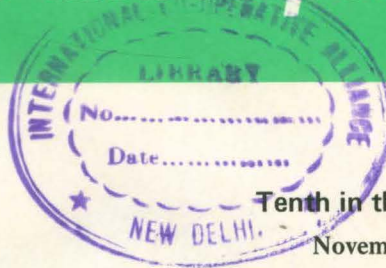




Studies and Reports

INTERNATIONAL CO-OPERATIVE ALLIANCE
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THE ROLE OF AGRICULTURAL CO-OPERATIVES IN ECONOMIC AND SOCIAL DEVELOPMENT

Report of the ICA/FAO/ILO/IFAP Open World Conference
held at FAO Headquarters Rome 22-26 May 1972

The ICA would like to thank all those who assisted in the organisation
and running of the Conference, especially:

Dr L. Malfettani, Confederazione Cooperative Italiane, for his
leadership in initiating the idea and in supporting the Conference with
considerable financial and other resources;

Principal and supporting speakers who shared with the participants
their wisdom and experience of Co-operative work;

Dr A. Braid, and the Food and Agriculture Organisation, for the
necessary facilities made available at FAO's premises in Rome;

Dr L. E. Marsullo, ICA's former Secretary for Agriculture, and other
members of the Staff, for the work done in connection with the
Conference;

Mr W. P. Watkins, for the preparation of the Report.

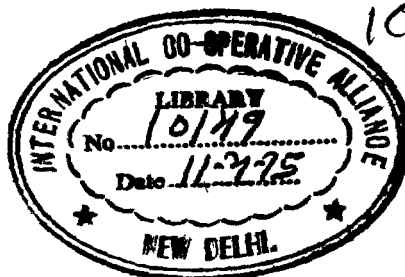
The Conference was honoured to have in their midst two distinguished
representatives of the Italian Government, the Hon A. Jozzelli, Under
Secretary of State, Ministry of Agriculture, and the Hon F. De Marzi,
Under Secretary of State for Co-operation in the Ministry of Labour.

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The Role of Agricultural Co-operatives in Economic and Social Development

*Report of the Open World Conference on the
Role of Agricultural Co-operatives in
Economic and Social Development
FAO Headquarters, Rome, 22-26 May, 1972*



I Introduction

From the middle of last century onwards Agricultural Co-operatives have been playing a dynamic and constructive role in economic and social development, first of all in Europe, later in American, African and Australasian territories settled by Europeans, nowadays in almost all countries where the peoples and their leaders desire to complement their recently won political independence by modern economic organisation and rising standards of living. Agricultural Co-operation in a variety of forms accordingly figures largely in the development programmes of the International Co-operative Alliance and the United Nations Specialised Agencies, notably the ILO and FAO, and is often the occasion of consultation and collaboration between them - of which this Conference provides yet one more example.

When the Authorities of the United Nations came to assess the results of the First Development Decade and consider the programme for the Second, the role of Co-operation in economic and social development became the subject of resolutions, first in the Assembly and subsequently in the Economic and Social Council. On the basis of the resolution No. 1491 (XLVIII) adopted by the Council in May 1970, the International Co-operative Alliance was invited to collaborate in implementing a practical programme of concerted action to promote Co-operative development. The

Alliance responded by declaring the 1970s as the Decade of Co-operative Development as a supporting measure to the Second UN Development Decade and by submitting a project to embrace the widest possible collaboration between Co-operative organisations, whether affiliated or not to the Alliance, International Agencies, governments and non-governmental organisations. In virtue of its consultative status and consequent obligations, the authorities of the Alliance had decided that the contribution of the World Co-operative Movement from January 1970 to the end of 1980 should be a decade of intensive effort by all organisations interested in strengthening co-operative movements in the developing countries, with itself acting as a centre of stimulation and co-ordination. The plan of operations, which received the approbation of the United Nations and the Specialised Agencies, provided for a period of consultation in order to lay down lines of action to be taken in the practical period in which the Decade should culminate. Hence the Rome Conference, the object of which was to obtain the widest possible consensus on the means to be employed, the methods to be adopted and the resources to be tapped to strengthen agricultural co-operatives throughout the world, not merely in numbers and adherents, but in efficiency and their capacity, in their differing environments, to improve the economic situation and social well-being of those who live on the land.

Organisation

The International Co-operative Alliance (ICA) was responsible for organising the Conference, with the assistance of the UN Food and Agriculture Organisation (FAO) and the collaboration of the International Labour Organisation (ILO), the International Federation of Agricultural Producers (IFAP), through the Joint Committee for the Promotion of Agricultural Co-operatives (*) (COPAC) in which all the above organisations are represented. Indispensable local assistance was rendered by the Italian Co-operative Movement, notably the *Confederazione Cooperative Italiane*. No more appropriate venue could be chosen than Rome, with its long tradition of international collaboration for the promotion of agriculture, and the headquarters of FAO, from which today so much of that collaboration is directed. The Conference assembled on the 22nd and ended on the 26th May 1972.

Programme

The programme of the Conference provided for a preliminary survey of the present situation of Agricultural Co-operation in relation to world-wide problems of economic and social development, followed by more intensive discussion concentrated successively on:

- (i) the operational efficiency of agricultural co-operatives;
- (ii) the mobilisation of human resources for rural development through agricultural co-operatives; and
- (iii) co-operatives and their environment, including collaboration with governments, national and international institutions.

The preliminary survey was carried out wholly in plenary sessions but the three special topics were discussed in both plenaries and working groups, a day being allotted to each topic. The documentation being organised in the form of main and supplementary papers, the morning sessions were devoted first to their presentation and thereafter to general discussion. This continued during the afternoon. In the early evening a drafting committee met to formulate the general opinions and recommendations resulting from the discussions. Introductory papers on the three special topics were circulated to participants in advance of the Conference. The programme also included visits to agricultural co-operative institutions in Italy and a special audience with His Holiness Pope Paul VI.

(*) Since re-named Joint Committee for the Promotion of Aid to Co-operatives (COPAC)

Participation

The ICA's invitation to take part in the Conference was addressed not only to governments, co-operative organisations and international institutions, but also to research institutions, and individuals with a scientific or practical interest in Agricultural Co-operatives. In the event about 400 persons from 53 countries attended the sessions, including numerous representatives of developing countries. Reference to the list of organisations represented reveals a remarkable diversity among them – national governments and co-operative federations, universities, institutes, research centres, schools of agriculture – testifying to the importance attached to the theme of the Conference in all parts of the world.

Officers

Dr Mauritz Bonow (Sweden), President of the International Co-operative Alliance, was chairman of the Conference throughout the proceedings, with Dr Livio Malfettani, President of the *Confederazione Cooperative Italiane* and Chairman of the ICA Committee on Agricultural Co-operation, as his Vice-President. Dr S.K. Saxena, Director of the ICA, was General Secretary of the Conference. The two co-ordinators were Dr A.F. Braid, Chief, FAO Farmers' Organisations and Co-operative Unit on behalf of FAO and Dr L.E. Marsullo, Secretary for Agriculture, on behalf of the ICA.

II Opening Session

Dr Mauritz Bonow, in opening the Conference, expressed pleasure at the magnificent response to the ICA's invitation and paid a grateful tribute to all institutions and persons who had contributed to the organisation of the Conference.

He extended a cordial welcome to Mr A. Jozzelli, Under-Secretary for Agriculture in the Italian Government and other representative of governments and international governmental organisations. Mr Jozzelli conveyed to the Conference the welcome of his Government, emphasising the importance of its deliberations from both the economic and the human standpoints. In the widespread changes agriculture was passing through today, he said, the spirit of association became a historic necessity. Co-operation was a precious instrument for the mobilisation of human resources for rural development.

Dr Bonow, welcoming Dr A.H. Boerma, Director-General of the UN Food and Agriculture Organisation, explained the purpose of the Co-operative Development Decade and the back-

ground of the Conference. He pointed out that the programme of the Co-operative Development Decade was still in its early stages and that it was absolutely essential that relevant information should be exchanged so that a firm basis could be provided for further co-ordinated action. He emphasised that an integrated approach to rural development planning was already recognised as indispensable, for all the important conditions such as the distribution of wealth and income, the legal framework, the social system, cultural traditions, government services, private economic enterprise, the level of agricultural productivity and the potential for raising it, had to be taken into account. The idea of an integrated approach, originally put forward at a SIDA/FAO symposium held at FAO headquarters the preceding year, would be followed up in the present Conference.

The role of co-operatives in social and economic development, he continued, was now universally recognised. The major contribution which the Co-operative Movement had to make in the fields of agricultural credit, supply and marketing and improving the economy of the rural sector, was to provide, in an integrated manner, a broad enough base on which economic development and social progress could be achieved. The rise in the gross national product of many developing countries conceals the factors which restrict growth and social progress. If co-operative movements are to contribute to that progress, they must be strong enough to overcome these hindrances.

Dr A.H. Boerma emphasised that the Conference had particular significance for the UN family in that it represented a positive initiative by ICA in response to a resolution of the Economic and Social Council. Describing the world agricultural scene today as one in which the vast majority of mankind is under-nourished and growing numbers face diminishing employment opportunities, while new technology and conditions for production favour the bigger farm producers, he declared that doing the same things better was not enough. It was encouraging that Co-operative Movements were responding to the challenge in more imaginative ways, which involve the active support of co-operative projects by UN and its Specialised Agencies as well as bilateral agencies.

The report which the Secretary-General of the United Nations was to submit to the Economic and Social Council emphasised that very much more could be accomplished through better co-ordination and proposed a definite strategy for co-ordinated action. This strategy called, among other things, for careful planning by co-operative development groups in selected countries, as a

prelude to co-ordinated technical assistance from multilateral, bilateral and private sources. Fortunately, a start had already been made to activate the strategy for co-operative development by the formation of the Joint Committee for the Promotion of Agricultural Co-operation (COPAC).

Dr Boerma went on to stress the need for a flexible attitude to co-operative development. The role of Government in co-operative promotion and conversely, the role of co-operatives in support of state enterprises must be looked at realistically, likewise the need to co-operate with governments in production plans aimed at export and earning much needed foreign exchange. In certain circumstances agreements between co-operatives and private profit enterprises may yield favourable results without prejudice to Co-operation's basic principles. The prospective economic and social gains from co-operative farming needed to be examined objectively and judged on their merits, for it was hard to see how the traditional organisation of farms in many countries can measure up to the challenge of providing a satisfactory level of work and welfare for rising numbers.

Referring to FAO policy and action, Dr Boerma mentioned that for some time FAO had been advocating a co-ordinated or integrated approach to agricultural development. Experience had taught the advantages of simultaneous improvements in a whole group of services in expanding production and improving incomes. In this kind of situation co-operatives can play a unique role by providing a multiple of inter-dependent services to farmers. He urged co-operative leaders to bring extension and farm guidance services into the Agricultural Co-operative Movement in a more dynamic way than heretofore, for it was the success of farm operations which determined the success of co-operatives in the long run. The introduction of co-ordinated services by co-operatives was, of course, more easily attainable in agrarian reform areas and in these co-operatives had a particularly important role to play.

Part of the extensive study of Co-operation, recommended by the Special FAO Committee which studied the lessons of the First Development Decade, should be the development of reliable methods of evaluating more accurately the performance of co-operatives in fulfilling their economic and social objectives. This would be not only of help to policy-makers and planners, but also tend to bring the co-operative system into true perspective.

Dr Boerma concluded by emphasising, in relation to the mobilisation of human resources, the extreme importance of the involvement of youth in development. Would the Co-operative Movement respond imaginatively in terms of

harnessing the tremendous force of goodwill and enthusiasm of young people seriously interested, and at the same time remember the womenfolk who in many countries are the prime producers of crop and livestock? The job before us, he declared, was to propagate and apply the philosophy of Co-operation in concrete practical terms by which men and women and youth everywhere can work for a better life.

III The Role of Agricultural Co-operatives in Economic and Social Development

In the first session, the general theme of the Conference was introduced in a lecture by Dr Livio Malfettani, President of the Confederazione Cooperative Italiane and Chairman of the ICA Committee on Agricultural Co-operation. Complementary contributions were submitted by Mr S. Sulemesov (Bulgaria), Dr W. Schiffgen (Federal German Republic), Mr H. Yanagida (Japan) and Mr H. Nouyrit (France).

Dr Malfettani at the outset defined the key position of agriculture in development as the sector which will be tapped to obtain the labour force necessary for the increase of industrial production and of services. In both of these latter the modernisation of the agricultural sector increases the demand, with a multiplying effect which enhances the expansion of the whole economic system. By their policies, aims, structure and organisation, co-operatives are capable of solving problems of economic and social development. They help small producers to improve their position, extending their advantages to all and enabling all to participate in management and the extension of services according to local needs.

Nevertheless, co-operative expansion requires favourable conditions, of which one of the most important in the developing countries is collaboration with the State. Fundamental premises to be respected were:

1. Government policies stimulating producers to work better and organise themselves on a self-help basis;
2. Freedom to establish organisations to protect their interests;
3. An educational programme to enable the population to participate in an effective manner;
4. The necessary minimum of infrastructure *e.g.* irrigation, transport, storage.

For their part, co-operatives must be prepared on their side to act at one and the same time as economic organisations, social institutions

and representatives of agricultural interests. By so doing they would realise possibilities of building up countervailing power for the producers vis à vis other sectors of the economy. Only such an integrated approach to co-operative development could serve as the basis of a successful strategic plan. Dr Malfettani listed fourteen points which the plan should envisage. These included, among others, suitable legislative and fiscal systems for co-operatives; a simple system for the diffusion of information about co-operative practice; the promotion of membership of co-operatives and member participation in control and management; search for and training of competent management personnel for commercial activities; technical advisory services; a network of co-operative credit institutions, with initial government support; the study of methods of financing, etc.

Dr Malfettani concluded by a reference to the problems confronting the older European Co-operative Movements under conditions of greater economic unity and vanishing frontiers. New forms of Co-operation, integrated horizontally and vertically, would become necessary to take advantage of the profound revolution in the technology of production.

Mr S. Sulemesov, President of the Bulgarian Central Co-operative Union, presented a statement on the Role of Agricultural Co-operatives in the Economic and Social Development of the Socialist Countries. He distinguished two modes of concentration in agriculture. One was concentration of land ownership and means of production in large capitalistic farms. The other was co-operative organisation of small and medium farmers. Such voluntary co-operation can be a real alternative to present day large-scale farming and in Lenin's view was the true means of socialisation in the field of agriculture. In Bulgaria, where agricultural co-operation had been strong under the former monarchy, the form of co-operativisation adopted under the republic after 1944 retained individual ownership of land contributed to the co-operatives. Under this system, productive methods improved, land reclamation and irrigation were facilitated, the cultivators' welfare and social security were enhanced, education and medical services were provided free of charge. This form of organisation had special significance for developing countries and the ICA and its constituent bodies should devote resources to its propagation in the future, employing every educational means and exerting, along with the UN Specialised Agencies, all possible influence upon national governments to assist co-operative development.

Dr W. Schiffgen, Secretary-General of the International Raiffeisen Union, Bonn, speaking on the Raiffeisen Contribution to the Promotion of

Rural Co-operatives in Developing Countries, stressed the need for awakening the spirit of self-help, as F.W. Raiffeisen, the great German pioneer of Agricultural Co-operation, had done in his homeland. Today many agricultural co-operatives in the five continents of the world display the characteristics of the Raiffeisen system which can be applied under varied economic and social conditions. The problems and social conflicts in the developing countries are almost the same as those of Raiffeisen's time. Agricultural progress is hampered by ignorance and lack of capital and by marketing systems which do not encourage farmers to cultivate more or better. The chief difference is that whereas in the 19th century co-operators kept government interference and aid at arm's length, nowadays governments will be obliged to give help if efficient co-operative organisations are to be built up. Nevertheless, the ultimate aim should be to enable co-operatives to manage their own affairs and for that intensive dissemination of co-operative ideas was needed. Experience had shown that multi-purpose co-operatives corresponded best with the conditions in the developing countries, for all services could be organised under qualified management. Primary co-operatives need effective central organisations to co-ordinate their activity, enhance their efficiency and represent their interests. All co-operative business activities, local as well as national, should be audited by officers of co-operative auditing unions.

