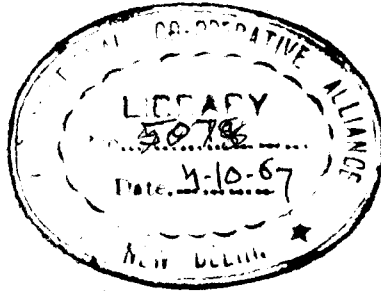


International Cooperative Alliance



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Role of Cooperation in Social and Economic Development

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Contents

	Page
1 Introduction by Dr. Mauritz Bonow	7
2 Inaugural Address by Mrs. Indira Gandhi	13
 Section I	
<i>Role of Cooperation in Social and Economic Development</i>	
3 Cooperation as a Method to Increase Agricultural Productivity by Professor U. A. Aziz	19
4 Cooperation in South-East Asia Today – Role and Problems by Professor D. G. Karve	33
5 The Cooperative Movement in the ECAFE Region and Economic and Social Development by Dr. Mohinder Singh ..	41
6 Cooperative Movement in South-East Asia – Obstacles to Development by Mr. Riazuddin Ahmed	57
7 Role of Voluntary Organisations in Economic and Social Development by International Federation of Agricultural Producers, Paris	65
8 Some Overall Problems faced by the Western Cooperative Movements Today by Dr. Mauritz Bonow	77
9 Some Overall Problems faced by Western Cooperative Movements by Mr. W. G. Alexander	85
10 Role of International Cooperative Alliance in the International Development Work by Dr. Mauritz Bonow	95
11 Activities and Role of the International Cooperative Alliance in South-East Asia by Dr. S. K. Saxena	103
 Section II	
<i>International Cooperative Trade</i>	
12 South-East Asian Trade Pattern by Dr. Mohinder Singh ..	123
13 Potentialities for the Development of International Cooperative Trade by Mr. Marian Radetzki	131
14 Cooperative Production and Trade in South-East Asia by Mr. Makoto Mihashi	141
 Section III	
<i>Cooperative Movement and International Technical Assistance</i>	
15 Fields of Technical Assistance by Mr. W. P. Watkins	157
16 Problems of Offering Cooperative Technical Assistance by Dr. Carl Schumacher	165
17 Problems of Receiving Cooperative Technical Assistance in Thailand by Mr. Thanu Satraphai	173
18 Report of the Conference of Cooperation Ministers held in Tokyo, April 1964	177

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Introduction

Dr Mauritz Bonow

President International Cooperative Alliance

When the suggestion was first made to organise a conference of cooperative policy-makers in South-East Asia under the auspices of the International Cooperative Alliance, in collaboration with the Japanese Cooperative Movement, the response from all quarters was immediately positive. Throughout South-East Asia the cooperative movement is attracting great attention and Cooperation has increasingly become recognised as one of the most important instruments in the tremendous task of economic and social development. The need for an opportunity to discuss matters of common interest was therefore apparent to leading cooperators and governments throughout the Region.¹

¹ References to the South-East Asian Region or the Region in most papers relate to countries in Asia with which the ICA Regional Office and Education Centre, with headquarters in New Delhi, collaborate. These countries include: Burma, Ceylon, India, Republic of Korea, Japan, Malaysia, Nepal, Pakistan, the Philippines, Thailand and Singapore. In two papers by Dr. Mohinder Singh, the term Region refers to the Asian countries, in the ECAFE Region, which comprises the following countries: Afghanistan, Australia, Burma, Cambodia, Ceylon, China (Taiwan), India, Iran, Japan, Republic of Korea, Laos, Malaysia, Singapore, Mongolia, Nepal, New Zealand, Pakistan, the Philippines, Republic of Vietnam, Thailand, Hongkong, and Israel.

Having been privileged to be associated with the Regional Conference on the Role of Cooperation in Social and Economic Development held at Tokyo in April 1964, I can state without reservation that the expectations of the International Cooperative Alliance with regard to the conference have proved fully justified in the light of the important results achieved.

The conference provided a unique opportunity for leading cooperators from South-East Asia to discuss issues of common interest both with colleagues from European countries, and with high-ranking officials of several inter-governmental organisations interested in the field of Cooperation. On a number of important questions the conference report contains conclusions which merit the serious attention of all those who bear the responsibility for cooperative planning and policy-making in developing countries as well as of cooperators from other parts of the world. For those concerned with the field of technical assistance to co-operative movements, the report must be regarded as a most valuable document. The various problems involved in developing the cooperative movements within the Region of South-East Asia were well brought out in the papers introduced at the conference. In the working groups and the plenary sessions, a number of useful suggestions were made with regard to avenues for solutions to the problems. The conference provided evidence of the need for establishing closer links between different cooperative movements, not only within the Region of South-East Asia but between the Region and other parts of the world as well.

Much has been said and written in recent years concerning the role of Cooperation in social and economic development. The recognition of that role is now almost universal. The administrative, economic and social problems confronting the newly-independent countries call for a coordinated economic and social policy of a global character. In the formulation and implementation of such a policy, Cooperation must be reckoned with as an important factor. But time is short. The economic and social difficulties are

seriously aggravated by over-population and under-nourishment, and the most urgent task we all now face is to find means of counteracting the threat of world famine. A world-wide catastrophe *can* be averted, but only as a result of a concerted action to increase productivity and to augment the volume of production in agriculture, especially in the developing countries themselves. Cooperation in the fields of agricultural credit, supply and marketing, is therefore of paramount importance to the developing countries and must be accorded top priority in their economic and social planning.

Similarly, Cooperation has a role to play in the economic expansion of the developing countries by promoting a more efficient organisation of international trade. One of the most interesting features at the Tokyo conference was the discussion on international trade which revealed the tremendous need for developing closer trading relations between cooperative movements in different parts of the world. The world cooperative movement has an important task in working towards such a system of world trade as can turn the present tide. The developing countries find their economic position continuously deteriorating as a consequence of the adverse trend in their terms of trade. Customs barriers, excise duties and other obstacles to imports existing in many industrialised countries are seriously detrimental to the process of growth of developing countries. Furthermore, the flow of international trade is curbed by a network of international cartels and monopolies operating in the industrialised countries. In these and other similar areas there is scope for bold initiatives and fresh approaches in order to eventually open up the world markets and to allow the developing countries to take their rightful place as equal partners in international trade.

To anybody familiar with the problems and conditions of cooperative movements in developing countries, it is clear that cooperative development can be achieved in these parts only if governments lend their active support. Acute shortage of finance, particularly long-term capital, lack of

trained personnel in sufficient numbers, and inadequate facilities for the education of members and office-bearers, stand in the way of the rapid growth of healthy cooperative movements. Pending the emergence of strong, federated cooperative structures, government action is often necessary to ensure proper administrative supervision of cooperative societies. Above all, the fact that governments in the majority of developing countries regard Cooperation as an instrument for the implementation of official economic plans, particularly in the field of agriculture, places upon these governments the responsibility for assisting societies in performing the functions envisaged for them.

It is important to recognise, however, that the involvement of governments in cooperative planning and development must be a temporary phenomenon. The essential objective of state assistance, whether it be financial, technical or administrative, is to make itself superfluous as soon as possible. In the long run cooperatives can fulfill their special role in society only when they cease to be dependent upon outside aid – standing in a real sense on their own feet. This is by no means an original point of view. On the contrary, it is, I am sure, shared by cooperators and cooperative associations all over the world. Experience gained by cooperative movements which have reached an advanced level of development and which play important roles in their respective national economics, clearly indicates that the best contribution of cooperatives is made under conditions of full independence for the movement. As we all know, however, cooperative movements in most developing countries have yet to attain such a level of stability of administrative structure and financial resources as will permit the complete withdrawal of the state from their affairs. The most vital question at the present time is, therefore, not whether state participation in cooperative development should be there, but rather the forms which ought to be given to this participation. The problems involved in establishing the most constructive relationship between governments and cooperative movements tend, of

course, to differ both in size and in nature, depending upon the varying social structures characteristic of the different countries. However, as was pointed out during the Tokyo conference, in the countries of South-East Asia there is a great deal of similarity as regards the problems experienced by different cooperative movements. Much, therefore, is to be gained by the exchange of views and experiences which was made possible by the Tokyo conference. As many speakers emphasised during the conference, we need a background of factual knowledge in order to be able to map out a plan of cooperative development which takes into account both the need for effective collaboration between governments and cooperative movements *and* the demand for freedom of action within prescribed limits for the movements. Government engagement should obviously not take the form of uncalled-for harassment and meddling into the purely internal affairs of cooperative societies. Where such tendencies exist, they must be done away with as quickly as possible. They serve no useful purpose but tend to slow down the process of making the cooperative societies strong, self-reliant organisations which, in a real sense, are controlled democratically by their own members.

In this connection I wish to underline the conclusions of the conference as to the vital significance of adequate training and education facilities within the cooperative movement. It is no accident that the strongest cooperative movements are those which have established, over the years, the most comprehensive systems of training and education for members, office-bearers and personnel.

Coming back for a moment to the proceedings of the Tokyo conference I wish to express my respect and admiration for the high quality of the contributions made during the discussions. The papers introduced and now included in this volume provided much food for thought and helped the participants immensely in their efforts to bring out the most important aspects of the questions on the agenda. It is impossible for me to single out individual contributions which helped to produce the results of the

conference; they were attained by the group as a whole, in an atmosphere of effective and friendly team work. Nevertheless, I am sure that I voice the opinion of all the delegates if I make special mention of the address delivered by Mrs. Indira Gandhi, Minister for Information and Broadcasting of the Government of India, and of the continuous guidance offered the conference by the eminent Cooperator, Professor D. G. Karve, Chairman of the Advisory Council of the ICA Regional Office & Education Centre for South-East Asia, with headquarters in New Delhi. Most of the credit for the success of the conference was due, however, to the efforts put in by the Japanese Cooperative Movement. For the International Cooperative Alliance the heavy burden of organisation was made light, thanks to the impressive efficiency, extraordinarily hard work, and unsurpassed hospitality of our Japanese hosts. The ICA, as well as all the conference participants indeed owe the Japanese Movement great gratitude for the splendid manner in which the conference was carried out, as also for the many opportunities provided for studying aspects of Cooperation in Japan of direct significance to other Asian Cooperative Movements.

May I conclude this introduction by expressing my sincere hope that the papers contained in this volume will receive the serious attention which, I am convinced, they merit by all those interested in the problems of cooperative development in South-East Asia.

Inaugural Address

Mrs Indira Gandhi

It is indeed a pleasure for me to visit once again this beautiful country. Who can come to Japan without being filled with admiration for her beauty, and respect for her achievements? The beauty is not only that with which nature has endowed her, but comes from the innate sensitivity and artistic skill of the Japanese people. It permeates all spheres of life and, I would say, it is connected with their sense of discipline and exactitude.

It is fitting that this Conference should be held in Tokyo, for in the field of Cooperation, Japan has made notable strides in various sectors. I am told that the agricultural cooperatives pay special attention to farm guidance and technical training in order to stabilise farm production and agricultural prices.

Cooperation in its simplest form was not unknown in India, for our ancient village set-up and usages had in them the elements of its principles. But in its modern form, cooperative organisation took shape during the British period and was sponsored and run by the Government. In spite of many handicaps, this situation did bring to the fore certain outstanding personalities whose selfless service and devotion to the cause laid the foundation of Cooperation in India. Since the attainment of our Independence in 1947, our basic aim has been the establishment of an integrated and just society, providing individual liberty in its widest sense, equality of opportunity, and a basic economic minimum for all. The most urgent and over-powering problem is that of poverty – abysmal and abject poverty.

Community Development

Because seventy per cent of the population lives in rural areas, it becomes imperative to raise the level of village life. But how can this be done? Since we have chosen the path of democracy, there can be no coercion and the spirit and practice of working together for common gain must be inculcated by education and by example. It was with this end in view that the community development movement was initiated. Already this programme has reached 454,000 villages, by far the majority, and it is expected to cover the entire country by October 1964. The community development movement places major emphasis on the cooperative as the economic unit of the village, just as the Panchayat (the village council) is the political unit. These two institutions along with the school form the basis of rural reconstruction. Through these institutions, community development aims at providing certain facilities to the village for self-growth and also inculcating in the village the desire for change and improvement.

There is a realisation that the economy of the country can improve only by increased production, especially in agriculture. Apart from the necessity of feeding a vast and growing population, agriculture is most important as a base for industrial development. But it is not easy to reach the farmer who is conservative and tradition-bound. While there are training programmes, they do not always meet the needs of the situation. Integrity and sincerity on the part of extension workers are just as important as imparting knowledge. Once a farmer loses faith in a programme, he does not look for reasons or excuses and it becomes very difficult to reach out to him again and to overcome his suspicions. Difficulties arise which are inherent in our situation; for instance, there are still remnants of feudalism, communalism, and the caste system.

Maintaining a Balance

Other complications are the price of progress: for example, (i) the shifting of traditional social controls which are bound to accompany economic and educational changes and urbanisation; (ii) the population explosion which is due not only to the rising birth rate, but also to better health and longer life expectancy; (iii) the people's arising expectations.

Cooperatives are sometimes exploited by individuals for financial or political gain. There are also the challenges posed by political groups who may try to make capital out of troubles and mistakes. Our attempt is to maintain a balance between preserving individual freedom and avoiding the clutches of an acquisitive society. The cooperative movement seems to offer a method of approach which aims at this kind of social pattern. It also provides a means for diminishing large-scale ownership by individuals and groups, without sacrificing the advantages of big units which are essential for the application of modern science and technology. The cooperative thus bridges the gap between small units and modern technology.

The need in the rural areas is for multipurpose cooperatives which

would bring small farmers together and promote joint action. The majority of our land holdings are so small that the farmer is caught in a vicious circle. His farm is limited and his man power is wasted. He cannot afford better seeds, manure or the many other services necessary to get the utmost from his land or to make an adequate living.

Hence, our desire to promote joint cooperative farming in areas having problems mentioned above. Such collaboration in farming would be a tremendous help in the creation and use of storage facilities, in marketing and buying, in storage and distribution of water, in transportation of produce, in supply of agricultural requisites, and eventually in the use of modern equipment. And, the land would continue to belong to the farmer. Needless to say, cooperative farming, as we had envisaged it, has nothing in common with collectivisation. However, there was much propaganda against cooperative farming and it is not as widespread as it should be. Wherever the method was tried, it produced good results. At the end of 1962 we had 2,712 cooperative farming societies.

The Changing Scene

There are many examples of cooperatives completely changing the look of a whole district. In 1925, an uneducated farmer in Maharashtra State started a cooperative sugar factory. This idea caught on and there are now in existence a total of 20 cooperative sugar factories in that State. Similarly, in Gujarat, the Kaira District Cooperative Milk Producers' Union has brought prosperity to the district, besides providing excellent milk products for the rest of the country.

I have spoken of India because I know it best, but I should think that other developing countries are facing the same sort of problems. We welcomed the setting up of the Regional Office and Education Centre of the International Cooperative Alliance, for they meet a real need. They form a link with the national cooperative movements, they help all countries in South-East Asia with technical information and assistance, they maintain liaison with the United Nations Specialised Agencies as well as other non-governmental international organisations, and the Regional Office gives facilities for training and research as well.

The Advisory Council provides a requisite platform for South-East Asian cooperators to meet and discuss problems of mutual interest.

Our decade has made tremendous advance in the fields of science and technology. We can be justifiably proud of our achievements in these fields. But as our President, Dr. S. Radhakrishnan, has said "technology is for man, not man for technology", the material things of the world are to be used for expanding man's knowledge and enriching the treasures of the spirit. This wonderful progress can have meaning only if it contributes to the welfare of mankind. The conception of investment in human resources is one which is now recognised by economists. But little has been done to translate the idea into practice. With the knowledge now in our possession, there is no reason why we should not be able to combat hunger and disease, to provide better education and greater

employment in those countries who have so far been denied these fundamental human rights.

Investment in the future

In reality, however, in the international sphere, it is the most advanced and wealthy countries which are best able to utilise this new found knowledge in order to become yet richer and more prosperous. In India too, it has been our experience that many plans and schemes undertaken by the Government for the uplift of the least developed areas or classes of people, are in fact taken advantage of by those who are already at the top within that particular category, since they have comparatively greater drive and capacity to make use of the new opportunities provided. Thus it becomes exceedingly difficult to raise the level of the most backward and to achieve the kind of equality at which we aim. Cooperation is the only way in which the more advanced can combine with the less developed for mutual benefit, both in the national and international spheres. In the world of today, no country can be entirely self-sufficient. There is interdependence between the developed and the developing countries. Thus helping those who need assistance is not philanthropy, but an investment in the future.

We are on the threshold of the space age. There is the exciting endeavour to reach other planets. It seems strange that we should advance so far in one direction without consolidating unity and progress on our own planet. What is the value of conquering other worlds if we lose our own? If we can physically transport ourselves to the heavens, can we not attempt to lift our minds and hearts above the entanglement of pride and prejudice and of limited self-interest?

We all believe in peace but peace does not come by wishing but by working for it. Faster communication has brought us closer together and made us all neighbours. Travelling has increased and many people go round the world. But they rarely have the time or the inclination to stop and to try and understand. It is only through Cooperation, through working together and helping one another, that we can gain the understanding and friendship which can lead to peace.

I should like to end with a well-known verse from one of the world's oldest scriptures, the Rig Veda, because it seems appropriate to this occasion:

*Common be your prayer,
Common be your end,
Common be your purpose,
Common be your deliberation.
Common be your desires,
Unified be your hearts,
United be your intentions,
Perfect be the union amongst you.*

Section I

Role of Cooperation in Social and Economic Development

Cooperation as a Method to Increase Agricultural Productivity

Ungku A. Aziz

Introduction

Agricultural productivity is one of the prime objectives in economic development plans in practically all countries of Asia. The large rural sector with low levels of income, and frequently the heavy dependence upon export of primary products for foreign exchange, lead these countries to search urgently for ways to increase productivity of agriculture.

Cooperation as a way of organising economic activity has the support of most governments of the countries in the Region.

This paper is an attempt to examine the interacting relationship between Cooperation and agricultural productivity; specifically, "how can Cooperation increase agricultural productivity?". Before this question can be answered, it is necessary to clarify certain preliminary details regarding the connotation of these two terms. It will also be useful to analyse the main characteristics of the rural economics of the countries in the Region.

