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**IN THE YEAR 2000**

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# CO-OPERATIVES IN THE YEAR 2000

**The Resolution** adopted by the 27th Congress of the International  
Co-operative Alliance

## **Co-operatives in the Year 2000**

A Paper prepared for the 27th Congress of the International  
Co-operative Alliance, Moscow, October 1980  
by A. F. Laidlaw

## **Co-operation of the Socialist Countries in the Year 2000**

Joint Document of Central Co-operative Unions  
and Societies of Bulgaria, Hungary, GDR, Poland,  
Czechoslovakia and the Soviet Union

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# **Resolution on Co-operatives in the Year 2000**

*Adopted by the 27th Congress of the International  
Co-operative Alliance*

The 27th Congress of the International Co-operative Alliance,

- WELCOMES** the Report on Co-operatives in the Year 2000 prepared by Dr. Laidlaw at the request of the Central Committee, and also welcomes the Joint Report prepared by the Central Co-operative Unions and Councils in Bulgaria, Czechoslovakia, German Democratic Republic, Hungary, Poland, USSR, which describe the economic environment in which co-operatives will probably operate during the next two decades as well as their prospects for the Year 2000;
- NOTES** that the Report prepared by Dr. Laidlaw takes a sombre view of economic prospects during the next two decades particularly in view of the growing oil shortage, its likely effect upon continuing inflationary pressures and rising unemployment, and the probability of continuing trade recession and rising trade barriers and breakdown of the international monetary system;
- ACCEPTS** that these Reports view with alarm the growing gap between the rich industrialised countries and the poor developing ones in spite of efforts by the UN and certain agencies to help developing countries; and that it commends the far-reaching proposals of the Report of the Independent Commission on International Development Issues;
- NOTES** that these Reports take account of the environmental crisis, the need to conserve natural resources and control pollution and the drift to the towns; and of the prospect of severe food shortages as world food production falls short of the needs of growing populations;
- AFFIRMS** the vital need, if peace is to be secured and disaster is not to engulf mankind, for a significant reduction to be made in expenditure on armaments;
- RECOGNISES** that co-operatives will face increasing difficulties in a world in which wealth continues to be concentrated in a few countries and in the hands of a few individuals in many of those countries; and in the face of the growing power and wealth of multi-national corporations run for the profit of the few;
- WELCOMES** certain basic economic and social trends which help to bring hope to mankind: such as increasing concern about the inadequacy of a profit-motivated economy to meet human needs; proposals for an international development strategy by the United Nations to bring a fairer distribution of wealth and income and the benefits of development and the greater personal participation in a New International Economic Order; the emancipation of women;
- DECLARES** that growing interest in and support for co-operative development is one of these trends and that such development can make a major contribution to resolving some of the economic and social problems facing the world;

**DECLARES**

further that the highest priority should be given to:

- (i) the development of agricultural co-operatives including agricultural producer co-operatives among small farmers, particularly in developing countries, with a view to increasing food production and raising the real incomes of primary producers;
- (ii) the promotion of industrial co-operatives and the conversion of existing industrial enterprises to the co-operative form of organisation so as to contribute to: an increase in incentive and productivity; a reduction in unemployment; an improvement in industrial relations and the development of a policy for a more equitable distribution of incomes;
- (iii) the further development of consumers' co-operatives in such a way as to emphasise the features which distinguish them most clearly from private traders and sustaining their independence and effective democratic control by members;
- (iv) the creation of clusters of specialised co-operatives or a single multi-purpose society, especially in urban areas, in such a way as to provide a broad range of economic and social services: housing, credit, banking, insurance, restaurants, industrial enterprises, medical services, tourism, recreation etc. within the scope of a single neighbourhood co-operative;

**REGARDS**

these Reports as the beginning of a continuing process of research and self-examination by the World-wide Co-operative Movement; and therefore

**ASKS**

member organisations to consider ways in which they, either by themselves or through representations to their governments for action or both, can help to bring about the implementation of these four priorities for co-operative development;

**ASKS**

member organisations:

- (i) to make a careful study of the Reports;
- (ii) to participate in a continuing discussion on their implications;
- (iii) to select for comment those parts which are particularly applicable to their own situations and problems;
- (iv) to study and if necessary set up a research programme to examine future development throughout all sections of the co-operative system;

**REQUESTS**

the United Nations and its Agencies to pursue with all possible vigour their objective of devising an international development strategy to create a New International Economic Order which will bring about a more participatory society and a fairer distribution of the fruits of development, and at the same time create more favourable conditions for sustained co-operative development;

**REQUESTS**

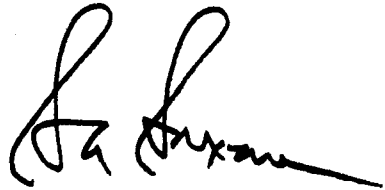
member organisations to report regularly to the Central Committee the results of their investigations into the future directions of their own movements, and for the Central Committee to receive a special report in 1982 on this aspect.

## Foreword to the First Edition

“Co-operatives in the Year 2000” was the principal subject for discussion at ICA’s Congress in Moscow this year.

In selecting the theme, ICA’s Central Committee wanted to ensure that the subject was both forward-looking and of interest to Co-operators engaged in different sectors. It asked Dr. A. F. Laidlaw, an internationally known Co-operator of considerable knowledge and experience, to act as the Co-ordinator of the project. In addition to support from ICA’s Secretariat, especially from Paul Derrick of our Research Department, the Executive Committee nominated a Reference Group consisting of Chairmen and Secretaries of ICA’s nine Auxiliary Committees to provide assistance to Dr. Laidlaw. The Reference Group met in June and again in December 1979 and responded to a series of key questions posed by Dr. Laidlaw. In addition, a group of selected co-operators drawn both from the movement and from academic circles was invited to react to certain ideas which were put to them. Helpful comments were also received from a number of individuals and co-operative organisations.

We are grateful to all those who have given us the benefit of their views and advice. Above all, I wish to record ICA’s deep sense of gratitude to Dr. Laidlaw, and also to the Co-operative Movements of the Socialist Countries, who have produced stimulating papers which will no doubt give rise to considerable discussion as we chart the course of the co-operative movement until the end of this century.

A handwritten signature in black ink, appearing to read 'S. K. Saxena', with a long horizontal flourish extending to the right.

S. K. Saxena  
Director, ICA





# **Co-operatives in the Year 2000**

A Paper prepared for the 27th Congress of the  
International Co-operative Alliance  
Moscow, October 1980 by A. F. Laidlaw

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## List of Acronyms

CIRIEC	— International Centre of Research and Information on Public and Co-operative Economy.
CWS	— Co-operative Wholesale Society.
FAO	— Food and Agriculture Organization.
GNP	— Gross national product.
ICA	— International Co-operative Alliance.
ILO	— International Labour Office.
NEO	— New Economic Order.
OECD	— Organization for Economic Co-operation and Development.
OPEC	— Organization of Petroleum Exporting Countries.
UNESCO	— United Nations Educational, Scientific and Cultural Organization.
USDA	— United States Department of Agriculture.

# Introduction

This paper is the result of a study over about a year, from early 1979 to March 1980. During the last four months, the work was done in London in order to be close to the Secretariat and Library of the ICA.

The aim of the study has not been to predict exactly the conditions and environment in which co-operative organizations will likely be carrying on business by the year 2000, which would have been an impossible task anyway, but rather to indicate some of the trends that can be seen and sensed and to suggest changes that may be necessary if these trends continue into the next two decades. This study does not contain a blueprint for the end of the century but it offers some pointers for the guidance of those who will be working on plans and blueprints during the intervening years.

This is essentially a document to stimulate discussion rather than provide a definite plan. It tries not so much to give firm answers as to ask the right questions. It suggests choices rather than giving clear directions.

It is addressed primarily to delegates attending the 1980 ICA Congress in Moscow, and secondly to leaders of co-operative organizations of all kinds the world over. It is not a scholar's document, though students of Co-operation will find it helpful in understanding the global movement.

It is divided into six parts that may be summarized in this way:

- I Looking both backwards and forwards from 1980.
- II The world we live in: general conditions at present.
- III What are co-operatives? Theory and practice of Co-operation.
- IV The problems co-operatives have and weaknesses from which they suffer.
- V What choices do co-operatives have?
- VI Major questions facing co-operators.

Since the study takes a global and international view of co-operatives, it could not be based on detailed or concentrated research. Of necessity, the picture is on a larger canvas than a national study would be, and is done with a much lighter brush. Obviously, it would have been impossible to describe any national movement in detail. Moreover, since co-operative movements are so different and diverse around the world, it has been difficult to make general statements that would apply to the situation everywhere. A fact or characteristic in one country will not hold true in another. Each region or nation will be found to have something unique about its co-operative systems.

Throughout the study three terms appear many times: co-operative movement, co-operative system and co-operative sector. The first is a general term to convey the concept of people working together to attain certain socio-economic goals, using the philosophy and principles embodied in Co-operation. The second is used in a more specific sense, as applied to various commercial and business organizations within the co-operative movement as a whole. The third is used to define the portion of the total economy carried on through co-operatives, as distinct from both public enterprise and conventional private enterprise.

The study was completed at the end of March 1980, and no doubt changes—perhaps some important changes—will take place even before delegates gather in Moscow in October.

There has been one general disappointment in connection with this work. In spite of repeated requests for information, papers, reports and documents relating to future studies, research and planning, not a great deal of material of this nature has reached ICA headquarters, at least, not as much as we would have liked. This may be

taken to indicate, not an unwillingness to provide such material, but rather that it does not exist, at least not in substantial quantity. Perhaps co-operative systems around the globe have scarcely begun to make a careful study of the future, so occupied are they with present problems.

The bibliography provided at the end is merely a short list of about forty titles, mainly in English. It is suggested that national movements should see to the preparation of bibliographies of titles in various languages.

This study is not a final or definitive document, but rather the first instalment or initial stage of a continuing exercise that should go on indefinitely, certainly over the two decades to the year 2000.

As co-ordinator of the study, I wish to thank all those who assisted me, and without whose help and advice it could not have been done at all. In particular, I wish to mention the Director of the ICA, the members of the ICA Secretariat, the members of the Reference Group and especially the co-operators and co-operative organizations that supplied information and various documents.

*It should be understood that, though this report was produced in close collaboration with the ICA Secretariat, it does not necessarily reflect the official policy of the Alliance; and many of the opinions expressed here are only the personal views of the Co-ordinator and he takes responsibility for them.*

London  
April 1980

A. F. LAIDLAW  
Co-ordinator

## Part I

# The Perspective of Congress 1980

1. Background and Purpose
2. Co-operatives: A Global Movement
3. The View From Where We Stand
4. Change, Planning and Futurology
5. Assumptions of the Study

*“Today something is happening to the whole structure of human consciousness. A fresh kind of life is stirring.”*

— Teilhard de Chardin

*“We seem threatened with a new Dark Age.”*

— Thomas Hardy

*“Marius had lived too little as yet to know that nothing is more imminent than the impossible, and that what we must always foresee is the unforeseen.”*

— Victor Hugo

# Part I

## The Perspective of Congress 1980

### 1. Background and Purpose

This study of the future of the co-operative movement was initiated by the Central Committee of the International Co-operative Alliance at a meeting in Copenhagen in September 1978. The delegates, representing national movements and various sectoral interests in the ICA membership, decided that a study should be undertaken to assemble and co-ordinate views and forecasts of the changes that would likely take place in the next twenty years and, as a consequence, the conditions under which co-operative organizations would probably be operating by the end of the present century.

One can assume that the delegates in Copenhagen had several thoughts in mind in commissioning the study: the need for co-operators to know and understand more about the various trends in world affairs that influence the progress of co-operatives or militate against them; the danger that co-operatives might be overtaken and passed by in the fast pace of modern change; the fear that co-operative systems might not be able to cope with the awesome power of giant multinational corporations, now growing to frightening proportions in many parts of the world; and the possibility that fundamental changes and restructuring might be needed for various types of co-operatives to maintain the strength and momentum built up over almost 200 years since they were started.

There was also the knowledge that many questions were being asked within the co-operative movement about its present relevance and performance, such questions, for example, as these: Do the democratic procedures that worked so well for small co-operatives in the past apply as well to very large co-operatives today? How can individuals participate in a meaningful way in a co-operative with tens of thousands of members? What is the most democratic structure for a federation or wholesale organization covering a large region? What is the present state of education in the movement? What is going to be the status of co-operatives confronted by the intervention and growing power of governments all over the world? And finally, what is the end and purpose of it all? What is expected of co-operatives? How is success of co-operative enterprise to be measured? By the same criteria by which other business is judged? If not the same, then what criteria?

Looking back over the history of co-operatives as they developed in various parts of the world, one can see them going through three stages of growth and change, each involving a crisis to be faced and overcome. The first was a credibility crisis. In the beginning, few people believed in co-operatives or had much confidence in them. To many people, the very idea of a co-operative was just too impossible. After all, business was for businessmen to own, run and direct and should be no concern of ordinary people. In some countries, appropriate legislation for co-operatives took a long time to get approval. Wherever they first took root, it required the necessary faith of a small band of pioneers to get co-operatives started at all. If they got any help or encouragement in pioneering times, it was often given in a patronizing manner by persons in high and influential positions, and some who approved of co-operatives in a paternalistic way never thought they would amount to much anyway. But slowly and gradually the co-operative idea won acceptance. The credibility crisis was passed. Co-operation became a good and noble cause in the popular mind.

But then came a second crisis, what may be called the managerial crisis. Co-operatives were recognized as being good and desirable institutions, but how were they to be managed? or rather, who was going to manage them and provide the technical and business experience they must have? Over a whole generation or two in many countries, co-operatives became almost synonymous with business failure, and many hundreds collapsed and disappeared. Or if they did not fail outright, they had chronic trouble with mediocre management and tended to be backward and second-rate in their performance. But gradually this crisis was overcome too. Many capable young managers began to be attracted to co-operative business and soon the image of the movement changed. Co-operatives could be as efficient, up-to-date and modern as other business systems and a growing number of experienced executives came to the movement for a satisfying life-time career. In most countries, especially in Western society, there is no longer a managerial crisis as there was a half century ago.

But now, where different co-operative systems are well established, they are faced with a third crisis, what may be called an ideological crisis. It arises from the gnawing doubts about the true purpose of co-operatives and whether they are fulfilling a distinct role as a different kind of enterprise. If co-operatives do nothing more than succeed in being as efficient as other business in a commercial sense, is that good enough? And if they use the same business techniques and methods as other business, is that in itself sufficient justification for the support and loyalty of members? Moreover, if the world is changing in strange and sometimes perplexing ways, should co-operatives change in the same way, or should they not strike off in a different direction and try to create another kind of economic and social order?

To enquire and probe into questions like these, and at the same time try to gauge the prospects for the co-operative movement to the end of the century, is the purpose of the present study, in responding to the mandate given by the ICA Central Committee in September 1978.

## 2. Co-operatives: A Global Movement

The following summary will not be a detailed description of the worldwide co-operative movement but instead is intended to provide a few highlights to show the many and varied facets of Co-operation in different parts of the world.

- The extent and size of the movement may be judged from the global statistics of the International Co-operative Alliance, which has 175 national and regional bodies in membership, from 65 countries in all continents, and these in turn represent about 355 million individual members. (These figures are for 1977). However, there are many important systems or branches of the world movement not presently in the membership of the ICA, including those of the most populous country, China. The global movement would probably number over 500 million people, making it the largest socio-economic movement in the world.
- It is important to note the many and varied forms in which co-operatives appear. It is hard to think of an economic function, apart from a railroad system, that is not carried on by co-operatives somewhere in the world. Production and distribution of goods, agriculture, marketing, credit, transportation, manufacturing, banking, insurance, housing, forest industries, fisheries, and services of all kinds—co-operatives are engaged in all these and many more.
- Co-operatives are also found in all countries, in every type of economy and culture, and wherever there is human settlement, in some of the most remote corners of the earth. There is something universal in the concept of Co-

- operation that responds to human needs everywhere. Every government, it seems, has ideologies or movements that it condemns and opposes, but it is hard to find a government that openly and publicly condemns co-operatives.
- Hence the ubiquity of co-operatives: they are everywhere, in the old and settled regions, in both rich and poor countries, in the tropics and even in the far North. In the northern parts of Canada, co-operatives of the Inuit people operate at great distances beyond the Arctic Circle. The persistence of the co-operative idea is so strong that many groups of people, having failed in one attempt, will return to it again and again until they succeed.
  - The concept of Co-operation is so versatile and universal that co-operators from a certain type of co-operative in one part of the world quickly feel and understand a completely different kind of co-operative in another culture and country when they visit it.
  - As to size of enterprise, there is a wide range from small to large and very large. There are many thousands of small co-operatives with fewer than 100 members, or even fewer than ten, but there are many of medium size and some of enormous proportions measured by either membership or turnover of business. In several countries, co-operative systems are the largest economic institutions next to government. There is no ideal size for co-operatives, although it is widely acknowledged that smaller units are more easily managed.
  - Co-operatives in many countries have signal achievements to show. To mention just a few: multipurpose co-operatives are largely responsible for the rural side of the modern economic development of Japan; co-operatives for the distribution of electric power were responsible for “lighting up rural America” in the last generation; the co-operative movement in Romania has the best travel system and holiday resorts in the country; about half of all the sugar production of India is through co-operatives; co-operatives are so well developed in all branches of the economy of Iceland, it is often referred to as the “Co-operative Island”; the agricultural co-operatives of France have the second largest credit and banking system in the world; the Mondragon co-operatives in the Basque region of Spain are among the country’s largest manufacturers of refrigerators and household appliances; over 75 per cent of all new urban housing constructed in Poland is co-operative; the OK co-operative system in Sweden has the largest oil refinery in the country and supplies about 20 per cent of the total market; the dairy marketing co-operatives of the State of Gujarat in India operate some of the largest and most modern milk processing plants in the world; in Malaysia, the largest insurance system is co-operative; in Italy, the various systems of workers’ co-operatives are recognised as the most effective job-saving agencies when industrial plants are forced to close. . . .but these are just a few examples of accomplishment taken at random.
  - Once established on a firm foundation, co-operatives have remarkable resilience and staying-power through both good times and bad. Some consumers’ co-ops in Britain can trace their beginning to the early part of the nineteenth century, and a few claim a history to the late eighteenth century. The ICA Review is printed in a workers’ co-operative establishment that will celebrate its centenary in 1993. Walsall Locks, another workers’ industrial co-operative in England, is still older. It was started in 1873, and a remarkable thing about it is that the present general manager, Arthur Rose, is only the



fourth manager the enterprise has had in 107 years. The large system of housing and consumers' co-operatives in Argentina will celebrate its 75th anniversary in 1980.

- Certain types of co-operatives in different countries have a high percentage of the total or potential market. In the Scandinavian countries, agricultural co-operatives have by far the largest share of the market in most products, and over 90 per cent in some. One Canadian in three is a member of a credit co-operative of one kind or another, and over 75 per cent of the wheat and other grains grown in Canada is handled by a marketing co-operative. In the food retailing markets of Europe, consumers' co-operatives lead the field in several countries, headed by Finland and Switzerland. Centrosoyus, the central organization of consumers' co-operatives in USSR, is responsible for the distribution of goods throughout the entire countryside. In several African countries, marketing co-operatives handle the bulk of the main agricultural commodities.
- In the global picture of co-operatives there are also surprises. Of the 50 largest banking systems in the world, five, in France, Federal Republic of Germany (two), the Netherlands and Japan, are co-operative. Though they do not run a railroad system anywhere, they do run other means of transport, for example, buses and taxis in Israel, a bus system in one Canadian province, transport for agricultural products in many countries, and taxi services under workers' co-ops in cities all over the world. The provision of port services in Gdynia, Poland is on a co-operative basis. There seems to be no end to the ways in which the co-operative idea can be made to work. So we find restaurants and hotels, medical centres and hospitals, a gallery where artists can display and sell their work, a marketing agency through which textbook-writers can sell their manuscripts, and even a service through which farmers may get rain for their crops—all operated under the name "Co-operative". And in a considerable number of countries, for example, France, Poland and the Philippines, there are successful school co-operatives, in which children purchase books and educational supplies and at the same time learn the elements of Co-operation.
- As a vocational group, farmers all over the world have used co-operative organization more fully and successfully than others. There is hardly an agricultural or rural service imaginable that farmers have not provided on a co-operative basis somewhere in the world. Farmers of Saskatchewan, Canada were the first consumers to organize petroleum services all the way from oil well to refinery to users in a co-operative system. Referring to rural co-operatives, a World Bank report says: "...such organizations provide the participation and impetus in rural development programmes that is hard to secure in any other way."<sup>(1)</sup>
- In many countries of the world, fishermen's co-operatives are being developed in much the same way as farmers' but their development came at a later stage and their growth has been generally slower.
- If one were asked to list the most important trends or developments of the last fifty years in the co-operative movement worldwide, the first would likely be the building of stronger and larger organizations at the secondary and tertiary level, so that now a person joining a primary co-operative for the first time gets a place, a share and a voice not only in a local society but in a whole system that extends in several directions and embraces economic

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<sup>(1)</sup>World Bank. *Rural Development: Sectoral Policy Paper*, 1975.

functions far beyond what can be seen in the vicinity. The second positive trend would be the massive spread of co-operatives in many Third World countries.

- And if one were asked to identify the greatest danger looming before the co-operative movement in most parts of the world, it would be adverse relations with all-powerful government. This was the conclusion of a seminar on the future of co-operatives held in Pune, India in January this year, the report of which reads in part: “. . .the co-operative movement in India stands at cross-roads in 1980. . .more and more people especially from the weaker and vulnerable sections of the community, are drifting away from the co-operative fold. . . Co-operatives are by and large perceived as government sponsored institutions, at times even as appendages of the sprawling state administrative apparatus”. The question of “Co-operatives and the State” will be treated at some length in this study.

This summary presents the positive side of the worldwide co-operative movement. The matter of weaknesses, shortcomings and difficulties will be dealt with later.

### 3. The View From Where We Stand

The Moscow Congress will be the 27th in the history of the International Co-operative Alliance, including the initial meeting in London in 1895. All meetings of Congress have been held in Europe, most frequently in Great Britain and France, five each; three have been in Switzerland, and two each in Germany, Sweden and Austria, and the remainder in the Netherlands, Hungary, Italy, Belgium, Czechoslovakia, Denmark and Poland, one each. Obviously the venue of Congress has been fixed for historical reasons and by concentration of co-operative organization as well as convenience of location.

The 1980 Congress is the twelfth since the end of the Second World War. Each Congress in the intervening thirty-five years has been surrounded with a certain atmosphere reflecting the current economic, political and international climate of the time. In the late 1940's the world was engrossed in the gigantic tasks of postwar reconstruction and rehabilitation, and co-operative movements everywhere were busy picking up the broken strands of organization and finding new personnel for leadership roles. This was also the period that started the end to colonialism and new nations began to appear on the map of the world. Before 1947, a large part of the political geography of the world was still colonial.

The 1950's were years of rising expectations, when people had shining visions of a new era dawning. Leaders talked of the coming Age of Plenty and called for a new kind of mobilization of forces, for a war on poverty. United Nations agencies led the way in carrying the message of co-operative organization to the Third World. But there was yet another kind of war, the Cold War, and the drawing of firm lines dividing nations into rival camps and hostile blocs.