In order to satisfy requests from developing countries for more knowledge of German co-operative organisation and methods, training programmes for elementary and advanced training of co-operative employees had been drafted and carried out with the support of the Ministry for Economic Co-operation of the Federal Republic. The students of long-term courses have opportunities of gaining practical experience by working in agricultural co-operatives and their central organisations. The courses are being followed up by seminars in the students' countries of origin, as at Ankara in Turkey, in Burma and in Iran.

Mr Yanagida, Director, Central union of Agricultural Co-operatives of Japan, and Chairman of the ICA Sub-Committee for Agriculture and Trade for South-East Asia, submitted a paper on the Current Positions of Agriculture and Co-operatives in South-East Asia. The basic question for agriculture in South-East Asia, he said, is yet to be solved. It is the problem of food. Population is expanding at a mean annual rate of 2.6 per cent but food production fails to keep pace with it. Although some success has been achieved by the use of high-yielding seeds, the level of agricultural production as a whole is low, because the pre-conditions of improved technique, irrigation,

drainage, human attitudes, are not present. The export of products, subjected to competition or synthetics, stagnates or declines. Excessive inflation, inadequate consolidation of holdings, retarded land reform, primitive methods of distribution and marketing, exploitation by money-lenders and usurers, keep the peasants at subsistence level or below.

Agricultural co-operatives are to be found in almost all the countries of the South-East Asian Region, but they are seldom able to perform all that is expected of them. They are mostly short of capital, either for re-lending to co-operative members for living and production, or for financing co-operative enterprises. While some problems may be solved in time by the Co-operatives themselves, others must wait for the development of measures of assistance by governments.

Therefore, if governments base their policies on agricultural planning, and entrust marketing, credit, and supply of requirements to co-operatives, they must create, where none yet exist, central agricultural credit institutions, guarantee credits based on private lending and subsidise interest. They should also introduce badly-needed education and assist in finding competent officials. They should encourage spontaneous action by the co-operatives and set time limits to bureaucratic intervention and control.

As part of the Co-operative Development Decade, agricultural Co-operatives in South-East Asia planned a series of surveys for agricultural co-operative market projects. In addition they are seeking to identify or establish co-operatives capable of serving as models for the region and so encourage the development of other co-operatives. They hoped for powerful support from the ICA, the United Nations Agencies and the advanced co-operative movements.

Mr H. Nouyrit, Director of the French Confederation of Agricultural Co-operation, described the Role of Co-operatives in French Agricultural Policy under the Sixth Plan. He defended the simultaneous treatment of co-operative problems of wealthy and poor countries by declaring that agriculture is similar, a few variations apart, in all countries of the world. The problems of industrialised countries are not fundamentally different in their nature from those of developing countries. In France, under the Sixth Plan, agricultural co-operatives had been assigned an important role in the organisation of certain markets and stabilising prices. Conversely in sectors where co-operatives were weak or non-existent public authorities had the greatest difficulty in introducing market organisation in defence of farmers' incomes. Prices cannot be maintained if

there is no effective means of collecting agricultural produce, a process often ensured by agricultural co-operatives.

The Sixth Plan is not an authoritative but an indicative plan, but public opinion is often uneasy about the true character of large co-operative undertakings because they tend to resemble capitalist companies in management and methods. Responsible French co-operators and co-operatives cannot accept such a view, but it is on this assumption that governments and public authorities had gradually withdrawn the assistance they gave to co-operatives when they first started. In France, as in other advanced countries, co-operatives have functions which are not in the interests of their members alone, but of the whole community. Even where agricultural co-operatives command 50 per cent of a given market they are able to ensure that that is healthy from the standpoint of the general interest of agriculture.

Public assistance given to farmers, from one point of view, compensates them for certain handicaps and burdens which they bear for the community. The enormous patrimony of the farmers and their co-operatives do not represent capital invested for profit but assets involving the interest of the entire community. French agricultural co-operators are fully conscious of this. They absolutely refuse to be treated similarly to joint stock companies and regret the tendency of EEC authorities to regard them as commercial undertakings not very different from any others.

Discussion

The discussion on Dr Malfettani's address and the complementary papers and statements was carried on in plenary session, in the course of which useful information illustrative of Mr Sulemesov's account of the role of agricultural co-operatives in the economic and social development of Socialist countries was contributed by Messrs Cseresnyes (Romania), Szabo (Hungary), and Szelazek (Poland). All three speakers showed how co-operative organisation had ensured the successful economic outcome of the reform of the land system whether this had been directed to the break-up of large private estates or the aggregation of small peasant holdings into large units capable of yielding considerable economies of scale. The speakers also stressed the importance of co-operatives as an educational influence and as means of bringing social welfare in rural districts nearer to urban standards. Messrs. Canessa (Italy), Falini (Italy), Iyer (India), Uzgoren (Turkey), Sall (Senegal), and Musundi (Kenya) briefly outlined the development and role of agricultural co-operation in their respective countries. Mr Dreyer (Co-operative League of the USA) reported the

conclusions drawn from two decades of experience of co-operative promotion in developing countries, formulated in a recent publication. One conclusion was that overall economic growth is heavily dependent on improving the productivity of small-scale labour-intensive farming. The second was that price relationships should be maintained which gave an incentive to extra effort on the producers' part supplemented by research and effective extension work. The third was that disappointing performance by co-operatives was primarily due to the infringement of long-established co-operative business principles. The authorities responsible for co-operative promotion needed to create the conditions which facilitated access by all farmers to agricultural co-operatives and to organise effective supporting services. Professor Y. Don (Israel) asked what was the real justification for demanding special tax treatment for co-operatives or specific government assistance when there were alternative organisations fulfilling the same function. With the President's permission Mr Nouyrit replied at once by giving an example from the French wheat market, for which the co-operatives stock 70 per cent of the whole crop. This is a service indispensable to the system of price regulation and open to all cereal-producing farmers. Any financial advantage derived by the co-operatives is different from the profit which would have been made by private undertakings offering similar facilities. Though the service is of benefit financially to co-operative members, the whole community reaps the advantage of fees kept to the lowest possible level because profit is not the motive.

Dr Malfettani, in the course of his brief reply to the discussion, referred to another aspect of the taxation question. He pointed out that co-operatives engaged, for example, in processing produce, do not make profits for themselves. All the co-operatives' earnings belong to the members who are the actual taxpayers, a point recognised in Italian legislation.

IV The Operational Efficiency of Agricultural Co-operatives

With the third session the Conference entered upon the first of the broad topics into which the general theme was divided. A comprehensive documentary basis was provided, comprising a main background paper by Professor Dr E. Dülfer, with complementary contributions by Drs J. Kuhn and H. Stoffregen (Fed. German Republic), Professor K. Svardstrom (Sweden), Professor Y. Don (Israel), Mr F.S. Owen (USA), Mr A. Pedersen (Denmark) and Mr V. Magnani (Italy).

First Main Paper

Professor Dr E. Dülfer, Director, Institute for Co-operation in Developing Countries, University of Marburg, began by explaining that the paper in the hands of the members of the Conference was a condensed version of a study entitled "Imperatives for the Operational Efficiency of Agricultural Co-operatives in Developing Countries" which had been commissioned by FAO as one of its special contributions to the Conference. As an introduction to the discussion he reviewed the main conclusions reached by the study.

First, he said, it was necessary to define 'efficiency' in relation to a co-operative society and formulate its criteria. It was not identical with the profitability of a private economic enterprise. The structure of a co-operative was much more complex and its aims and objects were not always purely economic but included non-economic or meta-economic aims. If one obvious criterion of efficiency was whether a co-operative achieved its objects or not, it was necessary to know what the objects actually were, since every individual member of the simplest primary service co-operative had his own system of objectives. Only some of those aims would be common to all members and these formed the aims-system of the co-operative and largely – but not entirely – determined its operational objectives. In practice the aims-system of the co-operative and its objectives could be modified by the ideas and experience of the management and also, in these days of worker participation, by the views of the employees. All these factors determined, by a process of negotiation and eventual compromise, the micro-policy of the co-operative. But where government also had a policy of development in which co-operatives were assigned a role, the co-operative might well have to conduct its affairs so as to attain certain general development targets and therefore need a macro-policy as well. In developing countries especially the harmonisation of micro- and macro-policy and the maintenance of due balance between these objectives is indispensable.

A second question concerns the relation to efficiency of a co-operative's organisational structure. Traditionally, and in a primitive co-operative, the enterprise and its management represent only an executive unit for its members' own economies (households or enterprises). More and more under competitive conditions management becomes autonomous and the economic functions of the co-operative predominate. A link subsists but operations are independent. A third stage may be reached when the members, for the sake of getting more information and guidance for

their own enterprises, reintegrate them into the co-operative. The result is that the co-operative and its members pursue a common operational strategy, oriented to the market and based on market information gathered by the co-operative. Such an integrated structure is of importance for agricultural co-operatives in all situations of general economic and social change, that is, in all developing and semi-developed countries. It involves an educational approach and may claim to be a more efficient alternative to collective farming, which often fails for lack of member motivation.

The importance of the integrated pattern is further enhanced by the lesson of experience that farmers in developing regions need the linkage between the functions of supply of requisites, credit and marketing of produce. It was agreed by the FAO Consultation Conference at Nairobi in 1969 that a general tendency towards a multi-purpose co-operative scheme could be observed. In the same direction may be noted collaboration between marketing co-operatives and agricultural banks and the authorisation of credit societies to carry on supply operations and even collaboration between agricultural and consumers' co-operatives. On the other hand, the grouping of marketing functions in a single co-operative, where cash crops are concerned, must be considered with caution. Specialised marketing societies may run into trouble when they are obliged to market other products with which their manager is not acquainted and which their members are not trained to cultivate.

In the field of credit organisation, experience suggests that co-operative credit schemes require for successful functioning a graded organisation with a local basis and regional and national clearing houses and facilities for payment transactions for farmer members. The establishment of a central co-operative bank is a problem in many countries, although elsewhere there is collaboration between co-operative and agricultural or development banks. The possibilities of collecting savings and creating credit with the co-operatives' own system are as yet insufficiently exploited. It is possible only in a system led by a central co-operative bank.

Given a solution to the problem of the aims-system and the establishment of the appropriate forms of organisation, efficiency in co-operative societies will depend on optimum management and decision-making. The position of the manager becomes more and more important. The problem is to find suitably qualified persons at every level. A further problem is the method of measuring efficiency, on which more research is needed. Even so, efficiency cannot be ensured without an adequate financial basis, and problems of financing

and investment have to be further studied and plans formulated. Finally, operational efficiency depends on adequate marketing facilities which in developing countries often have to be created by co-operatives themselves in conjunction with marketing boards and other institutions. The linking of co-operative development with other agricultural projects, such as irrigation, land improvement, introduction of new crops, land settlement and so on, may produce unsatisfactory results unless the technical and management tasks are properly combined, the right people selected and the work properly divided between them, due to lack of participation by the local population and of counterparts to take over from the outside experts. Efficiency in co-operatives has both a subjective and an objective dimension, the former concerned with aims and objectives, the latter with the rational choice and use of instruments and methods as in any other economic unit.

Complementary Papers

1. **Dr H. Stoffregen**, Institute for Co-operation in Developing Countries, University of Marburg, introduced the paper in which he and his colleague, Dr Kuhn, reported the results of case studies of possible bases for the measurement of efficiency in agricultural co-operatives in developing countries. This paper was also a contribution to the Conference by FAO.

The first difficulty encountered in the study, said Dr Stoffregen, was the lack of any agreed concept of efficiency. Different judgements on efficiency resulted from differing expectations. The cost-return ratios applied to other types of enterprise are not suitable for direct application to co-operatives. Moreover, co-operatives do not aim at a single objective but a number of inter-dependent objectives for which co-operatives themselves may have varying priorities. Objectives for a co-operative have to be distinguished from the objectives of a co-operative, unless the former are accepted among the latter, for only the objectives of a co-operative may be measured to calculate its efficiency.

In the formulation of objectives for the co-operative there were at least four important groups: the members, the management, the secondary and apex organisations to which the co-operative is affiliated, and the government and state institutions.

Success demands that the minimum expectations of these groups must be fulfilled. Dealing with the objectives of special concern to management, Dr Stoffregen said these included, above all others, the intention to secure the existence of the co-operative and to create optimum conditions for its operations. Security, as a condition for

achieving any other objective, is a very important part, but only a part, of efficiency. It may be measured in terms of ratios concerning capital funds, the economic participation of members and the relative importance of different activities. The other objective is related to achieving the optimum size for a co-operative and optimum utilisation of its capacity. Here cost-return ratios may be applied, if the object is really to keep costs to a minimum. In any case they reveal only another partial aspect of efficiency. If the co-operative incurs costs for other services thought desirable, such as education, the level of total costs without differentiating the several cost factors is not a reliable measure and further research becomes necessary.

Dr J. Kuhn, also of the Institute for Co-operation in Developing Countries, Marburg University, dealt with the first of the four groups mentioned by Dr Stoffregen as interested in the efficiency of Co-operatives. This was the members, who were farmers in the cases studied. In the developing countries the farmers give three objectives priority over all others:— security of livelihood; improvement of living standards, security and improvement of social status. Security of livelihood means maintenance of the level of physical, social and cultural life already achieved. That depends upon adequate incomes in cash and in kind for all purposes, among which nourishment has priority. In general farmers try to make nutrition secure by subsistence farming, and this therefore has priority over market production. Farmers accordingly expect their co-operative to assist their subsistence production by supplying higher quality seeds, fertilisers, insecticides, etc, at low prices and judge its efficiency in part by its ability to do so. But in the case of the second objective, improvement of living standards, this in practice means an increase in purchasing power per head through the successful marketing of cash crops. Although the energy and resources devoted to subsistence production may limit the farmers' capacity for producing cash crops, they will expect their co-operative to give them the same kind of support by supplying means of production at a low cost, beside expecting that their returns for different kinds of production will increase, so that their liquid cash position will improve. This has a bearing also on the third objective, superior social status.

According to Dr Kuhn, the status symbols which appeal to farmers are closely connected with their farms and their work, and in many cases the aspiration for superior status becomes a powerful motive for improving the farm. The farmers naturally expect support from their co-operative in achieving this aim and it may be provided in other

ways than an addition to the farmers' income. Membership of a co-operative may improve social status, a seat on the board would almost certainly do so.

However, the expectations of government and other institutions will exert pressure which the farmers cannot disregard, even if they are not always agreed among themselves on the priorities they would assign to their own objectives. In particular, the small farmers would tend to have a different scale of priorities from their bigger brethren, and stresses and even open conflict may arise before an agreed aims system is arrived at. The three co-operatives investigated all pursued several objectives and had difficulties in resolving conflicts between one objective and another.

2. Professor K. Svårdström, Department of Economics and Statistics, Agricultural College of Sweden, presented the paper prepared by Dr H. Kristersson, Economist of the Federation of Swedish Farmers, Stockholm, on Planning for Efficiency in Relation to the Democratic Character of Co-operatives.