Broadly speaking, changes which are improvements in the agricultural economy involve either physical and material improvements or improvements in the institutional and agrarian structure. For example, there may be such physical changes as the replacement of human effort by mechanisation of certain processes. Or, there may be such institutional changes as the replacement of sources of credit from private moneylenders by rural credit cooperatives. The separation of these two types of changes is as important as is the realisation that there is a close interdependent and interacting relationship between the two. Within this context Cooperation

can play several significant roles. It is not only a tool for accelerating changes in a desired direction but it is frequently an essential catalytic agent for a number of changes to take place and to react continuously.

Change

While superficially it may appear that change in agricultural productivity is the direct result of technological influences, the truth as revealed to the careful student of rural economics, is that change, like a bird, must have two wings to fly. One wing is technological change; the other is institutional change. If either wing is weak or missing progress is unlikely to take place. Because of the intensive and widespread publicity that scientists, engineers and technicians have given to their work, technological change is rather easy to demonstrate effectively. Dramatic pictures can be made of old and new equipment or farming methods; or of demonstrations before and after the application of fertiliser or pesticides. Exhibitions can also become impressive manifestations of better technology. Films, which make a powerful impact through wide distribution, tend to depend on artistic views of gnarled hands using simple tools to scratch the earth which cut to show platoons of combine harvesters advancing across wide plains lush with food crops.

While technological changes have no political or ideological frontiers, institutional changes, on the other hand, are the subject of considerable controversy. Indeed, it would be difficult to find any two countries where the institutional patterns in the rural economy coincide, whereas countries widely separated in the political spectrum may have a large number of technological similarities in agriculture. In the same way, the international agencies and their experts frequently prefer to discuss, investigate and advise on technological problems rather than on institutional problems.

To note this trend is not to condemn it. This is merely a partial explanation of why influential people sometimes fail to give adequate emphasis to the need for institutional changes. To avoid the reverse error, this paper will try not to overemphasise the importance of institutional change. However, it should be remembered that the very term 'Cooperation' denotes something institutional and, therefore, changes involving Cooperation are by definition likely to be institutional changes. As will be demonstrated, there are some institutional changes that will have the double effect of providing necessary resources for technological advance while simultaneously creating the psychological and social milieu essential for growth of the *will* to change by the rural people.

Cooperation is only one of the various ways that can be used to increase agricultural productivity. Its influence is non-physical or non-material and it can increase productivity only indirectly through institutional arrangements or through the creation of a psychological or social climate that will induce the farmers (i.e. the agricultural procedures) to strive for greater productivity. Other ways of increasing agricultural productivity which may be physical, technological, political or economic will not be

discussed and neither will the complex combinations of cooperative methods with those "other" ways be considered in any detail.

Agricultural Productivity

The word "agricultural" in the term "agricultural productivity" is assumed to include all the factors of production as land, labour, capital and organisation, that are combined for productive purposes in a unit of production that is called a *farm*.

Agricultural productivity is a measurement of the relationship between the quantity produced or the *output* and the *input* of the factor of production that is used to obtain such an output. In terms of crop, this is called the yield. For example, the yield of paddy (unhusked rice) from a given area of land can be stated in x kilogrammes per hectare. Thus, to increase agricultural productivity means to increase the yield of particular agricultural factors of production.

In this paper, it will be more useful to consider increases in productivity of farms generally rather than particular increases in productivity of farm labour or of farm land. In the final analysis, from the point of view of cooperative philosophy, it is increases in the incomes of people and not increases in the technical coefficients between factors of production that are the desired end. Increases in agricultural productivity may be desired for other reasons. Thus, a national policy of autarchy in a particular staple food like rice or an essential consumer good such as sugar, may call for substantial increases in the productivity of all factors involved in the production of such commodities. Higher yields may be technically possible although the cultivation of such crops may not give farmers the highest possible incomes from their given resources. In such cases when there is a clash between the objectives of maximising farm incomes and national output, the advanced countries generally have some form of compensatory scheme to offset losses farmers may sustain by cultivating such crops. It is conceivable, also, that the exigencies of national policy in order to meet balance of payments problems, or to diversify crop patterns in countries which have export monocultures, or to stabilise farm incomes in countries where export crops experience widely fluctuating international market prices, may require increases in agricultural productivity which are not necessarily and directly related to increases in farm incomes. Such matters are not the subject of this paper.

Technological Change

Whilst no comprehensive list of the content of technological change need be given it can be said that to make farm lands more productive some combination of the following typical technological changes is required:

Application of chemical fertilisers and pesticides;

Provision of high yielding seed or planting material for existing crops as well as for new crops;

Use of improved tools or more powerful machines;
Improved storage facilities for crops;
Better facilities for control and distribution of water;
Improved processing facilities.

It is assumed that such changes are introduced with a combination of appropriate educational measures and facilities for servicing and repairs. Now, by the organisation of cooperatives it is possible to offer any of the above items to the farmers, but they can also be provided by private or by state enterprise. And hypothetically, given sound management, all three forms of enterprise may be equally suitable for the purpose of providing the above services to the farmers. What then are the reasons for preferring the cooperative way?

There are two main groups of reasons: one economic and one psychological. The economic reasons are concerned mainly with the distribution of income, especially the farmers' share of aggregate income. The psychological reasons are concerned with the notion of motivation and the *will* to change.

Distribution of Income

Let us assume that technical change is feasible and it is carried out on an effective scale in the rural sector. Then, unless special steps are taken, a large share of the increased output will flow into the hands of rural capitalists or traders, moneylenders and landlords in the form of increased profits, interest and rent. Such a trend would redistribute aggregate rural incomes in favour of the non-farming groups. Already a serious imbalance exists between income levels of farmers on the one side and traders, moneylenders and landlords on the other. Thus if technical change, which had the net effect of greater productivity, were provided by private enterprise, this would widen the gap between the rural capitalists and the farmers still further. Apart from reasons of social justice which call for a reduction in income disparity between these two groups, there are other reasons for maximizing farm incomes. Farmers not only can invest in rapid technological advance but also can spend more on education of their children and the health of their families. These latter points are closely related to the efficiency (i.e. increased productivity) of rural labour.

Through cooperative enterprise the maximum possible share of the difference between the buying price and the selling price will be returned to the farmers who are members of the cooperative, in the form of dividends which will be distributed on the basis of patronage. Furthermore, loans will be at rates which are a fifth or a tenth of the rates charged by private moneylenders. Cooperative loans are made to increase the productivity of a farmer's resources and not to get him into such a state of indebtedness that he cannot avoid losing his land, livestock or tools to the creditor. To sum up, Cooperation puts more money in the farmer's pocket with or even without technical change.

The Will to Change

Secondly, technical change cannot be brought to agriculture on a sustained and wide-scale basis without meeting the essential prerequisite of a proper social-psychological milieu which has been termed the will to change. The farmer will not want change if he believes the greater part of the value of the increased output will go to others. Indeed, in certain instances the farmer may be utterly resistant to change because it might make his position even more insecure. For example, a tenant farmer may believe that the application of fertilisers or an improved drainage system would only make his landlord more eager to get rid of him so that a new tenant could be brought in. Not only would a higher rent be charged but a substantial "present" which custom may require as well, could be demanded from the new tenant.

Rural Economy in Perspective

This is why it has been said that the rural institutional structure based on private enterprise is obsolete in the face of the need for technical change and for raising rural incomes¹. This notion of obsolescence can be explained by examining the economic framework into which the rural trader has evolved, from the period before western influence became dominant in the Region, through the colonial period, down to the present time of independent states with nationalistic economic policies, aiming at rapid economic growth with particular attention to rural development.

In the pre-colonial period, Chinese, Indian, and Arab traders came to the Region for purposes of barter. They bartered their cargoes of silk, brocades, wines and porcelain-ware for such local produce as pepper, dragon's blood, gharu wood, dammer and mats. In addition to local barter trade, there was also international barter trade in the Malaysian and Indonesian Region, for reasons of geography and geopolitics. Merchants from China bartered precious metals and silk for opaque glass, sword blades and musk which were brought by merchants from Arabia and India. The local city port was no more than a convenient meeting place for these traders. After their transactions were completed, they returned to their respective homelands.

In the 19th century, with the intensive development of the colonial economic system, in addition to special system of land laws and the extensive immigration of cheap labour from the surrounding countries, a new type of trader was also required. The foreign-owned, import-export agency houses wanted to sell their imported consumer goods to the rural people and they also wanted to buy copra, rattan and rubber from the rural producers. A role for a permanent trader was created. This trader became the intermediary between the import-export firms and the rural producers.

¹ Aziz U (Inaugural lecture) "Poverty & Rural Development in Malaysia" 27th September 1963. University of Malaysia, Kuala Lumpur.

Monopoly

Inevitably, these traders attempted to increase their influence by gaining control of whole areas in the rural economy. They were able to become the sole purveyors of imported food stuffs and other consumer goods. Their unique position was sustained by agency houses who appointed sole distributors and designated wholesale and retail outlets. The links were cemented with discounts and favourable terms of credit. Those who were not recognised by the system were excluded, whatever their race may have been. This sole-seller situation is called monopoly.

Monopsony

Similarly, these traders were able to gain control of the market for peasant's produce as farmers and fishermen became obliged to sell their produce to a particular trader because of debt obligations and other tactics. Traders controlled processing facilities like smoke-houses, copra kilns and fish drying racks and they sought to increase their ownership of farm lands, boats and fishing nets. The Government often provided them with further power by granting them exclusive transport licences or permits for cutting firewood or nipah for attap. As a result, in each village, for any given number of farmers or fishermen, there was in fact only one buyer. This sole buyer situation is called monopsony.

M-M System

When the same trader has a monopoly and a monopsony, the system is called the M-M system. (It is realised that some flexibility must be allowed for measuring the uniqueness of the traders' position. In economic terminology the M-M system implies buying and selling in markets which are highly imperfect or are monopoly-monopsony structures. These need not be absolute monopolies or monopsonies.) In the M-M system the real weapon for exploitation is the ownership and control of capital. Liquid capital in the form of money is used for moneylending which earns not only high rates of interest but also creates obligations on the part of rural workers to deliver produce to the trader. It may even oblige the worker to provide cheap labour. Intermediate capital in the form of seed, fertilisers, livestock or fuel is used to create obligations which strongly reinforce the M-M system. Permanent capital items like processing facilities, storage buildings and transport facilities prevent outsiders from breaking into the market. Their lack also prevents rural producers from selling their produce in markets outside the kampong. This is why capital is said to be the main weapon for the exploitation of the rural people. Incidentally, this M-M system was favoured and protected by a colonial government ostensibly devoted to the philosophy of laissez-faire.

Effects of the M-M system

In the initial stages, and for some time thereafter, the M-M system was

not necessarily a bad system. As a result of the system the rural people were able to own kerosene lamps, drink tinned milk, and wear imported textiles. The rural trader played a very significant role in bringing consumer goods and semidurables to the peasants and in monetising his economy. In the long run, however, the efforts of the rural traders and the agency houses via the M-M system brought about two very significant results. These were the decapitalisation of the peasants and the inhibition of technical progress.

Decapitalising Effects

In the first place, as part of the method of building up the M-M system, traders bought at exceptionally low prices, the peasants' land, buffaloes, their boats and nets, and even their larger tools. Many of the peasants and the fishermen, have become landless, boatless and often rootless labourers moving from village to village. Thus, after a time, the M-M system which at first brought progress became a disintegrative force. Its tendency was to increase rather than to decrease poverty. This is particularly noticeable in the relationship between the M-M operators and rural labour where very low wages are paid and truck systems used (i.e. the wages are paid largely in kind, as meals etc.) As moneylenders they charged high rates of interest and frequently used their credit-granting power to obtain cheap labour.

Land is acquired for its produce so as to make it economical for traders to own and operate large-scale processing facilities. It also provides a venue for the employment of the cheap labour. Landlordism with rents at fifty per cent of the crop, no rent control and no security of tenure, creates large incomes among the landlord-traders but causes poverty among the farmers.

Inhibiting Effects

The second consequence of the M-M system is that it has inhibited technical progress. That is to say, the M-M system in the long run tends to fossilise the rural economy or to become a strong obstacle to technical progress.

What is suggested is that the present system of private enterprise has reached the limit of its evolution – it is at the apogee of its growth. It cannot grow any further, nor can it assist in further development of the rural economy. Each village can provide enough business for only a small number of traders and each agency house can take on only a limited number of distributors in a closed network. The total quantum of rural produce available for trade in fish, copra, rubber or paddy has all been catered for. The total number of rural consumers is expanding at a rate of less than three per cent per annum since there is a strong urban drift of rural youths. Furthermore, rural incomes are not rising. Thus, there is no scope for expansion. As the influence and the power of any

single trader increases he gains ownership and control of more and more of the resources of labour, land and capital in a particular kampong (village). Poverty is increased and more and more people become landless, boatless, etc.

The key point is that there is no prospect for any further increase in productivity or in rural incomes via the present system. Even subsidies from government ultimately go to the traders and landlords; as does much of the land provided under land settlement schemes. Thus, it will be seen that a system which was once so useful in bringing candles, flashlight torches, transistor radios and detergents to the village people and which was once so useful in providing a market for latex, sugar and copra, can no longer be operated to give the peasant rising levels of incomes. The system has reached the limits of its usefulness in the context of national objectives which aim at sustained rising rural incomes and which aim to eliminate poverty. In such a context the present systems of trading, land-renting, employment and moneylending have become obsolete.

Institutional Change and Cooperation

It is beyond the scope of this paper to consider the whole gamut of institutional change which may range from agrarian reforms to postal savings schemes. Attention will therefore be confined to institutional changes involving the introduction of cooperative forms of enterprise, particularly where Cooperation will stimulate increases in agricultural productivity.

Cooperative Credit

The provision of credit in agriculture is one of the oldest known forms of Cooperation in Europe and Asia. For more than a century the names Raiffeisen and Schulze-Delitzch have been accepted as international technical terms originating from Europe. In Asia, for several centuries, various forms of saving and lending at the village community level are known to have existed in the Region by rural economic historians. In spirit, these Asian forms of cooperative credit are similar to the Western types of cooperatives although their legal and administrative organisation may have been different.

Cooperative societies can be organised to provide one or more of the following types of credit:

- 1 Seasonal credit – to meet consumption expenditure during the period between planting and harvesting or during the monsoon or an unusual drought;
- 2 Short term credit – to provide expenses to cover wages and other running costs, seed, fertiliser, livestock, materials for marketing (bags, twine, etc.);
- 3 Medium term credit – for the purpose of powered equipment,

processing facilities, minor improvements to land (e.g. fencing, drainage, lining, etc.);

- 4 Long-term credit – for the purchase of land by tenant farmers or for an increase in the farm area or to consolidate fragmented farms.

What is the effective relationship between cooperative credit and agricultural productivity? In the first place, it should be accepted as an axiom that farmers must borrow. Indeed the higher the level of living of farmers, the larger the per capita sums that are likely to be borrowed.

It is not borrowing that affects productivity but *indebtedness*. The difference between taking a loan and getting into a state of indebtedness can be defined very simply as a condition of insolvency. That is, if there is a reasonable prospect of the loan being settled during the stipulated period, then notwithstanding its size or its terms, this is sound use of credit and there is no “indebtedness”. However, when a farmer is in a position where he cannot settle his debt without sacrificing his assets or without becoming bankrupt, or where he has to pledge, continuously, his labour, (and possibly the labour of his family), then he is in a state of indebtedness. Indebtedness can lower productivity through loss of tools, livestock, fertile pieces of farm land, or loss of the power to dispose of labour for the farmer’s own benefit. Indebtedness can also lower productivity by sapping the will to change and by creating a despondent outlook.

If cooperative credit can eradicate indebtedness then indirectly it can stimulate increased agricultural productivity. By direct means even more can be accomplished. Lower rates of interest will enable farmers to have larger incomes. Since the aim of Cooperation is to assist the farmer and not to decapitalise him or to “depayer” him (i.e. deprive him of his land), then it will guide the farmer to use credit to increase his income via increased productivity.

If cooperative credit is associated with savings schemes then additional benefits will occur at two levels. As a group, farmers can help one another by mobilising their savings. As individuals, once indebtedness is eradicated, farmers will be able to take large steps to bring about technical change on their farms, to give their children better education, and to obtain better health facilities for their families. If cooperative credit is integrated with schemes for supervised agricultural credit and other extension schemes or community development projects, then the chances of impressive progress are considerable. Thus, cooperative credit is vital element in any multi-purpose cooperative project.

There are certain criteria which can determine the success of cooperative credit societies. It is important that these criteria be given adequate attention especially in the formative stages of any cooperative. There are two main groups of criteria: economic factors and social or psychological factors.

The management of the cooperative must be reliable and efficient. It is important to build up the capital and to make loans on the basis of a sound credit policy. Regular auditing is essential. The quantum of aid provided in the form of capital, interest free loans or administrative or auditing services by government can be decisive. Appropriate legislation

to control moneylenders, pawnshops, and transfers of land is needed to create the framework within which pioneer cooperatives can take root and thrive.

Among the necessary social or psychological factors, initially there must be a marked conscious desire for credit facilities which will increase productivity. The credit cooperative should not be conceived as a welfare granting organisation sponsored by the state. Among the members of the cooperative some degree of social cohesion will be necessary to sustain loyalty.

Cooperative Marketing

One of the most effective ways for promoting rural development is through the reorganisation of rural produce markets. Farm output may be produced for consumption in an area fairly close to the farm, e.g. vegetables and fish; or it may be produced for widespread distribution in the internal market, e.g. paddy in Malaysia, Indonesia, and the Philippines; or for export to overseas markets, e.g. rubber, copra, and sugar.

The terms "marketing" includes a number of services:

- 1 Purchase of the produce from the farmer and its sale to the consumer or exporter. This may involve advances in cash or kind to the producer;
- 2 Processing of the produce, including drying, milling or preserving;
- 3 Grading and packing;
- 4 Storage;
- 5 Transport;
- 6 Capacity to deal in by-products.

It has been shown that by adroit tactics M-M traders are able to strengthen their position and secure the largest possible margin of profit from trading in rural produce. The more complex the marketing structure is, the more likely it will be that the bargaining power of the rural producer will be weak.