The 1960's, during which four Congresses were held, at Lausanne, Bournemouth, Vienna and Hamburg, became the decade of unprecedented economic growth and unrestrained development. Nothing seemed improbable or technically impossible, and before the end of the decade man walked on the moon. It was also the time of deepening social conflict and the revolt of youth against war and established institutions, and it was the period when lesser nations learned how to combine to find new strength, using their resources as leverage in international bargaining.

The decade of the 1970's opened as a continuation of what went before—more expansion and unbounded confidence in modern technology. But it suddenly began to turn sour in disillusionment. Monetary systems began to crack and inflation

went wild. This became the decade of dashed hopes and shattered dreams. The war on poverty was not being won—the poor were becoming poorer and the elite and privileged more powerful and secure. Then came what was probably the greatest single new discovery of the last quarter century, when men became aware that the earth's resources are not infinite, that indeed some of them will soon run out, and that humanity must find new ways of sharing in order to survive.

Delegates gather at the 1980 Congress in a time of deep foreboding. Mankind is at a sort of cross-roads or turning-point in history. Some leaders and thinkers believe that a new age is dawning but others fear we are more likely at the onset of another Dark Age. We surely stand on the threshold of devastating changes, some of the most profound that humanity has ever experienced. Even since the Paris Congress four years ago, the fields of communications, medical science and computer technology have been revolutionized by the miracle of fibre optics. Perhaps the prophecy of Teilhard de Chardin that "today something is happening to the whole structure of human consciousness" is coming true in ways that not even he foresaw or would understand.

This is a time, above all, of uncertainty. In most parts of the world the prospect for the 80's seems shrouded in gloom. The economy of a number of major nations of the world is ailing, and for some it is sick indeed. Political leaders face social and economic problems of fiendish complexity. This is certainly not a time when ambitious young politicians aspire to become ministers of finance. To begin with, where would they turn for advice, now that economists generally and economics as a serious discipline are so widely discredited? One of the most articulate American futurologists, Hazel Henderson, speaks of the "bankruptcy of economics" and another advises that "the greatest service economists can render to posterity is to remain silent".<sup>(2)</sup> Not only do people not trust economists any more, they are not willing to put all their faith in the GNP and the purely economic any longer. They are writing a new kind of economics, like "A study of economics as if people mattered".<sup>(3)</sup>

As we enter the 1980's, people feel cut loose from old moorings and set adrift on a sea of uncertainties. This is a time when the very pillars of civilization are shaking. Humanity will almost certainly not continue to travel in a straight line, merely extending the past still further, but will be seeking other pathways from which it can strike off in new directions. At such a crucial time as this, co-operatives must try to be islands of sanity in a world gone somewhat mad—at the time of writing, the *prime* bank lending rate in the United States has gone to 19%!

It is not too much to hope that Congress 1980 will be remembered as the harbinger of a new era for the global co-operative movement and a time when co-operators were hard at work helping to build a new kind of world and a social order based on justice for all human beings. The remaining years of the twentieth century will have great need of the moral precepts that are implied in the co-operative idea.

#### **4. Change, Planning and the Future**

##### **(1) Change**

We know, of course, that change has become a dominant feature of modern society and is now having a profound effect on almost all institutions, even those that fear and oppose change. It has been said that institutions that resist change will, in the end, be destroyed by change. It is also said that it is not change itself that is so disturbing nowadays but the speed with which it takes place. The suddenness comes as a severe shock.

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<sup>(2)</sup>Alan Coddington, in "The Economics of Ecology", *New Society*, April 1970.

<sup>(3)</sup>Subtitle of *Small is Beautiful*, by E. F. Schumacher.

This tells us that institutions must ever be on the alert for signals of change, even weak signals that give a faint warning that something new or strange is going to take place. Some institutions know well in advance what is going to happen and are busy preparing for it. For example, it is predicted that by the year 2000 four-fifths of the mail presently handled by the post office will be transmitted electronically over telephone lines.

Some changes will not come about easily or without resistance and will have to be accepted by force of circumstances. The private automobile will likely have to give way to less costly means of transportation in time. There are now more than 300 million passenger cars on the world's highways and 100,000 new ones come off assembly lines every day. And these automobiles use one-fifth of all the oil produced. Obviously humanity will have to begin phasing out the private car and turn more and more to public transport, unless an automobile that is not propelled by a distillate from fossil fuels can be invented and designed.

For co-operatives there are two things to be said about change. First, the great objective should not necessarily be to change wholly and completely in the way the world seems to be going, but rather to select the elements in a certain situation that should be discarded and keep what is good and essential. And second, when change is inevitable, co-operatives must do everything possible to bend and direct it in the most desirable way. For example, if plastic money in the form of credit cards and bank cards begins to invade the field traditionally occupied by credit co-operatives, let us see that they are employed in such a way as not to destroy the true nature and purpose of the co-operative.

## (2) *Planning*

It must not be thought that planning is a new and strange exercise for co-operative systems. Many of them have been at it a long time. Whole national movements in some countries have been thoroughly surveyed more than once and long planning sessions followed these surveys. Some movements have altered the course of co-operative development or restructured their systems as a result of planning. The Rural Credit Survey in India in the early 1950's is an example of a thorough examination of a large and intricate movement and it brought about profound changes which can be seen throughout the country today. It is safe to say that there is no large system of co-operatives in the world that is not engaged in planning of some kind, and many of them have statistical and research departments on which to base future planning.

But it cannot be assumed that *planning methods and procedures appropriate for co-operatives* have been worked out or are being followed. As a general rule, institutions do not change from within but by force of external influences, and all too often this applies to co-operatives as well. A great deal of planning is in response to a crisis situation, perhaps the loss of members or severe pressure from competitors. Co-operatives are often accused of being followers rather than leaders, but happily this is not always true, for co-operatives have been innovators too. The important rule here is that co-operatives often do their best and most productive planning when they devise policies and procedures that harmonize with co-operative principles and ideals. For example, when co-operatives carry out the traditional rule of "full and open information", as applied to all products and services, they generally secure an immediate advantage in the market.

A second point in planning, in keeping with co-operative principles, is that as broad a range of people as possible should be involved, and especially the ultimate users. It is not enough that planning be done by technicians, professionals and experts: members and laymen must be part of the planning process. One has only to look at

Concorde to realize how far from the paths of sanity and commonsense planning can stray when it is left to the tunnel vision of the experts. A simple but sound motto for co-operatives would be: Planning is for members too.

A third point worth noting is that planning must take place at the micro-level as well as higher up. Much of the planning in modern society takes place at a high level, remote from those most affected, and people in the local community are simply asked to comply and conform. The real action in co-operatives takes place among people in a neighbourhood or community setting, and it is there that planning must be done too.

Moreover, in the spirit of the modern age, co-operators must be prepared to test some completely new ideas and concepts in their planning. Let us take an example. Co-operatives everywhere assume that the conventional board of directors (or committee of management) is the linchpin in the control structure of their organization. But let us suppose someone suggested that the board is an unnecessary piece of apparatus and should be abolished, since after all it is an idea and a mechanism borrowed from capitalist business and therefore should not have a central place in co-operatives, and members are sometimes heard complaining that the board becomes a wall separating them from the real functioning of the co-operative. Mind you, this paper is certainly not suggesting that boards be abolished but is saying that co-operators must be willing to examine questions of this order if they are to keep up with the pace of change in the new age into which the world is moving.

### (3) *The Future*

From the perspective of 1980, we see humanity at as dangerous a point as it has ever been in all recorded history. Of one thing we can be quite certain: co-operatives will be obliged to operate in a world that is largely not of their own making. But this is not to say that people working through co-operatives cannot help to make the future, for indeed this is the central purpose of the co-operative movement: to help make a different and a better kind of world. The history of the future has not been written, and co-operators must be determined to have a hand in writing it. In short, co-operators can be active participants in the planning, and indeed creators, of the future, if they only have a mind and a will for it.

## 5. *Assumptions of the Study*

A global study of this kind must begin with a number of assumptions. The first one taken here is that we must distinguish between the wider problems of humanity and those that are the more specific concern of the co-operative movement itself. For example, in most situations, co-operatives have no power to transfer wealth, as the State has, and therefore cannot be held responsible for conditions of poverty over which they have no control. The best co-operatives can do is ensure that they are not prejudicial against the poor, and in fact do everything in their power to help them.

Similarly, co-operatives generally are unable to act as strong agents of political change, even where such change would be desirable. Their main role is in the field of economic rather than political change. Of course, co-operatives that operate in a truly democratic way cannot be otherwise than indirect agents of change in favour of democracy, but such influence acts in the long term rather than the short.

When we talk about and plan for co-operatives, we generally assume the existence of a favourable climate which they must have for proper growth. But unfortunately that ideal climate does not exist everywhere, and in fact can be found in rather few countries of the world. In some countries where government wishes to assist, it also wants to control; or it may be so anxious to promote co-operatives, it

smothers them with so much help they never develop self-reliance. In other parts, government may be so committed to capitalism, it never wants to see co-operatives operating effectively, except in a very minor role and in situations that are not attractive for private-profit business. In short, co-operatives often have to wait a long time to find the proper soil in which they can take root and grow strong.

Finally, good co-operative development on a global scale depends on peaceful co-existence among nations and peoples. There are many trouble spots around the world where we can hardly imagine co-operatives flourishing, simply because of open conflict or the constant threat of war.

And we cannot forget the ultimate horror of nuclear war. We too easily forget that the threat of annihilation hangs over the whole human race. It is reported that a group of nuclear scientists have a symbolic doomsday clock and they move the hands forward or back as international tension and the threat of war advance or recede. Doomsday is midnight, and the group set the hands forward to seven minutes to midnight towards the end of 1979.

## Part II

# World Trends and Problems

1. The World We Live In
  - (1) Economic
  - (2) Social
  - (3) Political
  - (4) Energy and Resources
  - (5) Population and Food
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  - (8) Science and Technology
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2. The Third World
3. The Implications for Co-operatives

*“It was the best of times, it was the worst of times; it was the age of wisdom, it was the age of foolishness; it was the epoch of belief, it was the epoch of incredulity; it was the season of light, it was the season of darkness; it was the spring of hope, it was the winter of despair.”*

— Charles Dickens

## Part II

# World Trends and Problems

### 1. The World We Live In

The opinion is now widely held that the world in 1980 stands at the threshold of dangerous and troubled times. Some observers believe there is hope we can look forward to improved economic conditions by 1985, but they are almost all agreed that the first half of this decade will be difficult, from whatever angle we view it. As for the last years of the century, the 1990's can be seen only as a decade clouded in uncertainty and apprehension.

Writing in 1922, Thomas Hardy could describe that earlier period as "our prematurely afflicted century", so it would seem that the greater part of the era now coming to an end has been marked by affliction for mankind, especially affliction from war and depression. Perhaps the saddest commentary on the world situation as we enter the 1980's is that the only hope for rapid economic recovery comes from the threat of war, for the wheels of industry can be made to operate at full capacity only when nations are at war, engaged in destroying each other.

But while we bewail the disastrous downturn in the world economy, we should pause to reflect that the majority of mankind have never known anything but depression, hunger and deprivation. When we speak of a world economic crisis, we are, in fact, saying that the affluent people and the rich nations are getting just a taste of what is normal and perennial for the poor of the earth. Moreover, while the present severe recession means great hardship and suffering for millions in the industrialized countries, it means only further reduction at the already low level of living of those who barely manage to survive in extreme poverty. And yet, if we were to have a stock market crash in October 1980 similar to the one of October 1929, the wealth and lifestyle of many of the rich of the world would be affected hardly at all.

The frightening aspect of today's gloomy outlook is that the causes seem so deep-seated and ingrained in society, the precedents and solutions of the past have little or no meaning. Over twenty years ago, a United States President could recommend as a cure for an economic recession of that time that all who could afford it should go out and buy a second car in order to speed up the economy! This may sound unbelievable today but it shows that a solution which could be suggested in all honesty and perhaps with some logic in the 1950's is simply unthinkable today, for it is more than the business cycle which is out of timing. The fact is that the capitalist system itself is in deep trouble around the world. Indeed, for a long time it hasn't worked as capitalism is supposed to work, and now the world and mankind are looking for alternatives as never before.

At the time of writing, early in 1980, the general decline in the economy continues unabated and, as well as in growing unemployment and falling production, is seen in the deterioration of major cities, the growing burden of public and private debt, runaway inflation, unconscionable interest rates and the flight to gold. Only a few areas or regions richly endowed with resources, especially those of energy, are spared the onrush of recession and even these are not spared some of its grim aspects. All the while, governments are looking for places to retrench, and the first to fall victim to budget cuts are expenditures for human and social needs, especially housing, education, health services and international aid, even as budgets for defence and armaments are moved upwards. All in all, the prospects for the 1980's are anything but bright. The world may be headed for the worst economic slump in fifty years.



Looking back to the 1970's, the overriding question in everyone's mind is: What went wrong? Why did the economic climate of the 60's change so cruelly? Some may trace the great change to the actions taken by OPEC, but OPEC has to be seen as effect rather than cause, even though the rise in the price of oil from two to thirty dollars a barrel has been an important factor. The truth is that the world has lost much of its faith in the economics of the past, especially in the underpinning of its monetary systems.

Some of the key indicators of the era into which the world is moving are these:

(1) *Economic*

In the Western economies, growth will be slow for several years, and in some countries will be close to zero. In fact, several countries—Britain for one—are anticipating a drop in economic output in 1980, with a further decline in 1981. Interest rates will remain high, public debt will continue to rise steeply. Prices will also continue to climb, especially food prices. Inflation can now be seen not merely as an economic indicator of the times but as a threat to civilization itself. Attention is being drawn more and more to the neediest people, especially the working poor, and those in the lowest 20 per cent of the population whose share of the national income is generally well below 5 per cent of the total.

On the business side, bankruptcy has been rising dramatically, and some of the former giants of industry, e.g. British Leyland in Britain and Chrysler in U.S.A., are in deep trouble. There will likely be a steady move towards protectionist tariffs in an attempt by government to save local industry. There is generally falling confidence in orthodox economics and the conventional market economy. Thomas Carlyle's description of economics as the "dismal science" seems apt enough today.

The gloomy economic picture is not confined to Western countries, for the nations of Eastern Europe appear to be no less affected. Delegates assembled in Moscow from all parts of the Soviet Union last November heard from their leaders a bleak economic forecast, telling that the country had fallen seriously behind its targets in the present five-year plan and targets for next year would have to be scaled down. Similarly, a party congress in Warsaw in February 1980 reported that Poland's real national income had fallen by 2 per cent last year and that expectations would have to be trimmed down because of the general slump. So, the present dark economic outlook would seem to be virtually world-wide.

(2) *Social*

If the economic situation is gloomy and uncertain, the general social picture is complex and often confusing. There seems to be general mistrust of conventional institutions, especially of government and business. For example, on questions of energy, industrial pollution and nuclear waste, citizens are not sure they are being told the truth. The public are often suspicious of the bureaucracy, and especially big bureaucracies of every sort.

Similarly, in education, youth does not have much confidence in conventional institutions. Professionalism does not speak with the authority it once commanded. The impact of education on poverty, as promised and predicted in the early post-war years, has turned out to be disappointing. In North America, after several generations of free schools open to all, we find startling figures of massive illiteracy—as many as 64 million adults in U.S.A. and a comparable figure in Canada. On the other hand, there is a marked return to cultural and spiritual values of former generations, though the work ethic does not have the appeal it used to have.

It is sometimes surprising to find in the Western world a complete turnabout in social values from those of former days. In our grandfathers' time, there was a loud cry for public education available to all boys and girls; nowadays some parents are

demanding the right to opt out of the system. In the Victorian era, reformers called for legislation to get women out of the coal mines; now liberated women are demanding the right to work where they will, in the mines or as lumber-jacks if they wish. Once workers dreamed of the time when they could retire from toil at 65; many are now asking for the right to continue working after 65. And so it goes.

The changing position of women in modern society has ramifications in all aspects of life, economic as well as social. For some years, the number of women in the workforce has been increasing faster than the number of men. Women are also beginning to move into senior and executive positions from which they were formerly excluded. The effect of having two incomes in the family instead of one is being reflected throughout the market, particularly the housing market.

Poverty of the stubborn and endemic kind continues to be a major social problem, even in the highly industrialized and affluent societies. Henry George's epitome of society as "Progress and Poverty" is still as fitting for most countries as when he wrote it a hundred years ago, and the gap between rich and poor will almost certainly grow in the next two decades if present economic indicators are reliable.

One of the characteristics of present-day society is a growing awareness of social problems. People seem determined to dig out facts and expose the weaknesses in the social fabric and hunt for causes and solutions, for instance, of the neglect of the aged, the abuse of children, the exercise of status and privilege, denial of civil liberties, the treatment given to aborigines, damage to the environment, political corruption or the public cost of private property, including the automobile. Groups of people will stand up to oppose, with violence if necessary, what they would have watched and accepted in silence even a few decades ago. Consider, for example, the opposition to Narita Airport in Japan, which has been described as "a planner's dream, a passenger's bane and a taxpayer's horror". Canadians have a similar showpiece in Mirabel.

The trend towards community is another feature of modern society that is of great significance. In many regions there is a fairly strong back-to-the-land movement, and rural decline has slowed down in some parts or even halted as young people seek a simpler lifestyle close to nature. A new generation wants to return to ways and values their ancestors abandoned, and in affluent Sweden a writer, watching the drift away from the values and mores which made the country industrially rich and prosperous, asks the question: "Can Sweden be shrunk?"<sup>(4)</sup>

And if there is one thing feared and hated by mankind the world over, it is the mere thought of nuclear war.

### (3) *Political*

Many people have remarked on the political swing to the Right in recent years. A Paris tabloid reports on a disquieting movement, what it calls "La Nouvelle Droite" and says: "The New Right is in fashion". The swing is obvious enough, as shown by elections in several countries; also in the quite widespread doubts about certain welfare programmes and in reaction to the weak performance of many nationalized industries.

But the political pendulum has swung to the Left in several countries and Right-wing dictatorships of long standing have disappeared, for example, in Spain and Portugal.

The political mood of the time is also reflected in considerable dissatisfaction with the performance of some branches of the public service, and there is often tension between government and its employees on the one hand, and the employees and the

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<sup>(4)</sup>The author is Nordal Akerman, writing in *Development Dialogue*, 1979:2, published by Dag Hammarskjöld Foundation, Uppsala.

general public on the other. Citizens in many countries are demanding "freedom of information" in matters that were long closed to them.

Probably the most significant political trend in the context of this study is the strong move of ethnic minorities all over the world towards self-determination and independence. There is hardly a major nation without a loud and vigorous minority calling for separation and autonomy, or at least some degree of devolution in cultural, ethnic and social affairs. Indigenous people in many regions, many of whom have long been in danger of extinction, are making a stand for human rights and redress from ancient wrongs. Terrorism has become a powerful lever for gaining political ends.

But personal freedom is certainly not the norm all over the world. Amnesty International reported that basic human rights were abused in over a hundred countries during the past year, and these cover the greater part of the earth. The number of political dissidents facing arrest, imprisonment without trial, torture and death is beyond count. Furthermore, there is hardly as much freedom of the press in the world as there was, say 25 years ago, and this does not augur well for freedom in the year 2000. In many parts of the world, democracy is in retreat.

#### (4) *Energy and Resources*

One of the crucial matters for all humanity in the next twenty years will, of course, be the use of energy and control of dwindling natural resources. It was pricing of petroleum products which, more than any other single factor, upset the international status quo in the seventies. Only about 80 years ago—just a heartbeat in the life-time of the human race—our civilisation began to develop its dependence on oil, but even now the question of how long supplies will last hangs over mankind. And we can be fairly sure that conflict over oil will turn the world upside down, perhaps several times, before the bells ring out the century.

It is expected that worldwide demand for energy will double by 1990, and if all countries used resources at the rate of the big users, the demand simply could not be met, unless science can come up with new sources and new technology. One person in North America uses as much energy as two or three in Europe, sixteen in China and several hundred in Africa. With about 5 per cent of the world's population, one nation is presently consuming 40 per cent of its resources. The affluent people and the rich nations are using more than their share of the earth's store of energy, and if they do not change their ways, there is bound to be conflict on a global and disastrous scale. Quoting Hazel Henderson on this vital issue: "Hurling massive quantities of capital at the increasingly fruitless endeavours of trying to produce greater supplies of energy and resources will, in time, be played out."<sup>(5)</sup> In the past 25 years, we are told, humanity has consumed a volume of energy equivalent to that used by humanity since the beginning of history.

So, just on the basis of energy alone, those of us who live through the two remaining decades of the century are going to see profound changes in their way of life. Mankind simply cannot go on using and wasting with abandon. And this applies, not only to oil and energy, but to all the earth's resources, especially water, minerals and forests. It is predicted, for example, that the world's supplies of lead and zinc will likely be finished by the end of the century and several other metals are on the danger list. Hazel Henderson again: "We must therefore now run our economy with a leaner mix of capital, energy and materials and a richer mix of labour and human resources".<sup>(6)</sup>

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<sup>(5)</sup>Hazel Henderson, *Creating Alternative Futures*, Berkley Publishing Corp., New York, 1978; p.87.

<sup>(6)</sup>Hazel Henderson, *Ibid*, p.7.

But in our preoccupation with oil and other sources of energy, we must never forget land as the most important resource in the long view. E. F. Schumacher says: "Among material resources, the greatest, unquestionably, is the land. Study how a society uses its land, and you can come to pretty reliable conclusions as to what its future will be."<sup>(7)</sup>

(5) *Population and Food*

One of the harsh realities of our time is that the majority of people in the world go hungry and suffer from malnutrition while another part is plagued with food surpluses. We know for sure that the struggle to feed mankind will be long and hard, lasting well beyond the year 2000. The present world population of 4.3 billion is expected to reach 5.3 billion by 1990 and go beyond 6 billion by 2000, and by then there will be nearly four times as many people in the Third World as in the industrialized countries. In the last decade, food production in the poor countries has barely kept pace with population growth. World production in 1979 was, in fact, about 4 per cent below that of the previous year. The number of severely undernourished people in the developing countries is about 500 million, according to FAO estimates, and these countries are spending an ever-increasing amount of their earnings on food imports. At the same time, more and more land in the poor countries is being used, largely by multinational corporations, to grow non-food crops for export to the rich countries, land that should be used to grow food for consumption at home.

The question of world food supplies is surrounded by great difficulties and dilemmas. Food aid to the poor countries is seen as the decent and humane policy for countries with surplus food, and yet it is well recognized as being counter-productive and discouraging to farmers at the receiving end. But we are told that food exports to the poor countries will have to be trebled by the year 2000, even while these countries are doubling their own food production. Clearly, as long as it depends on the rich countries for food, the Third World will be poor. In other words, in the long view only the Third World can feed the Third World.

But the existence of surpluses, sometimes of embarrassing size, is not necessarily a sign that all is well in the rich countries. Food prices are going to continue to rise, especially for products from highly mechanized farming depending on petroleum. A point will be reached where large-scale farming will be seen as inefficient, and a return to smaller farms may become inevitable. Inflation will tend to turn people away from highly processed and costly packaged foods, and the food industries will be affected. Consumers will be looking for more direct links with food producers to avoid processing and transportation costs. They will also become more conscious of food values and nutrition. The food industry in all its aspects—methods of production, wholesale markets, processing, food subsidies, imports and consumer protection—can all be expected to change rapidly in the next twenty years.