Professor Svårdström began by explaining that Dr Kristersson meant by 'co-operatives' agricultural marketing co-operatives and by 'efficiency' the maximum of output in relation to input. In regard to planning, he drew a distinction between micro-planning which related to the individual co-operative and macro-planning which related to the entire Co-operative Movement whether in a district, a region or the whole country. His terminology in this respect was similar to, but not identical with Professor Dülfer's.

It was customary also in Sweden to distinguish external from internal price policy. External price policy refers to marketing in which co-operatives engage in competition and efficiency is measured by success in competition. Internal policy involves the members and it should include guidance to farmers on planning production and equity in sharing benefits and participating in the co-operative. It should thus lead to an understanding of the co-operative and solidarity among the membership. By 'democracy' Dr. Kristersson understood simply application of the principle of one man, one vote. But if the economic character of the co-operative is taken into account, other bases might be considered, such as members' capital contributions or their turnover with the co-operative. Equal voting gives rise to many delicate problems, especially where co-operatives are integrated into large organisations with large-scale production and processing plants. Information then becomes the real problem in both directions between the growing membership and the responsible leaders. Democracy is thus a slow

and strenuous process which involves costs and it should not hinder rapid adjustments to secure efficiency and competitive conditions.

The more the members take part in decision-making, the more knowledge they need. This is true of the industrialised countries where the meaning of education is widened to include many kinds of reciprocal information in many directions. Democratic decision-making, with active involvement in the joint concern, is in itself an educational process, none the less it can give rise to conflicts between efficiency and democracy.

The Swedish tradition of trying to preserve as much as possible of individual freedom and equality along with continuous efficient development of the economic system is reflected in the country's co-operative organisations. There is a long-standing and widespread comprehension that there is no single solution to any problem; there is only a choice of compromises and the right choice is a compromise which can be applied in practice.

Finally Dr Kristersson emphasised that both micro- and macro-planning required an overall or central organisation, and if the Co-operative Movement could not provide one for itself, government should intervene and provide one, such as a Co-operative Department. The degree to which it furthers the the Co-operative Movement should be assessed by the speed at which it makes itself unnecessary. A division of functions was necessary to ensure rapid adjustments, the management being responsible for everyday activities, while the members and their representatives concentrated on long-term planning. This is supremely important where co-operatives become an important factor in general economic development.

3. Professor U. Sorbi, Director, Institute for Agricultural and Forestal Researches (Italy) introduced his paper on the Economic Efficiency of Agricultural Co-operation: Motivations and Organisational Aspects. The paper distinguished between events, exterior to Co-operative development, which had a motivational influence and the 'interior' factors, often related to organisation, which affected the dynamics of the Movement. Among the exterior influences were the consequences of the new fact of the decisive role being assumed everywhere by distribution and the progressive specialisation which resulted in the reduction in the number of agricultural workers per hectare of productive land. The more specialised the individual's work, the more importance he attaches to his role as a consumer. Economic dynamics in both town and country were steadily increasing the function of distribution. Agricultural Co-operation could not avoid penetrating more deeply into commercialisation to meet the

increasing demands for both consumer and production goods.

The true ethical significance of Co-operation was revealed in the relations of the members with one another, but in its external relations the co-operative must behave in the same way as any other economic enterprise, with the precise object of maximum output and efficiency. The experience of recent years confirms the tendency for agricultural co-operation to bring about a larger horizontal integration of the sector, and at the same time give its members the chance, thanks to vertical organisation of production, processing and distribution, of escaping from the determining influence of capitalist enterprise.

The small individual and family units which contribute a large part of the agricultural co-operative enterprises are now calling for revision of the functions of those enterprises. This is bringing about structural changes enabling them more efficiently to assume distributive functions as well as accentuating the tendency to vertical integration, regionally, nationally and internationally. As a result of technical progress and rising social aspirations there has been in recent years a re-awakening of the rural classes. The spread of Co-operation would result in saving the farmer's small holding, taking him out of his isolation and poverty, allowing him to share in the advantages of large holdings, while at the same time saving the peasant's most precious treasure: his independence.

4. Professor Y. Don, Head of the Department of Economics, Bar Ilan University (Israel), presented a paper on the Interrelationship between Management Patterns and Economic Results in Agricultural Co-operatives. The paper was based on results obtained to date from an international research project carried on over a period of years in five East European countries, together with Israel and Italy. All these countries were in the group with annual gross national products per head ranging from \$(US)500 to \$(US)1200. All passed through drastic political and economic changes in the first five years after World War II. And all display a trend towards urbanisation, a declining agricultural sector and a comparatively strong co-operative sector in their agriculture. The aim of the research was to ascertain what generalisations are possible about the effect of management methods on productivity and it was believed that this effect could be more clearly discerned in agricultural productive or multi-purpose (comprehensive) co-operatives than in those simply providing supply or marketing services. For one reason comprehensive co-operatives are more clearly inspired by social objectives such as

equality in income distribution and collective or more equal ownership of productive capital. For another, they are more effective instruments of long-term planning than co-operatives based on peasant small-holders. Thirdly, modern agricultural production works under conditions of increasing returns (or diminishing cost as the size of the productive unit increases). Finally, the attachment to the co-operative of its members is not substantially different from the attachment of the peasant to his individual holding, but it is considerably greater than the attachment felt by the agricultural labourer to the large-scale enterprise on which he is employed as a hired hand. Presumably the benefits derived by the farmer will also be greater than those derived by the labourer, which implies that the advantages of large-scale farming can be transferred, wholly or in part, to the farmers.

Experience in Yugoslavia between 1950 and 1953, showing that forced co-operativisation gave negative results in lack of interest in increasing production, compelled a change in policy. In Czechoslovakia also central planning inhibited the initiative of the individual co-operatives. Conversely, the history of the kibbutz and moshav in Israel clearly indicated that the most important prerequisite for successful operation was a strong sense that the individual member and the aims of the comprehensive co-operative settlement were identical. If identity was beyond reach, then the condition for success in increasing productivity and macro-economic planning must be maximum similarity between individual and social objectives.

To establish this condition is a fundamental problem of management, which may be hindered in achieving its aims by the constraints – information, consultation of the membership – imposed by a democratic constitution. On the other hand, in so far as they make for harmony, these procedures make for the efficient operation of the co-operative and where these effects predominate over the constraints, the advantage of a larger scale of operations will be reached and enjoyed by the membership. This process has been shown in Czechoslovakia to have upper limits if the size of the enterprise outruns managing efficiency. The solutions, as Dr Kristersson suggested, must be compromises in which a management system involving the members more intensively with their Co-operatives is correlated positively with economic success.

5. Mr F. S. Owen, Director, International Programmes, Co-operative League of the USA, submitting a paper on Managerial and Organisational Aspects of Economic Efficiency in Agricultural Co-operatives, maintained that

co-operatives can never reach their maximum effectiveness unless they are first successful businesses. Efficiency depends, more than any other thing, on effective inter-relationships of members, boards and management. The boards' function is to establish policy which the management should carry out and the members should understand and approve.

The real strength of a co-operative is derived from the feeling amongst the members that they have needs which can only be met through the co-operative's efforts. As early as possible they must realise that there are certain responsibilities which they themselves must carry. They must play their part in deciding what goods and services the co-operative shall provide and how the necessary capital for its business should be built up. They should also agree to place all their business with the co-operative as soon as it can provide the service. Another important function is to elect suitably qualified persons as board members and attend general meetings and special informative and educational meetings. Local meetings can play a significant part in the formative stage of a co-operative and evolve into permanent advisory councils for the discussion of common needs and problems both among themselves and with officers of the co-operative.

The responsibility of board members, sometimes called directors, is to interpret the wishes of the membership and embody them in a policy which results in a viable business enterprise, with an adequate financial basis and competent part- or whole-time management. The manager should be a professional and an employee with precise duties and a clearly-defined policy.

Proper relations should be maintained with friendly organisations, the nature of whose help should be properly appreciated. There are the banks, which should know the condition and status of the co-operative and have been fully informed of its financial situation and evolution. There are also credit institutions, which may also be providing credit for the members as well as for the co-operative's own trading and productive operations. Finally, there are government departments and services concerned with supervision, extension and education from which the co-operative can gain valuable assistance and support.

The process of planning for policy implies communication flowing upward from the members through the board to the management and vice versa. The maximum of membership participation is essential because capital is needed at each level of operation, the farmer for his farming, the local co-operative for its business and for secondary organisations at district, regional and national levels. Capital resources can only be expected

where operations are viable, and this depends largely upon members' support, understanding and participation. The first step to success is a sound feasibility analysis showing that there is a need and also a suitable environment for a co-operative.

6. Mr A. Pedersen, Danish Central Co-operative Council, Copenhagen, reported on Danish Experiences in the Structure of Member Democracy in Large Co-operative Societies. He declared that from the beginning of the 1960s the leaders of the Danish Co-operative Movement had recognised the necessity of building up large co-operative societies by amalgamation. They were aiming at a national dairy co-operative with 20,000 members, a fodder supply society with 50,000 members and a bacon manufacturing society with 20,000 members. Democratic problems cannot be solved by calling in business consultants. The fact that in large societies members hold a democratically inferior position is part of the unavoidable price of business efficiency. Every effort must be made to ensure that the price is as low as possible. Though the member has to give up some of his democratic opportunities he should remain confident that the large society is working for him to his advantage.

The keyword is communication but techniques can also be devised to ensure that member democracy is functioning throughout a multi-level structure, such as:

- (i) District meetings which elect delegates or representatives;
- (ii) Delegate meeting or board of representatives which elects the board of directors;
- (iii) Board of Directors with executive powers.

The Danish Central Co-operative Council has evolved a voting method which may be used for electing boards of directors, but also for consulting the members on questions for which several solutions may be proposed. The voter is given the opportunity of putting the candidates or the solutions in the order of priority he thinks they deserve. The main advantages of the method are that the votes are cast in one round by filling in the voting list and it ensures that minority groups of a certain size are sure to get their candidates elected. It requires voting by ballot and cannot be applied to a vote by show of hands.

7. Dr V. Magnani, President, Association of Agricultural Co-operatives, Lega Nazionale delle Cooperative e Mutue, Rome, introduced a paper describing the various types of co-operative agricultural production existing in Italy at the present time. He distinguished three types, the first of

which is an extension of the traditional forms of agricultural co-operative engaged in supply of requirements and marketing of produce. For example, in various districts the peasants are no longer content with merely purchasing expensive machines through their co-operative for individual use. They join together in devising a common plan for the use of the machine on the land and the organisation of the necessary labour. The second type of co-operative had its origin in the last quarter of the 19th century, amongst the day-labourers as a relief from under-employment, low wages and an inferior standard of social welfare. These were the co-operative cultivation societies which in certain regions, notably around Ravenna, farm thousands of hectares of land. They are not antagonistic to individual peasant farming. On the contrary, they have encouraged and animated complementary forms of agricultural co-operation for processing and marketing open to all producers who need their services.

The third type of association is that of several farmers who pool their holdings and place them under unified management. This action is spontaneous and inspired by the recognition of inevitable changes beyond the power of the peasant to cope with by himself or with his family labour-force. Not all these associations assume the strictly co-operative form, nor is the whole of a peasant's holding necessarily pooled. According to circumstances there are varying combinations of collective and individual ownership and exploitation of the land. This form of organisation is becoming characteristic of the development of agriculture on lands owned by municipalities and non-profit institutions or left fallow through the exodus from the country-side.

The further growth of such more integrated forms of association and co-operation and their capacity to confer greater benefits on agriculturists depends very largely on the climate of economic and social policy. The attitude of the trade unions and the peasants' professional organisations is an important factor and there are signs that it is changing in favour of agricultural co-operation and co-operative agriculture. No less important is the trend of agrarian policy in the national parliament and government, as well as among the regional and local government authorities. In particular, the whole policy of public spending on agriculture, indispensable to the realisation of the necessary structural reforms, must give a higher priority to the encouragement and support of co-operative organisations. It is only by a consensus of all concerned that the economic and social benefits of co-operation can be secured in the fullest measure.

General Discussion

Mr J.A. Berthelot, Centre for Research on Economic Development, University of Michigan, USA, declared that the agricultural co-operatives suggested for the developing countries, with some exceptions in the Far East, had only known failure on the economic, social and political levels. A real evaluation of their efficiency must take account of the contribution to the national economy made by all co-operatives in a certain sector. It is not enough only to look at the micro-economic efficiency of the co-operatives, but we must see the impact on the economy as a whole. It is necessary to compare the costs for the whole economy of the promotion of Co-operation with the result that has been achieved. In the sphere of social policy agricultural co-operatives, far from promoting solidarity, were the best means of accentuating the dominance of a particular class.

The causes of failure are internal and external. The internal ones relate to the co-operative model adopted and this does not allow for participation of small farmers at the three levels where participation is necessary, namely financing, control of administration and co-operation with the co-operatives themselves. The external causes were false ideas about State intervention and the idea that co-operatives would attain independence if enough resources were devoted to education.

The basic conditions for successful rural development in the developing countries entail setting before the developing countries models that can be controlled by the members not the State. The aim is to promote informal groups with multiple activities but limited requirements for administration and financing, but without bureaucratic control.

Mr V. Ndongala, Centrale générale des Coopératives angolaises (Angola), described the economic and agricultural conditions of his country and the results of four years of Co-operative organisation. **Mr J.J. Scully**, Department of Agriculture and Fisheries, Republic of Ireland, maintained that the harmonisation of micro- and macro-development policies demands a national plan for economic and social development and the operation of a regional development programme. He considered that the lack of clear directives for management was often due to the establishment of co-operative enterprises from the top downwards rather than from the grass roots with local leadership. Co-operatives marketing a single product were dependent, for efficiency and long-term viability, on quality standards and the discipline which can be enforced on members, over and above the loyalty to be expected of them when they are educated to appreciate the real service their co-operative can render them.

Professor T. Kowalak, Co-operative Research Institute, Warsaw, took exception to Professor Dülfer's description of participation in Co-operatives under centralised political systems as compulsion due to "the complete lack of alternatives" and maintained that this description did not apply to conditions in Poland. He stressed the need for more unprejudiced study of the particular conditions prevailing in individual countries and for a freer exchange of information from country to country. He emphasised that the efficiency of primary co-operatives depended on the organisation of secondary co-operatives and institutions at an even higher level. In Poland central development funds had provided the means of realising a broader development policy.

Mr B. Czeresnyes, Union Nationale des Coopératives Agricoles de Production, Romania, said that the three conditions of efficiency in Romanian Agricultural Co-operatives were modernisation and industrialisation of production, the concentration and planning of production and intensive labour. Inter-co-operative associations had made possible new and higher forms of organisation.

Mr L. Visani, Lega Nazionale delle Cooperative e Mutue, (Italy) pointed out that in the last 20 years many modifications had appeared in co-operative institutions. It had been realised that the main problems could not be solved on the marketing level alone, but that there had to be greater specialisation of production and more social participation.

Mr D. Ade Adebisi, Lagos State Co-operative Union Ltd., (Nigeria), described the hindrances to the development of agricultural co-operation caused by subsistence farming and the inability of the cultivators to engage in market operations because their holdings were too small. The government's policy of licensing middlemen-collectors of produce was another great obstacle. Attention, however, was being devoted to the establishment of collective model farms, as a means of demonstrating how all the factors of production could be most effectively utilised.

Mr A. Mayr, Confederazione Cooperative Italiane (Rome), dealt with three factors of operational efficiency which he considered essential: education, theoretical, technical and practical; the rapid application of the results of scientific and technical research, and the strengthening of the marketing structure through closer producer-consumer relations.

Mr G. Mistruzzi, representing a regional agricultural federation in Italy, emphasised the importance of the territorial planning of agricultural development as a condition of effectiveness of agricultural co-operatives. Other essential

conditions were vocational training and care to ensure that co-operatives maintain the right dimensions.