If cooperative marketing schemes are to be organised they must be able to provide all the services mentioned above on an adequate scale and efficiency must be at least as good as the existing services. In the short run, cooperative marketing can only increase productivity indirectly by reducing the margin charged for marketing services and thereby increasing farm incomes and ultimately farm investment. In the long run, cooperative marketing can increase productivity and incomes by encouraging qualitative improvements in production, processing and packaging. The particular form of cooperative marketing that is adopted must depend on the nature of the product or products that are to be handled. Some account will also have to be taken of the amount of capital which is at the disposal of the cooperative in the beginning. Thus, whether pooling arrangements, payment on delivery, or working on a commission are adopted as methods of dealing with members, the details must be settled to suit particular circumstances. Moreover certain fundamental criteria both economic and social, are common to the success of all cooperative marketing schemes.

Economic Criteria

Managerial skill is the most critical of all factors. This is especially the case if the payment on delivery system is used. Quick decision to buy or to sell as well as efficient control of processing facilities are essential. The loyalty of members and the goodwill of customers must also be maintained. It may be noted that a combination of all these factors may be rare. For such management, remuneration must be at least at full market value. Financial stability requires adequate working capital to cover advances, storage cost, and credit to customers in addition to normal working expenses. There must be clear lines of administrative control, designated responsibility and delegation of powers. All these items require an adequate volume of business to justify operation on a sufficient scale.

Social Criteria

To sustain the interest of members in the cooperative, the "one-man" show should be avoided. Loyalty may be aided by the use of the contract which requires the delivery of all members' produce to the cooperative. Fundamentally, the loyal support for the cooperative will depend on whether the marketing cooperative is meeting a technical and an economic need. The rural people must genuinely believe that the existing marketing system is either inadequate in scope or exploitative in operation.

Politically, in the field of marketing, a government has to decide whether cooperatives will replace the private marketing system and whether this is to be done by granting a monopsony or by use of such administrative measures as control of the issue of permits for trading, storage and transportation in favour of cooperatives. Governments may also have to decide on the advantages and disadvantages of state marketing boards with or without cooperative participation.

Producers Cooperatives

While producers cooperatives may appear to be the most obvious way to achieve increased productivity in agriculture the actual experience of almost every country that has instituted producers cooperatives in agriculture is that this is the most complex type of cooperative to organise. Fundamental political decisions need to be made regarding the kind of producers cooperative that is to be set up before such cooperatives can be successfully instituted. At the same time, the role of such cooperatives in the national economic plan, particularly in the agricultural sector, has to be clearly defined.

In a sense, the producers cooperative represents the most advanced stage of Cooperation. In its full development this embraces every aspect of agricultural production. The unit of agricultural production is owned by the cooperative and all persons working there are members of the cooperative. Therefore, the supply of capital needed on the farm, marketing facilities, credit or advances and all purchases of supplies or of consumer goods would be organised on a cooperative basis.

However, it is also possible to organise a limited number of production activities on a cooperative basis. For example, individual farmers may combine to form cooperatives that provide tractor services or other mechanised services. This type of cooperative may be very successful where farms can gain by using modern methods but where each farmer does not have enough land to use a machine economically. Farm supplies of fertilisers, high yielding seed, selected livestock or poultry and equipment can be purchased on a cooperative basis. Farmers can obtain accounting services from a cooperative.

It cannot be repeated too frequently that any aspect of production requires the availability of proper technical skills. The cooperative must be able to provide directly (from its own employees) or indirectly (in association with government extension services) adequate advisory and technical services. Since any aspect of cooperative production is likely to involve considerable "interference" with whatever the farmer is doing, the need to demonstrate effectively that such interference is useful is very great. In fact, it might be said that no scheme for producers cooperation should be embarked upon unless the quantum of proven technical skill is adequate.

Consumers Cooperation

It frequently happens that the apparent influence of the village trader is mistakenly seen to lie in his function as a retail distributor of consumer goods. In fact, the truth is that it is his function as a buyer of rural produce and particularly his M-M position that gives him real power. Still, there have been widespread attempts to defeat the M-M traders by establishment of cooperative shops in rural areas. These attempts have shown an exceptionally high casualty rate. Failure in this aspect has led to some disillusionment with Cooperation as a principle for rural development.

There are at least three important reasons for such failures:

- 1 Erroneous analysis of the power structure of the village M-M trader and consequent faulty strategy in the campaign to displace him by cooperative institutions;
- 2 Tactical errors in phasing the introduction of cooperative enterprise into the rural economy. For example, failure to introduce cooperatives for marketing, credit or transportation before consumer goods distribution; and
- 3 Failure to understand peasant attitudes towards money and credit as well as ignorance regarding their buying habits, borrowing and repaying habits.

Before the possibilities of correcting the above three errors are discussed it is necessary to comment briefly on the main principles of consumer cooperation. This is, perhaps, the oldest form of Cooperation successfully practised in Europe. In every country of Western Europe and North America where there is a cooperative movement, the name, Rochdale Pioneers, will be familiar to those associated with Cooperation. One important fact, frequently overlooked, is that the Rochdale Pioneers were,

in one sense, victims of the great economic and social transformation called the industrial revolution. There were not farmers who were struggling against the M-M system in the rural economy and neither were they seeking increases in agricultural productivity. Indeed, the very success of the Rochdale Pioneers and the consumer cooperative movement of the United Kingdom in general, is intimately associated with many trends in social reform which belong directly to the hundred years of industrial revolution which stretched from 1844 when the Rochdale Society was founded through the 19th century to the First World War, by which time the consumer cooperative movement was fairly soundly established.

The industrial revolution in Asia today is different from that of Europe in the 19th century. The tempo is faster. Most of the Asian states subscribe to some form of national economic planning whereas the economic ideology of those in power in the countries of Europe when the industrial revolution was on the up-swing was *laissez-faire*. In the context of this Region therefore, consumer cooperation may be more effective if it were to play a secondary role, at least in the initial stages. This statement is subject to two significant qualifications. Firstly, where there are no retail shops conveniently located and where people are being trained to produce for a wider market than their own village or local group, then cooperative shops need to be introduced as a prime step. Secondly, if it so happens that the cooperative marketing and credit institutions are so successful that the M-M trader withdraws and thereby leaves an hiatus in the retail supply situation then cooperative shops must be introduced; otherwise great inconvenience will be caused.

Consumers cooperation involves a number of rather special problems that must be solved before consumer shops will be popular with the rural people and economically sound. The cooperative shops may have to obtain wholesale supplies of imported goods. These goods are frequently imported by the very agency houses which are an integral part of the M-M system. It is not likely, therefore, that the agency houses will be inclined to welcome the consumers cooperative movement. It will be up to the governments concerned to convince such agency houses that fair collaboration with the cooperative movement is a matter required by national policy and is linked to the needs of rural development, for better rural incomes and increasing agricultural productivity. The cooperative shops cannot be run economically if they exist as small individual units. All the advantages of bulk purchase need to be obtained. This requires integration of wholesale cooperatives with retail cooperatives. Adequate means of cheap transportation must also be provided.

The buying habits of rural people require a large number of quite small shops. That is, farmers do not like to travel more than a mile or so to come to a shop. In turn, this implies a large number of relatively small purchases by a fairly fixed clientele. Rural consumers buying habits, which have been conditioned for decades by the M-M traders, involve taking goods on credit and paying for them by delivering quantities of rural produce from time to time. There is no bargaining. Furthermore, goods are not purchased by weight or volume but in terms of quantities of

money. For example, a person asks for ten cents worth of cooking oil rather than a quarter of a pint even though a pint may cost forty cents. This leads to considerably over-charging. Even where weights or measures are used, for example, in the purchase of staple items like rice or flour, there is systematic cheating by giving short weight or inferior quality.

Cooperative shops therefore have not only to educate people to buy for cash but they have to make effective propaganda that they offer better services, quantitatively and qualitatively. The real income of farmers should therefore be greater even if the level of expenditure remains the same. If the staff in the cooperative shops adopt a bureaucratic or "take it or leave it" attitude, then this will antagonise the rural people and defeat the whole project. It should be noted that although the M-M operator is an exploiter he is always courteous.

Regarding the problems for cash purchase, it will be necessary for some type of credit cooperative to be available to act in conjunction with the cooperative shops in areas where there are periods of temporary unemployment due to such events as the wintering of rubber trees, or the monsoon which prevents fishing, or periods of very low income, for example, the last few months before paddy is harvested.

In brief, not only will the cooperative organisers have to educate the rural people regarding the principles of organising and managing cooperative shops but they will also have to teach them new buying habits. This will be in addition to explanations regarding the advantages of "patronage" as a system for distributing the trading surplus or profit made by the cooperative shops. There should also be courses in practical methods of buying consumer goods. Much of the type of work done by consumers associations in advanced countries will have to be undertaken by the cooperative movement, at the village level and for the rural people, if consumers cooperation is to succeed in Asia.

Conclusions

The use of Cooperation as a method to increase agricultural productivity requires a fundamental grasp of the following matters:

- 1 Increasing productivity depends on two types of change: technical change and institutional change;
- 2 Technical change and institutional change are mutually dependent and interacting;
- 3 In the present structure of rural economies the M-M trader is not only exploitative but more significantly he is obsolete (in the light of rural development policies);
- 4 Cooperative forms of enterprise in the fields of credit, marketing, production and consumption can be ideal methods of institutional change if certain prerequisites are met;
- 5 It is up to the respective governments to study their rural economic structures, to evaluate the extent to which requisite criteria are right and to support effectively cooperative projects so that they can play a key role in rising rural incomes by increasing productivity.

Cooperation in South-East Asia Today— Role and Problems

Professor D. G. Karve

From Pakistan to the Philippines all countries in the South-East Asian Region share some common features as developing economies, though none of them, with the possible exception of Taiwan, can be said to have accomplished either their industrial or agrarian revolutions. Most are characterised by a high density of population, an economy dependent on agriculture and a slow modernisation of the social and economic structures.

Against this background, however, emerge two trends which are steadily gathering momentum. The concept of a substantially static and unchanging pattern of existence is being replaced by one of rapid growth and movement. While all the technological and material implications of a major socio-economic transformation are only indifferently appreciated, a belief in feasibility of rapid growth is fast gaining ground. It is also recognised that a regime of inherited privilege is no longer sustainable, and a substantial measure of social, economic and political equality is vigorously demanded by the common people of all developing countries of the Region.

Another significant feature of the recent history of these countries is their somewhat sudden emergence into a state of political freedom after a prolonged period of colonial subjection. In most cases independence was won after a struggle in which the common people had to be enthused to take part by hopes of a better existence in the future. The newly-independent and developing states of South-East Asia have, therefore, to face the challenge of satisfying the ardent and impatient hopes of their people for a better life. From dependent agricultural and petty

industrial employment has to come rapid all-round economic development. Forms of social organisation have to provide freedom and equality on the one hand, and industry and skill on the other. It is here that Cooperation, in contrast to state management and capitalist enterprise, has a particularly apt role to play.

Fortunately, national independence from colonial rule has usually been followed with state laws to end feudalism. The feudal landlords in their day were rarely known for their merits as agricultural entrepreneurs, finding it more advantageous to levy rental tributes on their cultivating tenants. Therefore, with a loosening of the centralised ownership of land, and its more equalitarian distribution among the tenants, an almost unavoidable concomitant of political change, there has been a strong desire in the minds of the new rulers to utilise land resources so as to maximise the welfare of the cultivators and of the nation's economy. Decentralised ownership and efficient organisation perhaps can be best ensured by cooperative management. In countries where little organised cooperative activity existed before the achievement of independence, fresh beginnings of an agrarian cooperative movement have to be made. In newly independent countries which had some traces of cooperative organisation of a restricted and mainly ameliorative nature, they have to be replaced by a new movement of cooperative development, affecting all aspects of the economy.

The extent of direct social or governmental responsibility assumed by the state for the economic progress of its people varies from country to country in this Region. But broadly speaking, all governments have adopted policies of some sort of planning for economic development and social welfare. As agriculture is the most important occupation of the people in these parts, economic development spells agricultural progress, and social welfare implies rural reformation. Programmes of community development and of agricultural extensions are thus indispensable features of national policy. For better efficiency of the main occupation of the rural people and for better living conditions of rural communities, cooperative ways of business and of corporate life have to be deliberately welcomed and promoted. To a varying extent all the developing nations of the Region are doing so at present.

As a first step in this attempt to secure progress, some measure of land reform is almost indispensable. Insecurity of tenure, inadequacy and uncertainty of a share in the produce, and a lack of incentive for developing long-term productivity of the soil, are features of the traditional systems of land tenure. The agricultural worker, tenant or wage-earner, has little attachment to the soil, and thence neither is social stability assured nor is progressive agriculture promoted. To create for as many agricultural workers as possible secure access to particular areas of land as a means of production is, therefore, the first step in land reform. Whether it is a comprehensive measure of tenancy reform, or one of acquisition and redistribution of land, land reform tends to bring into existence a new class of small, sometimes very small, farmers. To help them to operate as efficient farmers and thus to contribute to their own and to the community's welfare, further institutional steps are necessary.

What the large-scale landowner failed to do, namely to ensure progressive development of agriculture and a rising level of earnings for the agricultural worker, the newly-created class of small farmers is expected to achieve. They can hope to do so only if further measures are taken to offer to them opportunities of self-improvement by individual as well as collective action. As a first step the state has to set up a system of research and extension which aims at educating the farmer in the skills needed for a more efficient pursuit of his profession. This is the responsibility which the state alone can shoulder. It becomes apparent in the very initial stages of extension work that an individual attempt to reach the small farmer is an impossible task. Not only is it numerically, financially and organisationally well beyond the capacity of the provincial governments to provide staff to counsel the individual farmers, but also psychologically impracticable. An average peasant in these communities is almost completely insulated against any suggestion, for a marked change in his behaviour which will single him out from his neighbours.

Although comprehension and mental stirrings may be individual, their practical implementation is almost necessarily a group decision. Traditionally rural communities operate by consensus, not by unfettered decisions of individuals. If the mind of the group can be reached, their ingrained habit of concerted action is an aid, not an impediment, to progress. Joint participation by the farming community in the programmes of extension is indicated as a condition of success. Whether such joint action is institutionalised as a coöperative society may depend on two things. How many of the extension programmes entail the need of a permanent and legally operable relationship among the participants would decide the choice between informal groups and established cooperative bodies. Equally important would be the social and outlook of the state.

Status may be imparted to farmer groups in one of three ways. First, the groups may be subsidiaries of a governmental organisation, assuming specific responsibilities and receiving specific benefits, with the power of decision remaining with the governmental authorities. Secondly, they may form into business associations, where each member exercises rights according to his economic stake. Neither of these two methods meets the requirements of freedom and equality, the driving forces behind the social and agrarian movements which create land reform. Thus, we turn to the third means of organising farmers' group, the cooperative, where all members have an equal opportunity to participate in programmes of economic development. Sponsored but not enforced by the national community, the cooperative is the only type of institution on which a democratic society can rely. In the progress of agrarian cooperation in the developing countries, the farmers as well as the national community have a vital stake in the formation of cooperatives.

The prominent position allotted to cooperative organisations in the economic, especially the rural economic, plans of these countries is mainly explained by the consciousness that a major social change brought about by public action cannot be left half-way without risking both the social and economic objectives for which the change was made. Both land

reform and democracy are forces leading to greater decentralisation, economic and governmental. In promoting cooperatives, therefore, the declared intention of government is to lessen, not to strengthen, centralised influence. If in initial stages government appears to enjoy an unconventional and noticeable role, such as that of participant in capital and management, this is to be traced to a keenness to ensure the success of cooperative organisation.

Undoubtedly there is a risk that official participation, starting as a sponsoring support, may develop into a bureaucratic-stranglehold. Three specific safeguards are needed to prevent this. The most important safeguard is, of course, the determination of the general body of citizens to favour only genuine cooperatives as distinguished from departmental and privately-organised corporate bodies. The pressure on government exercised by democratic public opinion ought to ensure this. It is open to citizens to urge the claims of genuine public sector operation, as it is open to them to press for freedom to organise associations on the model of joint-stock companies. Cooperatives have to justify their existence in competition with these alternatives. Any undue domination of government in cooperative affairs is bound to be resented by the supporters of both nationalisation and free enterprise. But above all by an extensive system of cooperative training and by organisation of a strong cooperative opinion, government must always be held to a defensive position as a cooperative partner, though its legitimate support must be ensured by efficient and socially responsible operation. There is reason to believe that in almost all countries of the Region, where governments have adopted a policy of active promotion of cooperatives, this essentially discriminating, transitional and constructive approach is well appreciated.

The main problems about cooperatives in South-East Asia is, therefore, not that of too much governmental interference, as that of utilising government support for building cooperative strength as fully and as quickly as possible. Next in importance to spreading the philosophy of cooperative action as a part of developmental activity is the need to adopt forms of cooperative enterprise to suit the circumstances of each case. In rural areas, particularly, cooperatives have to be comprehensive in their scope of action. Not only all business interests, but almost all social life of a villager tends to be integrated. It is, therefore, natural to expect that the primary cooperative bodies of this Region should be operated for the general benefit of the members, that is, of a service type. This normally is the case and the number of such societies is steadily on the increase.

Even more important than numbers are the size and managerial quality of these societies. In their relatively stagnant state of economic life most villages have tended to be isolated and inward-looking. In the early days of cooperative movements it was natural to have cooperative associations with membership drawn only from the local residents. Sometimes a single village had more than one cooperative society due to local divisions of caste. Membership of such fragmentary societies was generally very small, and the quality of management, generally voluntary, left much to be desired. Maximum credit was sought by adopting the principle of unlimited

collective liability. While this principle did improve the credit of a society to some extent, the basic drawbacks of insufficient credit – worth and uncertainty about repaying capacity – continued to limit severely the credit-worthiness of cooperative borrowers. Lack of resources led to economic weakness and even with long periods of cooperative history the practical results were in most cases disappointing.

In the new developmental concepts adopted after the Second World War every feature of cooperative organisation was re-examined in the light of its bearing on securing economic development. Starting with a national programme for the promotion of agrarian reform, the extension service was expected to carry the necessary education and enlightenment to the villages. To be able to respond constructively to these efforts primary cooperative institutions with expanding membership and competent management were needed. Hence a programme of reorganisation of old, and establishment of a better type of new societies was undertaken, accompanied by an ambitious programme of member education and staff training. Limitations of finance and personnel have often held back progress in these essential respects. Sometimes people in responsible positions have felt hesitant to promote inter-village organisations which may have an impact on the whole structure of rural society. But by now it is clear in most parts of South-East Asia, that what the rural population desires is a life of active and expanding association to serve better standards of work, wealth, and happiness. All forms of cooperative organisations are being readjusted to this irresistible urge.