(6) *Employment*

If full employment is a mark of a healthy economy and high unemployment a mark of a sick, then we have good reasons for worry over the near future. Only a few parts of the world can be said to be near full employment at the start of the 1980's and in most regions that strange and ominous word "stagflation" is heard on all sides. Already there are an estimated 100 million unemployed in the world, and some countries that formerly enjoyed full employment, and even depended heavily on migrant labour, are beginning to feel the effects of rising unemployment. The Federal Republic of Germany, for example, expects the number of jobless to be close to a million in 1980. By 1990, we are told, some 400 million more jobs will be needed all over the world for young people who will be coming into the work force.

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<sup>(7)</sup> *Small is Beautiful*, p.84.

Again, as with the new phenomenon of stagflation, a new factor in the job market is appearing in the highly industrialized countries: the total disappearance of jobs; that is, when better times return these jobs will not open up again. Many thousands of jobs are simply becoming redundant. This is going to be a particularly harsh aspect of unemployment in these two decades, and the social and psychological effects on the whole population and on certain occupations is going to be devastating. In the steel and textile industries in Europe, for example, massive shifts and dislocations have already begun. In Scotland alone, it is reported that over 100,000 jobs have disappeared in the past ten years because of redundancy and new industrial technology.

Because of technological advances, futurists are predicting fundamental changes in the pattern of employment in the new era. They believe that a significant proportion of the working population will work only part-time as employees in the traditional way and will supplement their normal income by working in an informal economy, in the home or at casual jobs and with groups of people in communal, small-scale industry. Two writers on the future of a growing informal economy in Britain say: "If we are to cope with a world in which jobs are lost inside the formal economy, we must come to understand the nature of work outside it."<sup>(8)</sup>

#### (7) *The Environment*

Whatever else may be said about the century now approaching an end, it must be recorded as the period in which mankind has done more to poison and destroy the environment than in all previous eras of history. The industrial revolution of modern times, beginning about 200 years ago, started society on the road to destruction and spoilage of the whole human habitat, using the adage "muck makes money". The degradation of the environment has gone hand in hand with wasteful use of resources and disturbance of the delicate balances of nature.

Many great lakes and rivers can no longer sustain fish-life because of chemical wastes. Acid rain now threatens to destroy thousands of lakes across Europe and North America. Soil erosion is helping the onward march of deserts on several continents. The great tropical rain forests have been reduced to about 60 per cent of their original size. Many animal species have disappeared altogether and others are threatened with extinction. And now the ultimate pollutant, nuclear waste, is creating environmental disasters that may last for thousands of years. If we think of the earth or the planet as space on which mankind holds a lease, we are now getting close to the time when the lease runs out.

An important fact of misuse of the environment is that the Western nations and the highly industrialized societies are the worst polluters, as shown by an OECD study published in 1979. It detailed such dangers as polluted drinking water, unacceptable levels of aircraft noise, health hazards from chemicals in the soil and general deterioration in the quality of life because of abuse to the environment, especially poisoning of the atmosphere. Recent emergency situations in nuclear power plants also go to show that man-made disasters are not so remote as we may think.

But the general outlook for protection of the environment is better now than it used to be, as concerned citizens become aware of the urgencies and the need for vigilance. At least, our knowledge of the environment, which was woefully limited until quite recently, is now much better and growing rapidly. If governments will only divert some of the astronomical sums of money and resources away from armaments and towards protection of the environment, there is yet hope for mankind on this score.

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<sup>(8)</sup>See "Britain in the decade of the three economies", in *New Society*, 3 January 1980, pp.7-9.

(8) *Science and Technology*

When primitive man first used a stone axe or crude hoe, or struck a fire, he was taking the first steps leading to modern science and technology. But it took him many thousands of years to advance from stone axe to the telephone, whereas he has gone from the telephone to silicon chips and the microelectronic revolution in less than a hundred years. Such is the speed of the new technological age we live in and have to live with, and we would be foolish indeed to think that science and technology cannot change our lives just as much in the next two decades as in the century since Alexander Graham Bell invented the telephone. The world of the year 2000 will, to a very great extent, be a technological world directed, for better or worse, by the machines and inventions of the past few decades and the two decades that lie ahead.

In the present context, we are mainly concerned with the human and social consequences of science and technology. Who will control it? For what purpose? And what will it do to the quality of life? What is the end of it all? For science and technology is a double-edged sword. It can be seen as both friend and potential enemy of human beings, both liberator and destroyer. Technology can make the instruments that help to improve and prolong life, but it can also make the weapons and machinery of war more destructive and lethal.

A central question is that of ownership and control of technology. Will it be used to benefit all mankind, or only to make profits for investors? And how can the use and control of technology be democratized? Lewis Mumford says: "Instead of continuing to mechanize and regiment man, we must undertake just the opposite operation; we must humanize the machine, restoring lifelike attributes, the attributes of selectivity, balance, wholeness, autonomy and freedom". In other words, technology must not be used, as it so often is even today, to enslave great masses of human beings.

For our purpose here, one of the most far-reaching technological changes is taking place in the field of communications. We are now in the era of instant information. Radio, television and satellites have brought the whole world into our homes. The influence of the mass media on our lives is mind-boggling, and the political power that comes from ownership and control over any mass medium, including newspapers, magazines and wire services, is frightening, for these are the vital nervous system of society. There is good reason to fear that the world of tomorrow will be dominated by those who control the flow of information from data banks. Forty years ago, a people's organization or a citizens' group could get its message across with a mimeograph machine at small cost, but nowadays only those who control the mass media, especially television, are able to spread the word effectively. "The battle over the public's right of access to the mass media may well be the most important constitutional issue of this decade...the present structure of our mass media was not ordained by the Almighty."<sup>(9)</sup>

There is great danger in thinking that all technological progress means human development. Thomas Merton writes: "When technology takes over human beings for its own purposes, exploits and uses up all things in the pursuit of its own ends, makes everything subservient to its processes, then it degrades man, despoils the world, ravages life and leads to ruin."<sup>(10)</sup> Even before the end of the last century, Emerson wrote:

Things are in the saddle,  
And ride mankind.

(9) *Corporate Power*

Another feature of the present age of vital interest to this study is the corporation acting as the seat of final power in society, and the widespread misgivings over the

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<sup>(9)</sup>Hazel Henderson, *Ibid*, p.273-274.

<sup>(10)</sup>From *Conjectures of a Guilty Bystander*.

use and abuse of that power. As the medieval baron in his castle held sway over the feudal age, so the business magnate from the corporate boardroom rules society in the modern age. The main difference today is that corporate power is generally hidden and inaccessible. It may also be irresponsible, and no one can be quite sure where this power begins and ends. It is often uncontrollable, and unlike political power cannot be voted out or impeached. Indeed, in Western society corporate power sometimes overrides government and the state. The nineteenth and early twentieth-century image of economic power was the individual industrialist or entrepreneur, prominent in the public eye, but his counterpart today is often anonymous and faceless.

The resentment against corporate power is growing. People don't like to be ruled and controlled by forces they cannot reach and confront face to face. The individual person seems weak and helpless against corporate power, and so individuals are organizing in groups and finding advocates to speak for the unprotected. About 30 years ago the president of a corporate giant could declare: "What is good for General Motors is good for the country", but that was before the rise of consumerism. His successor today would not likely make a similar statement.

The outgrowth and extension of the large corporation in modern times is the multinational corporation, and it has become a particularly sinister form of corporate power, especially in the Third World, where weak or subservient governments are all too prone to become involved in their machinations and financial manipulations. It is quite likely that in the last two decades of the century the spread of corporate power and the multinationals will be checked somewhat and brought under closer control by wary governments, acting in response to popular demand by informed and alert citizens.

#### (10) *Urbanization*

The twentieth century up to 1980 has seen an enormous growth of cities all over the world, and this trend towards greater urbanization will continue until by 2000, for the first time in history, over half the world's people will be urban. In 1900, fewer than ten cities had over a million people, but now over 200 cities have a population over a million, and a growing number of metropolitan areas can count several million. Even within the 1980's the world will have 17 cities with population over 10 million each. By the end of the century we shall see in a number of countries the coming megalopolis, a city stretching continuously as far as a hundred kilometres or more. In short, modern man is a city-dweller and in the future will become all the more urban.

The balance between urban and rural is constantly changing, with the shift gradually going, for better or worse, towards the former. To take one country for example, in 1900 Japan had 40 million people, only 10 per cent of them urban; by 1970, it had 100 million and 65 per cent urban; by 2000, the population should be about 120 million and over 90 per cent will be urban.

The implications of greater and greater urbanization are, of course, incalculable and are of immense significance for co-operatives. It means a larger and larger proportion of people depending on a smaller proportion for food. In the most advanced industrial societies, the number of people engaged in agricultural production has fallen below 5 per cent of the total. One of the most obvious results is the declining political power of rural people.

But furthermore, it means a shift in public services and social influence, for while the city creates much for the benefit of all, it also claims much for itself. Many institutional services are mainly for the benefit of urban people, who tend to have the best in education, hospitals and health care, professional and public services and social amenities, while rural people often go without. Public subsidies, for medical services,

education, housing and transportation, also tend to favour city-dwellers. The city also creates massive problems for the rural areas, in water supply, pollution, disposal of garbage and waste, and in distortion of land values. But most of all perhaps, it also robs the rural countryside of its potential leadership, and in this sense may be said to live off the rural parts.

Finally, when a civilization begins to deteriorate and decline, the rot usually starts in the city. Thus, urbanity and urbane living, which are generally taken to mean culture and civilized ways, must also be seen as destroyers of civilization in the end.

## 2. The Third World

There are good reasons for considering the Third World countries separately and in a more detailed way. They constitute the majority of the world's people and their needs and problems are not only very great but also quite different from those of other countries. Moreover, the Third World countries have special problems that affect co-operatives on a massive scale. Already there are more co-operatives in the developing countries than in the rest of the world, and in the next couple of decades there will likely be vastly more. Stated another way, if the co-operative movement of the future is going to succeed in a global way, it must do so above all in the developing countries.

We might begin by pointing out some strange anomalies about the Third World and its economies. For example, while the Third World is known as the poor world, it is also the home base of some of the richest people on earth, and the elite of these poor countries not only command enormous wealth but also enjoy great social power. This becomes a complicating factor in international aid. Also, some Third World countries are rapidly emerging as industrialized nations. Four of them, South Korea, Hong Kong, Taiwan and Singapore, now called the "New Japans", have reached the level that their exports are impinging on the manufacturing industries of the older developed economies. And while we usually think of India as one of the poorest of nations, at the same time its industrial output places it among the ten leading manufacturing countries of the world. The state railway system of India is the world's second largest under single management and its airline system is among the finest in the world. So, a nation that is poor on a per capita basis may be advanced in other respects.

*Some of the main facts and indicators of the Third World are these:*

- The future of China and India is crucial since together they make up about 40 per cent of the world's population. Indeed, it should be noted that over half the world's people live in only four countries (China, India, USA, USSR), and their position in world affairs is central.
- The present imbalance in world economics can be quickly told; the Western nations have 20 per cent of the world's people but 60 per cent of its industrial output; the countries of Eastern Europe have about 30% of both the world's people and its industrial output; while the Third World has 50 per cent of the people but only 10 per cent of the output.
- It is now well recognized that the so-called gap between rich and poor nations is not closing but becoming ever wider. Though there are some bright spots on the development horizon, the Third World cannot "catch up" in the foreseeable future or at the present rate. Only earth-shaking changes can correct the imbalance between the haves and have-nots, and the present world situation gives little hope for the aims of a New Economic Order. In some countries, especially the poorest 40 or so, a whole new economic and social infrastructure will have to be constructed.
- The trickle-down policies of development do not bring about much improve-



ment in developing countries, any more than in rich countries. The poor tend to remain poor until the whole structure of society is transformed. Simple reform is not usually effective, and besides it is painfully slow.

- Third World countries generally have suffered from over-concentration on prestige projects and the wrong kind of development, often to the neglect of agriculture. Food production, rural development and employment should take priority over other sectors and interests.
- A number of negative and retarding forces continues to be a burden on Third World development. One is expenditure on arms. Half the big spenders on arms are developing countries. Their military spending in 1976 was reported to be \$56.3 billion, and it has greatly increased since then. Second, and not unrelated to the first, is indebtedness, which is now in the range of \$300 billion and continues to increase by astronomical sums. About 20 per cent of export earnings of the Third World goes only to service foreign debts. Third is the "brain drain", the loss of many of the best trained and capable men and women through migration to the richer countries.
- In much of the Third World, land reform is one of the most pressing needs. In India it has been found that production on smaller holdings averages 80 per cent higher than on large farms. The very small and unproductive agricultural producers of the world are marginalized, not because they want to be or because they are incapable of being otherwise, but for the most part because they are victims of injustice and oppression. It is noteworthy that China feeds 25 per cent of the world's population on only 8 per cent of the cultivated land.
- Early in 1980 the report of the Brandt Commission was released to the United Nations and the world. It will be a key document on international relations during these two decades. It is especially significant that it speaks not so much of aid to the Third World as of drastic restructuring of relations between the rich nations and the poor for joint and mutual survival. It should be noted that even now, or as recently as 1978, Third World countries purchased as much as 20 per cent of the West's manufacturing output.

### 3. Implications for Co-operatives

This, in broad outline, is the kind of world we are entering in the last years of the twentieth century. The implications for the co-operative movement as a whole, and its various parts as well, are all-important.

- On the negative side, many individual units and sometimes whole co-operative systems are going to be hard hit in the coming years and some will have difficulty surviving. The rate of business failures in many countries has been rising sharply, and we cannot expect co-operatives to escape the onslaught of depression.
- But on the positive side, many people the world over are going to be looking for alternatives in trying times and will turn to the co-operative way, as they did in large numbers in the Great Depression of the 1930's. These two decades may well be a period of unprecedented growth for co-operatives, in terms of the number of people involved.
- In some areas of general public need, housing and health services for example, as governments cut expenditures in order to retrench, people will be inclined, and in some places compelled, to organize co-operatively to take up the slack.
- If the anticipated economic depression becomes severe, voluntary and unpaid

- labour will become a proportionately larger part of the economy. It is already much greater than we imagine. From the time a mother wipes a child's nose to the time when a volunteer community worker assists a helpless pensioner, unpaid work is an important factor which is reflected but does not appear in official statistics. The GNP could decline while the standard of living is actually rising.
- If many co-operatives get into trouble because of a declining economy, various co-operative systems should consider establishing rescue units and salvage teams to help member organizations.
  - Assistance to co-operatives in the Third World may be seen more as a responsibility of the movement itself than of international aid bodies and UN agencies.
  - The economic outlook for the 1980's and 1990's is sombre indeed. Rising energy prices are bound to accelerate inflation and, as trade unionists try to maintain their living standards by seeking higher wages, governments may try to contain inflation with tough monetarist policies. Such policies are likely to lead to more unemployment in industrialized countries, where it is already high. We may be confronted by the hunger of millions, combined with large food surpluses elsewhere, and an accumulation of petrodollars in the oil-rich countries that will make competition for markets even tougher than in the past, perhaps combined with continuing monetary chaos.
  - Against this background, co-operatives have to compete with the growing power of giant transnational corporations which increasingly dominate the world economy. In this situation, co-operatives seem to have two disadvantages which derive directly from co-operative principles. In the first place, the return paid on capital is limited, so that the real return dwindles with inflation. This makes it even harder for co-operatives to raise capital from their members. Other corporations have a "hedge" against inflation, since the return they can pay on capital is unlimited and tends to increase with inflation. Second, because of its democratic character, decision-making in a co-operative is necessarily somewhat slower than in the private sector. In an ordinary corporation, power is concentrated at the top. A co-operative may have good professional management and may take quick day-to-day decisions in the interests of the membership; but in matters of major decision-making, the membership will wish to be involved. Thus, their democratic character may sometimes place co-operatives at a disadvantage.
  - Moreover, in tough competitive conditions, both nationally and internationally, victory will tend to go to the stronger, and the resources of huge companies are immensely greater than those of co-operatives. Moreover, because of their size, the private companies often have advantages deriving from the economies of scale. This greater strength seems to stem from the tendency of companies to plough back a higher proportion of earnings than co-operatives. In short, capital formation will likely continue to be more difficult for the co-operative sector in Western society in the years to 2000, and federations of co-operatives may be at a disadvantage in competing with large firms and integrated corporations. There will thus be a trend towards further structural change leading to greater integration and centralization in some co-operative movements. Already in Austria, for example, *regional consumers' co-operative societies have merged into a single national society.*
  - A major expansion of co-operatives in general and of industrial co-operatives

in particular may be of great relevance to the problem of coping with inflationary conditions. In their approach to the problems of inflation, governments have tended to alternate between a tough monetarist policy and the development of some kind of incomes policy. In the 1970's there has been a trend towards protectionism to provide answers to the basic problems. Monetarist policies tend to lead to unacceptably high levels of unemployment, while incomes policies come up against trade union resistance. If industry were organized on a co-operative basis, the situation would be basically changed. There would be little point in trade unionists pressing for increases in money wages if available surpluses were coming to them anyway. Wage bargaining might tend to become a matter of bargaining between different kinds of workers, combined with discussions about how surplus earnings ought to be distributed. The conversion of industry to a co-operative basis is, of course, a formidable task and would likely take a long time.

- We thus have a paradoxical picture in which co-operatives are likely to face enormous difficulties in the tough competitive conditions of the 1980's and 1990's, but in which it may come to be increasingly recognized that co-operatives could have a major contribution to make to solving long-term economic problems. But the more equitable system required to make the economy work better is precisely the one under which co-operatives are more likely to develop: that is to say, one in which a more equitable distribution of wealth and income has made it possible for more people to save and form co-operatives.
- In considering the conditions that co-operatives are likely to face in the year 2000, we need to consider the extent to which governments and international organizations are likely to take positive steps to encourage co-operative development. If they are persuaded of the relevance of co-operatives to their own pressing problems, they may be more active in encouraging co-operative development and a wider application of co-operative principles. The task of the international co-operative movement is to show how relevant co-operatives are to the tough problems that face the world.



## Part III

# Co-operation: Theory and Practice

1. The Nature of Co-operatives
2. Principles
3. Types, Forms and Structures
4. The Democratic Character
5. The Dual Purpose
6. Co-operatives and the State
7. The Co-operative Sector
8. Ideological Differences
9. Implications for the Future

*“Without honesty to principle,  
there can be no progress in  
public affairs.”*

— George J. Holyoake

## Part III

# Co-operation: Theory and Practice

### 1. The Nature of Co-operatives

There is a strong tendency among co-operators nowadays to avoid theory and ideology and instead “get on with the business”. But this is a mistaken attitude because every organization or institution is built, first of all, on ideas and concepts of what people believe and are willing to stand for. So in co-operatives we must see and understand the basic ideas on which they rest, for it is from these ideas they take their direction.

Co-operation as a social and economic system is not based on one specific concept or social theory but on a collection of many ideas and concepts, such as mutuality, the weak combining in solidarity for greater strength, equitable sharing of gains and losses, self-help, a union of persons with a common problem, the priority of man over money, the non-exploitative society, even the search for Utopia. Various people have expressed their views of co-operative organization with such mottoes as: “all for one and one for all”, “not for charity, not for profit, but for service”, “eliminate the middleman”, “service at cost”, “people in business for themselves”. The great Japanese leader and reformer, Kagawa, called the co-operative movement “Brotherhood Economics”. The overriding concept present in all co-operatives is this: a group of people, small or large, with a commitment to joint action on the basis of democracy and self-help in order to secure a service or economic arrangement that is at once socially desirable and beneficial to all taking part.

In order to fit into the great many situations in which co-operatives are being and will in the future be used, our interpretation of co-operative ideology must be broad and flexible rather than narrow and stringent. But still there must be general agreement on essentials and inexpendable elements. In other words, what are the features without which an organization cannot be considered a co-operative? We would assume, for example, that democracy in ownership and control would be one such essential feature, although there may not be agreement on how to interpret and apply it. Similarly, an enterprise which holds out the prospect of unlimited or extravagant gain to investors must be ruled out as a co-operative.

A further reason for clarifying our ideology is that people who are imbued with a missionary spirit, as many co-operators have been in the past, are not usually disposed to enquire deeply into the beliefs which they spread, for they assume they already have the true faith and need search no further. Some critics of co-operatives refer to them as a “system of presumed virtue”.

Sometimes non-essential and extraneous factors are injected into the debate on the nature of co-operatives. For example, the argument is commonly heard that a small business undertaking may indeed be a genuine co-operative, but when it becomes very large it can no longer be considered a true co-operative. This paper will take the view that size is not the determining element, even though meaningful participation is more difficult in a large organization. Ten poor fishermen using cast nets and selling their fish together as a group can, it seems, readily form a co-operative, but so also can five hundred fishermen using large boats and expensive gear who wish to sell their catch co-operatively. Both can be true co-operatives though one is more complicated and difficult than the other to manage. So, size alone is not the distinguishing element.

Legal requirements and corporate structure may also distort the true nature of a co-operative, which is essentially much closer to an association than to a corporation. In other words, though a co-operative is legally constituted as a corporation, it finds its true nature when it bases practice on the concept of association. An ordinary corporation may exist and operate from its own detached power-base, but a co-operative cannot exist apart from a body of people who are its members.

It should be noted too that the very nature of a co-operative changes many concepts and methods adopted from other forms of business. A share means one thing in capitalist business but something different in a co-operative. Strong reserves may yield a handsome capital gain in a conventional corporation, but no such gain in a co-operative. So also with profits, competition, dividends and even advertising, the nature and purpose of co-operatives have the effect of changing these or may do away with them entirely. In the years ahead, the growth and survival of co-operatives will likely depend to a great extent on how faithfully they adhere to certain characteristics that identify them as co-operatives.

The nature of Co-operation has been described and defined in countless ways. One of the most satisfactory and useful definitions is given to us by Charles Gide: "A co-operative is a grouping of persons pursuing common economic, social and educational aims by means of a business enterprise".<sup>(11)</sup>

## 2. Principles

We do not need to go over the Rochdale Principles and try to interpret them in great detail, but it seems necessary to bring out a few salient points as they relate to the problems of co-operative development in the years ahead.

The ICA and its constituent parts have been wrestling a long time with the problems of elucidating co-operative principles. Throughout the 1930's especially, while the world reeled under the impact of economic depression and ideological conflict, co-operators sought to clarify the claims and objectives of their movement. The ICA Congress of 1930 in Vienna established a special committee to enquire into the whole question of principles, and the subject was hotly debated in the Congress of 1934 in London, but it was not until 1937 in Paris that a satisfactory statement was adopted. Controversy over principles arose again in the 1960's, leading to the present formulation adopted in 1966 in Vienna.

But doubts remain about the present official formulation, set forth in six principles, and many co-operators feel that this statement is somewhat less than fully satisfactory. The trouble with many statements of principles arises mainly from two defects:

- (i) they have tried to raise current practice to the level of principle instead of identifying the principle itself; and
- (ii) they seem to be based chiefly on consumers' co-operatives and do not apply as well to other types, for example agricultural, workers' and housing co-operatives.