Mr G. Riofrio, National Rice Co-operative Federation of Ecuador and representing OCA was one of three representatives of developing countries who contributed illuminating information about their homelands. He was not ready to accept the thesis that agricultural co-operation needed to penetrate more deeply into production. For the small farmers in Ecuador, what they expected from Co-operation was not collectivism but personal as well as economic growth. They wanted to escape from the old system of landlord and tenant and not to exchange the landlord for the agricultural organiser of the government. The resources required by agriculture should be in the hands of those who owned the land.

Mr Udaybhansinhji, Indian Land Development Banks Association, emphasised the role of co-operatives in India as the tried and tested instruments for implementing State programmes of social and economic development. They had enabled India to participate in the 'Green' revolution and to approach self-sufficiency in food.

Mr I. Soedjono, Directorate General of Co-operatives, Indonesia, declared that the weaknesses of the co-operatives in his country originated from the weaknesses of its socio-economic structure. The big problem was the low standards of small farmers and landless people living at bare subsistence level. This hampers capital accumulation, discourages self-help and makes people seek too rapid results. The community is still held back by traditional education and lives according to old social patterns.

Professor A. Ganef, Central Co-operative Union, Bulgaria, stated that in earlier years the public authorities hampered the development and consolidation of co-operatives, but after the liberation, government had done everything possible to help the co-operatives. He did not agree with Professor Dülfer's remarks on the freedom of membership. Although official policy had always promoted co-operatives and limited private initiative the principle of free membership has always been observed in Bulgaria. Thanks to co-operative policy many of the disparities in living and working conditions between town and village had disappeared.

Mr Roger Savary, former General Secretary, International Federation of Agricultural Producers, called attention to the fact that, apart from problems of co-operative management, in developing countries even more serious problems appear which should be faced with courage. He alluded to the pre-eminence of technocracy and the indifference of salaried managers, as well as the

risk of neglect and decay of co-operatives when they are not supported by the energy and enthusiasm of keen members and leader. He refused to believe that the lack of success in many directions justified any form of abandonment of co-operative ideas. Lacking Co-operation, any other option could be worse. Even imperfect co-operatives were better than the system of exploitation of farmers by money-lenders, landowners and unscrupulous traders.

Mr M.E. Sims, Agricultural Co-operative Development International (USA), maintained, à propos of Mr Pedersen's paper, that the election of boards of directors of co-operatives should not be a popularity contest. He would prefer a preliminary selection of suitable candidates by a nominating committee, so that the members could make their choice from qualified persons.

Professor Dülfer, replying to the discussion, reaffirmed his belief that the integrated co-operative is one of the most efficient instruments for promoting agricultural production. The question was : in which organisational framework? To speak of group-farming versus service co-operatives was too simple. Similarly with the question of voluntary membership, which was really to define and classify the different kinds and forms of membership. He was in agreement with Mr Berthelot's views on the difficulties of co-operatives in developing countries and with Mr Scully on the necessity of precise planning. The aim of his paper had not been to make definite recommendations for different countries but to explain and systematise the problems and suggest new approaches to their solution.

V The Mobilisation of Human Resources for Rural Development through Agricultural Co-operatives

The fourth session of the Conference was devoted to the above-named subject, on which Professor Alexander Laidlaw, St Francis Xavier University, Antigonish, Nova Scotia, had prepared the second main paper. This paper, like the first, was a special contribution to the Conference documentation on the part of FAO. Unfortunately, Professor Laidlaw was prevented from attending the Conference to present his paper in person. It was introduced to the Conference on his behalf by Mr Breen Melvin, President of the Co-operative Union of Canada, who called attention to the principal arguments, adding occasional comments of his own. The following summary has been made from the working document, supplied to Conference participants, which was a shortened form of Professor Laidlaw's original draft.

Second Main Paper

The subject of this paper is the mobilisation of the human element in the development process, and the institutions for education and training in and for the Agricultural Co-operative Movement. While the paper deals with developing countries, it does not disregard the fact that rural poverty is not confined to the "Third World". Rural life in many areas of the globe is suffering from a deep economic and social malaise. The assumptions underlying the paper are that world population will double in the next 30 years, while urban population will grow at a faster rate than rural population; that the world-wide food production is now barely keeping pace with population growth; that the problem will not be solved by depressing rural living standards further; that agricultural co-operatives must be developed, not simply to provide food, but also to improve the livelihood of farmers and rural people generally.

Agricultural co-operatives grow healthily only in the economic and social environment in which they can properly function. Where they can gain a foothold, one of their objects should be to act as a countervailing force to strengthen the economic position of rural people, who are generally the most exploited and the least able to take advantage of public services. In the Third World peasant society is usually remote from the seats of power where crucial political and economic decisions are made. There must exist as a pre-condition a system of agriculture which offers economic incentives to those who labour. Without basic structural reforms agricultural co-operatives tend to cater for a well-to-do class of farmers and landowners. Unless agricultural co-operatives satisfy both economic and social needs at once, rural people are not likely to support them over a long time.

Recent writing on agricultural co-operatives reflects disappointment with their performance in many countries, but from a wide survey of authorities and sources of information the following consensus seems to emerge:—

—Agricultural co-operatives in developing countries rarely start spontaneously, but usually on outside initiative. The intentions, motives and methods of the initiator are of primary importance.

—Agricultural co-operatives must not be planned, promoted, or judged from any other standpoint than that of the agriculturists and the rural community.

—The attitude of government and the type of public official employed to promote Co-operation are crucial.

—Enthusiasts must be restrained from raising too high expectations or advocating Co-operation as a panacea.

—The dual notion of co-operatives as business enterprises with a social purpose must be kept constantly in balance.

—Farmers who benefit financially from co-operatives must be prepared to leave sufficient funds with them to enable them to grow.

Dealing with human resources in Co-operative development Professor Laidlaw maintained that, in a situation where depressed, neglected and exploited people, rural as well as urban, are rising against suppression and tyranny the role of the educator and leader of social reform is to create awareness among people, awaken them to the possibilities of change and help to direct their energies towards positive action rather than blind rage or violence. The prime need is good leadership from within the masses, particularly difficult in rural areas because of the heavy drain of talented and better educated young men and women to the cities. Agricultural co-operatives should aim at unifying the rural community and strengthening farmers' solidarity and become a potent influence in reconciling material and social values.

A co-operative should try to bring into membership all who can benefit from its services, especially those with traditional social handicaps. It should involve as many as possible in planning and decision-making. It should provide appropriate education for all who appear unable to participate fully as members and welcome appropriate contributions from women and youth. Its education policy should aim at blending imported ideas appropriately with local traditions, so as not abruptly to uproot cultural values. Good co-operative leadership will accordingly be sensitive to group opinion and responsive to its needs. It will convey the impression of working with the group rather than for it. It will know how to delegate authority, anticipate rather than resist necessary change, helping to prepare the way for it because it seeks long-term rather than short-term goals.

The close links which have always existed between Co-operation and adult education have associated the learning process with practical problems and made co-operators ready to accept education as a life-long need. A good agricultural co-operative can be the farmer's best instructor in all manner of technical and economic problems and should play a larger role in agricultural extension services. Multi-purpose rural co-operatives with dynamic educational pro-

grammes can do much more for farmers than community development.

On the subject of educational programmes Professor Laidlaw uttered a warning against unwarranted assumptions which may be made in transferring educational systems across cultural boundaries, and he offered the following guidelines:—

- (i) Ideas and general concepts can usually cross cultural lines quite easily and be applied with validity, but not the institutions which carry these concepts or the methods by which they are presented and disseminated.
- (ii) Success or failure of co-operatives is usually decided by factors and conditions of culture and environment *e.g.* democratic control by the members will be on a par with traditions and the practice of democracy to which people are accustomed.
- (iii) Building an institution in a new cultural milieu is vastly more complex than teaching new skills and techniques, and developing a good co-operative more difficult and taking longer than introducing new varieties of cereals or fertilisers.
- (iv) Each nation or cultural group has to build its own institutions, selecting elements from other cultures that may be relevant, but developing a core and framework of its own.

Professor Laidlaw classified the content of membership education for an agricultural co-operative under five heads:—

- (i) Knowledge of the co-operative itself, how it functions as an organisation, how it operates as a business.
- (ii) Study of products or farming supplies required, money and credit, etc.
- (iii) Knowledge and skills required to participate fully in members' meetings, serve on the board or a committee, etc.
- (iv) Knowledge of the Co-operative Movement, its principles, methods, relations with government and other organisations.
- (v) Knowledge useful in understanding the economic and social environment and the affairs of the community, their nation and the world.

In concluding, he emphasised that Co-operative education should be decentralised, and

that officers whose duty is to organise rural people in co-operatives should receive special training and preparation, for such an officer must be essentially an educator, using different methods from the tax collector, police officer, welfare worker or missionary. He will use modern teaching equipment judiciously, but no piece of equipment can substitute for the personality of a dynamic educator and sincere field worker. Literature, study materials and other publications are of great value, but much of it used in developing countries is of too high an intellectual level. More resources should be devoted to simple booklets for local use for people in the early stages of literacy. On the other hand, while the Co-operative Movement is rich in descriptive and historical literature, it is deficient in analytical studies based on research into the causes of success or failure. Co-operators must become accustomed to rigorous evaluation of their institutions, for if they do not, the winds of change may sweep them away altogether.

Complementary Papers

1. Mobilisation of Human Resources through Co-operatives. This paper was a special contribution from the International Labour Office to the Conference and was written by **Mr K. Gordon**. As the author was unable to be present at Rome, the paper was introduced to the Conference by his colleague, Mr J. Gudmundsson.

Mr Gudmundsson conveyed the greetings and best wishes of the *Director-General of the ILO* to the Conference, which had a special significance when the UN Economic and Social Council was discussing the role of co-operatives in development for the second time in three years. The ILO, which had from the beginning taken a keen interest in the Co-operative Movement, was building up a bank of knowledge about co-operatives of all types which it would make available to co-operatives throughout the world, besides carrying out a growing programme of technical assistance to co-operatives and related institutions.

The paper by Mr Gordon attempted to answer the question whether agricultural co-operatives were making the maximum use of their potentialities in the mobilisation of human resources for economic and social development. The reply had to be negative: the majority of co-operatives were not exploiting their potential. That was not a reason for abandoning efforts to promote co-operatives. On the contrary it justified a call for more intensive effort.

Agricultural co-operatives should not be inward looking, but consider themselves a focal point for rural development beyond the attainment of economic advantages for their members. The social consciousness of co-operatives, of co-

operators and of their leaders is one of the key factors to be taken into consideration.

The fact cannot be overlooked that co-operative farming may result in a decrease rather than an increase in employment opportunities. Labour-saving equipment may do the same and those chiefly affected are not the farmers who are members of co-operatives, but the landless labourers who are not. Co-operatives should be careful to keep in touch with social as well as economic developments in their areas. Similarly, in the field of education they should initiate and produce programmes and projects outside their own immediate sector of demand.

Mr Gudmundsson and his colleagues thought that the whole approach to institutional education and training for co-operatives, in many developing countries and a few developed countries also, should be thoroughly revised. Any co-operative training institution or college, which should be an autonomous body for the movement, should conduct a two-branch programme, one relating to member education, the other to training. The programme for members and boards must be decentralised in order to ensure that it reaches every member at the grass-roots. Where secondary organisations exist, the programmes should be implemented by them, the primaries and the colleges.

The training programme for co-operative staff should be based on the principle of permanent education. Colleges should be equipped to produce the full range of material required to carry out the two-fold programmes and they should undertake research in order to ensure that their programmes correspond to the actual needs of the Co-operative Movement.

Co-operatives have done very little to foster close relations with other organisations, particularly trade unions, to their mutual benefit. Both movements grew out of basically the same economic and social conditions and have the same broad objectives of uplifting the economic and social conditions of the less privileged.

2. Women's Role in Farmer Co-operatives. Mrs **L. Crisanti**, Vice-Chairman of the ICA Women Co-operators' Advisory Council and an official of the Lega Nazionale delle Cooperative e Mutue, Rome, introduced a paper on this subject, based largely on the conclusions of a working party of the ICA Women Co-operators' Advisory Council. In her view, there is in a number of countries ample evidence of the efficacy of the Co-operative Movement in enabling women to assume new positions and responsibilities in the contemporary evolution of agriculture and society at large. Farming in its traditional connotation has ceased

to be for women, no less than for men, a way of life: it has become an economic activity, a source of income. On the small farm with its limited labour force, the country woman is still an essential element. In many cases, the running of the farm is entirely in the wife's hands, while the husband and children have jobs outside farming altogether. Even if the family appears to be becoming a consumer rather than a productive unit, woman – as producer, housewife, mother – is at the heart of every problem arising from the integration of agriculture in modern society.

Co-operative experience indicates that:—

- (i) In large, centrally-managed agricultural enterprises women, as members of the co-operative and co-entrepreneurs, have achieved economic independence and are remunerated on the basis of work done;
- (ii) from processing and marketing co-operatives, women have benefited from the modernisation of methods and specialisation which bring in higher returns;
- (iii) Mechanisation and the lightening of women's tasks in the field have enabled their energies to be channelled in other directions. Young women can be trained for accounting and administrative tasks;
- (iv) Rationalisation in the productive tasks traditionally assigned to the country housewife is promoted by co-operatives at the semi-industrial level;
- (v) Co-operation promotes the awakening of the entire rural sector, not the farmers alone.

Co-operative societies can play a direct part through their own educational activities, as well as indirectly by supporting women's claim to modern education in every form, in releasing women's energies. There should be an end, in principle, to educational initiatives specifically for women. Training should be organised for both sexes together and aim at inculcating a spirit of enterprise in a given sector of production. Women should be encouraged to see in the Co-operative Movement a means of solving their problems which offers the benefits of solidarity and the satisfaction of knowing that they have a share in their determination.

If it is true that the modernisation of rural life, aimed at attenuating the cleavage between country and town, is primarily the responsibility of the public authorities, it is equally true that there is no substitute for the Co-operative Movement in

gaining the assent and participation of the intended beneficiaries. The traditional family system, by which wives have no legal position in an agricultural co-operative, creates a serious impasse for women and is inconsistent with Co-operative democratic concepts. Co-operatives here and there have begun to tackle the problem, but partial solutions are not enough. Women are not content to have their say only indirectly, for one thing; for another, the co-operatives can ill afford to do without the knowledgeable and responsible contribution of so large a section of the producing community.

3. The Mobilisation of Human Resources in the Financing of French Fishery Co-operatives. This was the subject of a special contribution by **Mr Pierre Lacour**, President of the Caisse Centrale de Crédit Coopératif, Paris, replacing the paper on Co-operatives as Centres for Economic and Social Decisions, originally proposed for the Second Session of the Conference.

Mr Lacour began by emphasising that in the French Fisheries Co-operative Movement efforts were made to form financial organisations managed in the spirit of participation between those who give and those who receive money, both of whom are members of the financing co-operative. In addition there was participation by personnel. It was very important that the personnel of central co-operative organisations should have the feeling of being co-operators. It was indispensable to consider and treat them differently from employees of public authorities. While discipline must be strict, the dignity of each single person must be respected.

In the second place, the financing organisation must not be outside the borrowing co-operative, like a bank or government department. The Fisheries Co-operative Movement includes societies for a variety of special purposes, but the financing organisation must understand the functioning of all from the inside. They form the basic cells of one integrated system, with intellectual and moral, as well as economic and financial links between them.