Primary institutions have been urged to read a more positive meaning into their function than was the case when they were largely borrowers' clubs. The purpose for which funds are borrowed is now more important than the sum itself. Physical resources, or their financial equivalent, are made available on a liberal scale for a productive purpose which is in conformity with national plans of rural development. Where there is assurance that a member will use the physical resources for a developmental purpose, his credit and capacity to repay are determined not so much by his collateral security as by the manner of use. However, this approach to the responsibilities of the borrower changes the criteria of admissible security so radically that continuance of the principle of unlimited liability of members is no longer supportable. The whole structure and function of cooperative primary institutions will have to be adapted to these changed standards of credit.

At secondary and tertiary levels of cooperative federations greater specialisation is necessary. To ensure specialised management and an equal distribution of risk and advantage, finance, marketing and processing should be separated. Large marketing societies dealing in commodities which normally need some processing before they are marketed can combine processing activity with their own. But in many other cases, cooperative processing may be approximately separated from other cooperative activities. Experience in India, Malaysia, Ceylon, and Pakistan, has shown that there are no rigid or uniform patterns of successful cooperative endeavour. According to the varying economic and social conditions

and the availability of suitable personnel, different forms have to be tried. This variety of forms is indeed a striking feature of contemporary cooperative experience in the Region.

The cooperative sugar factories in India are an outstanding illustration of how in favourable economic and social circumstances, genuine cooperative activity can achieve developmental results. While the need of a growing and more profitably employed population was creating an especially favourable market for sugar, the introduction of irrigation to new areas and the provision of better extension services had improved the prospects of more intensive cultivation of land. Putting these two features together in the traditional pattern of social policy, large land-owners and capitalist manufacturers would have moved in to improve their own prospects. With the prevailing pattern of small farms the immediate results would have been a capitalist factory driving hard bargains against small cane growers and reaping abundant profits from high consumer prices. The direct interest of sugar manufacturers in improving standards of cane cultivation would have been almost nil. Indifferent and unprofitable cultivation by a mass of small growers alongside profitable industrial investment by large capitalists would have proliferated, as indeed was the prevailing pattern before the planned growth of irrigation and sugar cultivation.

To avoid this evil of inefficient cultivation and monopolistic investment the Indian Government adopted a deliberate policy of preference to cooperative operators when granting licences for new sugar mills. The approach encouraged small farmers of cane to join into cooperatives both for the purpose of improving their standards of cultivation and for setting up sugar factories to process their own cane. In the initial stages cooperative and Government-sponsored financing institutions advanced medium- and short-term loans to the cultivating members for their agricultural as well as manufacturing needs. Sound technical and managerial personnel were also employed on professional terms. In due course, sooner in fact than what one would have hoped, small and medium farmers developed a new initiative for an agro-industrial transformation which has significance far beyond the fields of sugar and Cooperation. Though not all cooperative sugar factories were equally successful, under normal circumstances they made good progress and their example is spreading to other fields. No doubt new problems will arise, but they will be problems of growth and institutional adaptation instead of the traditional problems of stagnation and decay.

By contrast Cooperation in urban areas has made only limited progress. In developed countries the prevailing pattern of urban cooperation is the consumer store. This type has little relevance to the comparatively poorer residents of Indian cities, whose conditions of employment and housing make consumer association both difficult and inadequate. In some large cities a few successful cooperative stores are in operation for special groups of consumers. But by and large this form of cooperative activity will have to wait until employment becomes more steady and remunerative, housing becomes more ample, and needs and products are more standard-

ised. In a few areas of the Region, however, urban credit societies are in operation. Where these societies are not meeting consumer needs of semi-indigent people they are providing small amounts of capital to petty traders. Here again, unless there is a substantial national effort to offer more remunerative channels of employment for the talents and resources of the common people, Cooperation will not have its full impact.

The new role for Cooperation in the South-East Asian countries is that of contributing towards the rapid economic development of a democratic and decentralised community. This objective cannot be achieved unless the forces of development in the community are both strong and democratic. If these essential conditions are present and are given reasonable assistance from the state, a Cooperative sector can be established in the economy, which makes a contribution to the nation comparable to the more familiar sectors of private enterprise and state enterprise. Nevertheless, even under the best circumstances, the faith of the cooperative movement in itself must be strong enough to compete with the private and state sectors, to share in the national economy. Joined to the cooperative principle of economic self-regulation, there must be operational competence comparable to that of the other two sectors. For modern society, especially for a democratic, egalitarian, welfare society, the mere profession of cooperative principles has little appeal. They must be backed by convincing evidence of superior performance. Cooperators in South-East Asian countries are steadily but surely equipping themselves to take up the challenge.

The Cooperative Movement in the ECAFE Region and Economic and Social Development

Dr Mohinder Singh¹

In recent years, a significant development on the economic front has been the manifestation of a desire by the developing countries to step up, through planned efforts, the pace of their economic and social progress. These aspirations have found world-wide support in the General Assembly Resolution 1710 (XVI) on United Nations Development Decade. As is well known, this resolution designates the current decade as the "United Nations Development Decade, in which Member States and their peoples will intensify their efforts to mobilise and to sustain support for measures required on the part of developed and developing countries to accelerate progress towards self-sustaining growth of the economy of individual nations and their social advancement". Each country is to set its own target "taking as the objective a minimum annual rate of growth of aggregate national income of five per cent at the end of the Decade".

A first step in this direction is the formulation of realistic and soundly based plans which reflect the aspirations of the people and have a fair chance of enlisting the cooperation of the people.

The "proposals for action" in connection with the United Nations Development Decade submitted by the Secretary General indicate "the directions in which the initial efforts should be primarily directed: the reduction of internal disparities within under-developed countries, the

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achievement of a high rate of savings and investment, and the achievement of a high level of training and current developmental expenditures".²

But what is the position in the countries of this Region? As is well known, almost every Asian country has in the past few years adopted some form of development programme. However, owing to a variety of factors, such as lack of the needed factual information and lack of the required planning skills, the country development programmes in existence reflect varying degrees of success in approaching the norms of a good action programme for the economy that takes full account of the necessary sacrifices and mobilises the necessary resources and offers opportunities for the development of the latent resources of the country.³

Possible Role of Cooperatives

In the light of the foregoing, a question which arises is this: what is the possible role of cooperatives in the context of economic and social development?

To begin with, cooperatives can facilitate the formulation of development programmes (for the rural sector) that would reflect better the aspirations of the people concerned and will, therefore, have better chances of enlisting the cooperation of the rural people. An essential prerequisite for discharging this function is that cooperatives should be broad-based, covering a large number of functions associated with development, and their membership should cover almost all or at least the majority of rural population. One example of the participation of cooperatives in the formulation of plans at the local level is provided by the farmers' associations in China (Taiwan). These are multi-purpose limited liability cooperatives covering over 90 per cent of the farmers in a township. Their activities cover extension education, credit, purchasing and marketing. At the village level, they have a small agricultural unit in every village and its chief acts as a channel of communication for most matters between the farmers and the township office of the association. They had also established by 1963 in 3,257 villages extension advisory committees consisting of the village chief, the chief of the small agricultural unit and farm leaders. Participation in the planning process has two facets. One is that the annual agricultural development programmes are discussed with the farmers through the local groups of their organisations and through their representatives at meetings held at township, county and provincial level. The other aspect is the drawing up of annual local development programmes at the village level. At the annual meeting of the village extension advisory committee, a list is prepared of the most pressing problems and a plan of action drawn up by the extension adviser and approved by the committee.⁴

² United Nations: *The United Nations Development Decade, Proposals for Action* (E 3613), pp. 10-11.

³ *ibid.* p. 4.

⁴ Hsieh, S. C.: *Farmers' Organisations in Taiwan and Their Trends of Development* (Industry of Free China, December 1963).

In the second place, cooperatives can play an important role in the mobilisation of savings, especially in areas where normal commercial banking facilities do not exist. Recent experiences of a few countries in the Region, namely, China (Taiwan), Japan, and Republic of Korea, show that multi-purpose cooperatives offering competitive interest rates on deposits which can inspire confidence among depositors (both farmers and non-farmers) have succeeded in raising the volume of deposits very substantially.

Third, cooperatives can help in increasing productivity of farmers and craftsmen by supplying on credit, improved production requisites in support of well-developed extension programmes. They can improve the incentive to increase production and productivity through improved institutional arrangements for marketing, storage and sometimes for common facilities. In so far as the agricultural sector is concerned, examples of countrywide extension of such activities are provided by Japan, China (Taiwan), and the Republic of Korea. To a limited extent, action along some of these lines is being taken in a number of other countries also.

Fourth, cooperatives can theoretically contribute to increasing profit margin of producers by undertaking joint production. Some examples are available of the joint ownership of facilities required in the production process. However, examples of "cooperative joint production" both in the non-agricultural and agricultural sectors are limited.

Fifth, cooperatives can contribute to reduction of the disparities of wealth or at any rate to preventing of an aggravation of the disparities of wealth. To this end, cooperatives can help reduce the chain of intermediaries between the producers and consumers, and can facilitate a broad-based ownership of the means of production.

Finally, cooperatives can provide a useful economic platform, often within the overall framework of community development programmes, for fuller mobilisation and utilisation of physical and manpower resources.

Present Position

But what is the present status of cooperatives in the Asian countries?

In most Asian countries, agricultural cooperatives were developed initially to save the farmer from the onerous terms of the moneylender. In recent years, cooperatives have also assumed responsibility for supply of agricultural requisites and marketing of some of the produce. During the period covered by the Second World War, as also in the subsequent post-war years, which were characterised by shortages of essential commodities, consumers' cooperatives developed in the urban areas of many of the countries. Here and there, cooperatives also ventured into certain other activities.

Cooperatives and the Agricultural Sector

Owing to the predominantly agricultural character of the economies of most Asian countries, and because of initial emphasis on that sector, most cooperative movements show main development in the field of agriculture

and especially in the provisions of credit. Thus, in India, which has the largest number of primary cooperatives in existence among the Asian countries, out of a total of around 332,000 societies in 1960/61 a little over 70 per cent were credit societies (around 95 per cent of these being agricultural credit societies). In Pakistan, out of a total of around 28,000 societies in 1959/60, 62 per cent were credit societies (over 90 per cent of these being agricultural credit societies). In Ceylon, out of a total of 13,888 societies in December 1961, over 9,000 were supplying credit either exclusively or in combination with supply and marketing functions. In China (Taiwan), Japan, and the Republic of Korea, multi-purpose agricultural cooperatives represent the relatively more important forms of cooperatives from the point of view of membership, working capital, etc.

However, in many of the developing countries of Asia, cooperatives engaged in the supply of credit cover a limited geographical area, the proportion of farmers covered is often around one-fifth of the total in a country, and the proportion of the over-all credit needs of the farmer provided through cooperatives is often less than 15 per cent. Another point which might be noted here is that, speaking generally, single-purpose societies, limited geographical coverage, small membership, meagre financial resources and dependence on government (or governmental financing institutions) for loan funds, seem to go together. However, the situation is very different in the agriculturally more advanced parts of Asia, e.g. China (Taiwan), Japan and the Republic of Korea. There, multi-purpose cooperatives dealing in credit, marketing and supply, cover almost all the farmers and meet the major part of their needs for production credit. Supported by relatively better developed extension services, these multi-purpose cooperatives have played an important role in the improvement of yields per hectare⁵.

In some other countries also, cooperatives have, in recent years, assumed to some extent, responsibilities for channelling to the farmer supplies of agricultural requisites needed for increasing production. Here and there, cooperatives have been established to permit joint use of certain facilities, to permit adoption of an agreed production programme, to undertake joint purchases of needed supplies and/or to undertake joint marketing. Thus, in China (Taiwan), there were 176 cooperative farms in 1962 with an average membership of 134 and an average area of 108 hectares. The Government has rented land to the societies at 20 per cent below the normal rent. Production is undertaken individually on separate plots (average area per plot being 0.81 hectare), but processing and marketing are undertaken jointly. In Thailand, there were 224 land settlement cooperatives in 1963 with a membership of 4,217 families and a land area of 18,449 hectares (average area per plot was 4.4 ha). Cultivation is on individually held plots. The government provides loan funds to the cooperatives (unlimited liability) through the Bank for Cooperatives, for financing

⁵ *A Survey of Agricultural Cooperative Credit Movement*, a paper presented by the author to the ICA - sponsored "Experts Conference on Cooperative Credit and Some Aspects of Marketing", December 1963.

clearing of land, installing small irrigation and drainage facilities, construction of houses, etc. In Japan, following the end of the Second World War, land development cooperatives were organised for settling repatriates on newly reclaimed land. In 1959, these numbered 4,864 and their average membership was around 50. Cultivation is done on individually held plots. Cooperatives have, however, been given loans for acquiring joint use facilities for the benefit of members.

While there are several available examples in other Asian countries of farmers' cooperatives which combine individual cultivation with some common services, especially in the fields of marketing and supply, there are only a few examples available of cooperatives having directly entered the field of production by pooling all land and undertaking joint cultivation. And most of these few examples pertain to specially situated social groups, as for example, cooperative farming societies for settlement of "displaced persons" or landless labourers on newly reclaimed or acquired lands. In many cases, membership in a cooperative is an essential condition for grant of land to such settlers. Such societies generally receive substantial financial support from the government in the form of subsidies and/or low interest loans. And often government officials act as secretaries of such societies⁶.

In India, cooperative farming (involving pooling of land and joint cultivation) is being actively encouraged. The programme for the Third Five Year Plan ending 1966 provides for the setting up of ten cooperative farming societies in each of the 320 pilot areas, and it is hoped that another 4,000 cooperative farming societies might be established outside the pilot areas by the people themselves without active effort on the part of the Government. As against the target for 1961/62 and 1962/63 of 1,114 cooperative farming societies in 156 pilot project areas, 474 cooperative farming societies had been organised by the end of December 1963. These societies had a membership of 8,105 and held 58,256 acres of land⁷. According to some observers an important obstacle in the way is the unwillingness of small farmers to readily accept the idea of pooling land⁸. It has therefore been suggested that, instead of pooling land and joint cultivation, the adoption of a common crop rotation as in Egypt coupled with other progressive measures for increasing yields would help secure increases in productivity under conditions of individual farming. It is worth noting that, both in China (Taiwan) and Japan where holdings are small and not infrequently fragmented, yields per hectare are far higher than those in most other Asian countries⁹.

⁶ FAO, *Cooperatives and Land Use*, pp. 41-58; Government of the Republic of China: *Agricultural Cooperation in China*; Japan FAO Association: *The Development of Agricultural Cooperative Associations in Japan*; Hoynden, Yoshio: *Agricultural and Fishery Cooperative in Japan*.

⁷ National Cooperative Union of India: *Cooperative Developments in India, 1956-62*, p. 36.

⁸ Schiller Otto; *Two Ways of Cooperative Farming*; *Indian Journal of Agricultural Economics*, April-June 1962.

⁹ In Japan, a little over 70 per cent of the farm households have holdings less than 0.8 hectare in size. In China (Taiwan), the average holding is 1.2 hectares and is fragmented.

Non-Agricultural Cooperatives

This broad category includes single-purpose societies designed to meet specific needs in a wide variety of fields, such as retail distribution, provision of credit, provision of common facilities for industries (purchase, distribution, and processing), and assistance in construction of houses. The extent of their development shows considerable variation in different fields within the same country as also between different countries in the same field. It is also worth noting here that, while in many of the countries there is a single legislation governing cooperatives and also a single administering authority, a few countries have separate legislations and administering authorities for agricultural and non-agricultural cooperatives. In Japan, one legislation deals exclusively with agricultural cooperatives and is administered by the Ministry of Agriculture and Forestry. For industrial and commercial cooperatives, there is the small enterprises cooperative law, which is administered by the Ministry of International Trade and Industry. Similarly labour banks, which provide credit facilities to urban workers, have been organised in Japan under the labour bank law.

It is proposed to examine below the position of some important activities of cooperatives, such as retail distribution, credit, and industrial production.

Consumers' Cooperatives

In many of the Asian countries, consumers' cooperatives made a rapid headway during the period covered by the Second World War, when almost every country was faced with the problems of shortage of supplies (especially of essential commodities), and sharp increases in prices associated at times with black markets. To deal with the distribution problems, many governments actively promoted consumers' cooperatives and entrusted them to discharge, on behalf of governments, a number of economic functions. In the post-war years, with the easing of supply situation, partial or full withdrawal of governments from the distribution field and increased competition of private trade, many of the consumers' stores ran into difficulties and were wound up.

Three general points may be noted here. One is that in countries where governments still are the sole importers of essential commodities in short supply (e.g. rice, flour, and sugar in Ceylon), cooperative institutions can be used (and at times are being used) to undertake wholesale and retail distribution. Secondly, in countries which have food deficits and are undertaking economic development programmes, prices of essential food-stuffs tend to be under pressure because of rising population, increased employment opportunities and increases in per capita incomes. In such situations, cooperative distribution can make a useful contribution, in particular by helping avoid situations of artificial scarcities. Thirdly, the possibility cannot be ignored of some governments using cooperative institutions for wholesale and retail distribution in order to reduce the control of "alien minority groups" on distribution.

Thus, the possibility of governments of the developing countries placing increased emphasis in the coming years on consumers' cooperatives has to be reckoned with. But how are these cooperatives faring at present? The table below throws some light on the position.

Table 1 Consumers' Cooperatives

(Amount in U.S. Dollars)

	Ceylon (urban retail stores) 1961	China (Taiwan) 1962	India 1961/62	Malaysia (Federation of Malaya only) 1959	Thailand 1960	Japan 1955
Number of stores	203	1,583 ^b	7,252	228 (40)	175	1,092 ^c
Membership per store	421	344	192	228 (551)	684	1,235
Working capital per store	2,736	—	—	3,509 (10,305)		
Annual sales per store	26,371	9,074	10,249	24,743 (36,265)		5,944
Total membership	554,045 ^a	544,975	1,394,000	47,169 (22,040)	119,805	958,000

Note: Figures in parentheses are for urban societies and others are overall figures.
Sources: Government of Ceylon, op. cit. Joint Commission on Rural Reconstruction: Cooperative Development in Taiwan. National Cooperative Union of India. op. cit. Federation of Malaya, Statistical statements relating to the Cooperative Movement, Ministry of Cooperatives: Cooperation in Thailand. Hoynden, Yoshio, *Cooperative Movement in Japan*, Vol. I.

a Relates to number of consumers served by urban retail stores societies.