Various attempts have been made to improve upon the present formulation and it is hoped that the effort will continue until the basic moral and ideological pillars of the co-operative system have been set in place. The reformulation of principles made by the late Maurice Colombain, published by the ILO in 1976, is suggested as a good place to start a new examination.<sup>(12)</sup> He recommended just five basic principles as applying to all types of co-operative: (1) The principle of solidarity and mutual commitment; (2) Equality and the rule of democracy; (3) Non-profit operation;

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<sup>(11)</sup> Charles Gide (1847-1932), eminent French co-operator.

<sup>(12)</sup> "From the Rochdale Rules to the Principles of Co-operation". *Cooperative Information*, 3/76.

(4) Equity, fairness and proportionality; (5) Co-operative education, which he interpreted in the wider sense of culture.

Of course, we do not review our ideology merely to repeat it but also to examine it critically, sometimes to defend it, but also to revise it when necessary and allow it to evolve. In a general way it can be said that methods, rules and practices, as opposed to principles, continue to have momentum in the co-operative movement long after their validity and usefulness are finished. For example, "cash trading" and "sale at current market prices" held on to their place in co-operative doctrine too long, even though they are still good rules in many situations, especially where it is important to promote habits of thrift.

Co-operative movements everywhere will require and must have guiding principles as a star to steer by in the future. The late Paul Lambert summed it up very well when he wrote: "Far from becoming outmoded, the Rochdale principles represent, in their essence, everything that is new and hopeful in our modern civilisation".<sup>(13)</sup> The operative phrase here is "in their essence", for it is the essence of Rochdale rather than its outer aspect that we must seek out and identify. This is not the time to abandon or lose faith in co-operative ideology, for the future will almost certainly be a testing time for co-operatives, as for other economic systems.

### 3. Types, Forms and Structures

(i) *Types.* In the future, more attention will have to be paid to what might be termed the architecture of the co-operative system, its form and shape, the arrangement of its parts, and how the pieces relate to one another.

First, as to the type or kind of co-operative, one thing is very clear: the co-operative movement of the future will be made up of a great variety of co-operatives, including some kinds that don't exist or are not even thought of at present. In the last century, co-operators tended to think of and devote their energies to only a few types of organizations, and indeed usually to one kind, and many great names in the movement achieved fame by sponsoring and promoting just a single type, consumers' or workers' or agricultural credit, for example, and ignoring other fields and possibilities. This induced a doctrinaire attitude on the part of many leaders, to the point that they assigned supremacy to one kind of co-operative, usually the consumers', and placed a lower value on other kinds. This led to much controversy and friction over priority and purity of type.

Here it is suggested that no one type of co-operative should be regarded as inherently superior to another, and instead they should all be judged in relation to the particular needs and most urgent problems of the people concerned. To one group of people at a particular time, a credit co-operative may be the most valuable, to another group a consumers' co-operative, to another a housing co-operative, and to yet another something different from all these. Thus, a particular kind of co-operative derives its value and priority, not from an abstract doctrine but from its human usefulness in time and place.

A great deal of effort has been wasted in the past, particularly in situations of serious underdevelopment, trying to establish certain kinds of co-operatives for a theoretical or visionary value, when some other and perhaps simpler type should have been attempted first. What we must look forward to is the multiplication of types, so that people elsewhere can enjoy the benefits of co-operative organization as both consumers and producers, and in many fields of everyday need, e.g. housing, medical and health services, insurance, credit, transportation and so forth.

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<sup>(13)</sup>*ILO Review*, August 1958, p.169.



The vision of a co-operative commonwealth can probably never be realized on a macro-scale, at least certainly not by the end of the present century. But in countless communities it can be established at the micro-level by having a wide variety of co-operatives involving great numbers of people, and indeed this has already happened in many places in the world.

There is also the alternative of the multipurpose or multifunctional co-operative at community level to be considered, and there is some evidence that this is the way a great variety of co-operative services will be made available to large numbers of people at once under a single umbrella organization. This has already been done in the rural parts of Japan with success. However, it should be noted that co-operatives with a fixed or specialized membership, as in workers' and housing co-operatives, cannot be fitted into the multipurpose type with community-wide membership and should therefore be separate.

(ii) *Forms.* A vital matter for co-operatives that is becoming an almost universal problem and is bound to loom larger all the time is that of size and greater complexity brought on by rapid growth. As long as co-operatives remained rather small neighbourhood organizations, as most of them were in the early decades of the century, they were generally pretty stable, even when resources were weak, and most of them were able to overcome great difficulties because of their simplicity and the loyalty of members, who, for the most part, knew one another well. But that is now changing fast, and the dominant form of successful co-operatives in the future will likely be large size. But this need not apply to certain types; for example, many workers' co-operatives and most housing co-operatives seem to operate best when kept relatively small. For the rest, the central problem will be how to cope with bigness and how to ensure that the co-operative character is not destroyed by size.

There is strong reaction in our day against the institutional power and sheer size of big organizations of all kinds, and co-operatives are no exception to this attitude. So, all leaders and especially boards of directors must be alert to the dangers of alienation brought on by growth and large size. Co-operatives must not pursue growth merely for the sake of power. Mergers should not be pushed only to get bigger, but for other and better reasons. Where management has to be centralized for greater efficiency and savings, policy-making must be decentralized to retain democratic control. Large organizations need a great deal more attention to education and communication with members. The bond between co-operative and members must not be allowed to weaken just because of growth.

And while mergers may be necessary for greater strength, breaking large co-operatives into smaller units may be the only alternative in the interest of democratic participation and personal involvement. Here it should be noted that merger for greater strength is not the only alternative and that voluntary federation in a secondary society is a prime example of the principle of "Co-operation among Co-operatives".

In an age of frightening corporate power, co-operatives must avoid the accusation now often heard: co-operatives are only another "Big Business" like the rest!

(iii) *Structures.* A striking feature of the architecture of the co-operative system in the past century has been the building of secondary organizations of various kinds, and then further combining into tertiary, regional, national and even international organizations. This is the most natural and logical thing imaginable: as individual persons come together to form primary societies, so these in turn combine to form secondary co-operatives and federations. In the process, power and control usually move upwards and away from the basic co-operative and its members. In time the secondary or tertiary co-operative becomes the seat of power, and the primary or

local co-operative must conform to its dictates in order to survive. Sometimes the upper tier enters into arrangements involving other levels that may lead to the collapse of the whole structure. This is what happened in the case of Co-op Nederland in the last decade.

About all that can be said here, in addition to emphasizing that the principle of democracy must carry through to all levels of the movement, is that control mechanisms for federations and other associations of co-operatives have yet to be worked out satisfactorily, and must be attended to in the years ahead.

The movement will also have to give greater attention to the need for international associations in a wide range of business activities. A strong start has already been made at the international level in insurance, in Europe in the mass purchasing of consumer goods, and in North America in agricultural research and farm supplies. In some situations it may be necessary to have "rescue operations" for national systems that get into serious trouble.

There also remain a number of unanswered questions and problems about co-operative organization; for example, what about organizations that operate co-operatively but are not called co-operative? and the reverse, those that call themselves co-operative but are not? Can an organization owned by another, e.g. a trade union, be considered a true co-operative? This paper takes the view that it cannot. Can a number of private businesses be joined to form a secondary organization that is called co-operative? Some can, others cannot; it all depends on the nature of the business and the way they are organized.

The architecture of Co-operation is far from perfect. Perhaps it can never be made completely satisfactory but certainly it can be tidied up and made more in accordance with its professed principles. The remaining years of this century will be filled with great changes and experimentation, and co-operators will need to be assured of the control structure of their organizations. It is a common error to suppose that something is a co-operative because it is so called.

#### **4. The Democratic Character**

In the section on the nature of co-operatives, it was stated that democracy should be considered one of the essential elements of the co-operative system and that, lacking this element, an organization cannot be considered a true co-operative. But then, we are faced with many difficult and controversial questions, like these: How does co-operative democracy reveal itself in practice? How is democracy expressed and exemplified? How does a co-operative or a system of co-operatives measure its democratic character or prove that it is genuinely democratic? or, How can it improve and strengthen its democratic quality?

Many co-operators, sometimes even experienced and well informed, when asked to explain the democratic character of their movement, have only one thought in mind: the right of each person to a single vote, for they imagine that the principle "one member, one vote" says all that needs to be said about democracy in co-operatives. But this paper will take the position that this familiar Rochdale principle, basic and essential though it is, enshrines only one facet of co-operative democracy, for the democratic character of co-operatives appears and must be tested in many ways besides membership meetings.

The various ways in which the democratic character may be judged and its many ramifications in co-operative organization are suggested by the following:

- Membership in a co-operative is never by coercion but always by volition.
- The concepts of open membership and non-discrimination are basic to democracy in co-operatives.

- There must be among the members a certain degree of comparability and a bond of association on which to base solidarity. For example, a membership of 500 poor farmers holding 2 hectares each and five rich farmers holding 2000 hectares each is an unlikely foundation for an agricultural co-operative that is going to be democratically controlled, even though the large volume of business of the bigger producers may help to make the co-operative viable.
- Democracy is measured by involvement of members as well as by the counting of ballots.
- In a co-operative that is fully democratic, only the members, the actual users of the service, have the right to nominate and elect officers and directors.
- A democratic co-operative has effective educational programmes and opportunity for leadership training at all levels.
- In a democratic co-operative, women do not occupy positions in a token way as women but in a complete sense as members. There is no distinctive “role for women”, just as there is no separate “role for men”.
- Democracy is less than complete in a co-operative in which there is no democracy in the workplace among employees.
- There is usually a higher level of democratic participation in co-operatives that provide for automatic rotation of directors by bye-law.
- By strict democratic procedure, auditors are appointed by a membership meeting and report back to the members. Distribution of surplus must also be decided by the members, though of course the board may make a recommendation. Furthermore, members in general meeting have the power to appoint committees that report to the membership as well as to the board.
- A democratic co-operative grants no special favours or privileges to officers and directors that are not available as well to all members.
- If a co-operative needs to own a subsidiary company, provision is made for representation of users on the board of directors and various committees.
- In a true co-operative, supreme authority must rest with the membership.
- The democratic character of an organization may be judged by the free flow of information to members and the opportunity given to them for feed-back and input into policy-making.
- In a co-operative that is concerned for democracy, all reports and information are in such a form as to be readily understood and are made available to any minority group of members of significant size in their own language.
- Democracy is at its best in organizations where great power is not lodged in one person, an elite group or a small clique. Vital decisions are made by consensus rather than by hierarchic command. The depth of democracy can be judged by the extent to which decisions originate from suggestions made at the base of the control structure.
- In a democracy, experts and technocrats are consulted, advise and recommend; laymen then decide.
- “In a democracy it is not essential or even desirable that citizens should agree, but it is imperative that they should participate.” (Eduard C. Lindeman).

In short, the concept of democracy is exemplified throughout all aspects of co-operative organization, in addition to voting under the rule of “one member, one vote” at meetings. The ideal co-operative of the future will not be a tightly controlled hierarchy of powers, but essentially a democracy in both structure and operation.

## 5. The Dual Purpose

Leaders and writers in the co-operative movement over several generations have stressed the doctrine that co-operatives are different from ordinary corporations and capitalist business in general by virtue of their dual purpose, since they are not merely business but business with a social as well as an economic aim. This concept of economic objectives united to a body of social ideas is, in fact, one of the pillars of co-operative philosophy. A leading economist of the last century, Alfred Marshall, expressed it thus: "Other movements have a high social aim; other movements have a broad business basis; Co-operation alone has both".<sup>(14)</sup> A former director of the ICA, writing in 1962, went further still in emphasizing the social side of co-operatives when he wrote: "The real difference between Co-operation and other kinds of economic organizations resides precisely in its subordination of business techniques to ethical ideas. Apart from this difference the movement has no finally satisfactory reason for its existence."<sup>(15)</sup>

However, though they are both economic and social in their aims, co-operatives are primarily economic and must succeed in business in order to continue at all. A co-operative that fails in a commercial sense can hardly be a positive influence in a social way, especially if it must close down operations. Thus, while economic and social are as two sides of a coin, viability as sound business must enjoy prior claim; and in Third World conditions especially, co-operatives must first prove that they can be of economic benefit to people in great need.

Most co-operators will subscribe to the belief that theirs is a business with a difference and that the distinction must be maintained to justify loyalty and support, but almost all will agree that keeping economic goals and social ideals in balance is never easy. A fairly common situation is the co-operative with a divided membership, some members urging greater attention to strictly business matters and others calling for more attention to social concerns. Idealism and business frequently make strange and uneasy partners. In fact, within the co-operative system there is always some tension and at times open conflict between two camps, those who are all for strictly business and economic gains, and those who wish more involvement in social reform.

In some countries in Western society, there are now two quite distinct movements, one of rather large, tightly structured and well established co-operatives whose aim is to compete successfully with capitalist business, and the other, a fairly loose and informal network of relatively small co-operatives which, more or less, ignore the ways of capitalism and aim to fulfill social and community aims instead.

The choice between the two extreme viewpoints is never easy. The co-operative which is all enterprise and no social purpose will likely survive longer than the other but will gradually weaken and disintegrate in the long view; while the co-operative which puts great stress on its social mission and neglects sound business practice will probably collapse rather soon. What is needed, of course, is commonsense balance in the whole system, a blending of economic and social, of business and idealism, of pragmatic managers and lay leaders with vision.

A very common problem with many directors and managers is that of identifying the social concerns and activities that are appropriate for co-operatives. We usually know how to judge co-operatives on the economic side and tell how well or how poorly they do: the balance sheet, operating efficiency, satisfactory service, careful accounting, best use of capital, and all that; but how are we to judge a co-operative on the social side? Who is to say whether it is socially efficient? Where is the

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<sup>(14)</sup> Alfred Marshall (1842-1924); from an address in Ipswich in 1889.

<sup>(15)</sup> W. P. Watkins, in the *Review of International Co-operation*, March 1962.

balance sheet for social concerns, for the elements that we feel and sense but cannot count or calculate?

Co-operatives of the future that wish to match economic with social efficiency would be well advised to keep a number of guidelines in view. The co-operative that scores high from a social standpoint:

- Assists in programmes that help to create community spirit and is involved in broad human and social problems outside the narrow confines of the business;
- Has great concern for education in the broadest sense—and indeed the social impact of a co-operative can usually be gauged by the vigour of its educational activities;
- Does not permit racial or religious discrimination in its employment or operating practices;
- Is associated with democratic and humane causes that benefit other people besides the members;
- Has concern for the poor and makes special provision for helping poor people to become members and benefit from the co-operative;
- Is known as a fair and just employer and a good corporate citizen in the community;
- Supports programmes of international development to help co-operatives in the Third World.

Of course, common sense tells us that there is a limit to what any co-operative can do in the vast field of human welfare and social need. There are situations and conditions far beyond the strength and capabilities of a single co-operative or even many combined. It is better for a co-operative to accept its limitations and attend to what it can do well, than to try to change the whole world and all its woes, and fail in fruitless effort. But this said, there is still a great deal any and every co-operative can do to prove it accepts the idea that Co-operation is a balanced mixture of business enterprise and social concern.

## 6. Co-operatives and the State

There are several reasons why this is one of the most difficult subjects to deal with in discussions of co-operative theory and practice:

- (i) It is the major area of ideological difference and dispute within the co-operative movement as a whole.
- (ii) There is the widest possible variation from one country to another, from those in which co-operatives are relatively free from state control and political interference, to those that are wholly dominated and directed by government and officials.
- (iii) The question itself is a complex one, since the situation varies not only from country to country but also from region to region within a single country, from one type of co-operative to another in most countries, and from one set of circumstances to another at different times.

In short, this is a subject on which there can be no easy answers. Almost every pat and dogmatic statement that is offered on the question needs to be examined carefully and usually must be qualified. What seems to be the correct policy to follow or position to take at one time and place will perhaps never apply exactly at another. The best that co-operators can do is to set broad and flexible guidelines and then allow national or regional movements to declare their policy and various sets of circumstances to dictate pragmatic and reasonable courses of action.

This has been a subject for discussion, study and debate within the Alliance from the beginning of the present century. It was one of the principal topics on the agenda of the 1904 Congress, held in Budapest, with delegates from 22 countries in attendance. At that time the major question was whether co-operatives should accept assistance from government, and the danger of such assistance influencing co-operative policies and objectives. Since then, the whole question has become vastly more complex and controversial, chiefly because of (a) the coming to power of governments exercising central control over the whole economy and most, if not all, business activity; (b) the effort by governments in the newly-independent and poorer countries to use co-operatives as an instrument of rapid economic development; and (c) the growth of co-operatives generally in the last century and their spread in a variety of forms until they touch upon almost all aspects of the national economy in countries where they are well developed. Of one thing we can be fairly certain: the points of contact between co-operatives and the state over the next twenty years will be greater than ever, sometimes in disagreement, sometimes to mutual advantage, and frequently, we hope, for the common good.

This question will reappear in later sections of the paper, but at this stage, while reviewing the general subject of theory and practice, a few of the more important points in the case for co-operatives should be stressed:

- The co-operative movement recognizes the obvious fact that there can be no such thing in organized modern society as *absolute* freedom in economic affairs. Clearly, the state, as represented by the government in power, is responsible for the fiscal management of the national economy. Below that level of control, co-operatives must be autonomous and self-governing.
- In the ideal setting, a co-operative is essentially an organization and instrument of free people, free in the sense that they may enter into business arrangements for their own good and benefit as long as they do not contravene the laws of the state or the rights of others.
- Co-operators have a rightful claim on the state for:
  - (i) Suitable legislation that permits them to organize and operate business enterprises according to the basic principles and methods of Co-operation;
  - (ii) Recognition by the state confirming their legitimacy alongside other forms of business; more specifically, co-operators do not accept the view held by some governmental and legislative bodies that co-operatives are to be regarded as an aberration from “normal” business;
  - (iii) Protection and assistance from the state on behalf of people in need of special help who wish to join and form co-operatives.
- It is one thing for a government rooted in democratic traditions to befriend co-operatives, but quite something else for a regime holding power by despotic force to adopt co-operative organization as an additional instrument of power over people.
- Governments have to learn that they can’t do everything, and one form of enterprise that is beyond their power to run properly is a co-operative. “The experiments multiplying before our eyes show that, no sooner does the state undertake the organisation of the economy, than it has to recognize the limitations of its own power and competence.”<sup>(16)</sup>
- The co-operative kind of business becomes sluggish under the heavy hand of bureaucracy. The co-operative mystique is like quicksilver: put an official finger upon it, and it slips away.

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<sup>(16)</sup>Georges Fauquet, in *The Co-operative Sector*.

- The state should see that the more citizens do for themselves by way of production and other economic functions, the less will be the burden on the state and its apparatus.
- The extreme and most offensive intervention in the affairs of co-operatives comes from government when the political party in power is able to use co-operatives for its own benefit and advantage. Something very precious is lost when politicization of life goes so far that it becomes impossible to distinguish between the state and society.
- Governments and co-operatives should look for collaborative arrangements in enterprise and public service, one complementing the other, with government filling the functions that only government can perform, and co-operatives doing what co-operatives are best able to do.
- On the positive side, there is much that governments can do to promote co-operatives in a sound and helpful way, and indeed there are many examples all over the world of government assisting co-operatives without dominating them. The service of USDA in the United States is a prime example of state encouragement to agricultural co-operatives in a helpful, positive and non-intrusive way.
- During the twenty years ahead of us, assisting and advising governments on relations, arrangements and procedures as between co-operatives and the state should continue to be one of the larger tasks of the International Co-operative Alliance.

The subject "Co-operatives and the state" was again a major topic for ICA discussion, at the meeting of the Central Committee held in Copenhagen, 11-13 September 1978, and a record of the presentations and debate has been published by the Alliance.

## 7. The Co-operative Sector

Co-operative organizations began to take root and grow in the nineteenth century at a time when there was very little state or public enterprise as we know it today, and co-operatives were started solely as an alternative to private business or capitalism. The pioneers of the movement spoke of and planned for the day when the co-operative system of business would gradually win over so many followers, it would be in a dominant position, and would then exert its influence in all fields and finally build a co-operative commonwealth.

There are few co-operators today who have this utopian vision of creating such a commonwealth, at least on a macro-economic or national scale, even though it is still possible and indeed highly likely at the micro-economic level in local communities and small regions. For two changes especially have taken place since the Rochdale Pioneers in England and early co-operators in other countries dreamed of creating a commonwealth: (1) all countries of the world have been organizing many forms of state or public ownership, often at subsidiary or municipal levels, and in some countries public ownership has become the dominant form of business and industry; and (2) capitalism too has changed, or has been forced to change, by power of the state or by employees or by force of public opinion, until it has softened somewhat and is sometimes quite acceptable, even though some of its more objectionable aspects are still as rampant as ever.

In modern times, therefore, the leaders of the co-operative movement think of their system of business in a new light and a more realistic way, as operating in co-existence alongside both public and private enterprise, and the three together forming the total economy. This we usually refer to as the mixed economy, and the co-operative

portion is known as the co-operative sector. The proportion of each of the three parts varies greatly from one national economy to another, and in some countries one or other of the sectors may be very small or scarcely existent, while a dominant sector may be overpowering.

There are some leaders and theorists in co-operative circles who reject this concept of the co-operative sector, but this paper sees it as the pragmatic and normal arrangement in most parts of the world in the future. The co-operative sector viewpoint may be summarized as follows:

- No one sector alone, public, private or co-operative, has been able, up to the present, to solve all economic problems and provide the perfect social order, nor have any two alone. The three together, working side by side and complementing one another, may be able to achieve the best that is humanly possible.
- This theory assumes there are certain functions that can be best performed through public enterprise, and so belong to the state or government at some level. But so also, a very large part of the economy can be owned and controlled directly by groups of people, small and large, organized co-operatively. Similarly, there are certain areas of the economy that seem to respond best to private business and can be safely left to entrepreneurs.
- Co-operatives and government in complementary roles and functions can frequently supply essential public services in the most efficient and satisfactory way. Wheat marketing in Canada, rice marketing in Japan, housing in Poland and rural electrification in U.S.A. are just four examples of this kind of collaboration selected from many, and it is quite likely that this kind of economic arrangement will become more and more common in the future. However, in entering into and operating under all such joint arrangements, co-operative organizations will resist any tendency towards absorption by the state.
- In its ideology, the successful co-operative of the future will be a mixture of pragmatism and idealism, entering into advantageous arrangements with private business for practical reasons, but still uncompromising in its opposition to the main drive that motivates capitalism, that is, the urge for profit-making. It may be noted that one of the largest co-operative wholesales in the world sells as much as 35% of its manufacturing output outside the co-operative system, and we can assume this is a beneficial arrangement for both sides.
- Ideologically, the co-operative sector occupies the middle ground between the other two sectors, in some respects resembling the public sector and in other respects the private, and in general attempting to adopt the most desirable features from both.
- In the co-operative sector context, co-operatives do not stand and are not thought of as a modification of capitalism, but essentially as an alternative to it. But in the past, it must be admitted, too much of the development pattern of co-operatives has been dictated by the example and models of capitalist business, as seen by the terminology, structures, methods and even the titles adopted into the co-operative system.
- While co-operatives stand distinct from private business and are opposed to many of its aims and methods, co-operators recognize that there are gradations of capitalism in the social order. Some private enterprise is grasping, ruthless and thoroughly anti-social, but some too is supportive to the community and not at all exploitative or extortionate in its ways. It should be the



goal and purpose of co-operatives to root out and replace the one but not necessarily the other. Some private business of the small and entrepreneurial type is what we might call capitalism in its benign form and is not fundamentally an enemy of Co-operation, though in Third World countries it is the small traders, especially the moneylenders, who are usually found to be the most rapacious.