The third point is that neither the individual co-operator nor the co-operative must be left in isolation. If a borrower cannot repay his loan, his boat is not sold up, the lending operation is continued in another way. If a co-operative gets into difficulties, it is merged with another. Credit is given to a group of men among whom are one or two men, democratically elected, holding chief responsibility as chairman or manager. The personal qualities of the men in the group, and particularly the responsible men, ensure the proper functioning of the co-operative. Great importance

is attached to the training of managers, but over and above all the technical requirements it is necessary to know persons, to understand motivations, the method of reaching decisions, and to establish friendly relations. It is only under such conditions that responsible co-operators, in addition to being competent managers, merchants and industrialists, will be able, when necessary, to impose right decisions and the co-operatives themselves enabled to maintain internal discipline.

4. Co-operation among fishermen. Miss Margaret Digby, Consultant of the Plunkett Foundation for Co-operative Studies, Oxford, presented a paper on human resources and relations in the fishing industry and in, more especially, fisheries co-operatives. In many countries, she said, the social conditions of fishermen made organisation more difficult to promote than among farmers. Most fishermen are not only poor but they follow an occupation which is or has been despised. They are often suspicious of outsiders, and unwilling to accept advice or shoulder responsibility. Illiterate, they find even simple business beyond their powers. They are only intermittently in their home port. Their occupation involves a strong element of risk.

The economic structure of the fishing industry is often very complex. Ownership is very diverse. Crews may be paid in shares of the catch instead of wages. Boats and gear may be obtained on credit from lenders who claim the catch in return. These different elements may exist in harmony, but there are often conflicts in which trade unions play a militant role. Co-operation may develop among fishermen through association with trade unions, from traditional community organisations, sometimes from the work of voluntary bodies or as the result of government policy.

Fishery Co-operative Movements usually begin with primary societies, often too specialised to be powerful or even viable, and the establishment of secondary federations is difficult because of the isolation of fishing communities. The social background is less cohesive, less ordered, less enlightened than that of peasant farmers, nor does leadership arise in quite the same way. Traditional mutual-aid institutions have sometimes fought the establishment of modern co-operatives. Trade unions sometimes treat co-operatives either as one more firm to be bargained with or else as a lever for negotiating with private owners.

Organisation which is spontaneous and comes from the fishermen themselves can be tough, successful and well adapted to local conditions, but without outside help and advice may tread a hard road to success. The women in fishing villages who work at fish-processing and

sometimes handle fish for the market, are the chief money savers and should be brought into contact with the co-operatives.

Fishermen are in special need of education if they are to make good co-operators, but their irregular periods of work make it necessary to design suitable training programmes and material for informal types of instruction which combine technical with co-operative problems. An urgent need is to train men elected to committees and officials responsible for control and the general direction of co-operative policy. Very few fishery co-operative movements have adequate paid staff or a pool of qualified men from whom they can make appointments. Training courses for those in senior posts should include visits to other countries. There is however a good deal of general education of women in the villages in social as well as co-operative skills.

The execution of a plan of fishery development through Co-operation is not likely to be easy or rapid. It calls for a delicate balance between a wide basic education and practical achievement, immediately measurable in money; between the need to secure the intelligent support of the man whose interest is bounded by a single fishing village and the need to work on a large scale if economic results are to be obtained; between the difficulty of securing staff who can safely handle one simple operation and the need to tackle the interlocking problems of the fishermen from all angles at once. The thing however can be done. It remains to choose which model or combination is most appropriate to any country in which the future of fisheries co-operation is being considered or re-considered.

General Discussion

Before the opening of this discussion no less than 25 participants had already asked for the floor. For all to have equal opportunities in the total time available, it was necessary for them to ration themselves, under the chairman's guidance, to five minutes apiece. Whether because of this or because there was, with few exceptions, broad agreement with Professor Laidlaw's treatment of his subject, as well as his recommendations, discussion centred on particular problems or special fields of interest, with a tendency to overlap with the theme allotted to the Fifth Session. The method adopted here is therefore to ignore the time-order of the speakers' interventions but to report them in groups according to the sphere of reference in which they chose to express themselves.

An important exception, however, was the speech of Mr F. T. A. Bouman of the Netherlands Agricultural University, Wageningen, Holland, which followed the same line as the speech of Mr

Berthelot in the Third Session, in challenging the assumption that the co-operative model supplied by the western world was the only, or at any rate the best, model to be imitated in the developing countries. Mr Bouman maintained that people in the developing countries, in their struggle for a livelihood against antagonistic surroundings and economic exploitation, have devised their own system of organisation, such as the extended family system, which guarantees them help, protection and security – in short, survival. Co-operative models imported from the West do not start from this basic consideration, and therefore fail to appeal to the very people they are designed to help, for they demand too abrupt a departure from old and tried ways, and the adoption of methods and behaviour which are strange to the cultural environment. Mr Bouman therefore advocated research into the nature, structure and efficiency of indigenous forms of mutual aid. The Co-operative Movement in developing countries should try to formulate its own principles and ideals, its own laws and regulations and its own strategy. All these efforts should have unconditional support. Mr Bouman's ideas were based in part on observations made in Africa and may be compared with those of other speakers from African countries or with African experience.

Thus **Mr B. D. Batarinyebwa**, Uganda Co-operative Alliance, Kampala, who said that one of the Movement's great difficulties in his country arose from the fact that the agricultural population could not easily distinguish Co-operation as a business from Co-operation as a way of life, and was reluctant to apply business principles. The results were aggravated by the fact that the social elite is attached to subsistence farming; they do not see Co-operation as a vehicle of economic growth and the youths leave home for the cities. The problem of right motivation has not been solved and those who might be co-operative leaders remain careerists. He appealed for concentration on concrete plans for attracting youth to Co-operation.

Mr D. Ade Adebisi, Lagos State Co-operative Union Ltd., Nigeria, starting from the necessity of augmenting food production, appealed to the agencies promoting Co-operation to instruct their technical experts that they must take into consideration the culture and the social commitments of the people with whom they are going to work. The mobilisation of people for co-operatives should become a new field for research.

Mr G. Belloncle, Institut de Recherche et d'Application de Méthodes de Développement, France, speaking from working experience in French-speaking African countries, pointed out

three favourable factors for the development of co-operatives: the absence of a fundamental land-ownership problem; the very slight economic and social differentiation in village communities; the latent democratic traditions of debate and research in common. That these traditions are now only latent is due to administrative centralisation which leaves practically nothing worth debating to the village. The two chief obstacles to co-operative development Mr Belloncle saw in the existence of a class of traders speculating in the farming and consumption requirements of the villagers and in the attitude of governments which shrank from opposing the traders and lacked the political will to help farmers to organise co-operatives. He agreed that the logic of African farmers was not like European logic but it was a form of logic nevertheless. Illiteracy should not be exaggerated as an obstacle. The management of co-operatives in Nigeria was illiterate, but marketed more than \$4 million worth of groundnuts a year.

The role of government for good or ill in relation to Co-operation was a recurrent topic in a number of speeches. **Mr N. A. Kularajah**, President of the Co-operative Union of Malaysia, Kuala Lumpur, and Chairman of the ICA Advisory Council for South-East Asia, maintained that, while the Co-operative Movement must operate on its own resources, government will have a role in promoting co-operative education for a long time to come. The promotion of education amongst agricultural co-operatives should be a continuing process and should be decentralised. It is not sufficient just to set up a college and claim that everything is being done to promote education. Mr Kularajah objected to Professor Laidlaw's remark that the developing countries would not adopt co-operatives readily and when they do, success cannot be assured, as dangerous. Governments might well conclude that he meant that agricultural co-operatives were useless. He welcomed, however, Mr Gordon's advocacy of long-term planning.

Mr M. V. Madane, speaking as Secretary of the ICA Agricultural Committee for South-East Asia, believed that Professor Laidlaw's question—do the State and officialdom regard the Co-operative Movement as an appendage of the public sector?—must be in most cases 'Yes'. Because of the role assigned to co-operatives in the planned economies and the substantial assistance given to them an element of control by government inevitably comes in, restricting the scope and the freedom of action of the co-operatives. The options before the co-operatives are either to be left outside or to accept the role assigned to them and the control. He thought that co-operatives working within a planned development programme should generate their own resources with a view to becoming

financially independent. Training of managers might eventually lead to the withdrawal of government officers from boards of management. Member education might eventually orient politicians on the manner in which they should function as co-operative leaders, who are too often barriers rather than links between members and management.

Dr R. Schloz, Konrad Adenauer Foundation, German Federal Republic, suggested that the question of the proper relationship between economic development and social development was not merely one for each single co-operative but also one for governments on the macro-economic level. As the Co-operative Movement can take over only a part of this wider development it needs to collaborate with a wide circle of other voluntary organisations. In some Latin American countries Co-operation is integrated in the existing political system, working in conformity with Society as it is. Elsewhere it works to achieve fundamental changes of both society and the political system. In the first case it is an instrument of defence of the established order, in the second a revolutionary instrument. If both types of orientation are present together the bonds of common interest and solidarity are weakened. Development was more complex and more dependent on political situations than previous speakers had indicated.

Mr E. Cozzi, Ente Regionale Sviluppo Agricoltura, Italy, pointed out that the very fact that Co-operation in all its branches was heavily conditioned by the action of governments, caused it great difficulty in maintaining a free and independent existence, especially in building up capital from the members or in obtaining it from the money market. This situation obliges co-operatives to adapt their programmes to conditions imposed by governments and accept compromise solutions.

Mr J. M. Eklund, Agricultural Co-operative Development International, USA, stressed that almost undivided attention must be given in the early days to making sure that a co-operative succeeds as a business enterprise. Beyond that, the human growth factors in co-operative participation are unmatched. The wider demands for the development of human resources should be met by the co-operatives either in alliance with farmers' organisations and other bodies interested in such problems as employment and health, or by offering their services to government as instruments with remarkable capabilities for communication as agents of social change.

Mr G. Vitale, Lega Nazionale delle Cooperative e Mutue, Italy, expressed the opinion that, as the main human resource is work, the

co-operative society must be regarded as an instrument for the organisation of work, of the psychological commitment and of the intellectual capacities of its members. As a member of a co-operative, the worker finds opportunities of fulfilling a definite role in society. Thus greater productivity and increased intellectual capacities of the members must be regarded as economic elements of importance. This holds true for the agricultural economy and the more highly developed agricultural systems. The co-operative makes it possible to use for social purposes all the specialisations and the highly qualified experts. Italian organisations of this type, starting as organisations for joint labour had become model firms and model farms from the productive as well as the social point of view. This kind of development is a more important and decisive element for a co-operative than the opportunity of availing itself of large funds. Mr Vitale concluded by declaring that co-operative schools must not be theoretical but practical schools, teaching for life as well as technical proficiency. A good co-operator is one so trained that he understands the targets, macro- as well as micro-economic, of the co-operative to which he belongs. Co-operative education should also be a public commitment and carried on in normal schools, particularly in rural areas.

Professor Hans Münkner, Institute for Co-operation in Developing Countries, University of Marburg, German Federal Republic, described a programme of membership education in the Philippines which began before co-operatives were actually formed. It is organised by the apex co-operative organisation engaged in propagating co-operation, which sends out instructors to conduct a course of ten or twelve simple lessons on co-operative organisation in general. Attendance at the lessons is certified on a card and only holders of such cards with a record of full attendance are accepted as founder-members of new or members of already existing societies. The system had several advantages, notably the chance of starting co-operatives on the basis of some elementary understanding of what they are and what the members want to achieve. The problem of obtaining competent board members had been solved in Zambia by requiring all co-operatives to have education committees on which all candidates for the management board were required to serve one or two years before election.

Mr S. S. Tyagi, an FAO technical assistance expert who had worked in Ethiopia, described an experiment, then being made in that country under the joint auspices of the Imperial Government, FAO, UNESCO and UNDP, under the name of the "Work-oriented Adult Literacy Project". This was

an experiment in 'functional literacy', which is defined as comprehensive education and training for illiterate adults with a built-in literary component. Co-operation was also a component of the programme and, as such, was combined with practical courses in agriculture, vocational training and home-economics. A special primer was compiled for each subject and the methods employed included visits, demonstrations, teach-ins and role-playing. Special follow-up books are provided for those in training as instructors. By these methods the pupils acquire a keen and informed interest in Co-operation and a strong motivation to engage in it.

Mr Denebya Sall, Office National de la Coopération et d'Assistance pour le Développement, Senegal, described the rural radio service which, with aid from UNESCO, was established in his country for the purpose of communicating with farmers in local dialects. The programmes are made from recordings and enable the competent services to feed co-operators, farmers and all Senegalese citizens with useful information, thanks to the revolution brought about by transistor radio. It brings quicker results than 'functional literacy'.

Mr I. Soedjono, Directorate General of Co-operatives, Indonesia, described the establishment by the government during the last five years of regional co-operative training centres. More than 60,000 persons, members, managers and government officials, had already passed through a wide range of courses. Particular attention is paid to meeting the urgent need for co-operative leaders and managerial skills.

Professor P. Thisya Mondol, Kasetsart University, Thailand, in the course of a short account of co-operative promotion policy in his home country, described the place taken by co-operation and rural vocational training in the educational programme which runs from the elementary to the university level, ending in a degree course in co-operatives.

The mobilisation of women agricultural co-operators provoked interventions from **Mrs E. Feher**, National Co-operative Council, and **Miss E. Orsi**, National Council of Farmers Co-operatives, both from Hungary, and **Mrs Radka Ilieva Todorava**, Central Co-operative Union of Bulgaria, who gave interesting details from their home countries amplifying Mrs Crisanti's paper. Miss Orsi described, from her own experience in following her career as an agriculturist, what difficulties and unenlightened opposition were still encountered by women.

Father W. F. Masterson, Xavier University, Philippines, speaking from 49 years' experience of working in the Philippines and other Asian

countries, expressed his conviction that women are no longer a stumbling block but can be won over to accept change, if it brings reasonable hopes of better hygiene or better nutrition. They had actually become useful as a stimulating influence e.g. in introducing a programme of food-processing.

Co-operation in the fishing industry was dealt with by three French participants, Messrs Limantour, Feuarent and Bonnassies, who supported and illustrated the contributions of Miss Digby and Mr Lacour with first-hand accounts of the problems and achievements of French fishery co-operatives, backed by the Caisse Centrale de Credit Coopératif.

VI Co-operatives and their Environment: Collaboration with Governments, National and International Institutions

With the fifth session the Conference completed its survey of the three major fields of discussion into which the general theme was divided. The proceedings opened with the presentation of the Third Main Paper, a contribution to the Conference from the International Federation of Agricultural Producers, by **Mr R. Savary**, its former Secretary-General. As the Conference sitting had to be shortened to enable the participants to be received in audience by His Holiness the Pope, Mr Savary was unable to comment at length on his paper. The following report is therefore based on the actual text of his paper rather than on his necessarily brief introductory remarks.

Third Main Paper

Co-operatives are by nature active and exemplary partners in community life at all levels, in business circles, in welfare work, in education and even – although by nature non-political – in politics. If the Co-operative Development Decade (CDD) is to bear fruit in terms of economic and social progress and to make a decisive contribution to the improvement of the conditions of rural people, external factors are no less important than internal ones.

Every co-operative society is at present conditioned by its environment rather than being in a position to modify that environment. From that standpoint co-operatives, like any citizen or any citizens' group, are subject to the law of the land. It seems that many contemporary authors have failed to accept this postulate. Thus socialist commentators criticise co-operatives of capitalist countries because they are not socialist enough and authors in western democracies criticise co-operatives of socialist countries because they are not – according to their lights – sufficiently

independent of governmental policies. Similarly, there is a tendency in economically advanced countries to denounce the extent to which governments of many developing countries intervene in the operation of co-operative societies, thus overlooking the imperatives of speedy development in its early stages.