Total number of consumers served was around 6.5 million (Government of Ceylon, op. cit.)

b Includes 1,539 school cooperatives and 44 cooperatives of government officials.

c This figure includes 64 school cooperatives but the other figures exclude data for school cooperatives.

While precise and comparable data are not available for all the countries, the indications are that (except in Ceylon where cooperatives are largely responsible for distribution of essential rationed commodities like rice and sugar) the proportion of urban population covered by retail distribution through cooperatives is generally well below 10 per cent.

In most countries [e.g. Ceylon, India, Malaysia (Federation of Malaya only), Thailand] there is at present a two-tiered structure with retail stores at the primary level and wholesale societies at the secondary level (in Japan there is a three-tiered structure). It is also worth noting here that in some countries, retail distribution, especially in rural areas, is also being handled by societies doing other types of business as for instance, multi-purpose societies in Ceylon, farmers' associations in China (Taiwan), agricultural cooperatives (multi-purpose) in Japan, agricultural and non-agricultural credit societies in India.

The success of organisation and operation of a retail store is beset with many problems including careful estimation of demand for different types of goods (as also for different qualities), and maintaining loyalty of members in the face of competition of retail traders who sell on credit. Consequently,

many of the stores confine the major part of their business to supply of essential goods. In Ceylon, around 70 per cent of the 1961 purchases, by cooperatives engaged in retail distribution, was accounted for by rice, wheat flour and sugar.¹⁰ In China (Taiwan), consumers' cooperatives act as agents of the government for distribution of daily necessities to government officials and school teachers. In Japan, consumers' cooperatives also deal mostly in articles of daily need (e.g. confectionery, canned goods, fish, wheat etc.). Some of these cooperatives also undertake polishing of rice, preparation of bread, noodles, soybean paste and sauce. It is interesting to note that both in China (Taiwan) and Japan, some cooperatives also maintain barber shops, beauty shops and public bathhouses.

Notwithstanding government patronage and the handling primarily of essential commodities, the running of consumer stores can present problems. For instance, in Ceylon in 1961, 33 per cent of the societies (50 urban, 215 rural and 19 estates) showed a net loss.¹¹ Another point which is brought out by the available information in respect of Ceylon and Malaysia (Federation of Malaya only) is that the successful operation of a consumer store is relatively more difficult in rural areas than in urban areas.

One final point which merits mention in this context is that, in India, a planned effort is underway to expand the role of consumers' cooperatives. The present scheme envisages the setting up of 200 wholesale and 4,000 primary stores/branches in urban areas having a population of over 50,000 with priority to be given to cities with a population of over 100,000. To this end, the government will contribute (on matching basis) to share capital of wholesale stores, provide cash credit accommodation up to Rs 200,000, and provide funds (75 per cent loan and 25 per cent subsidy) for construction of godown, purchase of truck and equipment, and a subsidy towards managerial expenses and rent. Primary stores will also be eligible for share capital contribution (maximum of Rs 2,500) and a subsidy for managerial expenses and rent.

Urban Credit Societies

In a number of countries, these societies are established to cater to the banking and credit needs of government servants, salaried employees, artisans, petty traders and other urban residents. Four general points concerning these societies may be noted. First, within the same country, the average membership per urban credit society is appreciably larger than that for an agricultural credit society. Thus, in India, the average membership per non-agricultural credit society is 381 as against 80 for an agricultural credit society, for Malaysia (Federation of Malaya only) the corresponding figures are 103 and 41. Second, within the same country, the paid up share capital per urban credit society is far greater than that of an average agricultural credit society. In Ceylon and India, for example, the average paid up share capital of an urban credit society is more than ten

¹⁰ Government of Ceylon, op. cit. p. D 146.

¹¹ Government of Ceylon, op. cit. p. D 148.

times the corresponding figure for an agricultural credit society (see table No. 2). Thirdly, in marked contrast to the agricultural credit societies which depend, to a considerable extent, on government funds for their working capital, the urban credit societies have very little borrowings from outside.¹² Thus, in Malaysia (Federation of Malaya only) the urban credit societies have even invested funds in government securities or deposited with commercial banks. Fourth, while in India, Ceylon and China (Taiwan) financing of urban and rural primary credit cooperatives is undertaken by the same cooperative institutions at secondary and higher levels, in Malaysia (Federation of Malaya only) a separate central cooperative bank exists for urban credit societies. However, it has not so far become very active, because the surplus funds available with the urban cooperatives are rather large and the demand for loans is limited.

Table 2 Urban and Rural Credit Societies

(Amount in U.S. Dollars)

	Ceylon 1961	China (Taiwan) 1961	India 1960-61	Malaysia 1959
Total number of urban credit societies ..	168	64	11,995	403 ^f
Membership per society:				
Urban	117 ^a	2,225	381	665
Rural	34 ^b	2,500 ^c	80	43
Paid up share capital per Society:				
Urban	1,504 ^a	6,938	5,761	122,684
Rural	145 ^b	2,543	572	728
Percentage of working capital accounted for by:				
I share capital and reserves:				
a urban society ..	37.9	1.2	30.7 ^d	95.5
b rural society ..	48.5	3	27.6 ^e	31
II Deposits:				
a urban society ..	45.9	93.3	63.3	4.5
b rural society ..	26.7	70	5.3	9

a Limited liability credit.

b Unlimited liability credit.

c Multi purpose.

d Government contribution to paid up share capital is 0.2 per cent.

e Government contribution to paid up share capital is 10 per cent.

f Urban and places of employment.

Sources: Government of Ceylon, Report on the Ceylon Cooperative Movement for 1961; Cooperative Bank of Taiwan, Annual Report of the Taiwan Cooperative Finance, 1962; Reserve Bank of India, Statistical Statements relating to the cooperative movement in India, 1960-61; Statistical Statements relating to the cooperative movement in the Federation of Malaya for 1959.

¹² In Ceylon, in 1961, 25 per cent of the working capital of multi-purpose societies (which are more active in the field of agricultural finance) was derived from government funds and around 13 per cent was borrowed from the cooperative banks.

In Japan, the position is somewhat different. There, labour banks organised under "Labour Bank Law" (which embodies most of the principles of Cooperation) discharge many of the functions undertaken by urban credit cooperatives elsewhere. However, these banks are organised by collective bodies of workers in specified geographical areas, who alone have voting privileges. Unorganised workers can join without voting rights. The great majority of organised members (around 70 per cent) are labour unions and the balance is accounted for by unions of public employees, mutual benefit societies, etc.

These banks accept deposits from member bodies, constituents of member bodies and their families, individual members and their families, national or local public organisations, other non-profit juridical persons. Although the total number of these banks is small (one per prefecture since 1955), they serve several million workers belonging to their member bodies.

The minimum share capital for a bank is prescribed by law, e.g. 7 million or a little less than US\$ 20,000 in some cases, and one member cannot hold more than 25 per cent of share capital. Over 90 per cent of working capital is accounted for by deposits (the major part of these being fixed term).

They grant loans to member bodies and to their constituent individual members for living expenses, medical treatment, ceremonies, etc. At one time, loans for house construction accounted for a little over one-third of total loans to individuals. The Federation of Labour Banks is the apex financing institution of these banks.¹³

Cooperatives and Industrial Production

In the light of the past experience of Asian countries, four broad types of cooperative activity can be distinguished under this heading. One is the cooperatives of craftsmen engaged in the production of traditional products. Second is the establishment of small-scale modern industrial plants (usually for processing of agricultural products) under the aegis of a cooperative whose membership is largely confined to producers of the commodity. Non-producing individuals may account for only a very small percentage of membership. At times, a marketing society may extend its activities to cover processing. While some members of the society may occasionally be employed by the cooperative factory, all workers of the factory are not necessarily society members. The third type of activity is typified by cooperatives established by owners of small industrial establishments in order to withstand better the competition of bigger industrial establishments. Cooperatives of this type may undertake joint purchases and/or sales of products, or set up some facility for common use in order to improve the quality of their products. Fourth, some small-scale modern industries may be established under the coopera-

¹³ Hoyndon Yoshio - Cooperative Movement in Japan, Vol. I, 1958, op. cit.

tive framework with the majority of the workers being members of the cooperative.

The table below summarises the available information in respect of the first two categories:

Table 3 Type and Number of Handicraft and Processing Societies and Average Membership

(Figures in parentheses relate to average membership per society)

	Handloom weaving	Sugar processing	Cotton ginning and processing	Paddy processing	Miscel- laneous products
Ceylon (1961)	523 (53)				
China (Taiwan) (1963)				c	145 (220)
India (1960-61) ..	11,803 (111)	57 (2,521)	132 ^e	1,205	21,288 (57) ^d
Japan (1959)				7,756 ^a	
Malaysia (1959) ..	3 (102)			266 (119)	
Thailand (1959) ..	b	b			24 ^b (215)

Sources: Government of Ceylon, op. cit.; Taiwan Provincial Cooperative Administration, Cooperative Movement in Taiwan; Reserve Bank of India, op. cit.; Central Cooperative Bank for Agriculture and Forestry, Japan: Statistics of Agricultural Finance of Japan, 1961; Federation of Malaya op. cit.; Ministry of Cooperation, Thailand, op. cit.

a At the end of March 1959, out of 11,597 reporting multi-purpose agricultural cooperatives, 7,756 were undertaking processing (milling of paddy into brown rice), and 10,584 were undertaking warehousing. In addition, as mentioned earlier, in the paper, a number of consumers' stores undertake polishing of rice, preparation of bread, noodles, soybean, sauce and paste, etc.

b Activities covered include umbrella-making, cutlery-making, basket-making, silk-weaving, sugar processing, rubber processing.

c Most of the farmers' associations (multi-purpose) cooperatives undertake warehousing and processing of paddy. Total paddy processed in a year comes to around one-fourth of total production.

d Individual members. In addition, some cooperatives might also be members.

e In addition, 38 marketing societies also undertook processing.

Cooperatives and Craftsmen

These cooperatives are designed to assist craftsmen who are generally engaged in the production of some traditional product, who use techniques that are simple and often age-old and who are often dependent on middlemen for the supply of credit (for consumption and production) as well as for the marketing of their finished products.

From the point of view of membership as well as the number of societies, cooperatives of handloom weavers represent a major group of "industrial societies" in Ceylon and India. These societies help members engaged in production, through provision of credit, supply of yarn and the marketing of their products. In both countries, there is a three-tiered structure consisting of primary societies at the base, federations of primary societies

at the secondary level and apex societies at the top. This cottage industry is being sustained in both countries through large governmental appropriations. Thus in India, the allocation for the handloom industry was Rs 365 million for the Second Plan (Rs 320 million for cotton textiles), and the Third Plan currently under way provides for an outlay of Rs 340 million. Governmental assistance takes the form of contribution to share capital, grant of loans and subsidies for construction of godown, housing colonies, cost of management and rebate to consumers. The developmental activities envisaged for the Third Plan include consolidation of the cooperatives, revival of weak cooperatives, and improvement of techniques of production.¹⁴ In Ceylon, the financial assistance given to these societies amounted to Rs 480,000 in 1961. Furthermore, in both India and Ceylon, preference is being given to handloom products in making purchases for the government, and in the latter case the government is a major buyer. Notwithstanding the assistance rendered, only 47 per cent of the societies of weavers in India reported profit in 1960/61, and the corresponding figure for Ceylon was 68 per cent for 1961.¹⁵

It should be mentioned here that some headway has been made in India with the provision of common facilities for the societies of handloom weavers. Thus, in 1960/61, they had 1,820 sales depots, 76 pattern making factories, and 637 dye factories.

In the case of other type of societies also, the activities often cover provision of credit, supply of raw materials and some assistance in marketing. However, in Thailand, the activities of industrial cooperatives (including silk weaving) cover assistance to craftsmen in improving methods of production as well as assistance in arranging transportation and marketing of their products. No credit is supplied.

In India and Ceylon, governmental assistance to other societies is similar in nature to that provided to handloom weavers' societies, but its volume is less. During 1960/61, 34 per cent of the "other industrial societies" in India showed profit, about 42 per cent showed a net loss, and 24 per cent showed neither profit nor loss.¹⁶ In Ceylon, 40 per cent of the societies other than those of textile weavers showed a loss in 1961.¹⁷

Processing Societies

These societies, consisting mostly of producers of agricultural products, employ centralised modern equipment for processing. Sometimes, processing activities form a part of the activities of a marketing or a multi-purpose cooperative. While the range of activities of cooperatives in this sphere is quite extensive, it is only in a few cases that they account for any significant proportion of the total production in a country. Three important activities are briefly referred to here.

¹⁴ National Cooperative Union of India, *op. cit.* p. 96.

¹⁵ Reserve Bank of India, *op. cit.*, p. 221 and Government of Ceylon, *op. cit.* p. D 138.

¹⁶ Reserve Bank of India, *op. cit.*

¹⁷ Government of Ceylon, *op. cit.* p. D 138.

To begin with, the processing of paddy is an important activity of the cooperatives in some countries. Thus, in China (Taiwan), the farmers' associations (multi-purpose cooperatives) process about one-fourth of the total production of paddy. In Japan, the major part of the marketable surplus of domestic rice is purchased by the government through multi-purpose cooperatives, over two-thirds of which have processing facilities.¹⁸ In India with governmental assistance, some headway has recently been made with the establishment of paddy processing societies. However, they processed only 0.06 million tons of paddy in 1961/62 as against a total production of around 51 million tons.

The second example relates to the manufacture of sugar. In this respect, India has made notable progress and the total cooperative sugar factories licenced so far account for 24 per cent of the total cane crushing capacity of the industry. In 1961/62, these cooperative factories accounted for 17.5 per cent of the total sugar production. Apart from granting licences, the government has provided financial assistance on a large scale. Thus, out of the total cost of well over Rs 10 million per factory, the cooperative raises Rs 2 million in the form of share capital, the state government provides Rs 2.5 million towards share capital, and the balance is covered mainly through loans from the Industrial Finance Corporation, supplemented when necessary with medium-term loans from State Cooperative Banks and Life Insurance Corporation of India. In 1960/61, 55 per cent of the cooperative factories made profit. In West Pakistan, also there is a cooperative sugar mill, but details are not available.

Another example is that of cooperative ginning and pressing of cotton. In 1961/62, there were 132 societies engaged in these activities in India and, in addition, 38 marketing societies also undertook processing of cotton. The total raw cotton ginned was around 1.9 million cwt. or between 3 and 4 per cent of production. Cotton pressed amounted to 0.45 million bales. As referred to earlier in the case of sugar factories, the government is giving substantial financial assistance for the development of processing cooperatives in other fields also. In West Pakistan, also, there is a cooperative textile mill, but details are not available.

Cooperatives of Small Entrepreneurs

By far the most numerous cooperatives of this type (over 23,000) are to be found in Japan.¹⁹ They account for around two-third of the cooperatives established under the Smaller Industries Cooperative Law. In this context, it should be noted that: (i) the law permits owners of small and medium establishments (employing not more than 30 persons in a commercial establishment, and not more than 300 workers in an industrial establishment) or companies to organise cooperatives for mutual benefit;

¹⁸ Both in China (Taiwan) and in Japan, the economic and financial support provided to the cooperatives by the respective governments has been an important factor in the successful development of the cooperatives.

¹⁹ International Labour Office: *Report on the Asian Regional Seminar on Cooperation*, (ILO/TAP/AFE/R6).

(ii) it specifies that the dividend rate should not exceed ten per cent. These cooperatives cannot accept deposits but can grant loans from available funds or assist members in borrowing from banks by giving a guarantee. Well over half of the cooperatives have common facilities including packing, storage, transportation and sales. About one-quarter of the societies have facilities for production and processing which might be used by members on their own account.

These cooperatives may be formed by entrepreneurs engaged in the same phase of production of an article or different phases of production of one finished product. An example of the latter type is the Central Bicycle Industrial Cooperative Association whose membership comprised 14 manufacturers, 14 dealers, and 7 wholesale merchants. Each manufacturer produces a component of a specified quality, the assembly, enamelling and manufacture of bigger parts being handled at the Central Workshop.²⁰

Cooperatives and Worker Members

The relevant law concerning these cooperatives specifies that: (i) persons holding shares but not employed by the cooperatives should not exceed one-third; (ii) one member should not hold more than 25 per cent of the share capital; and (iii) dividends should not exceed 10 per cent of the paid-up share capital. Over 70 per cent of these "enterprise cooperatives" in manufacturing industry had a membership of ten or less in 1955 (a little less than one-third of the total number had a membership of less than five). A little less than 40 per cent of these are engaged in lumbering and wood-work and food processing. Around three-fifths of the enterprise cooperatives (in commerce and manufacture) were reported to have been set up by a family and its relatives to reduce the tax burden.²¹

There were only 400 cooperatives in 1955, having a factory in which all the associates worked. Of these, 113 had been organised by repatriates and labourers and 288 by employers and labourers.²²

Recapitulation and Concluding Observations

1 In most of the developing Asian countries, the main activity of cooperatives in the agricultural sector has hitherto been the provision of credit. Generally, these cooperatives cover a limited geographical area in a country, the proportion of farmers served is often one-fifth or less and the proportion of the total credit needs of a farmer supplied by the cooperatives may be around 15 per cent or less. Moreover, the credit available is mainly for short-term and is used to meet some of the needs for recurrent funds for production along traditional lines and/or for subsistence. In other words, it does not make any significant contribution to raising the productivity of agriculture. Furthermore, the owned funds of these

²⁰ International Labour Office, *op. cit.* p. 30.

²¹ Hoynden, Yoshio: *op. cit.* pp. 232-241.

²² *ibid.*

societies are small and they have not succeeded in attracting deposits to any sizable extent. Consequently, they are largely dependent for loan funds on governments or central financing institutions. However, the position is very different in the agriculturally more advanced countries namely China (Taiwan), Japan and the Republic of Korea. In these countries, multi-purpose cooperatives cover almost all the farmers, meet the major part of their needs for production credit (mainly short-term) supply them with the main agricultural requisites and assist in the marketing of the main crops. The above facilities of the cooperatives are supported by well-developed extension services which create demand for improved agricultural requisites. Yields per hectare in these countries are very much higher than elsewhere.