- The co-operative position vis-a-vis the state on the one hand and the private sector on the other may, of necessity, have to be at times ambiguous and shifting. Where government is open, democratic and progressive, co-operatives will find many opportunities for agreement, concurrence and joint ventures with the state; but in countries where the government holding power is authoritarian and repressive, the co-operative movement may well be forced to seek alliances with the private sector in order to secure a more just social order, except, of course, in those countries where the regime in power and the private business sector are allies. Let us be clear and unequivocal about it: the ideology of Co-operation is threatened from two sides, extreme statism on the one hand, and overpowering, grasping capitalism on the other.
- Much of the controversy about whether co-operatives are socialistic or capitalistic is futile, for the simple reason that the co-operative system need not justify or explain itself by relation to something else, any more than a river needs further explaining because it does not have its source in a lake.
- It should be noted that the sixth principle in the present formulation of co-operative principles, adopted officially in 1966, ("Co-operation among co-operatives") is a statement in support of the co-operative sector concept.

## 8. Ideological Differences

There remains one question to be discussed in the matter of theory and practice: the fundamental difference between the co-operatives of the Western countries and those of Eastern Europe as a group, and those of the developing countries as a second group, because of connections with the state and the political party in power. It is commonly accepted that the three groupings are in worlds apart in this respect. Let us first consider co-operatives in the socialist countries of Eastern Europe.

Like other institutions, co-operatives tend to take their character and features from the general environment in which they exist. They have the chameleon power of matching or imitating the colour and hue of the milieu in which they are located and have to live. Thus, every co-operative is in some way or another a reflection of a certain cultural and political background, and indeed must fit into its own society in order to survive. This accounts for the considerable difference in co-operatives from one country to another, and seen from a global perspective the variation is great.

This leads some observers to look at co-operatives in another country and judge them to be so different from co-operatives in their own, they may wonder whether those are co-operative at all. Thus, a co-operator from Western Europe or America, assessing co-operatives in Eastern Europe, may condemn them outright because of the influence of the state and the ruling political party. But it is not the view of this paper that co-operative movements in Eastern Europe should be written off, as many outsiders from the West believe, for in truth they only reflect their political environment in much the same way as co-operatives in the Western world reflect theirs. It can be argued that the co-operatives of Poland or Hungary, for example, are affected by the dictates of their setting only to the same extent that co-operatives in Britain or U.S.A. accommodate themselves to the dictates and ways of dominant capitalism. Indeed

there are places and situations in the West where co-operatives regard themselves as simply a variant of the capitalist system, or even capitalism in a regenerated or corrected form.

There is much to be gained, not only ideologically but also commercially, from a free interchange of ideas and information and from detente between the two sides of the global movement that calls itself co-operative; and bringing the two viewpoints together in a clearing-house where they can meet for dialogue should continue to be one of the most important functions of the International Co-operative Alliance, though this was hardly conceived as one of its purposes when it was founded.

One of the matters that should be corrected is the common misconception that co-operatives in Eastern Europe are of rather recent origin and owe their conception to the present political regimes. The historical fact is that co-operatives were begun in many parts of Eastern Europe in the first half of the nineteenth century and were already well established in several countries before the beginning of the twentieth. Of course, the pace of co-operative development in Eastern Europe has been greatly stepped up in the last thirty years and given a strong political orientation, because government in all these countries has made co-operatives, at least certain types of co-operatives, a firm plank in their official economic blueprint, and co-operative leaders and spokesmen on their part regard co-operatives as an essential arm of a fully socialist society. In the West, the co-operative system has to fight to find a place in the economy and has to fight to keep it; in the countries of the Eastern bloc, it is given and secured by the state.

The situation in the developing or Third World countries is in some respects generally the same as, but in other respects quite different from, that just described. In the large and influential presence of the state and government bureaucracy, it is generally much the same. And it is somewhat ironic that many co-operators of the West, who condemn co-operatives of Eastern Europe because of the presence and tutelage of government, have no such reservations in developing countries where official power is just as great, if not greater, as long as their international alignment is towards the West.

A basic difference, however, is that, unlike co-operatives of Eastern Europe, co-operatives of the Third World rarely enjoy the privilege of being in a monopoly position by virtue of exclusive business franchise. Thus, Third World co-operatives ordinarily must operate under the strict control and rules of government but at the same time compete with private business that may be more or less free, and so in this way may be said to have the worst of both worlds.

Further comments on co-operatives in Third World countries:

- The ideal guideline for co-operative development is given in Recommendation 127 of the International Labour Conference at Geneva in 1966. It reads in part: "Governments of developing countries should formulate and carry out a policy under which co-operatives receive aid and encouragement, of an economic, financial, technical, legislative or other character, *without effect on their independence*".
- If it becomes state policy to employ co-operatives as an instrument of economic development in national planning, this should be done in consultation with experienced persons in the co-operative movement, and not unilaterally by state planners. Co-operatives are not always and automatically the best means to use in situations of extreme underdevelopment.
- A system of genuine co-operatives operates as a liberating force in society. Co-operatives that only lead to increased regimentation by the state and interference by its officials are more in the nature of quasi-government

institutions and should be so regarded. Furthermore, their social and educational value to developing peoples is usually minimal.

- “A government-promoted co-operative movement which is not becoming increasingly capable of standing on its own proper economic basis and running its own business safely and successfully cannot be other than a burden on the State.”<sup>(17)</sup>

## 9. Implications for the Future

1. It is important, and indeed imperative, for the co-operative movement to clarify and make known the fundamental concepts, ideology and moral claims by which it operates.
2. The principles of Co-operation need to be formulated as a statement of fundamental precepts rather than operating rules, and set out as an irreducible minimum that applies to all types of co-operatives.
3. The future will call for a great variety of co-operatives of all sizes, with special accent on the multipurpose type at community level.
4. The democratic character of co-operatives must be secured in all aspects and at all levels of the co-operative system.
5. Co-operatives that are not only economically efficient but also socially influential will have the most appeal for the new age.
6. Interaction between co-operatives and the state will be greatly increased and intensified in the foreseeable future.
7. The future development of the co-operative system can be assured only through the building of a cohesive sector in the economy of each nation.
8. In the global co-operative movement of the future, there must be room for a wide range of ideologies.

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<sup>(17)</sup> *Co-operative Information*, ILO, No.2, 1965.



## **Part IV**

# **The Performance and Problems of Co-operatives**

1. The Commitment of Members
2. Democratic Participation
3. The Neglect of Education
4. Communicating the Message
5. The Image of Co-operatives
6. Laymen and Technocrats
7. Relevance to National Problems
8. Co-operatives and the Poor
9. The Co-operative as Employer
10. Sectoral Solidarity
11. Attitude to International Development

*“An unexamined life is  
not worth living.”*

— Socrates

## Part IV

# The Performance and Problems of Co-operatives

In this part, the aim will be to assess the weaknesses and shortcomings of co-operatives, to point out where they are falling short of promise and expectations, and to suggest where there is room for improvement. Though it may appear to be a negative recital of defects, it should be seen rather from the positive side as indicating a self-examination aimed at improvement and progress leading to much stronger co-operatives, both as movement and business enterprise, by the year 2000.

### 1. The Commitment of Members

The foundation of a co-operative rests in a group of people with a common need which they undertake to satisfy by making a commitment to act together in a united way. This commitment must be especially strong when it touches on a vital part of life and living. Thus, in a workers' co-operative commitment must be total, or nearly so, because it means one's livelihood. So also in a housing co-operative—it is a family's home. Also, in many agricultural or fisheries co-operatives, the attachment of members to the organization tends to be strong because of income and livelihood. The individual person usually has to associate with others in order to survive. Martin Buber says: "The individual clings desperately to the collectivity."<sup>(18)</sup>

Commitment is the life-blood of a co-operative, and where it is lacking or weak the organization declines. The difference between 500 people posting their letters in a certain mail-box and 500 buying their food in a consumers' co-operative is that the latter requires a commitment which the other does not. The strength of the bond between member and co-operative is the measure of its success, and obviously is of great importance in accumulation of capital.

Lack of commitment on the part of many members is a common complaint in recent times, especially in consumers' co-ops. Many members just do not seem to care or are casual about their membership. Loyalty is often strained. The fact that many co-operatives must resort to commonplace product-advertising is an admission of weakness, or loss of commitment on the part of members.

The reasons are many and are often subtle and complex. For consumers, it may be the presence of an alternative service; or it may be the acceptance of non-member business, which leaves the members with little advantage to show. In some situations the changing nature and value of the dividend has had an effect on commitment. An old co-operator in Britain puts it this way: "In the co-ops nowadays we have only customers, not members".

Whatever the cause, the factor of commitment is vital, and when it is deteriorating must be studied and perhaps made a subject of careful research.

### 2. Democratic Participation

Another weakness and common worry in co-operatives in recent times, often though not always related to commitment, is declining participation by members. Even in the last century it was noted in some kinds of co-operatives that participation was on the decline and democratic control thus being diluted. The general situation in many co-operatives, perhaps the majority, is that a rather small percentage of members

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<sup>(18)</sup>Martin Buber (1878-1965), in *Paths in Utopia*.

attend meetings, and in some it is difficult to attract the necessary quorum for a general meeting. If participation is an index of vibrant democracy, then far too many co-operatives could be described as undemocratic.

It is fairly easy to identify many reasons for declining participation. Growth itself and structural change to larger societies make participation more difficult. Unless there are mechanisms for decentralizing members' activities, the complexities of large size are a discouraging factor. Like dinosaurs, organizations and institutions can grow too big for their own good. Moreover, the extent to which members can or will take an active part in a single-purpose co-operative is often limited. Cultural traditions may discourage participation by some members, for example, women or youth. And the presence of an external influence, domineering government officers, for example, will cause members to recede into the background and become inactive.

Profound social changes are also making it harder to interest members in taking an active part in just one corner of life's affairs. In many Western countries, it must be admitted, widespread apathy in consumers' societies results from many members having a much wider range of interests than in former days. For an earlier generation, how a family purchased a few food items was an important matter, but it no longer is for affluent middle-class consumers.

### **3. The Neglect of Education**

It is generally agreed that neglect of education is now fairly widespread throughout the co-operative movement in most countries, and it is safe to say that the majority of co-operative systems, except in some Third World countries, are guilty of default in this respect. In many co-operatives education has been mostly a one-shot affair: intense activity and high interest at the start, and waning interest thereafter. While the business speeds into the cybernetic age, education still lingers in a sort of stone age in many places. Few co-operatives can report that educational expenditures have kept pace with business growth, and few can report that educational programmes are as vigorous as thirty or so years ago. There is usually careful attention to the need for setting up reserves to take care of depreciation of physical assets, but often nothing to provide for depreciation of another kind, in human capabilities. A new generation of members will not understand what the co-operative is or why it came about. Goethe says: "One does not possess what one does not comprehend".

Generally speaking, it cannot be denied that education has suffered by being left in the hands of management, where it does not belong. The prime responsibility for education should rest with the board of directors, and the education department or educational personnel should report directly to the board; and education is a particular function which busy presidents might delegate to a vice-president. In the first place, of course, it is the duty of boards to provide the budgetary funds for education, not spasmodically from surplus, but as an ongoing and continuing function of the organization. In the last century, the great political economist J. S. Mill gave as his opinion: "Education is desirable for all mankind; it is life's necessity for co-operators."

But the picture is not entirely discouraging, and the neglect of education, though obvious enough, is not complete, for there remains a certain percentage of co-operatives in all countries where imaginative educational programmes continue to bear fruit in the form of dynamic organization, capable leaders and well informed members.

### **4. Communicating the Message**

Co-operators frequently stop short with surprise when they find that many otherwise well informed people outside the movement know little or nothing about

co-operatives. To leaders in co-operative enterprise, their organizations may appear all-important; to the general public not directly involved in them, co-operatives are more likely to be something they may have heard about but understand only vaguely. For the fact is, that co-operators know how to talk to one another but not to others; they do not seem to communicate easily outside the co-operative circle. The result is great lack of understanding, and often misunderstanding, in places of influence where support is badly needed: in the universities, in government, among economists, journalists and opinion-makers in the mass media.

A particular case in point will bear this out. We can assume that Swedish co-operatives are among the most advanced and progressive in the world in the field of communication. Their literature and published materials are of a high order and circulate freely. Yet, a Swedish public research institution could write as recently as 1979: "Knowledge about the co-operative movement's actual significance is relatively limited. . . This lack of complete and intelligible information on the co-operative movement's development and background as well as current structure and activities has hampered and limited discussions on the co-operative movement's role in Swedish trade and industry."<sup>(19)</sup> The lesson is clear enough: if this holds true of the Swedish movement, how much more accurately does it apply to less highly developed movements. In order to gain strength in the next two decades, the co-operatives of the world must learn to communicate their message more surely, more effectively. We have the ancient warning: "If the trumpet gives forth a feeble blast, who will answer the call to battle?"

## 5. The Images of Co-operatives

What about the images of co-operatives? What do their critics say of them? It is important that we know in order to correct wrong impressions or to mend the ways of co-operatives so as to attract new adherents to the cause of Co-operation.

We must speak of the *images* rather than the *image* of co-operatives, because they appear in many aspects, in different ways and sometimes in strange guise in various lands and places. The important thing here is not what dedicated and serious co-operators believe or imagine but rather the picture that others carry in their mind of the institution called co-operative.

- To some, the co-operative is a retail shop with the identification CO-OP on it—not always the most up-to-date in town.
- To others it is a class institution, mostly for "working people".
- Elsewhere it is looked upon as a farmers' organization only.
- Some critics consider it as an idea that had merit in the nineteenth century but whose day is now past.
- In some places the poor look upon the co-operative as a middle-class business that does not cater to their needs.
- In many parts of the Third World, a great many people think of it as a scheme to get money from government.
- For some politicians it is a convenient stepping-stone to greater power.
- Private business men may look upon a co-operative as a means of escaping taxes which they have to pay.
- In places where co-operatives have had a bad record, they tend to be associated with business failure.
- Very conservative people may consider them the thin edge of radical action.

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<sup>(19)</sup>"The Co-operative Movement in Sweden". SOU (Statens Offentliga Utredningar), 1979:62.



- But people on the Left may look upon them as a buffer institution protecting the status quo.
- And others may brand them as just another kind of Big Business.
- While in situations where the presence of officialdom is dominant, citizens may look on co-operatives as Big Government in a different dress.

And so on—the images of co-operatives that people carry with them are legion. But each one has a meaning for co-operators: perhaps to find the grain of truth in the popular image; or to indicate the kind of information and publicity that is currently required; or to tell what is needed to orient co-operative development in a different direction. The wrong and erroneous image of co-operatives is, of course, a handicap to growth and progress, and it rests with leaders to project an image of the movement that is genuine and true to its purpose.

## 6. Laymen and Technocrats

In theory, co-operatives are administered and run by two quite distinct groups: on the one hand, elected laymen chosen by the members, and on the other, appointed managers and personnel selected by the board of directors. These two together make up the main leadership team of any co-operative, small or large, and in practice the concept of two-pronged leadership, laymen and technocrats, works well in many co-operatives. This is an important distinguishing feature of co-operatives, for other business tends strongly to single management and leadership of a small managerial unit headed by a dominant personality.

The success of the co-operative leadership team depends on certain factors, the prime one being mutual confidence between laymen and management, neither one trying to overstep the authority of the other, management recognizing the board of directors as representatives and spokesmen for the members, and directors respecting management in day-to-day control of the business. In the ideal situation, directors do not try to manage and managers do not dictate general policy, although they should, of course, advise the board. There is thus a balance and a division of responsibilities between the two: management ensures that the co-operative operates as a sound business, while directors, acting as custodians on behalf of the members, ensure that it operates as a good co-operative.

This is the theory and the ideal. The great weakness in too many co-operatives, however, especially in large-scale organizations nowadays, is that the balance is tipped towards management, and technocrats gradually take over policy-making and board functions. In such a situation the directors become a mere “rubber-stamp” for decisions already made by the other half of the team. Thus the control structure that is a vital part of co-operative democracy breaks down.

Obviously, a key question is the ability of elected lay leaders to play their part in a meaningful instead of a merely ritualistic and perfunctory way alongside technocrats and specialists in modern and complex business. This will be taken up in Part VI.

## 7. Relevance to National Problems

No co-operative exists in a vacuum but must operate in a given economic and social environment. It must strive, of course, to modify and improve that environment, but it cannot do so unless it recognizes the overriding problems, first of the immediate community, then of the larger region, and finally of the nation and indeed of humanity itself. In the long view the question will be asked: What have these co-operatives and the co-operative movement as a whole done to help people wrestle with the difficulties of life? What is the relevance of co-operatives to the nation's basic problems?

- The Rochdale Pioneers declared war on adulteration of food. What are consumers' co-operatives doing today to ensure the nutritional value of food products and eliminate twentieth-century forms of adulteration?
- Misleading, wasteful, deceptive and costly advertising is a national problem in many countries, especially in Western society. Are co-operatives guilty of it too? or are they determined to eliminate it from co-operative business?
- The employment of handicapped and disabled persons is a huge national problem in every country, and it is especially gratifying in recent years to hear and read about new schemes being implemented all over the world to provide gainful and creative employment through co-operatives for those who suffer from various disabilities.
- Illiteracy is a national problem, not only in the poor and underdeveloped regions but in the rich and affluent countries as well. The pioneers of the co-operative movement in the last and in the early part of the present century were in the vanguard of adult education and many programmes of popular education. Is there any good reason why they cannot take up the role again in the twentieth century?
- Decent housing for families and individuals with low incomes is a national problem the world over. Co-operative housing for the comfortable and well-to-do does little to solve a national problem, but co-op housing schemes and programmes that include and provide for the poor do.
- The credit union movement in North America pioneered the most innovative systems of low-cost group life insurance for great numbers of people at every economic level. That is an example of helping to solve a universal problem.
- Waste and price-spread between producers and consumers are gigantic problems in all countries and every type of economy. Surely the co-operative way is part of the answer for the people of the world.
- Rural development that touches upon all aspects of life in an integrated way is, no doubt, the greatest single need of the Third World. This is one of the most important tasks in which the world co-operative movement will be engaged in the next two decades and beyond.

Many co-operatives help to provide solutions to massive problems of the nation and humanity, and a few examples are included above. It is relevance to such problems on which co-operatives will, in the long run, be judged. Unfortunately, co-operatives sometimes become part of the problem instead of providing a solution, and this weakness must be weighed in the balance too.

## 8. Co-operatives and the Poor

The question of co-operatives in relation to poverty and the poor is a large subject that has received much attention in recent years, and will be discussed here only briefly in order to bring out certain tendencies that must be considered weaknesses or shortcomings in various co-operative systems in modern society.<sup>(20)</sup> The essential questions are these: Are co-operative organizations effective in combating conditions of poverty? Do they really help the poor? What evidence do we have that they do? or evidence to the contrary?

In the popular mind, there is no doubt that co-operatives are associated with the weaker and the disadvantaged members of society, the have-nots who must organize to benefit more from resources and production. And yet, the fact is that many who are not the poorest and who may even be among the affluent take advantage

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<sup>(20)</sup>The study *Co-operatives and the Poor*, 1977, published by the International Co-operative Alliance, is recommended reading on this subject.

of co-operative ideas and techniques too, and as so often happens in other fields of endeavour or public service, when the affluent move in, the poor move out. Consequently, leaders in co-operative enterprise must be ever on their guard against any policy, procedure or arrangement that is prejudicial to the poor or militates against their best interests.

- It may be noticed, for example, that the poor members in thrift and credit organizations usually find it more difficult than others to obtain loans; they may not be considered credit-worthy on the same level with other members, in spite of the fact that in many credit societies the big borrowers are generally found to be the most guilty of delinquency.
- Some co-operatives may have a high initial capital requirement that poor people wanting to become members cannot meet.
- It is a common complaint that many agricultural co-operatives favour big producers over small or marginal farmers. A United Nations study came to the conclusion that "cooperatives when successful aided overwhelmingly the rich and medium farmers."<sup>(21)</sup> Though the study itself has been a matter of dispute, the criticisms it raised cannot be ignored.
- We sometimes hear of co-operative housing projects, built with the help of public funds because they are going to be "housing for the poor", but which end up occupied by civil servants and others who are not so poor.
- There are many areas of the world that have had various kinds of co-operatives for a long time where the gap between rich and poor is not closing and may indeed be getting even wider.
- The poor, of course, suffer certain disabilities just because of their poverty, and co-operatives that undertake to serve them must take this into account and try in the first place to correct the disabilities.

In short, if there are weaknesses or shortcomings in co-operatives in relation to poverty and the poor, that must be made a matter of urgent concern for those who lead and plan for the future of the movement.

## 9. The Co-operative as Employer

A serious weakness in co-operative business, generally speaking, is relations between employer and employees: not because working conditions in co-operatives are not as good as in other business, for they usually are and are often better; not because salaries and wages paid by co-operatives suffer by comparison with those paid by other employers, for, though the level of pay was frequently low in co-operatives in former times, it is generally as good as and sometimes better than in other business today; and not because there is open hostility between unions representing employees and co-operatives as employers, for in the majority of situations nowadays, dialogue between the two is amicable.

No, the weakness is not for any of these reasons, but rather because the relationship between employer and employees is no different from that in private business generally. Co-operatives claim to be different, and actually are different, in purpose and method, but in matters of employment and treatment of employees, they are usually no different, no more imaginative or innovative than the ordinary company or big corporation. They have simply failed to take advantage of their special nature and unique position as co-operatives. In short, most co-operatives try to be no more than conventional employers.

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<sup>(21)</sup>See *Rural co-operatives as agents of change*, United Nations Research Institute for Social Development, Geneva, 1975.

Consider for a moment the importance of the employee to the co-operative. He/she usually spends about eight hours a day in the workplace, while the member may spend only a few minutes a week. To the average member, the co-operative may be only incidental and not the most important thing in life; to the average employee, the co-operative is the most important thing to his livelihood and security. Moreover, it is from employees that members usually get their impression of the co-operative, and also their only information about it. In other words, except for those who are directors or serve on committees, the only contact the members ordinarily have with the co-operative is through employees, usually at the lower levels of responsibility. In that respect, from the standpoint of member relations, the clerk at the check-out counter is much more valuable than the general manager. In brief, employees are important!