Government policies vis-à-vis co-operatives will always be the transposition to that field of what these policies are in other and broader fields: development, employment, earnings, savings, money, trade, taxation etc. The contribution of co-operatives to economic and social development will thus always be made in the context of a given policy framework. The major message of this conference may thus well be that a policy favourable to co-operatives will make a great contribution to the success of any development policy rather than the converse that a good development policy must be built around a strong co-operative policy.

ILO Recommendation 127 states unequivocally that "existing co-operatives should be associated with the formulation, and where possible, application of the policy . . . and with the formulation of national economic plans and other general economic measures", and that "for these purposes federations of co-operatives should be empowered to represent their member societies at the local, regional and national levels". In the context of this general approach there is ample room for a great variety of relationships between governments and co-operatives. Co-operatives, in any sector of economic activity, are set up on the basis of the postulate that they will be a more economical means of fulfilling the tasks of production and distribution than any other form of enterprise.

It would therefore seem that all that governments need to do in order to ensure a healthy development of the co-operative sector is to protect it against the unfair manoeuvres of its profit-motivated and not infrequently monopoly-minded competitors. We all know that such is not the case. In fact, rare are the countries where a co-operative system has been successfully established without the active sympathy and support of government. Nowhere is this observation truer than in the field of agricultural co-operation.

Co-operatives will not therefore make the decisive contribution they could make to economic and social development unless the government has adopted and follows a definitely positive policy vis-à-vis the co-operative form of enterprise. Protection of the good name of co-operatives is an essential factor in co-operative development. Unless governments are adamant in their concern for the maintenance of high ethical standards throughout the co-operative movement, most

public and private efforts will be wasted. Co-operatives must be given the place they deserve in development policies; they must be encouraged, protected and assisted in every conceivable way, but they must above all be freed from the evil influences of power- or profit-seeking individuals and cliques. Co-operatives, being independent under the law, must also accept the obligations imposed upon them by the law. Such obligations cannot, however, be inconsistent with their own nature.

Collaboration between Governments and Co-operatives. The very first factor in shaping the relationships between co-operatives and government services is the level of education – including co-operative education – of co-operators and managers. Education and training facilities are therefore the first requirement of a nascent co-operative movement and one which governments should provide by priority. But it is equally important that the professional training and motivation of the governmental officers in charge of co-operative promotion and supervision at all levels should be of the highest calibre. Their major aspiration should always be to become redundant as fast as possible. But when civil servants' main assignment is to act as law enforcement officers, they should not be expected to be looked upon, at one and the same time, as the appointees of the co-operative membership. Direct management of co-operative societies by civil servants is not advisable as a continuing policy. It is even justifiable to wonder whether the consultative services required by co-operatives should be governmental. It is almost invariably preferable for such necessary services to be operated by co-operative unions or federations. Education, promotion and control must eventually become the co-operative movement's own responsibilities. To be discharged, with adequate means, these functions will, however, often require substantial government backing.

Another major field of the government/co-operatives relationship is that of financing. By definition the capital needs of co-operative societies are large and, most of the time, not in line with the savings which individual members can devote to building up their equity.

Governments are thus the main suppliers of additional capital for co-operative investment. It is always difficult, however, to determine whether, and to what extent, such State financing must be looked upon as aid or as a semi-banking system. Substantial government advances at commercial rates are not considered to be State aid proper. They may, however, greatly facilitate the mobilisation of large sums such as those required by irrigation or electrification schemes.

In many instances co-operatives are the

chosen instrument of developing policies which would have had to be launched anyway. It is legitimate therefore for the State to bear its normal share of their cost. Financial help from the government cannot logically be without strings. In fact, such governmental support is usually the root cause of the perpetuation of abusive government control. Here again it is difficult to differentiate between the legitimate and excessive amounts of governmental supervision required to safeguard investments of State resources. In too many countries there is extreme confusion between the functions and jurisdictions of a large number of administrators often subordinated to different ministries – and to rival ministers.

There are two other ways in which governments can contribute efficiently to co-operative development: a sensible fiscal regime and preferential market deals. In most countries it is accepted that co-operative rebates, if any, are taxed in the hands of co-operators and that the society itself does not make taxable profits. Tax exemptions of all kinds which the legislator may wish to grant to co-operatives as such have always been vigorously challenged. There is an opposite danger, however, which is the temptation to tax the orderly and easily supervisable operations of co-operatives, especially where these benefit from the government's good-will, while other forms of business manage to evade their tax obligations through dissimulation and fraud.

The final way in which governments can assist in co-operative growth is through giving co-operatives preference or a monopoly in certain fields, e.g. tendering for contracts or distribution of requisites or services in short supply (fertilisers, machinery, etc). There is again an obverse of that coin. Too often governments use co-operatives as collectors of farm products subject to compulsory deliveries to the State, at prices definitely unremunerative for the producers. These practices have done more than anything else to discredit co-operative principles in several countries.

Co-operatives are more often the chosen agents of governmental farm-support and commodity-stabilisation policies. Partnership between co-operatives and statutory marketing boards is a common feature in many developing countries and some have even reached the ultimate stage where a federation of co-operatives plays the role of a marketing board.

Legislation. ILO's Recommendation 127 sums up the current consensus in four paragraphs: laws should not unduly restrict the development of co-operatives; there should be laws specifically concerned with the establishment and functioning of co-operatives (including protection of the name

"co-operative"); registration procedures should be as simple and practical as possible; and co-operatives should be authorised to federate. Actually most governments genuinely concerned with the necessary transformation of the very structure of their country's economy have gone far beyond the boundaries of that minimum programme.

Co-operative law, like any law, will always be more effective when it leaves room for reasonable interpretation in the light of varied and changing circumstances and when it does not enact more stringent and more detailed rules than it is in the actual power of the executive branch of the government to enforce. Effective co-operative law must at least include provisions covering the following points:

- definition, bringing out the essential characteristics and protecting the name "co-operative"
- procedures for establishment, registration, dissolution
- conditions for membership, rights and duties of members
- methods of administration, management and internal audit
- machinery for external audit and guidance

But it is also a widely accepted view that unduly detailed and complex laws and regulations can be a hindrance rather than a factor in co-operative development.

Relationships with other National Organisations. Active membership in international organisations like ICA and IFAP is an essential means of establishing links with a Co-operative Movement's counterpart abroad. But such global exchanges of experiences and views, and the mutual support amongst all co-operative movements thus initiated, do not preclude the establishment of closer liaison between countries, either within the context of a geographical area or for the purpose of technical assistance. Several governments of aid-giving countries have entrusted to the co-operative movement in their own country the conduct of projects intended to promote co-operative development abroad. The comparative insignificance of interco-operative trade between countries remains one of the failures of the World Co-operative Movement. All attempts made to expand it have yielded inadequate results.

There is a considerable number of "other national institutions" with which co-operatives must maintain relations of one kind or another. Consumers' societies and workers' trade unions thus often have special relationships. In the countryside the same community of purpose must

bring together co-operatives and farmers' unions or associations. Generally speaking, farmers' unions and federations of agricultural co-operatives happen to co-exist, either because farmers awoke to the necessity of setting up a representative group to influence the course of national affairs before their co-operative organisations had secured sufficient membership and economic weight, or because the co-operative leadership realised, at some stage of evolution, that there were distinct advantages in separating the policy aspects of its responsibilities from the increasingly demanding tasks of business management. Furthermore, farmers' unions have the characteristic of re-grouping all farmers, and almost without exception include the promotion of, and support to, a powerful farm Co-operative Movement as a key item of their policies. In most instances national farmers' unions and national federations or confederations of farmers' co-operatives have set up joint organisations to allocate and co-ordinate activities.

The co-operative environment consists also of the people and firms with whom they daily transact business. Co-operatives' public relations cannot be identified with those of individually-owned or capitalist firms. Relationships need not be entirely antagonistic, however. Co-operative federations or unions sometimes co-operate with private industry and trade on matters of common concern, or become members of chambers of commerce or other professional organisations side by side with private business. A more recent development is the appearance of joint companies grouping co-operatives and non-co-operative enterprises. Most developing countries are still very far from having reached the advanced stage of concentration and integration which makes such developments topical. But these developments pose many problems in the industrialised countries, particularly in connection with the specific nature of co-operative enterprises. There is a distinct danger that co-operation may lose its soul in such ventures.

In socialist countries co-operatives deal primarily with each other and with State enterprises which can be their suppliers, customers, or occasionally competitors. In many instances State enterprises are operated for the specific purpose of supporting farmers' co-operatives, but where State enterprises and co-operatives exist side by side, competition, either in the formulation of the plan or in its implementation, sets in between the two for finances, scarce supplies, specialised staff and even for market opportunities. It is imperative that such potential conflicts be stifled at the planning stage, in which co-operatives should be fully involved.

Churches or religious communities are very often strong supporters, or even active promoters, of co-operatives. Although co-operative societies should be non-denominational, religious brotherhood and even discipline can be significant ingredients in the success of co-operative ventures. However, while religious backing is an asset which proponents of co-operative development cannot neglect, the opposite effect can result from the parallel existence of co-operatives set up on the basis of race, religion or caste.

Amongst the organisations which have an interest in, and are in a position to influence, the development of co-operatives it is impossible to ignore political parties. The type of relationship between co-operatives and political parties differs according to whether a single party or a number of rival parties compete for the votes and loyalty of citizens. Where the single political party is the framework within which national policies are formulated and from which the government emanates, there is bound to be inter-penetration between the political leaders and co-operative leaders. Because single party countries are also committed to economic planning, the inter-penetration of political and co-operative leadership usually helps to evolve and implement policies.

In Western-style, multi-party democracies, on the other hand, the relationship between parties and the Co-operative Movement is much more complex.

Where plurality of party prevails, politicians may be tempted to strengthen their electoral position through participation in co-operative undertakings, with the danger that co-operative interests may be subordinated to political expediency. Co-operative functions may be sought primarily as a stepping stone to political prominence rather than in a true spirit of service. Conversely, local politicians, anxious to placate their constituents by favours secured for them from the powers-that-be, may dislike the independent and autonomous approach inherent in co-operative ventures. There is thus no fixed rule or practice to which reference can be made. From the standpoint of co-operators' interests it would thus seem that loyalty to single-party policies in single-party countries, and political neutrality in multi-party countries, is the best available option.

Universities are essential partners of the Co-operative Movement in the field of study, research and above all education. Close working relationships must therefore be maintained between the faculties and research institutes of universities and the managerial staff of Co-operative Movements. These contacts are usefully completed by the international conferences and seminars regularly held on co-operative problems.

Needless to say, liaison with educators at all levels is also required if the true principles of Co-operation are to be understood by the people.

Relations with International Organisations.

National co-operative federations and their affiliates can (and most do) belong to a number of international organisations and they benefit, along with their affiliates, from the activities of many inter-governmental agencies. However, the nature of their relationships with the two types of organisation is fundamentally different. An essential difference exists between an international organisation like ICA, where co-operators are their own policy-makers, and one like FAO, whose policies are evolved and implemented exclusively by governmental delegates and appointees. Although these remarks apply to technical assistance activities it is, of course, wrong to look upon international organisations, intergovernmental or non-governmental, as being primarily interested in activities of this type. Their major contribution to economic and social progress through co-operative development is in the field of planning and management, education and finance – all matters where co-operatives in developing countries are in need of the information and of the analytical appraisal of experiences in other countries, which a specialist staff of high standing can put at their disposal. The participation of developing countries' co-operative unions in international organisations is unfortunately insufficient due, in particular, to lack of financial resources. While considerable success is being achieved by the regional offices which ICA operates in Asia and Africa, it is a fact that the presence, and therefore the influence, of agricultural co-operators of developing countries is still far from being adequately felt at committee and board meetings convened by ICA or IFAP.

However wide the network of international organisations wholly or partly devoting their efforts to the promotion of co-operative development in developing countries, the results are unsatisfactory. International assistance remains defective in size, in quality, and above all in overall consistency.

With respect to size, the major question is, of course, resources in finances and in personnel. UNDP, the major single source of international finance, has not yet shown a particular awareness of the exceptional opportunities associated with the co-operative approach. But things are changing and the resolutions and recommendations passed by the UN General Assembly, ECOSOC, and the Conferences of FAO and ILO in support of co-operatives, are progressively leading to a more positive approach.

Regarding quality, a continuing evaluation is being conducted at periodic international conferences on Aid for Co-operatives in Developing Countries, the last of which was held in Loughborough in April 1971. Consistency in the various international programmes has now been recognised as a major priority objective. To that end two UN agencies (FAO and ILO) and three NGOs (ICA, IFAP and IFPAAW) have set up and support jointly a Committee for the Promotion of Agricultural Co-operatives (COPAC) which became operative in 1971. The prime purpose of COPAC activities is to ensure coherence between the assistance projects carried out by the participating bodies. To that end stock is being taken of international programmes from all sources in a given country, gaps and overlapping are identified, and corrective action proposed. That country by country approach has now become the *modus operandi* of the UN Development Programme itself.

Complementary Papers

1. Co-operatives and their Environment: Reflections on Certain Aspects of the Problems of Co-operative Legislation, a contribution from the International Labour Office by **Mr R. Louis**, introduced in his absence by his ILO colleague, Mr Gudmundsson.

Mr Gudmundsson explained that the paper did not present final conclusions but some of the pre-occupations of the ILO arising in the course of a research project in the form of a comparative study of co-operative legislation over the whole world, which it was hoped to complete by 1975. The study was being carried on region by region and the first part, relating to Central America, had already been completed. For each region there would be a principal theme pursued alongside the purely juristic study. For Central America the theme was the participation of co-operatives in local, regional and national development and the conclusion was that existing co-operative legislation did not permit co-operatives to play a meaningful role in planning in this region. Opinion in the ILO was that co-operative laws in a number of developed, as well as developing countries, contain stipulations which constitute a hindrance to the growth and development of co-operative activity.

Reference to Mr Louis' paper would show the emphasis he placed on the social values of co-operation and on the unwritten bonds between all the members of a community which characterised traditional forms of material aid and which co-operative legislation replaced by a written contract applicable only to certain operations and

activities and to certain persons not necessarily members of the original group.

Mr Gudmundsson pointed out that the necessity for a unified Co-operative Movement was strongly brought out in the paper:

"The division of the Movement into sectors affects them (agricultural co-operatives) even more than those in towns and threatens in the medium term to do them irremediable harm . . . The co-operative group which by law has to confine its activities to a particular sector cannot play its proper role . . . it is incapable of stemming the drift to the towns, of preserving the environment or securing for those who work on the land parity of income with those in the towns and industry . . ."

The paper, continued Mr Gudmundsson, highlights the main differences that might justify a special legislative statute on co-operatives as follows:

--the deliberate desire of the members not to require profit from the investment of their capital,

--the measures actually taken to ensure that members do not get the benefit of an added value not corresponding to their own costs,

--the fact that commercial codes do not recognise the concept of buying what belongs to oneself. In co-operatives, however, the undertaking does in fact buy from itself, if the members do in fact constitute the co-operative."

Mr Louis' paper also included suggestions as to what might be the content of a co-operative law which he and his ILO colleagues believed should be short, simple and laying down general principles which would be acceptable to all.

(At this point the proceedings were suspended in order to permit the Hon F. DeMarzi, Under Secretary of State for Co-operation in the Italian Ministry of Labour, to present the greetings of his Ministry to the Conference.)

2. The IFFCO Story: A Unique Example of International Collaboration among Co-operatives and Governments, a paper submitted by Mr D. H. Thomas, President, Co-operative Fertilizers International, Chicago, USA.

Mr Thomas was introduced by Mr F. S. Owen, who explained the origins and development of the project to produce fertilisers in India in which the US Government Agency for International Development, the Government of India, the Co-operative League of the USA and the National Co-operative Union of India all partici-

pate, with the British and Dutch governments lending financial aid. Mr Thomas was one who had played a significant role in the project and was President of the special organisation set up to provide technical assistance.

