly at its twenty-ninth session, through the Economic and Social Council at its fifty-seventh session;

3. *Calls upon* the industrialised countries and other potential contributors to extend to the most seriously affected countries immediate relief and assistance which must be of an order of magnitude that is commensurate with the needs of these countries. Such assistance should

be in addition to the existing level of aid and provided at a very early date to the maximum possible extent on a grant basis and, where not possible, on soft terms. The disbursement and relevant operational procedures and terms must reflect this exceptional situation. The assistance could be provided either through bilateral or multilateral channels, including such new institutions and facilities that have been or are to be set up. The special measures may include the following:

(a) Special arrangements on particularly favourable terms and conditions including possible subsidies for and assured supplies of essential commodities and goods;

(b) Deferred payments for all or part of imports of essential commodities and goods;

(c) Commodity assistance, including food aid, on a grant basis or deferred payments in local currencies, bearing in mind that this should not adversely affect the exports of developing countries;

(d) Long-term suppliers' credits on easy terms;

(e) Long-term financial assistance on concessionary terms;

(f) Drawings from special International Monetary Fund facilities on concessional terms;

(g) Establishment of a link between the creation of special drawing rights and development assistance, taking into account the additional financial requirements of the most seriously affected countries;

(h) Subsidies, provided bilaterally or multilaterally, for interest on funds available on commercial terms borrowed by the most seriously affected countries;

(i) Debt renegotiation on a case-by-case basis with a view to concluding agreements on debt cancellation, moratorium or rescheduling;

(j) Provision on more favourable terms of capital goods and technical assistance to accelerate the industrialisation of the affected countries;

(k) Investment in industrial and development projects on favourable terms;

(l) Subsidising the additional transit and transport costs, especially of the land-locked countries;

4. *Appeals* to the developed countries to consider favourably the cancellation, moratorium or rescheduling of the debts of the most seriously affected developing countries, on their request, as an important contribution to mitigating the grave and urgent difficulties of these countries;

5. *Decides* to establish a Special Fund under the auspices of the United Nations, through voluntary contributions from industrialised countries and other potential contributors, as a part of the Special Programme, to provide emergency relief and development assistance, which will commence its operations at the latest by 1 January 1975;

6. *Establishes an Ad Hoc* Committee on the Special Programme, composed of 36 Member States appointed by the President of the General Assembly, after appropriate consultations, bearing in mind the purposes of the Special Fund and its terms of reference:

(a) To make recommendations, *inter alia*, on the scope, machinery and modes of operation of the Special Fund, taking into account the need for:

(i) Equitable representation on its governing body;

(ii) Equitable distribution of its resources;

(iii) Full utilisation of the services and facilities of existing international organisations;

(iv) The possibility of merging the United Nations Capital Development Fund with the operations of the Special Fund;

(v) A central monitoring body to oversee the various measures being taken both bilaterally and multilaterally;

and, to this end, bearing in mind the different ideas and proposals submitted by the sixth special

session, including those put forward by Iran and those made at the 2208th plenary meeting, and the comments thereon, and the possibility of utilising the Special Fund to provide an alternative channel for normal development assistance after the emergency period;

(b) To monitor, pending commencement of the operations of the Special Fund, the various measures being taken both bilaterally and multilaterally to assist the most seriously affected countries;

(c) To prepare, on the basis of information provided by the countries concerned and by appropriate agencies of the United Nations system, a broad assessment of:

- (i) The magnitude of the difficulties facing the most seriously affected countries;
- (ii) The kind and quantities of the commodities and goods essentially required by them;
- (iii) Their need for financial assistance;
- (iv) Their technical assistance requirements, including especially access to technology;

7. *Requests* the Secretary-General of the United Nations, the Secretary-General of the United Nations Conference on Trade and Development, the President of the International Bank for Reconstruction and Development, the Managing Director of the International Monetary Fund, the Administrator of the United Nations Development Programme and the heads of the other competent international organisations to assist the *Ad Hoc* Committee on the Special Programme in performing the functions assigned to it under paragraph 6 above, and to help, as appropriate, in the operations of the Special Fund;

8. *Requests* the International Monetary Fund to expedite decisions on:

(a) The establishment of an extended special facility with a view to enabling the most seriously affected developing countries to participate in it on favourable terms;

(b) The creation of special drawing rights and the early establishment of the link between their allocation and development financing;

(c) The establishment and operation of the proposed new special facility to extend credits and subsidise interest charges on commercial funds borrowed by Member States, bearing in mind the interests of the developing countries and especially the additional financial requirements of the most seriously affected countries;

9. *Requests* the World Bank Group and the International Monetary Fund to place their managerial, financial and technical services at the disposal of Governments contributing to emergency financial relief so as to enable them to assist without delay in channelling funds to the recipients, making such institutional and procedural changes as may be required;

10. *Invites* the United Nations Development Programme to take the necessary steps, particularly at the country level, to respond on an emergency basis to requests for additional assistance which it may be called upon to render within the framework of the Special Programme;

11. *Requests* the *Ad Hoc* Committee on the Special Programme to submit its report and recommendations to the Economic and Social Council at its fifty-seventh session and invites the Council, on the basis of its consideration of that report, to submit suitable recommendations to the General Assembly at its twenty-ninth session;

12. *Decides* to consider as a matter of high priority at its twenty-ninth session, within the framework of a new international economic order, the question of special measures for the most seriously affected countries.

2229th plenary meeting
1 May 1974

The President of the General Assembly subsequently informed the Secretary-General that, in pursuance of section X, paragraph 6, of the above resolution, he had appointed the members of the Ad Hoc Committee on the Special Programme.

As a result, the Ad Hoc Committee will be composed of the following Member States: ALGERIA, ARGENTINA, AUSTRALIA, BRAZIL, CHAD, COSTA RICA, CZECHOSLOVAKIA, FRANCE, GERMANY (FEDERAL REPUBLIC OF), GUYANA, INDIA, IRAN, JAPAN, KUWAIT, MADAGASCAR, NEPAL, NETHERLANDS, NIGERIA, NORWAY, PAKISTAN, PARAGUAY, PHILIPPINES, SOMALIA, SRI LANKA, SUDAN, SWAZILAND, SYRIAN ARAB REPUBLIC, TURKEY, UNION OF SOVIET SOCIALIST REPUBLICS, UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND, UNITED STATES OF AMERICA, UPPER VOLTA, URUGUAY, VENEZUELA, YUGOSLAVIA and ZAIRE.

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