The suggestion made here is that co-operatives should strive to build a new kind of bridge between organization and employees, and indeed they will likely be compelled to do so in the future in order to hold on to whatever advantage they may have in the world of business, trade and commerce. More specifically:

- Directors and management, where they presently do so, should stop thinking of union recognition as a favour to employees, and of the union as the only channel of dialogue with them. The union is only a minimum in maintaining good relations.
- Both board and management should begin thinking of employees as partners in an enterprise that is not like others. Good employees want to be thought of as co-workers, not as mere hired hands.
- In countries where co-operatives are not already legally obliged to provide for employee representation on the board of directors, membership meetings should discuss the advisability of doing so voluntarily. It is proposed that this be decided by members instead of board or management because either or both of these may be biased against such an innovation.
- Senior management should discuss with employees various plans for self-management (*auto-gestion*) and look for opportunities to try out such plans in the workplace.
- In many situations, co-operatives will find that certain parts or operations within the business can be turned over to a workers' co-operative under contract.
- Boards and management will give high priority to opportunities for self-improvement, educational programmes and technical training for employees. Obviously, some of the above will not apply, or will apply only in a special way, to workers' co-operatives, for in them the work force and the membership are one.

## 10. Sectoral Solidarity

In Part III we reviewed the concept of co-operatives as a sector of the total economy in which they operate. This concept is expressed in the present official statement of co-operative principles as "Co-operation Among Co-operatives", the ideal being that various types of organizations must collaborate in a mutually supportive way. Many co-operators look upon the principle as just a pious hope, while others say that it simply states what commonsense would dictate in any case.

But the truth of the present situation is that in many countries, especially in the Western world, co-operatives are not a united movement with the various parts striving to support one another, but all too often a collection of warring and rival bodies, jealous of each other's jurisdiction. Of course, the degree of unity or discord varies greatly from one country to the next. Where different co-operatives carry on business in a harmonious way as part of a larger movement, we see them only doing

what is expected of them; but where they do not, we are naturally suspicious that ulterior or parochial and personal motives can be found behind the outer scene.

Unfortunately, in some countries the co-operative movement is fragmented in a scandalous way, to the extent that various co-operatives not only disagree on fundamental issues but carry on as if they were unaware of each other's existence. Of course, where co-operatives are not united and work at cross purposes, government and official bodies tend to ignore the movement altogether because they know it is enfeebled by division.

Unfortunately, central unions, federations, leagues and councils that are responsible only for non-commercial and co-ordinating functions are often ineffective in overcoming serious divisions, mainly because membership in these bodies is almost always voluntary, and a co-operative or system of co-operatives that wishes to remain apart and go its own way simply stays out. But a finance institution—co-operative bank, central credit or insurance organization—can often succeed in bringing different kinds of co-operatives together where these other centrals fail. Thus, the co-operative bank or other finance co-operative can often play a very important co-ordinating role in addition to its primary function. However co-ordination is achieved, different co-operatives will have to discover that the whole is generally much more than the sum of its parts.

## **11. Attitude to International Development**

Strange as it may seem, the world co-operative movement is not strong at the international level. Co-operatives generally reach their strength at the national level but find it difficult to step over national boundaries to become transnational. But this may not be so strange after all, because co-operative action is so tied to social background, cultural traditions, language and legal arrangements that organization tends to stop at the boundary-line. Co-operatives of various kinds had been operating for many years before the International Co-operative Alliance was started in 1895. One of the contradictions that confound co-operators is that private business rather than co-operatives knows how to co-operate across borders and values most highly the international connection.

This section will deal with only one aspect of international action: aid to new co-operatives in other lands and especially to the people of developing countries. The general picture in this particular field has not been bright. There have, of course, been some gratifying results and excellent examples of people helping people through co-operatives, but the overview is not at all impressive. On the whole, contacts with groups in the Third World have not been strong; the helping hand has not been big and firm. The Second Development Decade has not been a spectacular success, though co-operators may write good reports about it.

Then, who has been responsible for all the development work we hear about in Third World countries? In the main it has been various governments and governmental international bodies, including United Nations agencies. Of course, some national co-operative movements, especially the Swedish, have made a strong effort in international development, but the majority have not come through with plans of significant size; and some that have done a great deal of good work have done it with government funding rather than co-operative funding. Indeed, it may be said, with some considerable sadness, that co-operatives are the only great popular movement that relies largely on external agencies and other institutions to conduct its work of promotion and development activities. The great majority of co-operators who have benefited handsomely from Co-operation have done little to carry the word and the example to others.

These, then, are the present shortcomings and defects of the co-operative movement, the mice and rats that keep gnawing away at the co-operative house. Over the next twenty years, these will undoubtedly occupy a great deal of time and effort on the part of co-operators. No one would expect co-operative leaders to deal with them all so expertly that they will not exist in 2000. Indeed, if the world movement were to attack just one of these weaknesses with such dedication to the task that it was no longer a weakness—say, securing the democratic nature and character of co-operatives—that alone would be an achievement of gargantuan proportions.

But surely a start can be made on most if not all of these weaknesses in the next two decades; and of course other problems which we cannot see today or even imagine will emerge in the meantime. But examining our institutions as well as ourselves in Socratic humility and keeping them in good running order is the price we pay for having them.

## Part V

# Choices for the Future

1. Priority Number One: Co-operatives for Feeding a Hungry World
2. Priority Number Two: Co-operatives for Productive Labour
3. Priority Number Three: Co-operatives for the Conserver Society
4. Priority Number Four Building Co-operative Communities

*"I shall be telling this with a sigh  
Somewhere ages and ages hence:  
Two roads diverged in a wood, and I—  
I took the one less travelled by,  
And that has made all the difference."*

— Robert Frost

## Part V

# Choices for the Future

As leaders of the co-operative movement all over the world enter the decade of the 1980's and turn their sights on the year 2000, they will be keenly aware that they are working under conditions and constraints, mostly not of their choosing, which they must conform to and live with as well as they are able. Certain trends and directions, as we have seen, are already set and there is no escaping them.

And yet, this does not mean there are no choices at all open to co-operators for the future. Indeed, there *are* choices, there are vital decisions still to be made, and the great task of leaders in charting the future will be, first and foremost, assessing and weighing the choices before them. And imaginative leaders are not necessarily faced with a simple either/or situation, that is, they don't always have to choose between two propositions, neither of which they want or like. For there is almost always a third or still another alternative, and for co-operatives the best answer to a problem is often far off in another direction altogether.

What is needed to begin with is some lateral thinking leading to less obvious solutions. For example, the board of a consumers' society may be debating newspaper advertising versus television advertising and the merits of each in allocating budgets, when perhaps the right solution based on lateral thinking might be to have no conventional advertising at all.

This part of the study will concentrate on choices in four areas of fundamental importance and priority: food, employment, distribution of consumer goods and the community environment, and the possible roles that co-operative organization can play in each.

### 1. **Priority Number One: Co-operatives for Feeding a Hungry World**

Few people will argue with the statement that co-operatives have been most successful in the many fields touching upon agriculture and food. If there is any particular business in which co-operatives have proven skills and knowhow it is in the production, processing and marketing of food all over the world. At the producers' end, whether in Europe, Asia, the Far East, Australia, Africa or North America, the largest and most successful co-operatives are those that serve farmers and the agricultural industry. At the consuming end, the Rochdale Pioneers' shop of 1844 offered mostly foodstuffs for sale to the first members. The British co-ops' share of the total retail market today is only about 8 per cent, but in food it is close to 18 per cent. In most other countries, consumers' co-ops are best known for the handling and distribution of food. In North America, most retail co-operatives begin with food and many never get far beyond that. In short, food from start to finish is the enterprise in which co-operatives have the greatest competence and experience. From this premise, certain conclusions and proposals flow:

- Co-operative organizations of all kinds and at various levels ought to take the lead in bridging the gap between producers and consumers. Joint co-operative councils of farmers and urban people should take the initiative in a wide range of problems surrounding the production and distribution of food: marketing costs, price spreads, destruction of food values through processing, extravagant packaging, waste, product research, advertising codes for the



food industry, use of dangerous poisons in farming, the disposal and storage of food surpluses—in fact, any and all matters concerning food from farmland to the table.

- Farmers' co-operatives on the one hand and co-operatively organized consumers on the other should develop comprehensive food policies touching upon everything from protection of farmlands from urban encroachment to long-term planning of supplies.
- As part of Priority Number One, national co-operative movements of the world should give first place to development programmes assisting the organization of peasants and small farmers of the Third World.

In summary, there are good reasons for predicting that, from a global viewpoint, the most valuable contribution of co-operatives to mankind by the year 2000 will be in food and the conquest of world hunger.

## 2. Priority Number Two: Co-operatives for Productive Labour

One of the most significant and far-reaching changes in the world co-operative movement in the last two decades has been the rehabilitation of the entire concept of workers' co-operatives. From a position of benign neglect during seventy-five or more years, they have returned to a place of high esteem in the mind of many co-operators, and much can be expected of them in the remaining years of this century. Here it is suggested that, next to food, employment in various kinds of workers' industrial co-operatives will be the greatest single contribution of the global co-operative movement to a new social order.

The late nineteenth and early twentieth centuries were unkind to workers' co-operatives and many of them collapsed and fell by the wayside. A particularly unhappy aspect of their decline in Britain was the treatment they received at the hands of two organizations, the trade unions and the CWS, which should have been counted among their friends and supporters.<sup>(22)</sup> Two generations of co-operators were brought up to believe that workers' productive societies were doomed to failure and would never amount to much.

The turnabout began to be seen in the 1950's in several European countries, and also in the Third World. The Mondragon complex in Spain showed workers' co-operatives at a new level of sophisticated industrial development. Governments began to turn to them to rescue ailing capitalist industries. The output of new literature about them is quite amazing, even in the United States, where one might not expect much enthusiasm for them. An unofficial count in Britain shows that about 400 workers' co-operatives have been formed in recent years, where they were pronounced dead, notably by the Webbs, in the last generation.

It is not too much to forecast that the rebirth of workers' co-operatives will mark the beginning of a second Industrial Revolution. In the first, workers and artisans lost control of the instruments of production, while ownership and control passed into the hands of entrepreneurs and investors. Capital employed labour. Workers' co-operatives reverse the situation: labour employs capital. Developed on a massive scale, these co-operatives will indeed usher in the new Industrial Revolution.

Something of the meaning and significance of workers' co-operatives is caught in a booklet of the British Scott Bader Commonwealth, which is akin to such a co-operative in both spirit and operation. It reads in part:

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<sup>(22)</sup>For an account of the struggle between the CWS and workers' co-operatives in the nineteenth century, see *Christian Socialism and Cooperation in Victorian England*, by Philip N. Backstrom. London: Croom Helm, 1974.

"In a broader sense, however, the Commonwealth is an ideal we are working to achieve. It is a visionary concept of a working community of mutual trust and co-operation without the divisions between owners, management, and workers that exist in traditional companies. It is neither capitalism nor socialism though in some respects it is a bridge between the two. Today, as industrial conflict increases throughout the world, more and more men of all shades of political opinion are beginning to question both the structure and purpose of traditional industry. There is renewed discussion of co-operatives, common ownership, co-determination, workers' control, community control, participation in management, and industrial democracy. . . . "The move towards new industrial concepts affecting the relationship between owners, manager, and workers has greatly increased during recent years. One of the best known examples is the John Lewis Partnership. As well as comprising the famous Oxford Street store, it includes many other large departmental stores now owned by the Partnership. All the many thousands of employees are partners, i.e. owners, and can contribute towards the management of the enterprise. In Yugoslavia for the past twenty years industry has been run by directors elected by workers' councils. In Israel there are industrial and agricultural Kibbutzim, and in China industrial and agricultural communes."<sup>(23)</sup>

Seen in this light, the new workers' co-operatives, or the old workers' co-operatives revived, are more than just another kind of co-operative: they become the basic structure of a new kind of industrial democracy, in which workers are owners as well as employees. And reports indicate they are becoming virtually worldwide, in several countries of both Eastern and Western Europe, throughout the Third World and in a few parts of the Americas. A recent article on industrial co-ops in China says:

"In Kunming as a whole there has been a sixfold increase in employment in producer co-ops since 1970. They now have nearly 27,000 workers employed in over 700 enterprises. . . . Co-ops also produce many different kinds of clothes besides children's, as well as plastic, rope, carpets, furniture and domestic appliances. Then there are hundreds of small co-ops engaged in the repair of almost every conceivable kind of object. . . . and other small ones which own and run restaurants, tea shops and wine shops. . . . They have so far avoided a single failure of any of their businesses. . . . China has far more members of co-ops than the rest of the world put together. . . ."<sup>(24)</sup>

A great deal of official thinking on industrial development nowadays points in the direction of worker-owned industry. A spokesman for the present British Government said recently: "What we are now developing in Government is an approach which will encourage all workers to move out of the age of wage-subservience and into the age of ownership and independence."<sup>(25)</sup>

But workers' co-operatives touch upon an inner need that is even deeper than employment and a feeling of ownership, that is, the connection between the human personality and labour. At a 1978 UNESCO conference on "The challenge of the year 2000", a professor of the University of Bucharest spoke of "the need to achieve a proper harmony between physical and intellectual labour, and to include in every model of supreme values the idea of work as an indispensable part of life and of a

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<sup>(23)</sup>From a booklet *A Kind of Alchemy*, by Scott Bader. Wollaston, Wellingborough, Northamptonshire, England.

<sup>(24)</sup>Michael Young, "China's co-op shops". *New Society*, 1 November 1979.

<sup>(25)</sup>As reported in *The Times*, 3 March 1980, p.2.

complete human personality."<sup>(26)</sup> The idea of a workers' co-operative, as compared to the conventional relationship between employees and the workplace, touches very close to the speaker's meaning.

However, enthusiasm for the concepts surrounding workers' co-operatives should not blind would-be organizers and promoters to the fact that they are perhaps the most intricate and difficult of all forms of Co-operation to run smoothly and successfully—and the high rate of mortality in the early attempts is evidence of this. Many of the underlying difficulties in connection with, for example, shareholdings, hired labour (non-members), distribution of earnings, distribution of residual assets, repayment of capital and creation of reserves, are discussed in a recent issue of the journal *Public Enterprise* by a prolific writer on the subject of Workers' Co-operatives.<sup>(27)</sup>

### 3. **Priority Number Three: Co-operatives for the Conserver Society**

#### (a) *The Present Situation*

The global picture of consumers' co-operatives is spotty, with large grey patches and empty spaces between dappled areas. By far the largest concentration of them is in Europe, but even on the European continent they are relatively weak in the southern parts. Transplanting the methods and mystique of Rochdale has never been found easy, even though there have been many enthusiasts working at it for well over a century.

Even in countries where other types of co-operatives flourish, the consumers' kind generally lag behind. In the USA they are not of great importance alongside the giant agricultural and quite large credit and insurance co-operatives. In Canada they are well developed in some parts but not in the most populous central provinces. In Japan the consumers' movement is not large compared to the highly developed multipurpose agricultural co-operatives, though they do about 20 per cent of the business in the smaller places where they operate. In the Third World, they are still no match for the entrenched power of countless small traders and big multinational companies.

In the birthplace of the movement, Great Britain, the consumers' movement, though still very large, especially in food, seems to have reached a plateau. In Northern Europe generally they are strong and vigorous, but in two countries, West Germany and the Netherlands, they have suffered severe setbacks. In two countries with strong economies and a high standard of living, Austria and Switzerland, they are doing well.

Many observers believe that consumers' co-operatives during the next couple of decades will have difficulty keeping their present share of the market and may encounter serious setbacks.

#### (b) *The Background*

At such a crucial time as this, it is important to review the philosophy and objectives of the Rochdale system. The Pioneers launched themselves into retail business with one general goal in view: to reform society by changing the business of buying and selling, and to replace the sales power and profits of private business with the purchasing power and savings of consumers. A rallying-cry addressed to the

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<sup>(26)</sup>Mircea Malitza, in "The present exploring the way of the future". *Suicide or Survival*; Paris: UNESCO, 1978.

<sup>(27)</sup>Paul Derrick, "Towards a Co-operative Consensus", *Public Enterprise*, Journal of the Public Enterprise Group (British section of CIRIEC), Number Sixteen, April 1979.

British working class during the formative period of the consumers' movement summed up its philosophy thus:

"Your greatest weapon is your purchasing power, provided it is organized; unorganized, it is a weapon that is used to keep you in subjection".

In the last and well into the present century, consumers' co-ops won the loyalty of members and measured their success largely by their ability to redirect profits and pay dividends, and the capital necessary for growth and development was accumulated mainly by the reinvestment of surplus earnings. As well as building a huge wholesale structure, the retail societies also formed the basis for a wide range of co-operative services, notably in the insurance business and banking.

But the British system, once the flagship of the world co-operative movement, appears to have sailed into the doldrums. In recent years it has had great difficulty attracting a larger share of the market. Its clientele has changed: from serving a solid working-class membership in the nineteenth century, it has shifted more and more to serving an affluent class in the twentieth. There is now greater dependence on non-member business and off-the-street trade. The co-op shop is threatened by price competition, while the importance attached to the dividend has almost vanished. Instead of being a distinct movement of consumers, the system is seen as just another big business struggling for its share of the market and using the same methods as other business to attract customers.

The older source of capital, the savings of members left for investment, is drying up and there is now greater dependence on the pension funds of employees for working capital. To meet stiff competition, there has been a steady trend to mergers, larger societies and concentration. This in turn makes meaningful participation by members more difficult. There is widespread alienation and indifference on the part of members, and attendance at meetings is generally low. Like a dinosaur in a changing environment, the system seems to have great difficulty adapting itself to a different climate and milieu. A critic writes: "Consumer co-operatives in particular have undoubtedly lost momentum in this century. . . the image remains obstinately antiquated. . . where now are the new departures, the innovations, to come from?"<sup>(28)</sup>

(c) *A New Orientation*

The suggestion that there may be an inherent weakness in the consumers' co-operative as an instrument of social and economic change is nothing new. Writing some years ago, Martin Buber drew this conclusion:

"... the Consumer Co-operative Society is least suited in itself to act as a cell of social reconstruction. It brings people together with only a minimal and highly impersonal part of their total being. . . the Consumer Co-operative is concerned not with consumption proper but with purchases for consumption . . . as soon as common purchasing becomes a business, responsibility for which passes to the employees, it ceases to unite people in any significant sense. . ." <sup>(29)</sup>

Further he says:

"Common production of goods implicates people more profoundly than a common acquisition of goods for individual consumption. . . Man as producer is by nature more prepared to get together with his kind in an eminently active way than man as consumer. . ."

If Buber is right in his analysis, the consumers' co-op must be connected to its membership in a more intimate and organic way than through the mere purchase

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<sup>(28)</sup>Michael Young and Marianne Rigge, in *Mutual Aid in a Selfish Society*.

<sup>(29)</sup>*Paths in Utopia*, p.77.

of goods. This statement does not question the validity of Rochdale, but it does recognize the enormous change that has taken place since the days when the daily purchase of basic foodstuffs was of great economic importance to the average family. Nowadays the cost of housing, for example, in Western society is generally of far greater weight than food in the family budget. So, if there is a weak and rather casual relationship between member and organization in a conventional consumers' co-op, it is due to the nature of the institution and its inherent qualities, and these cannot be substantially corrected by larger size, a more aggressive price policy or increased advertising alone. The consumer co-operative needs a new orientation as well, and a setting in which it will be only one of a wide range of community services, as will be proposed in the next section.

In addition, the following are some of the major points about consumers' co-operatives that need to be carefully examined and researched:

- Where a high volume of non-member business is carried on, it should be regarded as a source of weakness rather than of strength. The conventional consumers' society is the only type of co-operative that comes to depend on a substantial proportion of non-member participation (in some countries, it is ruled out by legislation). And where officials and members argue that a distinction is maintained because non-members do not share in the surplus, this too is another weakness rather than a virtue.
- The entire concept and practice of paying dividends needs to be reconsidered. Marking up the price of goods and later reducing it by payment of a dividend is purely a mechanism, not a co-operative principle. The principle lies in the non-profit nature of the co-operative itself, and this can be achieved in a number of better and more equitable ways than by patronage refund. Furthermore, issuing trading stamps as dividend is only jumping from frying-pan to fire and should have no place in co-operative business.
- In their effort to be as much like conventional private business as possible—or “as good as private business”, as is often heard—many consumers' co-ops have failed to see the great advantage in being *different*. In other words, co-operatives may be losing a battle because they try to meet a foe on his ground using his weapons—costly advertising, loss leaders and sales gimmicks, for example—when they should be concentrating instead on serving members in a simpler and more economical way, as co-operative ideals would dictate. In former days, the British movement advertised with the slogan “The dividend makes the difference”. Perhaps the time has come to consider another motto instead: “The difference is the dividend”.
- Many consumers' co-operatives the world over suffer from lack of capital, and those that are obliged to borrow money at today's high rates of interest are going to be under a heavy handicap in this period. They might take a leaf from the book of successful farmers' marketing co-operatives everywhere: financing by check-off on the quantity of goods or products handled. A group of consumers' co-ops in North America is doing this, with considerable success.
- Some boards of directors might be encouraged to test the arrangement whereby the present employee function in the Consumers' Co-op would be turned over to a workers' co-operative under contract. This would mean creating a completely new relationship between the work force, on the one hand, and the board, management and the workplace, on the other.
- The time has come to re-examine the concepts and assumptions of an earlier age directed by the philosophy of “the primacy of the consumer”. The simple

rule that the consumer should get value for his money is, of course, sound commonsense; but where concern for the consumer is extended to absurd and extravagant lengths to satisfy every whim, love of conspicuous consumption and waste of precious resources, the co-operative society should have none of it. Surely there are better ways to employ modern technology than—taking an ordinary, everyday example—arranging paper tissues in seven different colours in variegated boxes. If the world has to be run on a leaner mix, let consumers' co-operatives, by emphasis on economy and frugality, abandon the frills and waste of the post-industrial consumer society. The customer is not always right; the consumer often has to be protected from his/her own bad habits and desire for pampering and self-indulgence. In an affluent and surfeited society, a consumers' co-op may be judged on its impressive sales. In a less indulgent and perhaps saner society, it may be judged as well on what it refuses to sell.

#### **4. Priority Number Four: Building Co-operative Communities**

##### **(a) *Three Certainties***

In a world full of doubts and uncertainties, there are still some things one can be quite sure of, if not absolutely sure, and at this point we shall consider three. The first is the certainty that the world of the future will be mainly urban. The great majority of mankind in the next century will be living in large towns and cities, even though there is a noticeable movement back to the land in some countries. Demographers predict that sometime before the year 2000 the point will be passed when the rural population of the globe will no longer be in the majority. In the countries that are highly developed industrially, the urban population will be over ninety per cent of the total, and the tendency will be for people to be concentrated in a relatively small number of very large cities. This is already an established fact in many countries. Thus, if co-operatives are going to be of any importance in the economy of the year 2000, they must operate by serving both urban and rural people.

The second certainty concerns the influence of co-operatives, based not on a prediction of the future but on what has already taken place in the past. The certainty is that no one type of co-operative alone is capable of bringing about substantial change in the prevailing economic system and social order unless it be the rural multipurpose co-operative, and that is not a single co-operative but a conglomerate of co-operative services combined in one; there is also the Kibbutz, which is a form of co-operative with great power to effect fundamental change, but it is a special case that is not likely to have universal appeal.

There is ample evidence that any one kind of co-operative by itself is a weak reed on which to depend for the reform and improvement of society. Throughout the last century in Great Britain, it was widely predicted that the consumers' movement was going to change the face of the land. Even a prime minister said that the co-op shop was the greatest discovery of the nineteenth century, but Gladstone would be disappointed to see how ineffective it has become in the twentieth century as an instrument of change and progress.