Mr Thomas, introducing his paper, stated that the fertiliser project emerged from a feasibility study carried out in 1966 by a joint India-USA group of co-operative and government officials. The bases of the scheme were: first, that the undertaking would be owned and operated by Indian co-operatives; second, that Indian co-operatives would provide equity capital as needed, carry out a vigorous fertiliser marketing programme and admit all agricultural co-operatives in India to membership (these co-operatives would pledge themselves to obtain their total fertiliser requirements from the undertaking); third, Indian co-operatives would contract for technical and management help with US co-operatives; fourth US co-operatives would contribute \$1 million to the project development costs; fifth, the Government of India would give all necessary assistance in terms of finance, raw materials, land purchases, government clearances, etc; sixth, the US agency (AID) would arrange for all US dollars required in the project.

The immediate aim was an undertaking for both production and distribution with annual sales of Rs.600 million (\$80 million), administered by a new organisation, the Indian Farmers' Fertiliser Co-operative. This was officially inaugurated in April 1968, the Indian government supplying two-thirds and the co-operatives one-third of the share capital. The government shares would be redeemable over the years by IFFCO from its earnings. The Americans on their side set up Co-operative Fertilisers International which entered into an agreement with IFFCO specifying the division of functions between them in transferring to India the knowledge and know-how of the American fertiliser co-operatives.

The total capital value of the project finally amounted to \$124 million, of which \$84 million represented Indian rupees and the remaining \$40 million foreign loans from USA, Great Britain and the Netherlands. The lenders included the Indian, US, British and Dutch governments, together with four Indian financial institutions. The shareholders consisted of some 30,000 Indian co-operative societies and the Indian government. Through the CFI, twelve American co-operatives were also contributors of \$1 million.

Engineering and construction contracts were signed in June 1971, and the production plants are expected to commence full-scale deliveries in March 1974. Meanwhile IFFCO has been establishing its marketing system, 150 field representa-

tives having been appointed in 10 states, where the apex co-operative marketing federations have concluded long-term contracts with IFFCO to take all of its output with regular deliveries through the year instead of seasonally.

Answering the often-posed question why the US fertiliser co-operatives contribute time and money to a project in which they have no direct interest, Mr Thomas stated that the charter and rules of Co-operative Fertilisers International state that its basic purpose is to promote and assist in the development of farmer-owned fertiliser plants throughout the world.

3. Some of the Major Problems of the Relations between Co-operative Societies and the State, a paper written by **Dr F. Molnár**, President, National Council of Consumers' Co-operative Societies (Szovosz), Budapest, was introduced by **Dr P. Vador**, International Relations Division, National Council of Agricultural Co-operatives, Budapest.

Dr Vador explained that Dr Molnár dealt with this subject with particular reference to relations between the co-operative societies and the State in the Hungarian People's Republic. The co-operatives operate in a socialist environment and have played an important part in the political and economic transformation during the establishment of the socialist system. They are regarded by the Republic as socialist institutions necessary for the whole of society. In addition to the co-operative farming societies, which engage in agriculture and forestry, processing and marketing, servicing and purchasing, there are fishery, industrial and general consumers' co-operatives. Besides serving economic purposes, the co-operatives meet their members' social, cultural, sports and touristic needs.

In certain fields of the economy the co-operatives work more efficiently than State enterprises under the same economic conditions. The State recognises public property and co-operative property as having equal rights and promotes the development of both, according to their respective economic roles. Moreover, the State recognises the co-operatives' independent character and the value of their self-government on a democratic basis. Statute law enables the co-operatives to maintain legal and economic independence, but also to establish partnerships and joint undertakings with other co-operatives with which they have interests in common.

The specialised federations of co-operatives, *eg* the National Council of Farming or Consumers' Co-operatives, represent the interests of their affiliated societies and may promote legislation for that purpose, the Ministers being obliged to consider their recommendations. Conversely, no

Minister may issue general regulations affecting all co-operatives without previously receiving the agreement of the National Council concerned.

Problems of more than sectional importance are the field of the National Council of Co-operatives, established by the three main branches of the Movement, the agricultural, consumers' and industrial co-operatives. It participates at the highest level in drafting regulations for co-operatives and may submit to Parliament its opinions on social, political and constitutional questions. For the Movement as a whole the Council exercises a co-ordinating authority and carries on international relations.

The State exercises guidance over co-operatives as over all other institutions of the People's Republic. Its chief purpose in the co-operative sphere is to ensure that co-operatives play a role and develop according to their social and economic significance, besides reconciling co-operative and individual interests. The co-operatives work under socialist planned management like the State enterprises, but they themselves prepare their own one-year and five-year plans. The interests of co-operatives are assured by the State indirectly through the operation of various economic regulators. Co-operative societies are not obliged to carry on any activity which causes them losses or damages the members' interests. Socially necessary tasks which are uneconomic for the co-operative will be supported by the State in various ways. On the basis of appropriate regulations, supervision of a general character is exercised by financial authorities and the attorney's departments.

4. New Trends in Co-operative law of English-speaking Countries of Africa was a paper written and introduced by **Dr H. H. Münkner**, lecturer in Co-operative Law, University of Marburg, Federal Republic of Germany. The paper, he explained, was based on research into the new co-operative legislation in Kenya, Ghana, Tanzania, Uganda and Zambia, together with reports of committees of enquiry set up in three of these states and government statements on development policy of various states. Government co-operative policy usually has two main objectives: first, to establish a self-reliant co-operative movement based on self-help, member support and democratic control; second, to set up societies for the execution of government projects for the national welfare, with the hope that these societies will develop a true co-operative character in course of time. The former depends on a long-term educational process, the latter depends on speedy government action and long-term government control. These two objects conflict because they are inconsistent.

With the exception of Zambia, new co-operative legislation is old co-operative legislation somewhat amended, reflecting this inconsistency. There has been a steady increase in the powers and functions of the government co-operative department in the direction of stricter control of existing co-operatives and tighter regulations to ensure that new co-operatives applying for registration are economically viable. From being the guide, philosopher and friend of the co-operatives, the registrar's department has become auditor, administrator and arbitrator, with power to interfere in societies' affairs, to compel and to punish.

Co-operative development policy should be formulated in an official statement, as in Zambia. Co-operative legislation should not be a patchwork of old and new enactments but completely re-drafted so as to apply this policy. Dr Münkner indicated the specific matters which should be defined in a co-operative law and went on to declare that the traditional government department needed to be re-structured, possibly along the lines suggested by the Nairobi Conference of the Afro-Asian Rural Reconstruction Organisation in 1966, so as to perform four different tasks: a development service, taking over all educational, promotional and advisory services; an audit service; a registry; and a co-operative tribunal to hear appeals.

5. At the President's invitation, **Mr M. Cépède** Independent Chairman of the FAO Council, addressed the Conference, expressing his pleasure at being able to take part in a Conference of this kind of inter-governmental and non-governmental organisations. He recalled the original conferences of the 1940s, when it was proposed that FAO, like the ILO, should be tripartite, with representatives of producers and consumers sitting alongside members of governments. FAO's repeated recommendations to member governments that they should include representatives of producers and consumers in their delegations had been followed by very few. It was even now not too late to organise the confrontation of producers and consumers which could replace the fierce competition between middlemen in international trade by co-operation among all men.

FAO, which was responsible for food as well as agriculture, constituted a forum for producers and consumers. Government representatives alone were not sufficient. Producers and consumers must have their say. He appealed specially to the ICA, whose doctrine corresponded so closely to what should be FAO's principal considerations, to act in the spirit of its own Commission on the Principles of Co-operation. If producers and consumers

joined together in a spirit of equity, nothing was beyond their hopes, and FAO could fully assume its mission of co-operation and development.

General Discussion

The trend of the discussion of Mr Savary's paper and the complementary contributions indicated that, in the minds of the members of the Conference, the chief environmental factor influencing the development of agricultural co-operatives was constituted by the policies and attitudes of their national governments. But there were also important interventions by officials of international organisations which opened up a wider view of the present situation, needs and prospects of future progress. Special interest attached to these, as the Conference was aware that at that very time the UN Economic and Social Council and Social Committee were discussing the report of the Secretary-General on the promotion of Co-operation in the Second Development Decade and the terms of the consequent resolution were awaited with keen anticipation.

Mr G. Havord, United Nations Development Programme, explained that the purpose of his organisation was to provide funds for pre-investment projects normally carried out by one or another of the UN Specialised Agencies. Pre-investment activities comprised not only resource surveys and field experimentation, but also resource development and training personnel at all levels. A recent change in procedure provided that the total resources expected to be available for each country over a five year period were indicated, while each government drew up a programme of activities which it wished UNDP to finance, after consultation with UNDP's resident representative and the UN Specialised Agencies. This afforded the possibility of co-ordinating assistance from UN sources with that obtainable elsewhere. The participation of non-governmental organisations, e.g. farmers' groups, co-operatives, at country level would be welcomed.

UNDP was financing large-scale projects in co-operative development in several countries in order to make good the small farmers' lack of capital. Resources, however, were far less than needs and it was essential, if financing problems were to be solved, to ensure that there was no overlap or duplication between different agencies. The formation of COPAC was welcomed as a means of furthering collaboration between the UN family of agencies and the ICA, IFAP and other non-governmental organisations. This collaboration could be especially useful in promoting business training and member participation in agricultural co-operatives and in the selection of initial projects

capable of successful solution and therefore encouraging further development.

Mr H. J. A. Morsink, UN, said that the resolution then under discussion at UN Headquarters was one more proof of the UN belief that Co-operation was essentially a constructive instrument for economic and social development of the less developed countries – an instrument, however, whose full potential had not yet been realised. The Secretary-General's report pointed out that Co-operation had often failed because programmes had too often been conceived in isolation and that the key to a successful promotional strategy was an integrated approach, implying full co-ordination of the various organisations and agencies at both country and international levels.

The country planning approach would not only enable the right priorities to be established but it would enable bilateral resources to be tapped which were much greater than those available to UN. Part 3 of the Secretary-General's report calls for full UN support for the Joint Committee for the Promotion of Agricultural Co-operatives (COPAC), in which ILO, FAO, ICA, IFAP and the International Federation of Plantation, Agricultural and Allied Workers were represented. It was proposed to expand the scope of COPAC to include non-agricultural co-operatives also. The committee was no bureaucratic machine but a communication channel, a clearing house between multilateral, bilateral and voluntary aid-giving agencies, promoting voluntary collaboration on the basis of mutual information.

In concluding, Mr Morsink emphasised that real progress in development required not only co-ordination but fresh approaches and innovations and an attack on critical areas such as the utilisation of idle labour, projects for small-scale industry, collaboration to fill the management gap. While it was the active participation of the local people concerned that would ensure lasting success, the UN system, in collaboration with ICA and all other agencies willing to join, was fully prepared to provide a focal point for a common effort.

Mr S. Anania, Executive Secretary, COPAC, said that while COPAC could be described as an effort in the direction of improved collaboration, it was generally known that the financial resources which non-governmental organisations could contribute were not great. On the other hand they had some means available which might well prove to be the winning card in the whole game. Through their member organisations spread all over the world they have access to highly specialised expertise in technical and management fields

otherwise difficult to mobilise. They were also in a position to influence sectors of public opinion in aid-giving countries. Moreover, whereas public control and administrative assistance have often prevented real participation of members in the management of their own societies, a growing share of administrative and managerial assistance in the co-operative field would and should be provided as a service from co-operators to fellow co-operators – a crucial point which might well be decisive, because co-operatives in need of technical and financial assistance need to convince the authorities that they can run their business efficiently. In conclusion Mr Anania communicated to the Conference the terms of a draft resolution he had received by cable from New York, under discussion in the UN Social Committee before submission to the Economic and Social Council. The operative part of the resolution requested the Secretary-General to report progress on its implementation in the spring of 1973, and in 1975 to report on the contribution made by the Co-operative Movement to the Second Development Decade as part of an overall appraisal at the halfway stage.

On the relations of the Co-operative Movement with government, the interventions covered most aspects of the subject. **Mr F. Howarth**, Overseas Development Administration, United Kingdom, declared that the organisational structure inherited from colonial times was wholly unsuitable for co-operative development in free and democratic countries. The best educated people find employment in the civil service and para-statal organisations, not in co-operatives. The division of effort between government departments and co-operatives led to a wastage of human resources. He listed the disadvantages of excessive governmental control and advocated a drastic reduction in the number of civil servants engaged on co-operative work. Admitting the need for government help, Mr Howarth declared that it should be given in different ways from those of the old colonial administrations. One of the necessary changes was the fading out of the old-fashioned co-operative departments. This was dependent on political decisions which could be taken only in the countries concerned. Outsiders could only point to the need for fundamental changes.

Dr C. E. Odhner, Swedish FAO Committee, pointed out that a friendly or hostile relation between government and co-operatives depended on how far their aims were in harmony, but he thought that the informal relations of co-operatives with their environment were as important as the formal. The power structure in the village was crucial, especially if the government was weak. In

such a situation co-operatives sometimes could not avoid becoming politically involved. On land reform, for example, they could scarcely remain neutral.

Father P. Campbell, Irish Antigonish Co-operative Movement, maintained that the Co-operative Movement was in fact an instrument of political change. Wishful thinking would not make governments change. They had to be persuasively coerced to grant co-operatives the liberty they required for optimum functioning.

Mr F. A. Tiongson, University of the Philippines, added a footnote to Dr Odhner's remarks by describing what it cost a farmer in hostility and withdrawal of credit and other facilities, to join a co-operative society. **Mr A. Colli**, Confederazione Cooperative Italiane, recognised the interest of co-operatives in politics, but condemned subjection or loyalty to a party which did not respect co-operative self-government.

Mr Abu Mansure Basir, Co-operative Bank of Malaysia, emphasised the need for planning and co-ordination within co-operative organisations if governments were to be convinced that co-operative enterprise was the best form. **Mr M. V. Madane**, Director, ICA Office for South-East Asia, strongly advocated integration within national Co-operative Movements, as in Japan, as a means of obviating the need for government interference for protection of co-operative interests. **Mr Berthelot**, US Centre for Development Research, maintained that no legal protection of the co-operative name was necessary if the co-operative structures themselves were authentic. He believed that co-operative law should include recognition of pre-co-operative groups. **Mr E. Rives**, Centre National de la Cooperation Agricole, France, remarked that in recent years co-operatives had met with hostility from French government officials because they were considered to be subversive. **Mr T. Baruffadi**, Confederazione Cooperative Italiane, reported that the adoption of regionalisation of administration in certain parts of Italy had resulted in much better understanding and collaboration between government authorities and co-operatives.

Mr H. Gerber, US Agency for International Development, favoured the ideas of F. G. Helm, that government policy should be organised in three stages, called respectively pre-co-operative, transitional and co-operative. **Mr I. Soedjono**, Indonesian Directorate General of Co-operatives, said that although there was something paradoxical about governmental promotion of self-help, there need be no conflict if the State were willing to accept the independence of co-operatives in their

proper economic and social fields. **Mr Deneysa Sall**, Senegal said that in his country all co-operatives which work well are assured of independence and support from the government. **Mr J. J. Musundi**, National Federation of Co-operatives Ltd, Kenya, reported that in Kenya the rigidity of the old co-operative laws had been modified by the provision that the Ministry for Co-operatives and Social Services could exempt co-operatives from strict control when they were demonstrably managed in the best interests of their members. He complained of the obstruction offered to co-operative development by statutory marketing boards and urged the transfer of their functions to co-operative organisations. **Mr L. Bernardini**, Lega Nazionale delle Cooperative e Mutue, Italy, declared that in order to play its role independently of government the Co-operative Movement must have its own project for the development of agriculture and intervene in planning at all levels.