Amongst the countries of the Region, there are very few successful examples of cooperative production involving pooling of land and joint cultivation.

2 In the case of the non-agricultural sector, cooperatives in the developing Asian countries are associated with a fairly wide range of activities, e.g. wholesale and retail distribution, provision of credit, industrial production (mainly processing of some agricultural products and some traditional handicrafts), housing, and insurance. However, their coverage in depth is limited. For example, the proportion of urban population served by cooperative consumers' stores is very small except in countries where cooperatives act as agents for retail distribution of essential rationed commodities. Again, in the manufacturing or processing field, the proportion of total production accounted for by cooperative factories is rather small. A notable exception is the sizable cooperative sugar production in India. Although the experience with cooperative processing societies is limited and has hitherto involved substantial state aid, its two special merits are the use of modern manufacturing processes and the raising of incomes of primary producers. The societies of craftsmen are financially weak and depend for loan funds on governments. Their other facilities (supply of raw material and marketing of finished products) are either not available or available only to a limited extent. Moreover, in some cases, the production techniques of craftsmen are old and antiquated, and their products cannot easily be marketed at remunerative prices. The bringing about of significant changes in production techniques and productivity is not always easy, especially where large numbers of widely dispersed craftsmen are involved. As regards urban credit societies, they seem to be doing fairly well but their coverage is selective and small and as yet the poorer strata of the population (e.g. factory labourers) have not been covered.²³ Cooperatives of small entrepreneurs or cooperatives in which a sizable proportion of members work²⁴ are to be found mainly in Japan. There are also a few cooperatives there which have been organised jointly by employers and workers.

²³ Except in a developed country like Japan.

²⁴ In Japan, they are often related to each other.

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3 The limited or insufficient coverage of the cooperatives in certain fields may be due to a variety of factors, such as the absence of a clearly defined government policy regarding the role of cooperatives,²⁵ inadequate or other financial support of the government, inherent difficulties of supporting on economic basis individual production by craftsmen employing antiquated techniques, the absence of a comprehensive programme for development and/or reorganisation of cooperatives.

4 Some information has been given in the preceding pages on the possible role of cooperatives in economic and social development. The recent experiences of some of the developing Asian countries (as also of a developed country – Japan) have also been referred to. Apart from undertaking distribution of commodities for the benefit of consumers, the main role of the cooperatives has been one of facilitating production by individual producers through provision of credit, supply of agricultural requisites or raw materials and marketing of major products. Where these activities have been supported by well-developed extension services in order to introduce know-how, productivity has increased appreciably and producers have benefited through increases in incomes. Successful examples of joint production (cooperative farming in agriculture involving pooling of land and centralised production in a common factory of which workers are members) are very few. The experience of cooperative processing factories (especially of sugar in India which is being actively supported by the government) is of too recent an origin to permit an appraisal. Nevertheless, it has to be noted that the adoption of modern means of manufacture provides favourable conditions for economic viability. Furthermore, they may help increase the incomes of agricultural producers who are members.

5 The precise role which cooperatives should have in the economic and social development of a country, both in the short run and the long run, is essentially a matter for decision by the government concerned. However, once a policy decision is taken to assign a specific role to cooperative institution, it becomes important to prepare both short-run and long-run programmes for the development of such cooperative institutions in conformity with the role broadly assigned in the plans. Such detailed programmes should be drawn up realistically and take fully into account the present status of the movement in a country, especially its limitations, problems and achievements, as well as the experiences of countries similarly situated. Both in the formulation of programmes for development of cooperatives and its implementation, international and/or bilateral assistance can be helpful.

²⁵ Almost all the governments of developing countries have formulated some sort of economic development programme.

Cooperative Movement in South-East Asia— Obstacles to Development

Riazuddin Ahmed

Historical Background

The cooperative movement in South-East Asia, younger than its sister movements in Europe, traces its birth mainly from the initiative taken by the foreign governments which ruled the countries of the Region during the 19th and first half of the 20th centuries. The first cooperative societies appeared in Indonesia in 1896, and in India in 1904, as a result of legislation introduced by their Governments. Because the economies of the countries of the Region are predominantly agricultural, and also because a number of them are former colonies of the British Empire, the structure of the movement and the governmental machinery set up to regulate it have some common features. The largest number of cooperatives in almost all countries of the Region is in the field of agricultural credit and, except in the case of Japan, Taiwan and Korea, the allied activities of supply and marketing are relatively underdeveloped. The governmental machinery set up to promote Cooperation and to regulate the working of cooperative societies is represented by the department of cooperative societies, headed by an officer called the registrar of cooperative societies or the commissioner. In some countries, the subject of Cooperation is handled by the central government and in others it is a provincial subject. In West Pakistan a new experiment has been made by decentralising the authority of the Registrar, and by appointing six regional registrars instead of one provincial registrar. At the headquarters of the province of West Pakistan a semi-autonomous organisation called the Cooperative Development Board has been set up

as a technical body to make plans and policies for the development of the cooperative movement.

New Trends

The experience of half a century has shown that cooperative activity in the field of agricultural credit alone is not sufficient to help the farmer, and it is necessary to link credit with marketing and processing with a view to eliminating the middleman and ensuring a larger return to the farmer. It is also necessary to supply to the farmer, at minimum prices and on credit, the commodities needed by him for raising his crops so that his production expenses are kept down. In recent years, therefore, there has been a trend towards developing supply, marketing and processing cooperatives either as single purpose or as multi-purpose institutions.

It has also been found that with modernisation of the economy and rapid growth of commerce and industry, the urban areas also need the help of the cooperative movement to ameliorate the conditions of the lower income groups. There is, therefore, a growing emphasis on the promotion of urban cooperation, such as consumers, housing and industrial cooperatives. These new trends in the cooperative movement have created new problems in that the management of supply, marketing and consumer cooperatives is much more difficult than that of agricultural credit societies. The latest development is in the field of cooperative farming which involves joint effort in cultivation of land leading to pooling of cultivation rights and to block farming. This joint management of land poses many psychological and operational problems and has to be handled with care and patience.

Present Position

Although the cooperative movement has been in existence in some countries of the Region for more than half a century, its past performance has not been very impressive. The All India Rural Credit Survey Report published by the Reserve Bank of India indicated that in 1951/52 only 3.1 per cent of agricultural credit was being supplied by cooperative societies. For the bulk of his needs the farmer depended on private sources, such as the moneylenders, landlords, friends and relatives. The situation in most of the other countries was only slightly better.

Even today the contribution of cooperative societies in rural credit is not more than 20 per cent in India and not more than 15 per cent in Pakistan. Nor have the relatively new supply and marketing cooperatives created much impact on account of internal and external weaknesses. In terms of numbers, there has been a very rapid expansion both in the rural and urban sectors, but this expansion has taken place at the cost of quality. There is considerable sickness and mortality among cooperatives and the number of viable, healthy organisations is relatively small.

Changed Circumstances

Most countries of the Region have achieved independence from foreign rule during the last two decades and the emphasis in their policies has shifted from maintaining law and order to providing economic and social development. The governments are faced with two problems: first, of achieving rapid economic development; and second, of ensuring equitable distribution of the fruits of development. After anxious consideration they have come to the conclusion that it is most possible to achieve the economic and social development of their peoples through the instrument of Cooperation. A vast majority of the people are poor and ignorant and are incapable of promoting their own welfare by individual efforts.

Besides, there are many social advantages in organising cooperative societies as local democratic institutions owned and controlled by the members themselves. Cooperative effort not only brings material benefits to the group but also promotes a consciousness of mutual obligation among the members of the community. This consciousness provides the right basis for a democratic society and in this sense cooperative associations serve as training grounds for the working of democracy. It is, therefore, highly desirable for governments of the developing countries not only to take the initiative in promoting the growth of cooperatives but also to make a sustained effort to assist the management of cooperative societies so as to make them effective business institutions. Accordingly, most governments have promoted Cooperation as an important part of their development plans and have made policy declarations to this effect. To quote an instance, the Government of Pakistan has declared its policy in the following terms:

“ . . . Government . . . has come to the conclusion that cooperative organisations will be the most effective instrument for accelerating economic development and the principal means of promoting social justice . . . Vast resources of human labour and finance which lie scattered in the country should be organised on a cooperative basis and small producers of all types – farmers, labourers, and craftsmen – should be encouraged to form cooperative associations in a spirit of self-help and mutual aid, so that they can contribute their highest potential to the economic and social life of the country”.

The Government of India has also made similar policy declarations and has drawn up an ambitious programme of cooperative development throughout the country.

Obstacles to Development

But there are many factors which hamper the development of the cooperative movement in South-East Asia. The social, political and administrative environment in which cooperative societies have to function is not always conducive to an orderly and healthy growth. The movement has to face many problems some of which are inherent in the situation while others are created by those who want consciously to obstruct its growth.

Poverty

The main obstacle in the path of the cooperative movement is the poverty of the people, particularly of the tillers of the soil. In the first place, small farmers are, generally speaking, too indolent to feel an urge for self-help. But even if they are motivated to improve their lot and pool their resources into a cooperative organisation, they are too poor to save much and cannot create a viable business organisation whose first requirement is capital. To ask a farmer with a below subsistence holding to make savings is to ask a starving man to eat less. In Pakistan more than 75 per cent of the holdings are smaller than subsistence size and a large majority of the farmers live below the bread line. Obviously if cooperative societies are to be organised among small peasants and tenants a substantial part of the initial capital will have to be provided from outside.

A very impressive scheme of State participation in the finances of the cooperative movement is under implementation in India. The Government has undertaken the responsibility of providing external financial help to credit, marketing and processing cooperatives by participating in their share capital to the extent of 50 per cent or more. Financial assistance is also given by the State for the administrative expenditure of cooperative societies and for the construction of godowns attached to credit and marketing societies. In Pakistan a restricted experiment of State participation in the share capital of apex cooperative banks is being tried. The administration costs of large-sized credit cooperatives are partially subsidised for an initial period of three years. Some people have expressed themselves against the policy of providing external financial aid to cooperative societies, but their criticism arises more out of superficial study of the theory of Cooperation than out of a knowledge of the real situation. If the cooperative movement is to be an instrument of economic and social development, then the government should provide the necessary financial support.

Lack of Good Leadership

The next obstacle is the problem of finding good leadership, particularly in the rural areas, where the poverty and illiteracy of the rural masses inhibits emergence of local leadership of good quality. The social environment is depressing, the farmer occupies a very inferior position in the social order and the land tenure system is such that large numbers of farmers have to yield a substantial portion of their crops to landlords and creditors. In spite of the political changes and the growth of trade and industry in recent years, the rural population continues to accept with resignation a position of subservience in which it can be oppressed and exploited by those who occupy a superior position by reason of their wealth or authority. In such conditions, the leadership for cooperative societies often comes from outside the village, although experience has shown that this external leadership lacks sincerity of purpose and is not conducive to a democratic development of the rural society.

In Pakistan, before independence, leadership of moderate quality was

available, although certain sections of the non-official population did not, for political reasons, give their active support to Government policies. The position has worsened since independence as the old traditional values of the rural gentry by taking interest in the welfare of the village community are fast disappearing. The current rural leaders are now engaging themselves in trade and industry and are using all their financial resources, time and influence, for their own benefit. They have not only lost their interest in the welfare of the community, but are quite often found exploiting their positions in cooperative societies for their own economic and political ends.

In the newly-independent countries many well-to-do men have become active politicians and local cooperative societies are quite often used as foot-stools for rising to higher positions in political and economic life. This tendency has led to a considerable amount of political corruption and misapplication of cooperative funds. In urban areas spurious cooperative societies have been set up by entrepreneurs to collect funds and to make use of the facilities available to cooperatives, and these societies are nothing more than joint stock companies controlled by individuals exclusively for their own benefit.

This problem of economic and political exploitation by insincere leaders is so serious that it is causing grave concern in many countries of the Region, and has adversely affected the reputation of the cooperative movement. A solution is difficult as the persons concerned are usually men of influence and the junior officers of cooperative departments find it difficult to resist their pressure. These officers themselves often are not fully grounded in the theory and philosophy of Cooperation and commit the mistake of registering urban and industrial cooperatives of a non-genuine character.

This situation can be remedied by an intensive educational programme and by watchful government policy. But apart from these two remedies, there are two other ways in which something can be done to solve the problem. The first is to set up an intelligent committee which should have the authority to enquire into the character of the cooperative societies and to order their de-registration if they are found to be of spurious character. The committee should consist of men of long practical experience in the cooperative field and deep knowledge of the philosophy of Cooperation. Another step that may be taken in this connection is to separate the richer and more influential elements from the lower strata of cooperative membership and to organise separate societies for the two classes. The village cooperative should have for its members only the peasants, tenants and artisans, whereas the more wealthy farmers should be encouraged to form cooperative institutions of a higher grade, organised for a larger area of operation to cater to their needs. Much of the present trouble is due to the fact that there are no alternative institutions to which the well-to-do farmers may go for bigger or longer-term loans. They must, therefore, get whatever they can out of the local cooperative and as the funds of the cooperatives are limited, the lion's share is taken away by a few influential individuals.

In countries where an effective programme of land reform has been carried out, the disparity of status between the big and the small farmers has been reduced, and the position has considerably improved. But as long as the rural economy permits absentee landlordism and tenant-farming, it will be difficult to develop effective local leadership in rural areas. In Egypt, for instance, a landlord who lives out of the village is not permitted to be a member of the village cooperative. In Pakistan and some other countries of the Region, however, the admixture of small and big farmers in cooperative institutions tends to suppress the spirit of democracy in cooperative management.

Shortage of Managerial Personnel

One of the biggest obstacles to the growth of the cooperative movement in South-East Asia is the shortage of trained and reliable managerial personnel. The administration of a credit society is simple as the number of transactions is small, the accounts are kept in a simple form and there is no handling of stocks. Yet one of the main weaknesses of the credit movement has been its reliance on services of unqualified secretaries who work in an honorary capacity. The problem is much more acute in the case of supply, marketing, processing or farming societies as their management requires full time staff with specialised knowledge and experience. As stated in an earlier paragraph, it has been found that a single-purpose cooperative credit society does not render effective service to the farmers and the present trend in most countries is to develop multipurpose village cooperatives on the pattern of Japan, in order to ensure a larger volume of business and a more comprehensive service to members. The multipurpose societies need for their management properly trained and reliable staff. It is, therefore, very important that an extensive training programme should be developed, not only for the officers of the cooperative department, but also for the employees of cooperative societies. The training courses should be such as to create specialised cadres of managers for various categories of cooperatives both in the rural and urban areas. Institutions should also be established for giving on-the-job training to employees of societies. One such institution called the Institute of Cooperative Management has been established by the Cooperative Union of West Pakistan with assistance from the Danish Government.

The time has also come when the question of bifurcation of the movement into urban and rural sectors should be considered. The present arrangement, whereby the department of cooperative societies consisting of officers with a general training in the theory and practice of Cooperation, supervising the working of cooperative societies is not very satisfactory. A better arrangement is to create two separate agencies to regulate and supervise the working of cooperative societies: one for the rural areas; and the other for the urban sector. It will be desirable to coordinate the activities of these two agencies at the national or the provincial level by the appointment of a Cooperative Council to ensure uniformity of policy with regard to the theory and practice of Cooperation, and to guard against

departures from the cooperative philosophy. This Council should consist of eminent experts and cooperative leaders who have sufficient knowledge and experience to provide intellectual leadership to the movement.

Official Control

The fourth obstacle in the way of the cooperative movement of the Region is that of official control over the movement. It is true that cooperative activity in the Region was initiated mostly by governments. It is also true that the governments are trying in varying degrees to strengthen and expand this activity, and have a legitimate right to supervise the working of the cooperative movement. The question as to the extent of supervision to be exercised by government is, however, controversial, and is being constantly debated. Those who advocate official control assert that managements of cooperative societies tend to go wrong if left to themselves, and a laissez-faire policy results in numerous complaints of inefficiency and maladministration. Non-official leadership has not yet developed to an extent where it can be trusted to perform successfully the functions of guiding and controlling the cooperative movement through the elected representatives of members. The cooperative department must, therefore, have the powers of controlling the activities of cooperative societies and even of directing their affairs.

The non-official point of view is that because of the domination of the cooperative department over the movement, the non-official leadership has not been allowed an opportunity to develop and the interference of the government officers in such matters as the fixation of credit limits, sanction of loans and appointment and dismissal of employees of cooperative societies, has inhibited the growth of democratic management. Since the powers of supervision are not always exercised in good faith or with full sense of responsibility, there are cases in which government officers have extorted favours from cooperative societies or taken sides in their internal disputes. In a number of cases, therefore, cooperative societies have come to grief because of the undue interference of supervisory officers.

It is difficult to make a categorical statement on this question as the truth lies somewhere between the two points of view, but all things considered, it is correct to say that departmental supervision has not always been exercised judiciously and the official machinery has tended to obstruct the growth of the democratic element. Officers have quite often preferred to "administer" rather than to "guide" the movement and have even been responsible for maladministration in many cases.

In some countries, officers of the cooperative department hold ex-officio positions as chairmen or directors of cooperatives and directly manage their affairs. This arrangement restricts the freedom of thought and action of the elected representatives and as a result they tend to become indifferent to the business of the societies. While it may sometimes be necessary to associate officers of the cooperative department with the management of important cooperatives in the initial stages, the objective should be to end this association at the earliest opportunity. It is always better to give

positions of executive responsibility to elected members, and the officials should work only as ordinary members of managing committees. There would, however, be no objection to a cooperative society hiring the services of a government servant on a full-time basis and in such cases, the government servant concerned should go on deputation to the cooperative society and become its full-time employee. Similarly, the practice of appointing collectors or deputy commissioners of districts as ex-officio presidents of cooperative banks or other societies should also cease. Experience has shown that the affairs of cooperative societies, which have government servants as the ex-officio chairmen or secretaries, are not necessarily better than those of the societies which are headed by elected members. In fact in West Pakistan some of the worst district cooperative banks are those which have deputy commissioners as their chairmen.