In India, a whole generation of reformers thought that rural poverty would disappear under the impact of credit societies—the moneylenders would be checked and their power brought under control by a massive system of co-operative credit. But nobody today believes that credit societies alone can do more than scratch the surface of rural poverty. Similarly, fifty years ago another group of enthusiasts in North America said they were going to bring about great economic changes through the power

of credit unions, but though they have become very big and even powerful in some regions, nobody can claim that credit unions have brought about fundamental economic change in the dominant pattern of North American finance.

Many other examples of dashed hopes and lowered expectations could be cited all over the world as a result of people imagining they can do wonders with just one facet of the co-operative idea. The fact is manifest and clear: people must employ a variety of co-operative instruments and a whole spectrum of organizations in order to benefit fully from Co-operation and make a strong impact on the economic and social environment. The countries where Co-operation is in the ascendancy or counts for something are those in which it appears in various forms and with many functions.

The third certainty concerns planning and organization, and the level at which planning takes place and organization is formed. In the past several decades, especially since the end of the Second World War, there has been strong emphasis on planning, but mainly national planning and regional planning, all at a high level. Co-operative movements have been planning too, again mostly at national and state levels, but much less at district or local level, such was the confidence in planning at or near the top.

Nowadays, however, because of the pile-up of current problems and general disillusionment with high-level planning, less attention will likely be given to macro and much more to micro-level planning. Many of the big changes and new ventures start in the little places. About a year ago, an article in *The Economist* stated: "Grand economic planning is long dead. . . The industrial strategy is essentially 40 or so sectoral micro-strategies, worked out mainly by people in the sectors concerned. . ." <sup>(30)</sup> Arguing in this vein, a strong case can be made for planning for co-operative development at the community level.

Putting these three certainties together suggests that co-operative development in the future must involve great numbers of urban people and planning for community organization of a wide variety of co-operative services. The end of the planning should be the creation of co-operative communities, not in the sense that Robert Owen would understand community, but in the sense of typical urban groupings, neighbourhoods and districts using many kinds of co-operatives to the extent that the co-operative way becomes a very important, if not dominant, factor in the lives of those involved. It is this line of reasoning on which Priority Number Four is based: Building Co-operative Communities.

(b) *The Co-operative Community*

The large city is essentially an agglomeration of human beings who, in the average or typical situation, have only casual relationship and are often total strangers. For many urbanites, the city is a sea of loneliness and alienation. There is usually no bond other than proximity holding them together. To most people, where they live in the city may be a certain apartment building, a neighbourhood, a suburb, but rarely a living community in the same way that a village is a community. The great objective of co-operatives should be to build community, create villages, many hundreds of them, within the larger urban setting. Around many economic and social needs, co-operative organizations can be formed which will have the combined effect of creating community. Co-operatives of all kinds will have the effect of turning a neighbourhood inward to discover its own resources and start the services required. The co-operative idea, of self-help, sharing common interests and needs, can be the social adhesive holding an urban area together and transforming it into community.

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<sup>(30)</sup> *The Economist*, February 24, 1979, p.70.

To make a strong impact on the urban population, to the point of creating what would be regarded as a co-operative community, the approach must be comprehensive, in a way comparable to that of the rural multipurpose co-operative in Japan, for example. The conventional consumers' co-operative will not be enough, for it leaves the city-dweller exposed or untouched on so many sides.

Consider what the rural multipurpose co-operative does and what it provides in the typical Japanese setting. It provides farming inputs and markets the agricultural product; it is a thrift and credit organization, an insurance agency, a centre for consumer supplies; it provides medical services, and hospital care in some places; it has extension and field services for farmers, and a community centre for cultural activities. In short, this kind of co-operative embraces as broad a range of economic and social services as possible. Life for the rural people and the whole community would be entirely different without such a co-operative.

It is not suggested that such a broad range of services and activities in an urban area could be administered under a single multipurpose society, but many of them could be housed in a co-operative services centre within easy reach. The general objective should be to help create an identifiable community served by many types of co-operative organization: housing, savings and credit, medical services, food and everyday household needs, daycare, baby-sitting services and nursery schools. Provision would be made for branch operations of national co-operatives, especially insurance, banking and trust services. In addition to the various departments of a well developed consumers' society, such as restaurants and funeral service, there could be a variety of workers' co-operatives, for example, repair service for household appliances, bakery, barber shop and hairdressing parlour, shoe repair, dry-cleaning and auto repair. Thus many co-operators in the area would be engaged as producers or workers as well as consumers.

As the whole complex develops, provision could be made for a hobby and crafts centre, recreation and cultural activities, an artists' gallery, music centre, library and reading room specializing in co-operative literature and the personal interests of members in the vicinity. In the modern city, all sorts of services, recreation and cultural activities tend to be widely dispersed and the residential parts reduced to a sort of dormitory suburb. In the setting envisioned, many of these services and activities would be drawn together and returned to a living and working environment, creating a co-operative economy of micro-proportions. To some extent, dependence on the automobile would be reduced and people would find many of the daily necessities of life within walking distance or close to public transport. The aged, elderly and handicapped would find themselves in a living and working environment. Within the city a village would be created to which people could easily relate and feel attached.

The main concrete proposals and recommendations of the study are contained in this part. To recap them:

1. In the years ahead, co-operatives everywhere should concentrate especially on the world problem of FOOD, all the way from farming to consumer. It is an area of great human need in which the co-operative movement is in a position to give world leadership.
2. Workers' productive and industrial co-operatives are the best means to create a new relationship between workers and the workplace, and to bring about another Industrial revolution.
3. The traditional consumers' co-operative should be oriented in such a way that it will be doing something more than merely trying to compete with a capitalist business. It will be known as a unique and different kind of business and will serve only members.
4. To serve the urban population, there should be a cluster of many different kinds of co-operatives that have the effect of creating villages within the city.



## Part VI

# Major Issues and Crucial Questions

1. Where are the leaders for future development?
2. Will co-operatives be able to communicate their message?
3. Can education be stimulated and enlivened?
4. What is the proper role of government?
5. Where will the necessary capital come from?
6. Will a special kind of management be needed?
7. What of the place and role of women in co-operatives?
8. Who will aid Third World co-ops?
9. What is to be the future role of the ICA?
10. What is the relevance of co-operatives to the future?

*“The health of a democratic society may be measured by the quality of functions performed by private citizens.”*

— Alexis de Tocqueville  
(1805-1859)

## Part VI

# Major Issues and Crucial Questions

The final part will be a summing-up and stressing of the main points raised throughout this study:

1. **Where are the leaders for future development?**
  - The very nature of co-operative organization calls for elected lay leaders alongside the employed professionals. In the past twenty years, great attention has been paid to recruitment and training for the second group, but very much less for the first. In the next twenty, priority must be given to processes by which volunteers of high calibre emerge and move into leadership positions.
  - There must be a great body of lay leaders, women as well as men, not just to make a success of co-operatives, but also to work towards the building of a new kind of society. The best leaders will not see co-operatives as an end in themselves but rather as a means to a better social order. Without lay leaders, the business leaders and technocrats will tend to judge and direct co-operatives largely as business dictates. The urgent contemporary problems of co-operatives must cease to be the exclusive preserve of experts and technicians and become the concern of rank-and-file people as well.
  - It is not too much to say that the quality of co-operatives will depend on whether first-class leaders are leading them, not necessarily supermen but democratic leaders who share responsibility with others in groups and teams. It is said that first-class leaders attract first-class people to work with them, but second-class leaders attract third-class people to work under them.
  - For the training and preparation of lay leaders, co-operative systems that are affiliated to educational institutions and programmes of continuing education will have an advantage over those that do not.
2. **Will co-operatives be able to communicate their message?**
  - It is hard to find anyone who thinks that co-operatives are communicating as well now as they did forty or so years ago. Co-operators were quite effective communicators in the age of the mimeograph machine, but the age of electronic communication seems to have passed many of them by.
  - It is said that every institution depends on its ABC's: A for administrators, B for businessmen, and C for communicators.
  - The conventional house-organ of a co-operative business system is often a singularly ineffective means of communication, even with members.
  - The printed word as a means of communication seems to be most effective when it is either a rather small intimate newsletter at the community level or a serious journal for the leadership group.
  - Conventional radio and television advertising that merely tries to outdo or compete with other business will not likely be the best way to communicate the co-operative message in the future.
  - In the coming years, national movements and the larger business systems will need to publish journals of research and futurist studies.

3. **Can education be stimulated and enlivened?**
- Probably not, as long as it is limited to purely commercial matters and only the concerns of business, but it can if education is taken in its broadest possible sense.
  - A co-operative society that is not an educational institution as well as a business is missing a great part of its potential role in society.
  - In a country that exists under a harsh and repressive regime, a good educational programme must be, to some extent at least, subversive.
  - "Great efforts must be made on an unprecedented scale to educate people for the future."<sup>(81)</sup>
  - If the board of directors does not take a deep interest in education and accept responsibility for it, it is in great danger of being neglected altogether.
4. **What is the proper role of government?**
- To encourage, befriend, and sometimes assist with financial support, but never dominate, direct or try to manage.
  - In the next twenty years, relations with government will likely become a major problem with co-operatives in many countries.
  - Co-operatives that aim to improve the condition of the poor will need special assistance from government, but again, it must be assistance without bureaucratic and intimate supervision.
  - If co-operatives are to be used as strong instruments of economic development, experienced co-operators must be involved in national planning.
  - All too often, the strong embrace of government ends with the kiss of death for co-operatives.
5. **Where will the necessary capital come from?**
- In the long run, from the members themselves. People who use the services of a co-operative without helping to finance it are only a burden to the association.
  - Workers' co-operatives especially will have to build up strong systems of self-financing over long periods.
  - A strong system of thrift and credit is an essential foundation for all co-operative development, even though it may not be the first step in situations of extreme poverty.
  - As long as interest rates remain excessively high, co-operatives that employ a great deal of borrowed capital will be at a serious disadvantage.
  - Every system of co-operatives should be structurally affiliated to a system of co-operative credit and banking.
  - Co-operatives that have an automatic method of capital formation built into their operation, in preference to accumulating capital from profits, will have a great advantage in the future.
  - Co-operatives of the future will require a well developed system of international banking.
6. **Will a special kind of management be needed?**
- Yes, if co-operatives are going to be essentially different from other kinds of

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<sup>(81)</sup>Mircea Malitza in *Suicide or Survival*, p. 119.

enterprise. Managers and business leaders in the movement will need the competence and technical skills expected in other business, plus a good understanding of co-operatives and their unique place in the business world.

- Managers in large-scale capitalist business generally have far greater control than the owners. In co-operatives they must respect members as owners and share control with elected leaders. Leadership in co-operatives is largely a matter of team-work.
- In large co-operatives of the future, senior management will be guided by teams and the central task will be the responsibility of men who are especially skilful in co-ordinating decisions of great complexity.
- Some phases of management training should include elected leaders along with employed personnel.
- Management in the future will have to give special attention to the strengthening of democracy in the workplace.

**7. What of the place and role of women in co-operatives?**

- Co-operatives in which the talents and capabilities of women are given full play will enjoy great advantages in the future.
- In certain parts of the world, there is evidence that some types of co-operatives, housing for example, make very rapid progress under the influence and leadership of women.
- Participation in all aspects of Co-operation should be on equal terms as between women and men. A special and separate role for women should be continued only where cultural and religious traditions dictate it.

**8. Who will aid Third World Co-ops?**

- Ideally, direction and policies should come from the co-operative movement itself, with assistance from other bodies, especially United Nations agencies.
- The ICA should be placed in a position by its member organizations to play the principal role in co-ordinating aid to the Third World.
- In general, aid programmes suffer for lack of co-ordination and concentration over a sufficiently long time.
- Bilateral aid between governments appears to be the least satisfactory form for the establishment of genuine and stable co-operative movements. What is needed is much more people-to-people aid.

**9. What of the ICA in the future?**

- The global co-operative movement of the future will continue to need an effective coordinating body and clearing-house to ensure sound growth and development in all parts of the world. This is the historic task of the International Co-operative Alliance. The Central Committee should consider the advisability of having a study made to review the present role, structure and financing of the ICA, especially as it relates to the international problems of the future.

**10. What is the relevance of co-operatives to the future?**

- One of the strongest tendencies in modern economies is towards the convergence of the two most powerful institutions: Big Business and Big Government. The only alternative left to citizens is to form groups of their own, especially co-operatives.

- Nothing is more precious in life than the individual person, but each of us will find that he needs the group to shield and save his individuality from being crushed into the mass. “The unsociable species”, says Petr Kropotkin, “are doomed to decay”. (*Mutual Aid*). The vital unit for survival in the future will be the community, the group.
- In an age of terrifying corporate power, the co-operative way is the only means by which great masses of people can exercise and enjoy corporate rights, and moreover, do so without exacting toll from one another.
- Many present-day trends lead us to endorse, with considerable confidence, the view of the British economist Alfred Marshall (1842-1924): “The world is just beginning to be ready for the higher work of the Co-operative Movement.”





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# **Co-operation of the Socialist Countries in the Year 2000**

Joint Document of Central Co-operative Unions  
and Societies of Bulgaria, Hungary, GDR, Poland,  
Czechoslovakia and the Soviet Union

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# 1. Cooperation — Integral Part of the Political and Economic System of Socialist Society

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I. 1. Inherent in the development of all socialist countries are general **law-bound regularities**, manifested in different forms, which answer the historical conditions and specific national features of the individual countries.

The intensive development of productive forces and the continuous improvement of production relations in each country, the building of a developed socialist society in the Soviet Union and the entry of the majority of socialist states into this high developmental stage is a natural result of the political and economic development of socialism.

One of the basic laws in the development of the socialist countries is the application of **cooperative forms of management, ownership and democracy** at all stages in the building of socialism and communism.

I. 2. Being self-governed associations, the cooperatives are built on voluntary, individual membership, on their members' material contribution to the property foundation of the organization in the form of members' fees or socialization of the means of production, which, for example, are contributed when joining an agricultural production cooperative, and also on participation in running the affairs of these organizations, either directly or through elected bodies.

The Constitutions of the socialist countries contain legal norms, important theoretical and practical conclusions, defining the status of public organizations, cooperatives included. For instance, the Constitution of the USSR clearly formulates the place and role of these organizations in the political and economic systems of society, in the implementation of the basic rights, freedoms and duties of citizens. The Constitution protects and helps to develop cooperative ownership on the part of the state, grants cooperative organizations the right to legislative initiative, to the nomination of candidates for deputies to state bodies of power, to participation in the solution of political, economic, social and cultural matters.

The Constitution of the Polish People's Republic says: "The Polish People's Republic supports the development of various forms of the cooperative movement in town and countryside, and also gives it all-round assistance in the ful-

filment of its tasks, while ensuring cooperative property, as public property, special support and protection.”

The Constitutions of the socialist countries promulgate the right to the free development of cooperatives, recognizing them as an important constituent part of the political and economic system of socialist society, one of the effective means of building socialism and communism.

A number of socialist countries have enacted laws pertaining to cooperatives, envisaging the protection of their rights and regulating their relationships with state and other organizations.

The economic system of the socialist countries is based on socialist ownership of the means of production in the form of state (public) and cooperative property. Having the same social-economic character, these two forms of property differ in the level of socialization of the means of production and exchange, in their specific ways of forming key and circulating assets and in methods of management. As the socialist countries advance towards communism, the development of cooperative property will steadily approach higher levels of socialization, and approach state forms of property. This, however, is a lasting process and in the long-term context one must proceed from the premise that cooperative organizations will continue their vigorous development.

1. 3. As a result of the preceding, qualitatively new relationships have shaped out between the cooperatives and the state in the socialist countries. Underlying these relations is the fact that the two prevailing forms of property — state and cooperative — are actually of the same type, and the community of interests and tasks of the state and the cooperatives in tackling concrete problems of the society's economic and social life. They are friendly, are characterized by socialist mutual assistance and collaboration, and open unlimited opportunities for the development of the productive forces and ensure the attainment of the common goal of the socialist state and the cooperative movement — the best possible satisfaction of the material and spiritual needs of the people, including members of cooperatives.

As part and parcel of the national economy, having common goals with the entire socialist society, the cooperatives are also developing under the impact of socialism's inherent economic laws, including the law of planned, proportional development. A characteristic feature of this law is proportionality, the achievement of a balance between individual spheres and branches of the economy. As applied to the cooperatives, this means that they agree and coordinate their economic activities through the single national economic plan with the entire life of their respective countries.

At the present stage an increasing role goes to comprehensive long-term purpose-oriented programmes for tackling the most important economic and social problems, for the solution of which the cooperatives are also working. Considerable practical experience has already been gained in long-term planning of coopera-

tive activities. It is on these principles that a draft plan for the development of the cooperative movement is being elaborated in the socialist countries for the period till the year 2000.

The spheres and branches of cooperative activities in the socialist countries extend to agricultural supply, sale and services, the manufacture of consumer goods, trade and public catering, the purveyance and processing of agricultural products and raw materials, housing construction, minor credits, fishing, tourism, etc.

I. 4. Cooperatives in the socialist countries are developing dynamically, their membership is growing, just as their key assets are, and the physical volume of economic activities is increasing.

In the People's Republic of Bulgaria, for example, the cooperatives account for about 33 per cent of the country's retail goods turnover and 36 per cent of the turnover in public catering. It conducts broad purchasing activities, annually purchasing more than 1,500,000 tons of various agricultural products. Industrial enterprises of consumer cooperatives manufacture 98 per cent of non-alcoholic beverages, some 70 per cent of confectionary and 56 per cent of bread and other baked goods produced in the country. Agricultural production cooperatives in the agro-industrial complex of the country, occupy 70 per cent of all the cultivated land. Production cooperation extends not only to agriculture, but also to the processing of agricultural raw materials. Production cooperatives contribute to communal services and produce many consumer goods. Cooperatives set up for partially incapacitated persons play an important social role. Cooperatives also develop the output of building materials, souvenirs, they organize clothes-making, carpentry and other workshops for better meeting the everyday needs of their members.

In the Hungarian People's Republic the cooperatives contribute about 20 per cent of the national income. Agricultural production cooperatives occupy more than 70 per cent of all lands. More than 34 per cent of the country's retail goods turnover falls to the share of consumer cooperatives, while cooperative department stores account for nearly 43 per cent of the total turnover of all department stores. The share of consumer cooperatives in the purveyance of potatoes, vegetables and fruits exceeds 62 per cent, including: potatoes and fruit — 85 per cent. Handicrafts, housing and credit cooperation is vigorously developing.

In the German Democratic Republic cooperative property in agriculture comes to 80 per cent of the total. Agricultural production cooperatives yield the bulk of agricultural produce in the country. Cooperative retail enterprises of local and central subordination account for 34 per cent of the country's goods turnover. Cooperative enterprises produce 28 per cent of bread and other baked products produced in the country, 30 per cent of meat and sausages. A broad network of cooperative trade and public catering enterprises has been unfolded in Berlin, the capital of the GDR. The consumer cooperative of the city of Berlin fulfils an im-

portant function in providing services to the building workers of the capital.

In the Mongolian People's Republic agricultural production cooperatives own 92 per cent of the lands. They are dominant in the gross production of all staple agricultural products and raw materials.

In the Polish People's Republic the "Społem" Union of Consumer Cooperatives supplies all the urban population with food and manufactured goods in daily demand, and manages on the whole, all public catering enterprises in the towns and cities. "Peasant Self-Aid" cooperatives carry on trade in the countryside in industrial goods and foodstuffs as well as farm machinery, purchase agricultural products and raw materials and manage cooperative banks. The cooperatives account for up to 60 per cent of the retail trade turnover in the country. About 65 per cent of urban housing construction is carried out in the towns and cities by cooperatives. Small producers cooperatives manufacture many consumer goods. The various types of cooperatives in Poland have a membership of 12 million — a third of the country's population.

In the Socialist Republic of Romania agricultural production cooperatives occupy 54 per cent of the lands. Consumer cooperatives have a membership of 7,700,000 — more than a third of the total population, while they cater for 62 per cent of the Republic's population. There is a widely developed network of cooperative production enterprises and servicing establishments.

In the USSR agricultural production cooperatives — collective farms are an inalienable part of the Soviet socialist society.

At present the USSR has 26,500 collective farms with 15 million people of the countryside involved in their social production. The collective farms produce some 40 per cent of the total gross output of agriculture, and account for more than half of the grain produced in the country, three quarters of raw cotton and sunflower, more than 90 per cent of the gross harvest of sugar beet.

The consumer cooperatives catering for one half of the population in the USSR, have a membership of 59 million and their share in the retail turnover of the country comes to around 30 per cent. Consumer cooperatives conduct the purveyance of nearly 60 types of agricultural products and raw materials and develop the production of foodstuffs and other commodities. Its retail turnover increased 2.5 times between 1965 and 1979 alone.

In the Czechoslovak Socialist Republic agricultural cooperatives cultivate more than 70 per cent of the country's arable lands. Widespread in the Republic is the activity of consumer, producer, industrial and housing cooperatives, which have a membership of about 3,500,000. The retail turnover of consumer cooperatives increased by 80 per cent in the last decade. The cooperatives' share of the retail turnover exceeds 25 per cent, in the turnover of public catering — 30 per cent. The share of production cooperatives in the output of manufactured goods has reached 40 per cent and in housing repairs — 56 per cent. Cooperatives account for about 30 per cent of housing construction and nearly every seventh citizen of



Czechoslovakia lives in a cooperative flat.

## 2. The Long-Term Perspective

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2. 1. High, dynamic growth rates are characteristic of the cooperative organizations in the socialist countries in all the basic spheres of activity. The future opens up new prospects to them. This is ensured by the development of cooperatives in a system of planned economy, devoid of market fluctuations, competition, economic crises, inflation and unemployment, on the basis of forecasting and long-term planning, carried out on a scale of the whole society. An example of a profoundly scientific foresight is the Comprehensive Programme of scientific and technological progress and its social and economic consequences till the year 2000, drawn up in the USSR. It contains important recommendations for speeding up scientific and technological progress, for introducing the achievements of science into practice, for improving the structure of production. These recommendations are being realized in the course of elaborating and implementing long-term national-economic plans.

Taking part in drawing up the Comprehensive Programme in the USSR were more than 500 scientific-research, design and development organizations. Underlying the work were hundreds of technico-scientific forecasts, scientific and economic estimates drawn up by research organizations, teams of scientists and experts. These forecasts and estimates were systematized and generalized, corrected and finalized by specially established technico-scientific commissions, which resulted in their comprehensive character. Taken into account here were both the expected results of scientific and technological progress, and the general tendencies and tasks of the country's social and economic development.

The elaboration in the USSR and also in other socialist countries of such comprehensive programmes allows to define on a scientific basis those concrete conditions in which cooperative activities are to unfold at the turn of the centuries, in the year 2000.

Of great importance is the elaboration and consistent implementation of the "Comprehensive Programme for Further Deepening and Improving Cooperation and Developing Socialist Economic Integration by CMEA Member Countries", and also the long-term special cooperation programmes (LSCP) which concretize

and develop it further, particularly to meet the economically substantiated needs of the fraternal countries in basic kinds of energy, fuel and raw materials; further improve these countries' collaboration in the field of agriculture and the food industry for the maximum satisfaction of the population's food need; meet the rational needs in manufactured consumer goods; and develop transport links.