VII Conclusions and Recommendations

The procedure for the Sixth and Final Session of the Conference was indicated, at the President's request, by Dr Saxena, the General Secretary, on behalf of the Steering Committee. The working papers consisted of the draft conclusions and recommendations relating to each of the three main topics of the Conference formulated by the Drafting Committees which had met with the Chairman each evening after the rise of the day's Plenary Session. The Steering Committee recommended that each of the three drafts should be introduced by the rapporteur of the Drafting Committee and discussed as a whole in plenary. The discussion would be confined to substantial questions on the contents of the report. The opinions of participants would be carefully noted and those which were supported by the consensus of the Conference embodied by the Secretariat in the final version. The final text resulting from this process follows below.

A. Operational Efficiency of Agricultural Co-operatives

1. Agricultural co-operatives are important instruments for economic and social development. This implies that they are means towards an end and not ends in themselves. The goals can be manifold and may be economic, social, political and cultural in nature. These goals are determined by the members themselves and the management of co-operative organisations at all levels, and influenced by governmental and semi-governmental

bodies. Efficiency of co-operatives can, therefore, be defined as the degree to which these objectives are being achieved. However, the objectives of agricultural co-operatives may sometimes be in conflict with one another; this makes difficult of achievement the desired degree of efficiency for the system as a whole.

2. All governments promoting co-operative development should, in close collaboration with Co-operative Movements and other relevant bodies, try to harmonize the objectives of co-operative development and national development plans. Economic and social progress will be greatly accelerated only if the people, through their legitimate co-operatives, are able to participate actively in the drafting and implementation of development plans.

3. In view of (2) above, the participants requested the United Nations, through the ICA, IFAP, FAO and ILO, to have co-operatives included as an integral component for consideration in all UNDP Country Programmes.

4. Non-governmental as well as governmental agencies should emphasise in their respective programmes and projects the importance of applied research as an essential means for the improvement of co-operative efficiency. While the initiative taken by FAO in conducting case studies for the measurement of efficiency of co-operatives is appreciated, further efforts should be made to evolve an appropriate methodology of evaluation of agricultural co-operatives adapted to the requirements and conditions of the countries concerned.

5. The system of objectives is inter-related with the organisational structure of co-operatives. The most appropriate type of service co-operative in developing countries is one through which, at the levels of the co-operative enterprise and the member's farm, the following functions at least could be efficiently performed, viz, farm planning and budgeting (farm management and agricultural extension services), provision and supervision of credit, supplies, machinery and related services and primary marketing, storage and processing.

6. While opinions differ on the efficiency and viability of co-operative farming under varying conditions, the function of promoting production should always be recognised, when considering service co-operatives, as having an important bearing on their efficiency.

7. With regard to the co-operative superstructure, especially in developing countries, governmental and non-governmental institutions alike should endeavour to strengthen and support the development of appropriate secondary and apex co-operative organisations, with a view to

initiating and promoting the process of de-officialisation, thus making the Co-operative Movements increasingly self-reliant.

8. After considering the relevant prerequisites for improving efficiency in management, there was general agreement that the efficiency of agricultural co-operatives depends, to a large extent, upon professional management. Hence, the selection and training of managers and the application of modern management techniques should be accorded top priority in the programmes and projects of non-governmental institutions. Particular emphasis was placed on the need for training co-operative managers in modern methods of decision-making. At the same time, a meaningful division of labour within the management team and between professional management and the elected board is an important factor in maintaining the efficiency of co-operatives.

B. Mobilisation of Human Resources for Rural Development through Agricultural Co-operation

1. In the work of institutions people are paramount and in co-operative institutions the importance of the member and of human relationships cannot be overemphasised.

2. If there are members who, through lack of education, appear unable fully to participate in co-operative action, it is important that means of removing such handicaps should be identified and employed.

3. In developing countries Co-operation itself may be an imported idea which must be blended into local traditions so that existing cultural values are not destroyed or discredited but made use of in a constructive way.

4. While ideas and general concepts can cross cultural lines easily and be applied with validity, this is not always so with the institutions which embody them nor the methods by which they are disseminated. The task of building an institution in a new cultural milieu is vastly more complex than that of teaching new skills and techniques. The success or failure of co-operatives is usually decided by factors of culture and environment rather than of Co-operation itself. Each nation or cultural group has to build its own institutions selecting elements from other cultures but developing the central impulse from its own.

5. Recommendations regarding the future development of co-operatives should be geared to the character of groups of countries with the same economic and cultural conditions, even if detailed programmes have to be decided in agreement with national governments. The means of creating a membership which can fully develop the potenti-

alities of co-operative institutions is adult education, conceived as continuous learning throughout life. Conversely, the great value of co-operatives as agents of adult education is that they are an ongoing presence in the community and that they tie the learning process to the practical problems and real situations of everyday affairs. Without minimising the importance of literacy campaigns, it was clear that the organisation of co-operatives need not wait for a fully literate membership. The Conference was impressed by evidence of the success of work-orientated functional education programmes linked to co-operatives, the use of transistor radios to provide member communication and involvement and recommended wider application of these methods.

6. After listening to the views of participants, especially those from developing countries, the Conference concluded that a measure of continuous aid to co-operatives, especially in the fields of education and supervision, must be provided by governments, at least in the earlier stages where co-operatives are expected to play a part in implementing national plans, though it may later be replaced from internal sources. Where such a commitment is accepted there will be a pressing need for the training of government officers in co-operative principles and practice especially those of management.

7. It is recognised that there are countries in which governments are not prepared to adopt such policies and the emergence of strong agricultural co-operatives must await political and economic change, often including land reform.

8. Community development cannot be accepted as a satisfactory substitute for agricultural co-operatives, nor should co-operatives be considered merely as an offshoot of community development programmes. Community development, in the sense of process rather than programme, does however represent a valid concept that should be included in schemes of co-operative and rural development. In this connection the Conference calls attention to the service which co-operatives can perform by increasing rural prosperity and creating subsidiary industries which provide employment and so help to check rural depopulation.

9. Attention was called to the special needs in the co-operative field of three sections of the community to which frequent reference was made in the course of discussions:—

10 **Fishermen** often form an isolated community to whom a special approach must be made, including a multilateral programme of action to meet

economic needs and a specially designed educational programme aimed at an informed membership and adequately trained staffs.

11. **Women** in most developing countries, in addition to their role as housewives and mothers, play a considerable part in the work of agriculture, fisheries and their ancillary industries. They often market the produce. They are in many countries the principal savers and so the creators of agricultural and fishery capital. It is important that their interests should be adjusted to those of the co-operative, that their sympathies should be awakened and that they should be fully involved in co-operative development. This requires that women can become members of the co-operative with full rights rather than participate in family membership. Women should have the education and professional training needed by all producers and there should be no economic, social or legal barriers to their participation in co-operatives which should be concerned with meeting their needs and improving their living conditions.

12. **Youth** Since there is need for a more responsible involvement of youth in co-operative activities, the Conference called attention to successful experiments already made in some countries such as the participation of young men and women in co-operative committee meetings and the establishment of school co-operatives and recommended them for wider adoption.

13. Several practical recommendations which emerged from discussions and from papers submitted were as follows:—

- (a) There is a general lack of simple co-operative publications of the do-it-yourself type suitable to village readers written in national languages.
- (b) While there has been much descriptive writing on co-operation, there is room for much more serious research and analysis capable of practical application, including study of co-operative models which succeeded or failed.
- (c) There is need in some countries for close collaboration between different branches of co-operation and control of separatist tendencies.
- (d) On the international level it is to be hoped that joint planning and promotion of co-operation in developing countries can be realised through the collaboration of ICA/ILO/FAO/IFAP and other agencies (including those of the co-operatives in developed countries) which operate in this field.

C. Co-operatives and their Environment

The environment for co-operatives in this the eighth decade of the 20th century is unique in the history of the Co-operative Movement. The 1970s will be ranked as the period of critical confrontation with the problems of exploding population, ecological sensitivity, the purposes of employment, increased economic and social planning, diminishing new land resources, and the real possibility of future major food deficits. Each of these elements exerts considerable pressure and responsibilities upon agricultural co-operatives as they encounter structures and tendencies inherent in highly-organised economic conditions, including increased competition from non-co-operative institutions.

2. The most important element of the environment for co-operatives is the economic and social structure in which they have to develop. This assumes special importance in countries with weak government and inefficient administration. Considerable vested interests such as middlemen, money lenders, etc, exert a strong resistance to change. Co-operatives must ensure that they are efficient in order to combat these elements and improve the situation of their members.

3. The dignity of man and his agricultural economic progress are based on land. In major regions of the world agrarian reform remains a principal barrier to economic and social progress. Thus one of the first recommendations of the Conference is support for programmes of agrarian reform which lend dignity and economic viability to agricultural people.

The Role of Government

4. Without the substantial support of governments, co-operatives in early stages of development will have the utmost difficulty in mobilising the human and material resources necessary for successful enterprise.

Two specific types of support should be sought from governments. First, the conditions affecting agriculture in general must be favourable. These include land policies, price policies, market regulations, and the practice of ploughing back capital into the agricultural sector through favourable farm credit arrangements. The second intervention of government should be operational and procedural. A favourable legal framework must be ensured by governments, and in addition, provision for general infra-structure, research, education, institutional capital, and fiscal supervision until the co-operative institutions establish their own discipline.

6. Government control need not be feared as long as the procedures for eventual farmer-

ownership and control are firmly established. The proposed creation of governmental agencies such as a co-operative development service, co-operative audit service, and a co-operative tribunal, until such time as the movement itself can assume these functions, is worthy of consideration.

7. In the development of co-operatives the State and its organs play a determining legislative, economic, political and administrative role. The basic problem therefore is whether co-operatives are regarded by the State as institutions promoting its social and economic goals, or as "tolerated", or as socially and economically alien institutions.

8. In many instances co-operatives are the chosen instrument of government development policies, such as market organisation, which would have had to be launched in any event. Such obligations should not, however, be inconsistent with the co-operative's true nature. While co-operatives are vital instruments for development, the protection of the good name of co-operatives is essential.

9. The definition of government attitudes concerning co-operatives is extremely important; these should take the form of active support rather than control. Co-operatives should not be placed at a disadvantage in relation to other segments of society. Government should begin as champion, continue as partner, and abide as friend.

Co-operatives – institution to institution

10. Combined activities between co-operative institutions in different countries of the world are now taking place. The IFFCO project in India and the support given by co-operatives in Scandinavia to the Nordic effort in East Africa are two examples of such institutional programmes. The motivations are well expressed by the statement of the US Cooperative Fertilizers International – "we work at our own survival by sharing what we know about using the co-operative techniques to attain the common goals."

11. Export markets are keys to the opportunities for development of many agricultural co-operatives. Co-operatives in both developed and developing countries should seriously examine ways of building effective trade relations.

12. Collaboration between co-operatives at all levels should be greatly expanded so as to strengthen their national and international position and their defence in the market-place and society.

Co-operatives – International Organisations and Agencies

13. Increasing support to agricultural co-operatives can be given through international

non-governmental organisations. The social and economic climate within countries can be measurably influenced by organisations, such as the ICA and IFAP, which are engaged in co-operative and agricultural development.

14. In the development strategy adopted by the UN for the Second Development Decade, the favourable attitude and support to co-operatives on the part of the United Nations and its agencies and, more particularly, the positive attitude conveyed to this conference by the Director-General of FAO, Dr Boerma, are to be heartily welcomed.

15. The efforts of Co-operative Movements and organisations of the UN family to aid the development of co-operatives in developing countries have fallen far short of the need. Following the passage of the ECOSOC resolution, increased co-operative support and continued willingness to collaborate effectively at the country and international levels are to be expected.

16. COPAC (composed of representatives of ILO, FAO, ICA, IFAP and IFPAAW) can perform a much needed function in co-ordinating bilateral and multilateral efforts. Such co-ordination of co-operative assistance in developing countries is long overdue. Every support should be given to COPAC in fulfilling this essential function.

17. The UN has given specific attention to the role of the Co-operative Movement in the achievement of the goals and objectives of the Second Development Decade. The participants in the Conference concurred in requesting the United Nations General Assembly to adopt a resolution urging member nations to give priority and bring the full support of all departments of their governments to the organisation and assistance of co-operatives in achieving their ultimate objective of improving the lot of people everywhere.

VALEDICTORY

The President in his concluding address to the Conference, expressed the gratitude of the International Co-operative Alliance and the sponsoring organisations to all the institutions and individuals whose contributions had ensured its success. He considered it an important task to make certain that the Conference would result in permanent bonds of collaboration between those who had taken part in it. The competent authorities of the ICA, IFAP and UN and its specialised agencies had to work together in a co-ordinated manner to bring about at least three things:

—to make adequate information available to interested individuals and organisations;

—to identify the ways in which the problems and possibilities of agricultural co-operation should be reflected in the activities of appropriate agencies;

—to develop programmes in the field of education and training with the object of supplying experts and disseminating techniques for organisation and the solution of structural problems.

He was convinced that the Conference had given all who took part strength enough not to be discouraged by tasks which were difficult but whose performance was essential.

The agricultural Co-operative Movement and farmers' organisations around the world were now facing the greatest opportunities they had ever had. They had a unique challenge before them and should make their contribution to the promotion of economic development and social progress, fully aware that that may involve far-reaching changes in present socio-economic structures in many developing countries.

APPENDIX

Address to Participants of the Open World Conference by His Holiness Pope Paulus VI

We are pleased to welcome the participants in the Open World Conference on the Role of Agricultural Co-operatives in Economic and Social Development. We know that this is the first international event of its kind and we are happy to express our solidarity with you. Your visit indeed gives us the opportunity to state the importance which we attribute to your work of promoting agricultural co-operation.

This importance is based, first of all, on the remarkable way in which such co-operatives respond to basic demands of human dignity. Man has been called to active mastery of the world's resources, we recall the awesome words of the Creator to the first man and woman: "Be fruitful, multiply, fill the earth and conquer it" (Gen. 1:28). It is man's destiny to use not only his physical strength but also the genius of his mind and the determination of his will to bring forth from the earth all that he needs in order to live humanly. It is a part of man's dignity to be, not a bystander, but an active participant in social and economic life. Agricultural co-operatives enable farmers to take an active part in making the decisions that affect their work and lives.

But it is also a part of man's dignity, indeed his right, to join freely with others in the formation of associations. Man is essentially social, and his development depends upon his co-operation and collaboration with others. Individual initiative must be complemented by communal enterprise. Agricultural co-operatives are in harmony with man's own right and need to form associations. It is our hope that a growing sense of solidarity will

provide an ever stronger impetus towards the establishing and strengthening of co-operatives. Our predecessor John XXIII linked co-operatives with such an awareness; he wrote: "Rural workers should feel a sense of solidarity with one another, and should unite to form co-operatives and professional associations" (Mater et Magistra 35).

But there is yet another factor which leads us to attach great importance to the promotion of agricultural co-operatives. These associations facilitate the modernisation of equipment and thus help to increase productivity for the service of man. Through encouraging the increase and development of co-operatives you are enabling farmers to take advantage of what scientific and technical progress can offer them. In this way they can make a greater contribution towards solving the immense problem of hunger that afflicts so many peoples. For the benefit of all, they can thus likewise help to promote balanced economic growth and hence social justice.

With these words we wish to assure you of our profound interest in your efforts. Rural workers must play an ever more vital role in social economic development. Those who provide nourishment for the family of man deserve every assistance and support that will enable them to live and work in accordance with the demands of their human dignity. We wish therefore to encourage you in the promotion of co-operatives and in the search for a solution to the problems connected therewith. With this intention we invoke upon you abundant graces of wisdom and strength from Almighty God.

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