On the whole, the best arrangement is for the departmental officers to exercise a minimum degree of control over the cooperative societies from outside and not from within. Officers should be watchful and should take action as a corrective measure rather than as a preventive measure. The managing committees should be allowed to make minor mistakes and learn from experience, and departmental officers should help them as friends providing guidance rather than as directors. Efforts should be made simultaneously to promote the growth of secondary and apex institutions to take over the functions of guidance and supervision, leaving the department to perform only the regulatory functions of registration, audit and liquidation. Such a policy calls for a considerable degree of imagination and self-restraint on the part of the departmental officers, and a re-orientation of their attitude to their work. The psychological obstruction to this re-orientation of attitude on the part of officials lies in the fact that with the achievement of independence and the growth of the power and prestige of politicians and non-official leadership, there is a corresponding diminution in the authority and importance of government servants. But if the cooperative movement has to develop as a democratic activity, the sooner the government servants adjust themselves to the changed circumstances the better. A practical and effective way of bringing about this adjustment is to hold frequent refresher courses for officers of the cooperative department and to organise conferences and seminars which should bring together officials and non-officials for a free and friendly discussion of the problems of leadership and management.

A healthy growth of the cooperative movement will provide a sound infra-structure for the successful functioning of political democracy, and as the path of democracy in newly-independent countries is full of pit-falls, governments should do all they can to create a favourable climate for the growth of the cooperative movement.

Role of Voluntary Organisations in Economic and Social Development

International Federation of Agricultural Producers, Paris

The numerous studies devoted to the problems of economic and social development in recent years have tended to stress above all the dominant role of government as initiator and co-ordinator, especially in the early phases before self-sustaining momentum of the economy is achieved. This thesis is now widely accepted, even by those who, in the conditions of the industrialised countries, attach more importance to the free play of economic forces and regard the function of government as a purely regulatory one. The experience of the past twenty years has in fact shown that in most developing countries the obstacles to economic expansion are so great that only a concerted effort can hope to overcome them. Such an effort can only be made and directed through government.

But experience has also shown that massive investment and other interventions of government may yield disappointing results if not matched by a measure of understanding and positive collaboration from the people themselves. Government initiatives quickly lose their impetus in transmission from the capital city to distant villages. A government officer who has to explain new policies and get them accepted and practised, by the farmers let us say, finds himself up against a local situation in which the main elements may not have changed for centuries. Families with entrenched interests, moneylenders and merchants will resist almost any change, and often even the poorest farmers may resist it too, from lack of energy, or fear of reprisals, or the memory of too frequent switches in government measures, or simply from an ingrained distrust of the stranger. Central government is largely disarmed in the face of this kind of passive

sabotage, and locally elected authorities, reflecting as they do the existing balance of forces, are seldom eager to innovate.

There cannot be a vacuum between government and the individual. If there are no voluntary organisations – organisations desired and created by their members – the traditional structures will remain unchallenged and their influence on economic development will almost invariably be negative.

Voluntary organisations ranging from powerful national trade unions to study circles and discussion groups in remote rural areas are so characteristic of advanced economies that it is hard to avoid the conclusion that there is a direct link between such spontaneous group action and economic progress. But the relationship is one of the complicated interdependence rather than of simple cause and effect.

Evolution of Voluntary Organisations

It is difficult to generalise about voluntary organisations because of their enormous variety. Confining ourselves to the types of most interest in the present context – cooperatives of all kinds, farmers' and farm workers' unions – the immediate motive for their creation, in economically advanced areas such as Western Europe, has been to protect and promote the interests of a specific category of people, generally starting from a situation of exploitation or manifest injustice. Their founders in all probability were not concerned with the wider implications, especially at a time when governments generally preferred to leave economic problems to sort themselves out under a regime of moderately free competition. Trade unions and in some cases cooperatives have later developed in such a way as to become major elements in national economies that are increasingly shaped by conscious government planning. This has given them wider influence but at the same time imposed wider responsibilities upon them. Their struggle to improve the situation of their members has had to be tempered by concern for the national welfare. But perhaps none of this was in the minds of the pioneers.

In considering the role of voluntary organisations in the developing countries today, it is natural to wish to see them assuming as soon as possible these important functions at the level of the national economy. Governments in particular, when granting encouragement and material aid to voluntary organisations, may tend to think of them rather too exclusively as an adjunct of their own policies, a necessary mechanism for transplanting these policies into practice. This is to overlook the fact that the average person needs a more direct, local and even selfish incentive to take part in the work of a voluntary association. He will not be fired by references to national targets to be reached in three, four or five years time.

Killing by Kindness?

The recent history of cooperative development in Asia demonstrates the difficulties and contradictions inherent in the situation. The principles and the achievements of Cooperation have won universal recognition,

and there can scarcely be any Asian Government today that is not, in one way or another, actively encouraging the creation of agricultural cooperatives. How much such encouragement can a voluntary organisation survive? It is significant that in some parts of the world the term "farmers' organisations" is not generally regarded as including agricultural cooperatives, which are identified as a camouflaged branch of government.

Voluntary organisations have a specific contribution to make through the very fact of their being voluntary. This contribution in its most significant aspects, which are not easily identifiable to the casual observer, tends to be long-term training of large numbers of people in democratic attitudes and procedures, encouragement of initiative and self-help, and modification of out-dated social structures. More will be said about these and similar points later. But voluntary organisations are not only set up for these, but for more immediate, tangible purposes – purposes which to a large extent can be achieved by organisations that are not entirely or even partially voluntary. A cooperative may be formed to market a crop or to supply farmers with seeds. This cooperative, in Asian conditions, may owe its existence to government decree, be financed by public funds and managed by a government officer. It can scarcely be called a voluntary organisation. But it may sell the crop or supply the seeds just as efficiently and in the circumstances, perhaps more so than a "pure" cooperative.

This is the dilemma of official promotion of supposedly voluntary organisations. Everyone knows that they should spring up spontaneously, although in the conditions prevailing in most developing countries they seldom do. Needs are so acute that no government can stand by and do nothing. The fact that most governments in developing areas are actively supporting cooperatives is a positive option in favour of a progressive form of enterprise, even if the advantages of this form remain for the time being merely potential. But governments must be critical of themselves if these cooperatives are to evolve fairly quickly to full autonomy. A vicious circle has to be broken, a risk taken. Perhaps, it is true that, in many places, farmers have no experience of running even the smallest business, no notions of book-keeping and writing. But writing and simple book-keeping can be taught to almost anyone and management can also be learned on the job. If cooperatives are to fulfil some of the high hopes placed in them, they have to be left alone with their members before long, with the guiding hand of government gradually withdrawn.

In passing on to consider in more detail the contribution that voluntary organisations can make to economic and social development, it is necessary to limit the scope of discussion. As agriculture is the main source of national income and employment in most Asian countries, we shall concern ourselves here with voluntary organisations in agriculture, in particular with farmers' cooperatives and farmers' unions, and give some examples of how their influence has made itself felt in favour of economic and social development.

It is no mere chance that the words "economic" and "social" are so often linked together. It recognises the essential connection between

economic and social development, especially under conditions in Asia. Economic development requires a sizeable domestic market, which in turn implies a much more even distribution of purchasing power than exists in most Asian countries. This can scarcely take place without a simultaneous breaking-down of traditional social systems.

Cooperatives Predominate

Numerically, and moreover because of their direct impact on the economic situation of farmers, cooperatives are the most important type of voluntary organisation in agriculture throughout the world, existing virtually everywhere. In some countries they are the principal form of organisation in agricultural marketing and supply, and in the provision of credit and some types of insurance to farmers.

In the Scandinavian countries, for instance, virtually all milk and 80 to 90 per cent of livestock for slaughter are marketed through farmers' cooperatives. In Finland, admittedly a cooperative country par excellence, the total volume of business transacted in local cooperatives of all kinds, rural and urban, exceeds 30 per cent of the net national income. Turning to Asia, in Japan, the country with the most productive agriculture, virtually every farmer is a member of a local multi-purpose cooperative; at least half of all agricultural production is marketed through the cooperative network; and 30 per cent of total savings deposits from agriculture are placed in cooperative institutions. Cooperatives that have achieved such a volume of business and membership are powerful *motive forces* in the economic sectors in which they are active. But even those with much more modest figures may exercise an important influence, especially through the competition they provide with private business.

The impact of farmers' unions, (a general term indicating farmers' voluntary organisations set up for purposes other than trading and the provision of services directly related to agricultural production) is more difficult to assess. Farmers' unions of advanced countries are often mainly concerned, at the national level, with the broad problems of government agricultural and economic policy. They attempt to influence policy formation in such a way as to protect farming interests while at the same time enabling farmers to make as effective a contribution as possible to the growth of the country's economy as a whole. They are also concerned with improving the social conditions prevalent in agriculture; but with the widespread adoption of social welfare measures by governments, combined with a general increase in purchasing power and mobility of the population, and the existence of a relatively satisfactory infrastructure of schools, hospitals and public libraries, their scope for action in this direction has been somewhat limited.

Farmers' Unions' Influence

In a number of European countries, however, where strong farmers' unions are regularly consulted by governments in defining and executing

agricultural and general economic policies, their influence is recognised as highly important, not in the least by industrial and commercial interests who often oppose the claims of agriculture. The responsibilities facing the national leaders of farmers' unions – as it faces trade union leaders and the heads of industrial employers' associations – is to reconcile the demands of the rank-and-file members, who are not usually able to appreciate the wider economic context, with the requirements of the national economy as a whole. The farm leader who proves equal to the task is bound to incur unpopularity from time to time not only with government but also with his own constituents.

In developing regions it is rare to find strong farmers' unions, and those that exist usually owe their existence to promotion by either government or a political party. They can as yet scarcely make themselves felt at the national level, since an effective local and provincial organisation is still to be built. Locally, there is much scope for action by farmers through their own unions. Farmers' extension clubs, in several Asian countries are making a very direct contribution to economic development by encouraging improved methods and by publishing the results obtained by the more progressive farmers. These clubs are increasingly seen as a necessary adjunct to the work of government extension officers. An even more basic form of farmers' associations may come into being to carry out some local task of concern to all farm families in the area, for instance the building of an access road or a village meeting room. Such associations may of course dissolve when the immediate object has been accomplished but in some cases they are seen by the farmers as providing a much-needed permanent instrument for self-help, and the habit of collaboration gradually grows. In addition, the scope for social improvements in the villages of developing countries is particularly wide. Any substantial progress in this direction is sure to have desirable economic repercussions.

We can now examine more specifically the ways in which voluntary organisations of farmers, more especially cooperatives, contribute to economic and social development.

Production

In most developing countries there is an urgent need to increase and diversify agricultural output. The technical means of doing this are well-known and, in general, not prohibitively expensive. Why then has relatively little been achieved in so many countries? There are many partial answers to this question. Rural societies are often rigid and conservative and hence, hostile to innovation of any kind, unless the example is given by their own acknowledged leaders. The second reason is that any substantial increase in output implies a market and the physical facilities for marketing. It is hard to persuade farmers to spend money on improved seeds, fertilisers or implements if they have no assurance of being able to sell the extra production profitably. In many Asian countries low purchasing power limits demand severely. Elsewhere there may be a

potential market but poor communications, inadequate warehousing, absence of refrigeration and other similar factors make it impossible for the farmers to supply it. As an indication of the magnitude of the problem, it has been estimated that in some areas of Asia transport costs represent 20 to 25 per cent of the retail price of agricultural products. To speak of increased output at once raises the whole complex of problems associated with the transition from a subsistence to a market economy.

Farmers' cooperatives, particularly the multi-purpose type most favoured in Asia, should be able to attack these problems at the roots. The existence of a democratically-run cooperative is in itself a challenge to the traditional authorities in a rural community. It gives its members some experience of participating in the management of an autonomous business, and encourages them to throw off the passivity and sense of helplessness that are fostered by the hierarchical structure of many rural societies. Once farmers acquire the habit of united action they will no longer accept unquestioningly the leadership of those who are chiefly concerned with maintaining the status quo to their own advantage. At the same time the multi-purpose cooperative, by its very nature, places the problem of increased production in its wider context of available markets, improved marketing techniques, provision of facilities, supply of fertilisers, foodstuffs and seeds at the cheapest rates, and short and long-term credit. It thus meets most of the basic requirements without which a "grow more food" campaign is likely to be a failure.

Farmers' extension clubs also contribute to increase agricultural output and hence to further economic development. Their particular strength is that they tend to replace mere exhortation by the force of example. Farmers everywhere will listen when a successful fellow-farmer relates his experience or states his opinions. Farmers' unions, to the extent that government takes them into its confidence, may also aid the production drive by interpreting official policy to the farmers and removing some of their doubts and hesitations, where these are in fact ungrounded.

Credit

Most farms in Asia are uneconomical, small, and most farmers are chronically indebted to merchants and money-lenders. Crops are mortgaged to obtain the seed to produce them, and are often sold immediately because the farmer has no storage space. In some areas farmers spend a disproportionate part of their meagre revenue for non-productive purposes, such as elaborate wedding ceremonies. These and similar circumstances are extremely unfavourable to any substantial increase in production.

The provision of both short and long-term credit through cooperatives can materially improve the situation. Reasonable interest rates are charged, instead of the exorbitant ones often required by private moneylenders, and in general fair treatment replaces exploitation.

But the cooperative's influence can go much further. It may be able, through the efforts of a respected and determined manager, to discourage

farmers from borrowing for sumptuary expenditure that leaves the borrower with no means of repayment. It may advise the farmer on the judicious use of any loans granted. It may even insist on a detailed statement of the purposes for which it is intended to use a loan, and check up at regular intervals to see that the farmer is in fact carrying out the programme. The principle of associating the function of credit provision with technical guidance and a systematic control of the use of loans is known as supervised credit and has given valuable results in many areas. Similar methods are used by unit (primary) cooperatives in Japan to ensure that farmers do not embark on ill-considered plans and to introduce an element of conscious planning in the agricultural development of the area as a whole.

The funds lent by cooperatives generally have to be provided by government in the first place. This was true even of such economically advanced countries as USA and Sweden, though in both these countries cooperators have succeeded in paying back the government advances and now in most cases own their own credit institutions entirely. Elsewhere, in France for instance, a mixed system operates to general satisfaction, with the local and regional levels functioning largely as autonomous cooperatives.

Farmers should be able to make deposits with their cooperatives as well as take loans from them, and should receive a commercial rate of interest. In this way thrift is encouraged (provided that political conditions and the currency of the country are reasonably stable) with long-term effects of incalculable importance for capital formation and economic growth. Even if commercial banks were interested in promoting the habit of saving among rural people – and there is little or no evidence of it – such savings would almost certainly be drained off from agriculture into industrial and urban sectors. Thus agricultural cooperatives appear to have a specific function of great significance. To give an illustration of their potential it may be noted that Japanese farmers deposit more in savings with their cooperative institutions than they take out in loans.

Markets

Reference has already been made to the fact that farmers are unlikely to produce more unless they are convinced that there is a remunerative market for the extra output. Developing countries generally are characterised by wide extremes of wealth and poverty. A small minority enjoy excessive riches while the majority have only the barest necessities of life, and sometimes not even that. This situation results in a limited solvent demand for food since consumption of food does not expand at the same pace as individual income increases and after a point does not expand at all. A more even distribution of income is thus almost certain to bring about increased demand for food, and few would deny that cooperatives, particularly in the conditions of the developing countries, tend to put more money in the hands of the under-privileged categories of the population. In this important respect, cooperatives are a healthy influence in the economy.

Land Tenure

Insecurity of tenure is a factor that, in many developing countries, hampers an expansion of agricultural production. Increased production almost always involves an investment of some kind, an additional expenditure, or perhaps simply a greater physical or mental effort, and a period of waiting for results in the form of bigger crops and livestock. If the cultivator is liable to be evicted during this period, or if he fears that he will not reap the full reward of his investment, he will probably continue to follow traditional practices, putting little into his farm and getting little out. Land reforms of various kinds have been carried out in many countries, especially during the past twenty years, in order to remedy the drawbacks of traditional systems. The view has been put forward authoritatively that "no land reform has fully succeeded unless it has been accompanied by cooperative organisation".¹

Difficult problems arise in transferring the ownership and/or management of land to men who have had little or no previous experience, and it often happens that the immediate effect of land reform is to reduce the volume of production below the existing low level. Some forms of discipline therefore become necessary for a transitional period. In the Italian land reform areas, for instance, families receiving farms are prohibited from selling or mortgaging them, and must accept membership in special cooperatives. The cooperative method, even if imposed by government, has the advantage of giving the farmers straightaway some limited experience of independence and participation in management. It adapts itself easily to a gradual withdrawal of official guidance and to the progressive assumption of responsibility by the farmers themselves. It provides invaluable training for ex-workers and ex-tenants accustomed to taking orders rather than using their initiative.

It is not necessary to discuss here the various ways in which cooperative methods can be applied to the problem of land reform, except to say a word about cooperative farming, which is of particular interest in the present context. Cooperative farming – by which we mean joint management and operation as an individual farm unit, irrespective of ownership – has received much attention in recent years because it promises to make a positive impact on agricultural productivity and not merely as an alternative to the obvious shortcomings of some traditional land tenure systems.

In many areas the excessive fragmentation of holdings rules out the economic use of farm machinery, particularly the larger items such as tractors and combines. Often the farmers cannot afford to acquire even small machines. Cooperative farming, by creating one large operational unit from many independent fragments, offers a solution to this problem. It enables the farmers concerned to specialise and develop individual skills and to enjoy some regular free time by a rota system. The large output besides conferring bargaining strength on the market, justifies the

¹ Development and Trends in the World Cooperative Movement Today, para. 663, ILO Draft Working Paper, 1962.

construction of warehouses, the use of grading and sorting equipment, and the purchase of trucks, all of which would be beyond the possibilities of individual farmers.

The theoretical case for cooperative farming is thus very strong. If the practice, in some countries where systematic attempts have been made to introduce cooperative farming, has so far been rather disappointing, this can be attributed mainly to a psychological unpreparedness of the farmers concerned and to a shortage of highly developed managerial skill required to run a big farm on cooperative lines. But it is too early to write off cooperative farming as incapable of solving any problems. The economic and social advantages it can bring are worth a prolonged effort to change the ingrained attitudes that often make it difficult to work successfully. And it is worth remembering that interest in cooperative farming is not confined to poor, developing countries but is increasing in countries like France, Norway and Japan.

Social Progress

As already mentioned, economic development tends to be accompanied by social progress, and the cause-effect relationship is not always clear. It is difficult to do full justice to the social role of voluntary organisations, since their action in this field is so often indirect and long-term.