A statement by the CMEA session on the thirtieth anniversary of the Council of Mutual Economic Assistance (1979) underlines that the "comprehensive programme is being successfully fulfilled. Cooperation by CMEA member countries has been put on a qualitatively new level and has been given a more clear-cut orientation towards technical progress, production specialization and cooperation, the joint development of national resources for the common good of the peoples of the socialist countries". The cooperative organizations of the socialist countries are developing multilateral collaboration under this programme.

2. 2. Leaning on scientifically relevant programmes of economic development and scientific and technological progress and its social consequences, cooperative organizations of the socialist countries confidently determine the prospects of their development over the next 20 years, a period regarded in all socialist countries as that of dynamic and stable development of the cooperative movement.

Long-term plans for the development of cooperative organizations in socialist countries include an overall assessment of the expected level of basic indices (volumes of production, trade turnover, etc.), the basic directions in the development of the material and technical base, the calculated needs in labour resources. Taken into account here are the consequences of scientific and technological progress that will be operating directly in the cooperative sphere, for example the mechanization and automation of production and trade operations, changes in the structure of consumption, etc.

Over the long range a qualitatively higher level of the **people's well-being** must be achieved. The task set in the sphere of individual consumption is to ensure by the year 2000 the satisfaction of the population's requirements according to scientifically substantiated norms at the level of a rational consumer budget. The solution of this task will mean ensuring material well-being for all members of society. Yet, the attainment of material well-being is regarded here not as a goal in itself, but as an objective foundation creating broad realistic opportunities for the further all-round development of the individual, along with the ever fuller satisfaction of the intellectual and social needs of members of the socialist society.

The cooperative movement contributes to the attainment of these goals by its own specific means, particularly by increasing the production of agricultural and industrial manufacture of consumer goods, raising the trade turnover, extending the system of various services, and also through wide-spread cultural and educational activities.

One of the important tasks to be solved in the long range context is the **pro-**

**tection of health.** The long-term goals along these lines are aimed at the prevention of diseases, improvement of the ecological environment, overcoming those consequences of technical progress and urbanization that are detrimental to man. Cooperatives participate in the solution of this task by improving working conditions at their enterprises, perfecting safety measures, by expanding the network of medical-prevention establishments, sanatoria, holiday centres, children's summer camps, by expanding facilities available to shareholders and cooperators for mass physical training and sports. Along with the state public health system, cooperative organizations set up medical rooms and other medical facilities at the places of employment of their personnel and carry out their regular dispensarisation.

Determined in the long-range context are major tasks in the sphere of the further **development of the education system.** This presupposes the tackling of two basic tasks: firstly, the satisfaction of the population's growing intellectual requests, and further raising educational standards; secondly, the training of high-skilled workers in accordance with the demands of the national economy and contemporary development rates of scientific and technological progress. The cooperatives vigorously contribute to the solution of these tasks.

For example, the consumer cooperatives of the USSR have built their own well-developed educational system having 7 higher educational establishments, 127 technical schools, 160 vocational technical training schools, over 2,000 enterprise schools which provide training in 60 trades and professions.

It should be stressed that in the socialist countries public health services and education are provided free of charge.

Socialist states guarantee their citizens the right to work. There is no unemployment in the socialist countries. Of special social importance is the substantial improvement of **working conditions.** Two mutually complementing aspects are singled out in the solution of this problem: providing the rational employment of population and converting socially useful work into man's prime necessity. Great attention is given to the elimination of arduous manual low-skilled jobs and working conditions hazardous to health. Measures towards improving working conditions at cooperative enterprises are defined as an important component of the economic and social development plans. They envisage the consistent implementation of measures to introduce modern means of mechanization and automation, rational technologies of production and trade processes to make work easier.

A cardinal solution of the **housing problem** presupposes the accumulation of available housing to allow every family really enjoy a separate flat with a number of rooms adequate for the full-blooded life activity of its adult members and children alike.

The practical solution of this task is facilitated by the development of housing cooperatives and vigorous concern for improving the housing conditions of workers and employees on the part of other cooperative organizations and enterprises. Agricultural production and consumer cooperatives and their associations already

today channel a considerable portion of the social and cultural funds for the building of modern dwellings for their workers. In the future spending for these purposes will keep increasing.

**Improving conditions for women** is one of the major problems tackled under the long-term social programme. The complex of measures towards its solution envisages an expansion of the sphere of consumer services, developing the network and improving the performance of pre-school children's institutions, increasing various benefits for women. Special legislation on mother-and-child care is enacted in the socialist countries. *More and more attention is being devoted to these questions.*

A broad range of measures to raise the social activity of women cooperative members and workers are carried out in the framework of the cooperative movement in the socialist countries while at the same time considerably improving their working and living conditions. Along with state organizations in the socialist countries, cooperatives also establish a network of pre-school children's institutions for which they allocate considerable social funds. An important role is played and will go on being played in the future by centres set up in a number of socialist countries to provide special services for women in the sphere of household chores. Such centres, as, for example, "Practical Woman" and "Modern Housewife" in Poland enjoy exceptional patronage on the part of women cooperators and are very popular.

Cooperatives take an active part in the **education of the youth**. These purposes are served by a broad system of cooperative education, a broad network of cultural, educational, sport and health-building establishments. Councils of young specialists and youth commissions are being set up, experienced workers and cooperative members extend patronage to young people. Much is being done to draw young people into the cooperative movement.

2. 3. Speaking of the cooperatives' important role in resolving long-term socio-economic tasks, it must be emphasized that in the socialist countries all cooperative development is closely and unbreakably linked with the development of the social system. Marxism-Leninism teaches that in conditions of capitalism cooperation alone cannot change the social system, and rejects the doctrine claiming that cooperation is exceptional and independent from the existing social set up.

"To convert social production into one and harmonious system of free and co-operative labour", Marx pointed out, "general social changes are wanted, changes of the general conditions of society, never to be realized save by the transfer of the organized forces of society, viz., the state power, from capitalists and landlords to the producers themselves." (K. Marx and F. Engels, *Selected Works in Three Volumes*, Progress Publishers, Moscow, 1969, Vol. 2, pp. 81-82).

Precisely such conditions have been created in the countries of socialism. In these conditions cooperation becomes socialist in its social and economic nature and is one of the organizational forms in the building of communism.

### 3. Development of Particular Types of Cooperation

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3. 1. The countries of socialism are exerting tremendous efforts to secure a steady growth of agricultural production and improve living conditions in the countryside.

**Agricultural production cooperatives** will continue to play a great role in solving this task also in the future. The reconstruction of the countryside on the basis of Lenin's cooperative plan — the plan of socialist transformation of agriculture through cooperation proved the only correct way to accelerate the growth of the productive forces of this branch of the economy of the socialist countries. The experience of the Soviet Union in the collectivization of agriculture has gained broad international recognition as a major contribution to the theory and practice of communist construction.

In the process of developing agricultural cooperation in the socialist countries there took shape four basic types of production cooperatives, differing according to the degree of socialisation of the means of production and of labour.

The first type, the association of peasants for the **joint cultivation of land** which they owned was the simplest form of cooperation. The second type was characterized by socialization of only a **part** of the basic means of production with the exception of land, which although was used jointly, as before remains the private property of the members. In the third type, pooled in the cooperative in the process of voluntary association along with the basic means of production was the **land**, productive cattle and other means of production.

In all three types of cooperatives the income is distributed among the members according to work done (the share of this distributed income increases from minute in the first type to predominant in the third type), and also depending on the quantity and quality of the land contributed to the cooperative (this share of unearned income, that is land rent, correspondingly decreases).

In the fourth type of production agricultural cooperatives (complex form) there is complete socialization of **land**, **all** basic means of production and **labour**, as a result of which income distribution is done only according to quantity and

quality of work, and an end is put to the realization of private ownership of land in the form of extracting a land rent.

Different transitional forms and varieties of cooperatives, utilizing in different combinations the individual features of these main types, have been and are still practiced in socialist countries. The fourth type of agricultural cooperation — production cooperatives with income distribution according to work done only, has asserted itself in the majority of them. One can confidently predict that in the period up to the year 2000 agricultural production cooperatives will vigorously develop in all the socialist countries.

The new that will take place in agricultural cooperation in the next 20 years is more intensive development of specialization and concentration of agricultural production on the basis of inter-farm collaboration and agro-industrial integration. Whereas in the cooperation of peasants they pooled together their small individual farms with their primitive implements of production, the process of concentration taking place at the present stage is characterized by the pooling of efforts by a number of cooperatives and their enterprises with the purpose of creating large industrial-type enterprises for highly marketable output, by deepening specialization of husbandry by inter-economic cooperation of state and cooperative enterprises, and also their agro-industrial integration. The formation of major specialized agro-industrial associations is a qualitatively new stride in the evolution of production cooperation in agriculture, as confirmed by the experience of Bulgaria, the GDR, Romania, the USSR, Czechoslovakia and other socialist countries.

Specialization and concentration of agricultural production on the basis of broad cooperation is a new stage in the practical implementation of the ideas of Lenin's cooperative plan under conditions of developed socialism.

Inter-farm cooperation and agro-industrial integration will facilitate the further expansion of the scope and capacities of agricultural production in the socialist countries, enhancing the level of its socialization, and the improvement of social relations in the countryside.

3. 2. **Consumer cooperatives** are an important component of the unified national-economic complex of the countries of socialism. It is to play a big part in developing socialist trade, raising the people's material well-being, in expanding economic ties and liquidating substantial differences between town and countryside.

In the long-range context the concrete goal of developing consumer cooperatives consists in creating an efficient system for providing trade services to the population, ensuring the fullest possible satisfaction of the people's needs in commodities and in public catering in accordance with their growing incomes and the structure of demand. Purveying and production activities of consumer cooperatives will be further developed.

The attainment of this purpose presupposes the consolidation and qualitative improvement of the cooperative enterprises' material and technical base, the im-

provement of organization and technological equipment of commercial and production processes based on the ever broader utilization of the achievements of scientific and technical progress, the creation, on the one hand, of major trade complexes, department and specialized stores to concentrate the sale of assorted goods in them, and, on the other — to bring the prime necessities to the consumer as close as possible and with these aims in view, develop an extensive network of shops for the sale of daily goods, mail order and parcel delivery.

3. 3. In a number of socialist countries (Bulgaria, Hungary, Poland and Czechoslovakia) **production cooperation** has been developed in the concrete conditions of these countries. It substantially supplements the work of large state-run industrial enterprises. The activity of production cooperatives is aimed at the manufacture of goods for household use and for providing services to the population. Production cooperatives include also handicraft co-ops, as, for example, "Czepelia" association of folk art handicrafts in the Polish People's Republic. This association markets the produce of its members not only at home but through specialized shops in a number of cities in other countries around the world.

The activities of production cooperatives fully coincide with the interests of socialist society and, that is why they will go on operating and strengthening in the future. Of great social importance is **the organization of cooperatives providing work for partially invalided people.**

3. 4. The socialist countries encourage the development of **housing cooperatives.** Their function is to contribute to the fuller and better satisfaction of the people's needs in modern housing; in repairs of flats, and also to conduct cultural and educational work at the cooperative members' places of residence.

3. 5. **Credit cooperation** has been developing in a number of socialist countries, particularly, in Hungary, Poland and Romania. Such cooperatives create favourable conditions for the safe keeping of savings and granting credits to their members — shareholders. Operating in Poland is a state-cooperative bank which enhances the role of the cooperative sector in the country's economy.



## 4. Consolidation of Democratic Principles in Cooperative Activities; Cooperative Education

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4. 1. The further unfolding of social democracy is the basic direction in the development of the political system of society in the socialist countries. One of the ways for the all-round unfolding of socialist democracy is raising the activity of public organizations. **Inner-cooperative democracy is a constituent element of socialist democracy; its further expansion and deepening are consonant with the vital interests of the socialist system.**

How efficient is the work of the cooperatives depends on a number of features, among which size is of importance. Characteristic of cooperative in socialist countries is a tendency towards their enlargement, the consistent implementation of the principle of concentration with continued participation by co-op members in management and control. Given this principle, the size of future cooperatives will be determined by taking into account economic and other factors, and the concrete conditions prevailing in individual countries and within them — in individual districts.

Irrespective of a cooperative's size the democratic rights of the membership are exercised in full. The highest organs controlling cooperatives will be, just as before, **general meetings of the membership**. It is envisaged that such meetings, in order to function efficiently, should be held in the individual districts. The role of such district meetings, in the case of enlarged cooperatives, increases. An important role is to be played by **the institution of delegates**, who are to be elected at general (or district) meetings of shareholders and on their behalf would directly participate in deciding on matters pertaining to the running of the co-op's affairs. From among the delegates standing groups and commissions shall be created.

Increasing along with the rising role of the cooperatives will be the importance of their superior echelons — associations of cooperatives at different levels. A number of functions in these superior cooperative echelons are centralized, such, for example, as the organization of capital construction, wholesale commodity purchases, the establishment of a system of cooperative education, etc. A future task is to rationally combine the further expansion of functions directly fulfilled

by the cooperatives, on the one hand, and their superior echelons, on the other.

An important guarantee of cooperative members' rights and a concrete form of their representation is the establishment in the cooperative organizations of socialist countries of a broad network of **cooperative inspection bodies**. For example, constantly active in the consumer cooperatives of the USSR are more than 350,000 cooperative inspection commissions, serving on which are more than 1.4 million co-op members.

One of the important tasks of cooperative bodies is the constant education of co-op members in the spirit of live interest in cooperative activities, in the full utilization of their democratic rights. It is necessary to work not only for the exercise by cooperative members of their rights under the Rules, but for the expansion of their duties as well, for a higher sense of responsibility regarding participation in management and control.

4. 2. Cooperative organizations in socialist countries carry out large-scale work towards the training of young people, the education and retraining of personnel. A harmonious system of cooperative education has been created which is to be further developed. Current education plans, curricula and teaching methods take into account cooperative principles, and problems stemming from the scientific and technical revolution and from the democratic development of the cooperative movement. This system will go on developing and improving.

Essential for raising the quality of cooperative education is an orientation towards a model specialist whose standards of professional knowledge and personal qualities correspond to the demands set to cooperative functionaries. Here, individuals receiving a cooperative education must not only master professional skills and knowledge but also embrace a progressive ideology, a noble brand of thought and show a moral example befitting a builder of a communist society.

Among the different types of cooperative education in the socialist countries we can single out vocational training of the higher and secondary qualifications; vocational training for mass professions; a system of retraining and advanced training, and broad cultural and educational work among cooperative members and employees, and also among the population.

For example, only within the system of consumer cooperatives of the USSR more than 7,000 specialists of higher and 50,000 specialists of secondary qualification are trained every year, as well as 170,000 workers of mass professions — salesmen, cooks, waiters, bakers, confectioners, purveyors, etc. Training in Czechoslovakia are more than 22,000 workers of mass professions, which comes to 7 per cent of the total number of cooperative workers.

The scope of training and raising personnel qualifications in all socialist countries are to be expanded. The role of cooperative science is to increase and opportunities for scientific and technical collaboration among research teams of cooperatives in different countries in the elaboration of urgent developmental problems is to expand. Cooperative science will lean in its investigations and

elaborations on the achievements of scientific and technical progress in social and natural sciences.

The main task of cooperative education is to ensure the unity of vocational, ideological, political and moral education. Educational work must be further promoted in order to inculcate among the workers a correct understanding of the tasks facing the cooperatives, the ability to work efficiently. An important means of education is socialist emulation and its supreme form — the movement for a communist attitude to work based on the high consciousness of the masses, mutual assistance, creative initiative of working people.

Proceeding from the interests of socialist and communist construction in the respective countries, the cooperatives, together with other public organizations, will expand their work towards the all-round cultural development of co-op members with account of their increased spiritual standards, vigorously assisting every co-op member in becoming a truly cultured person, a conscious participant in the process of shaping and improving the socialist way of life.

## 5. Global Problems of Our Time and Cooperation

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5. 1. Regarded as global are those contemporary problems which concern in greater measure the destinies of all mankind. Some of them have been brought to life by the deepening contradiction between man's creative and transforming activities, and nature's potential, while others emerged in connection with mankind's growing numbers and the exacerbated tasks of providing the population with energy, food and other resources; still others are the result of the appearance of modern mass annihilation weapons and the menace of a terrible destructive war threatening the very existence of civilization. Global problems are rendering an ever more tangible influence on the life of every nation, on the whole system of international relations.

Continuously developing the world of socialism is demonstrating by concrete deeds the way for resolving global problems.

5. 2. Cooperation in the socialist countries is active in solving global problems.

In particular, cooperation plays a substantial role in solving the **food problem**. Agricultural cooperatives most immediately participate in the effort to create plenty of foodstuffs, in the implementation of the long-term special cooperation programme in agriculture adopted by the CMEA member-countries. The activities of consumer cooperatives, which vigorously develop purchases of agricultural products and materials and conduct broad activities in the production of foodstuffs and also in unfolding food trade, are contributing to the solution of the food problem. Fishermen's, producers' and other cooperatives are helping in the solution of this problem.

Cooperatives in the socialist countries take part also in resolving the **problem of the environment**. Closely involved with these questions are research institutions and specialists of cooperative organizations in a number of socialist countries. For example, in the USSR the Scientific-Research Institute of Hunting and Fur Farming under the Centrosoyuz, elaborates scientific recommendations for the rational utilization of the plant and animal kingdom, for ensuring the renewal of natural riches. Cooperators vigorously popularize measures directed at improving man's

environment.

Cooperative organizations have vital stake in the solution of the problem of **international detente, in reducing the arms race, in averting the threat of nuclear war**. The tasks of the cooperative movement, both in individual countries and on an international scale, consist of utilizing the full strength of public intercourse in the struggle against the forces which are pushing the world towards a new, nuclear war. The cooperative organizations in the socialist countries are stepping up their actions every year in the defence of peace and security of peoples.

The solution of global problems requires efforts on a global scale. The best conditions for this will be created, of course, when socialism triumphs throughout the world. Yet the socialist countries are convinced that even under conditions when two opposite social systems do exist in the world, there are realistic possibilities for serious advance towards the solution of global problems.

Cooperators of the socialist countries wholeheartedly join this realistic position and the concrete policy aimed at practical efforts to resolve the pressing problems of our time in the name of man and his future.

## 6. Cooperation in the Struggle of the Peoples for Peace, Security, Collaboration and Social Progress

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6. 1. The congress of the International Cooperative Alliance is taking place at a responsible period in world development. Imperialism, whose general crisis is now deepening, continues to oppress many peoples and remains a source of constant threat to peace and social progress. State-monopoly regulation, implemented in forms and on a scale answering the interests of monopoly capital and aimed at perpetuating its domination, is unable to curb the spontaneous forces of the capitalist market.

The scientific and technical revolution opens to mankind unprecedented opportunities for the transformation of nature, for creating tremendous material riches, for redoubling man's creative capacities. While these opportunities should have served to benefit all, capitalist monopolies are utilizing the scientific and technical revolution for increasing profits and stepping up the exploitation of working people. Even in the most advanced capitalist countries millions of people suffer from unemployment and want, from the grave consequences of inflation and uncertainty in the morrow. The plight of the small peasantry continues to worsen and the conditions of a considerable part of the middle classes are deteriorating.

The course of social development indicates that imperialism is coming into conflict with the vital interests of people belonging to different social strata, nations, countries. Ever broader masses of working people, social movements and entire nations are rising against imperialism.

Cooperatives of the socialist countries believe that cooperatives in all the world's countries ought to take a vigorous part in the struggle of the working class and all the anti-imperialist forces to rid mankind of imperialism, in the struggle for peace, democracy and social progress.

6. 2. The basic element of united actions by broad public forces is the struggle for world peace, against the war danger, against the menace of a world thermo-nuclear holocaust which is still threatening the peoples with mass extermination, in the struggle for world peace, for peaceful coexistence among states with dif-

ferent social systems.

Detente has become the objective result of a new correlation of forces on the world arena. At the same time it became possible thanks to the energetic and consistent efforts of the socialist countries. The active peace-loving policy of the socialist countries to a certain degree stabilised the situation in Europe, helped to solve many acute problems, which dampened relations between countries on the continent.

The Conference on European Security and Cooperation was a very important event in shaping European and in actual terms, the whole international situation. The peoples well know, how much was done by the socialist countries to implement this idea into practice.

The Declaration of the member-states of the Warsaw Treaty Organization adopted at their meeting in Warsaw on May 14-15, 1980 says: "The radical changes in the correlation of forces in the world, the strengthening of the positions and the influence of socialism in the world, the successes of the anti-imperialist revolutionary struggle of peoples and the national liberation forces have created the necessary conditions so that the consistent policy of the socialist states, the unity of action of the peace-loving states and peoples would lead to important positive shifts in the whole system of inter-state relations, the consolidation of peace and international security". The Warsaw Treaty countries have come out with new initiatives directed at further developing detente and strengthening peace.

At the same time, universal peace has by no means yet been guaranteed, detente has not yet become strong, and serious obstacles still exist in the path of full security and collaboration.

To come vigorously for ending the race in all weapons, nuclear first of all, for implementing effective measures towards universal and complete disarmament, for the elimination of foreign military bases and the withdrawal of foreign troops and armaments from alien territories, for the systematic reduction of military budgets — is a duty of all the cooperators of the world.

6. 3. Cooperative organizations of the socialist countries look optimistically at the prospects for the further development of collaboration and the international cooperative movement. Socialist economic integration predetermines particularly favourable conditions for promoting friendship among the cooperative associations and councils of socialist countries. The course of socialist states towards peaceful coexistence and international detente, the increasing reciprocally beneficial collaboration with capitalist countries create conditons essential for the development of friendly international cooperation between the cooperatives of socialist countries and those of capitalist countries. There are broad opportunities for collaboration with the cooperatives of the developing countries.

Guided by the principles of internationalism the cooperative organizations of the socialist countries fully support the developing countries' struggle for in-

dependent development, for reshaping international economic relations, for progressive socio-economic transformations, and voice readiness to give every kind of assistance to cooperatives in those countries.

Collaboration by the cooperative movement at the international level will develop through mutually beneficial trade between the cooperative organizations of different countries, systematic exchange of experience in running cooperative affairs, enhancing contacts in the fields of education and upbringing of the youth, science, information, by joint actions to promote and expand collaboration between states in accordance with the principles and accords of the Helsinki Conference's Final Act, for solidarity with and more vigorous support to the struggle against the policies of multinational corporations, for eradicating fascism, in defence of democracy and national independence, for deepening the detente process, ending the arms race, for disarmament, peace, for security and progress throughout the world.

The tradition of annually observing International Cooperation Day must be continued.

The cooperative movement through its national cooperative organizations and International Cooperative Alliance will vigorously collaborate with the UNO and its specialized agencies, with international organizations of peace champions, with progressive international women's, youth and other organizations.

It would be advisable to work out by joint effort a common long-term programme of international collaboration by cooperatives aimed at stepping up the struggle for peace, social progress and a better future for mankind.

Just as all people on the earth, cooperators of the socialist countries know very well that their life, work and hopes for a better future depend above all on the solution of the crucial task of world-wide significance — the strengthening and consolidation of peace. Together with the peoples of their countries they will consistently struggle to resolve this great task so that mankind may step into the 21st century under conditions of a lasting peace and broad international cooperation.