Cooperatives set up for specifically social purposes are less usual than the trading types. They cover a wide range but are found in relatively few countries and then sometimes only as isolated examples. Thus there are cooperative hospitals and clinics, libraries, reading rooms, village halls and laundries. Sometimes the supply of electricity and telephones is handled through a cooperative. The scope for such initiative is naturally limited to countries possessing effective social services provided by government or by philanthropic foundations.

In the developing countries particularly it is not unusual for local associations of farmers to be formed to carry out improvement projects adding to the amenity of the village, such as the construction of a meeting room or of drainage and sewage systems.

The home life improvement societies of Japan deserve special mention in this context. Formed either as separate associations (linked with the official extension system) or as a subsidiary activity of unit cooperatives, they provide training and guidance in a wide range of subjects that primarily concern the farmer's wife. The courses include such things as cookery, needlework, preserving of fruit and vegetables, flower arrangement and interior furnishing and decoration. Advice is given on the purchase of electrical equipment (refrigerators, washing machines, radio, television) and in some cases credit is provided for this purpose. Here is an instance where a mainly social activity has economic repercussions; it is in fact claimed that improvement of the farm home milieu helps to restrain the exodus from rural areas to the already overcrowded cities.

Voluntary organisations have an important part allotted to them in community development projects in India and other Asian countries.

Their contribution to social harmony, by bringing together people of different castes and origins for free discussion of their common problems on a basis of equality, can scarcely be over-estimated.

But these are only the more direct and obvious ways in which voluntary organisations of farmers work for social development. In the long run their pervasive influence on people's attitudes and thinking – educational in the broadest sense – may well prove more decisive.

Voluntary Organisations as a Training Ground

In societies with the rigid, vertical structure characteristic of rural communities in many countries, there is inevitably a great waste of talent among those who receive little or no education and have virtually no opportunity of substantially improving their lot. This wastage can be ill-afforded, especially in developing areas where management and technical skills are at a premium. Voluntary organisations, in particular cooperatives, can do much to remedy this situation. The average member can gain familiarity with basic economic and business concepts, and those with some natural disposition for management should soon find themselves on the board. Even if the skills acquired in this way seem elementary, the cooperative structure does at least provide a means by which talent can be identified and developed instead of being lost in the general anonymity of the rural workers. And this training in management and simple economics is at the same time a training in the practice of democratic methods, something quite unfamiliar to many rural communities.

Voluntary organisations not infrequently make an outstanding personal contribution to regional and national public life. There are examples, particularly in Europe and North America, of men who have spent their most formative years in agricultural cooperatives or farmers' unions and have gone on from there to assume high responsibilities in government, diplomacy or other branches of public service.

Conclusion

The next decade may well be a crucial period for the evolution of voluntary organisations in Asia. Most of those that exist today are voluntary only in the negative sense that no one is compelled to join; the driving force, the finance, and even the day-to-day management often come from outside. Such organisations may be able to carry out some specific tasks satisfactorily, especially in the sector of extension and agricultural techniques. But they cannot have the wider significance for economic and social development that springs from the emotional commitment and active participation of their members.

It is a mistake to suppose that voluntary organisations (or government for that matter) can achieve anything substantial without upsetting the established local order, which is by nature opposed to change. A voluntary

organisation is a clear threat to traditional authority (headmen, aristocratic families, tribal structure) which will attempt to absorb it or destroy it.

Governments are in a dilemma. They all recognise the value of cooperatives (if not of some other types of organisation, potentially more aggressive) and are encouraging them in various ways. Without this support, many cooperatives would disintegrate or be taken over by entrenched interests; with this support, however, they tend to remain cooperative in form alone and lack vital content. Nevertheless, in some government quarters there may be unspoken reservations about the desirability of completely independent voluntary organisations. As far as cooperatives are concerned, however, the impression gained is that the responsible ministers and civil servants are genuinely perplexed about the course to follow. Certainly government must maintain some control until there is no likelihood that a cooperative will be taken over or otherwise neutralised by the local opposition. They should not prolong the state of tutelage simply from a vague fear that the members of a cooperative, left to manage it themselves, will make mistakes, or from the very human conviction that it can do a better job than the members. Cooperation has to be learned and the only way is to do it yourself.

Stated as general principles, it sounds simple enough. But in the individual countries, and in each individual case within countries, divergent appraisals of the situation are always possible. Those who have the decisions to make are not to be envied.

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Some Overall Problems faced by the Western Cooperative Movements Today

Dr Mauritz Bonow

The question of how best to organise the democratic machinery in cooperative associations must always remain central to the cooperative movement. As a voluntary association of people cooperative organisations must always ensure that their parliamentary practices effectively safeguard the democratic control to be exercised by the cooperative membership.

As in the case of all other democratic organisations, the cooperative movement has to be equipped with the wherewithal to lend concrete meaning to democratic ideals. The fundamental requirement is naturally that the cooperative movement should possess a parliamentary machinery capable of channelling views and opinions held by the majority of the membership into effective decisions and action. This presupposes that the parliamentary apparatus, at all levels, is so constructed that it guarantees adequate representation, necessary control systems, and reasonably quick methods of decision-making. Like all other democratic organisations, the cooperative movement must also see to it that persons elected as office bearers, management committee members, etc. are chosen from amongst those members who have the best qualifications.

In order to achieve this democratic objective all cooperatives must naturally develop systems of education and training. Without adequate member education programmes, no cooperative organisation can even approximate the goal of efficient member control. It is worth mentioning that all successful cooperative movements have realised this, and regard it as a primary concern to provide extensive education facilities for the membership. In a number of cooperative movements, member education

is carried out in a variety of ways, not only through traditional media but also via modern mass communication media, such as film, radio and television.

It may be useful, at this stage, to direct attention to the particular place within the democratic framework occupied by the employees of cooperative organisations. It is quite clear that in actual practice a great number of decisions, of an ever more complicated nature, have to be dealt with by employees. It is only in the early and, from an organisational point of view, primitive stages of cooperative activity that it is feasible for elected laymen to make decisions in each and every instance.

When cooperatives become complex businesses, the very nature of control functions changes. Besides, raising an ever greater demand for knowledge among the members, there is the necessity to define the position of employees within the cooperative system and its parliamentary organisation. Cooperative democracy may then be defined as a pattern which guarantees the member-owners effective means of controlling the day-to-day decisions taken by those employed to carry out the business of cooperative organisations. One must see to it that employee rule is not substituted for democratic government by the members. This raises a whole series of practical problems on how to integrate the cooperative employees into the parliamentary machinery, with a view to making them responsible to elected representatives of the membership.

It is obvious that cooperative democracy cannot function without intelligent propaganda and publicity. In any cooperative movement one can, at best, expect relatively few members to be sufficiently interested in the cooperative movement to make themselves available for responsible posts as elected officials. This becomes even more true as the movement grows, placing correspondingly greater demands upon those elected to office. The vast majority of members may be expected to take only an overall interest in the progress of the movement. In order not to dilute cooperative democracy into a meaningless term, the majority of members must be provided with at least the bare minimum of information needed to determine the soundness of the decisions taken by those elected to serve as their representatives. Organising publicity and propaganda, and utilising the best media of communication available is an essential prerequisite for the functioning of cooperative democracy, receiving increasingly greater attention by cooperative movements in most countries. Another important object of cooperative publicity and propaganda is to attract new members to the movement by effectively presenting to them the advantages of cooperative membership.

Development of Cooperative Democracy

To the early cooperators it was self-evident that the cooperative associations which they formed would be democratic. Many of them were actively involved in, and all of them strongly influenced by the many different movements which foreshadowed the break-through of political democracy. Naturally, for their own enterprises, they chose a system of management

which would guarantee them absolute control over the operations. The democratic problems with which they were confronted were, however, comparatively simple. Take the case of consumer cooperation emerging around the middle of the 19th century. The early consumer cooperative societies were small and their business limited both in terms of the variety of goods handled and the monetary transactions involved. Business decisions were few and simple and could be handled by a small body of elected persons with easy access to the views and opinions prevailing among the membership. Consequently, the democratic structure of the societies, though uncomplicated, was capable of making quick and rational decisions.

The development of cooperative democracy made necessary by the growth of cooperative movements may be illustrated by examples from Sweden. When the Swedish consumer cooperative societies formed their central organisation – the Swedish Cooperative Union and Wholesale Society (KF) – at the turn of the century, they gave to it the same simple organisational structure as that of their societies. The annual meeting of the societies became Congress in the national context, and Congress was made up of delegates from all the local societies. Congress elected KF's board and its auditors.

To begin with the business activities of KF were also very simple. The societies had handled retail trade and later on local production such as meat processing and bakeries, whereas KF took care of wholesale trade. As long as business activities were limited, the form of organisation chosen was capable of functioning efficiently.

When consumer cooperation grew stronger in towns and other urban areas in Sweden, there followed, as a result, a development towards indirect democracy within the movement. Swedish Cooperation modelled its organisation on the pattern already adopted by the German Movement. The large consumer cooperative societies were divided into districts with special district meetings to elect delegates to the annual meetings of the societies. Thus the step from direct democracy, with all members called together for an annual meeting, to indirect democracy had been taken by the Swedish Movement. The difference between Sweden and Great Britain in this respect is noteworthy; whereas in Great Britain even very large societies adhere almost exclusively to a system of direct democracy, in Sweden the Movement has consistently adopted a pattern of indirect democracy in societies considered too large for direct democracy. The same is the case in a great number of other Western Cooperative Movements.

In connection with the gradual growth of the consumer cooperative societies in Sweden the system of management has also been changed. It is now customarily divided between an Administrative Council elected by the annual meeting, and a Board of Directors appointed by the Administrative Council. In the larger societies, the Board of Directors is often limited to three persons occupying leading posts within the main areas of business carried on by the societies, and the Administrative Council thus becomes the chief forum for layman influence and control. It is for the Administrative Council to exercise control over the Board and

its handling of the Society's business, and also to make decisions on the basis of suggestions and proposals of the Board, on questions of particular economic importance.

In Sweden average and large-size consumer cooperative societies have generally adopted this system of two top level organs. The small societies which still remain have, however, continued to operate without an administrative council, but even the employed managers customarily are elected to the Boards of Directors.

In principle the development which has taken place in the consumer cooperative societies holds true also for KF. The system of indirect democracy introduced as early as 1918, with the central leadership divided between an Administrative Council and a Board of Directors, still prevails though, naturally, over the years, changes of detail have taken place.

Democracy and Efficiency

Within all democratic countries strong voices have been raised for supplementing political democracy with different forms of economic self-government although interpretation of the concept of economic democracy has varied from time to time between different countries. Quite naturally this is a question of special importance and significance to the cooperative movement, which might be characterised as the most radical system of economic democracy devised. It is clear for instance that the development of democratic organisation outlined above is fundamental to the safeguarding both of member influence within the movement and of the efficient functioning of cooperative business.

The problem of combining democracy and efficiency assumes added urgency as the cooperative movement grows into very large enterprises. In a number of countries, the trend is to concentrate the activities of the movements to relatively few but very large units. At the same time, and for a variety of reasons, the influence of the central organisations is now far greater than in the early years of the movement. In the majority of Western countries the process of integration between the various levels within the movement – retail, wholesale and production – now goes on at great speed. This is undoubtedly necessary in order to ensure continued competitive power. It raises, however, the problem of maintaining necessary democratic control as the cooperative business organisations continue to grow ever more intricate and complicated.

Here we can only pose the problem. It should, however, be pointed out that the basic requirement for the cooperative movement must be that the democratic system adopted is practicable. Without continuous adjustment of the democratic machinery so as to attune it to new conditions we would run the risk of creating a gulf between an outmoded democratic apparatus and a fast moving business organisation.

It is necessary to expand somewhat on this particular problem. Every cooperator would readily agree that Cooperation must adhere to democratic practices, and it is clearly necessary to define how the everyday business of

cooperative organisations must be run in order for cooperative democracy to be meaningful.

Nevertheless it might be said that democracy is sometimes a hindrance to the achievement of cooperative objectives. The movement has to function in competition – often very stiff competition – with other types of enterprises. Decisions must often be taken rapidly, if cooperative business is not to fall behind. Democracy works slowly. Questions which are to be decided upon by the members first must be carefully explained. The members must become convinced that the various measures suggested are sensible. In societies where the membership is sharply divided on a particular issue, the opposition can sometimes delay action until the opportunity to act has been lost. When radical measures are necessary they may often create certain disadvantages for some members at the same time as the overall effects are favourable for the majority of members (e.g. substituting modern, functional supermarkets for old inefficient shops). Therefore, there are instances where it would be possible for the movement to work more efficiently and with greater speed if the rules of democracy had not to be followed.

But true as this may be, the arguments in favour of democratic control of a cooperative society are of course far stronger. It is the members who own the cooperative societies; hence, they and their democratically elected representatives must retain control over them. To talk of ownership which is not coupled with the right of decision making is after all meaningless. Democracy is also in a very practical sense an asset to the movement. In the final analysis the existence of efficient member control is the only real guarantee that the efforts of the movement are always directed towards the realisation of its objectives.

Without attempting to discuss this question in great detail, it is necessary to emphasise that a prerequisite for cooperative democracy is to ensure that those within the membership, who are most capable of handling the different questions, are also those elected to serve on the organs where decisions have to be taken. Among other things this brings to the fore the problem of the position of the employees within a democratic system. We are well aware that in many countries it is considered unsuitable for employees to occupy posts on Boards of Directors and Administrative Councils. As outlined above, however, the experience in Sweden and several other European countries is that the development of the movement sooner or later will demand a democratic set-up which allows the responsible chief employees' entry into the actual democratic decision making process. The primary problem is not primarily whether an elected official is also an employee or not but rather whether he is capable of contributing intelligently. To this it is perhaps necessary to add that a far greater risk is run by a cooperative movement which allows the actual decision making process to slip out of the hands of those elected as representatives of the membership. This is in fact frequently the result when responsible chief employees are left out altogether.

One final observation might be made in this context: one must at all cost ensure that the elected representatives from the membership are kept

sufficiently well informed so as to be able to follow and control the business activities of the movement.

The Role of Cooperation in the Welfare State

In those countries where the cooperative movement has reached a high level of development – particularly in the welfare democracies of Northern and Western Europe – its political, social and economic role is now of fundamental significance. It has already been mentioned that within its own context the cooperative movement attempts to realise ideals of democratic control and management. This has gradually achieved for the cooperative movement a position which might well be characterised as one of the corner stones in the democratic structure of the welfare state. Thanks to its diverse educational activities and, perhaps even more to the thorough practical training which it offers to the large number of people engaged in cooperative work, the movement has become a source from which talent for democratic leadership in a variety of fields is being drawn.

But more concretely, the cooperative movement performs many of the functions which would otherwise have to be undertaken by other forms of collective action initiated by the state or by municipalities. It is quite clear for instance that the pattern of economic life in a country like Sweden would be vastly different had the cooperative movement not been able to combat successfully a variety of monopolistic practices in many different fields. The economic potential of the Swedish Cooperative Movement is now sufficiently great so as to enable it to take care of the legitimate interests of consumers and producers as illustrated by a large number of often dramatic cases of removing monopoly control through cooperative price competition.

In those democratic countries where the cooperative movement is strong it forms a special sector of the economy, coexisting with a sector of public enterprise and a private capitalist sector. The relative size of the different sectors varies of course from country to country but in all of them the private sector is by far the largest. The existence of a strong cooperative movement naturally influences the forms chosen by the state for its economic policy and its general controlling activities. And cooperative organisations are able to put their imprint on many social institutions not only nationally but also internationally.

It is perhaps useful to mention at least a few areas in which the cooperative movement makes itself felt in the welfare states. Most of these states have experienced successively greater influence by the state upon economic life, as the state has felt it increasingly necessary to introduce measures decided to guarantee certain public and social interests. Naturally, it is always a vital concern of the cooperative movement to ensure that the interests of its own membership are not jeopardised as a result of different state actions.

The first and perhaps most vital area of direct cooperative interest is the competitive situation characteristic of the economy of which the movement is a part, especially since Cooperation has not infrequently

been placed at a disadvantage in a legal sense. This is in many cases true both in respect to taxation and to their geographic areas of operation. In some countries, cooperative societies are forced to limit their operations to the municipalities where they legally reside. In such cases, the cooperative movement must, of course, do its utmost to influence legislation so as not to lose its competitive power.

The second area has already been touched upon. A number of countries have now introduced legislation restricting the activities of cartels and monopolies. The initiative for such actions by the state has often come from the cooperative movement. In so far that they pave the way for increased production and more open forms of competition, these legislative measures are clearly in the interest of the cooperative movement as well as of the public as a whole. However, in certain Western countries anti-monopoly legislation is still lacking or unsatisfactory. One of the urgent tasks for the cooperative movement in such countries is to find the best ways for exerting influence upon legislators in order to achieve effective monopoly control.

A third area of great significance is that of technical assistance to developing countries. Several cooperative movements have contributed very actively to create an enlightened public opinion. In many countries the cooperative movement is now represented in the organs of state appointed to plan and implement bilateral technical assistance programmes. The special interest of the cooperative movement in this field is of course to influence the planning of technical assistance in order that it should include cooperative and other self-help efforts in developing countries. Though the results in this area are gratifying in some countries, the major portion of the work still lies ahead and must be regarded as vitally important to the cooperative movement.

These are but a few examples of areas where Cooperation has a role to play in the larger social and economic context. Successful action in these areas as well as in all other fields presupposes strength in respect to membership on the part of the cooperative movement. It also requires internal stability based upon sound democratic practices. This can only be achieved by constant attention to the problems of education, organisation and management discussed in this presentation.

Some Overall Problems faced by Western Cooperative Movements

W. G. Alexander

Some Problems Arising from Growth and Competition

One of the absolute necessities for the operation of any successful business today is growth. National governments are all engaged in programmes of economic expansion and strive to achieve and to maintain a state of full employment. The inevitable result is some degree of inflation, either severe or mild. To combat inflation, businesses have either to find more economic means of operation, or increase the volume of their turnover. Thus we find automation, mechanisation, self-service, auto-service and similar devices introduced to cut costs without causing loss of turnover, but eventually the only way to survival is through growth. For the Western Cooperative Movements, this compulsion to growth has increased the severity of competition and altered the type of that competition. Not only has private profit-making business enterprise increased the size and power of its operating units, but in some cases, it has even assumed some of the organisational forms originally developed by cooperatives. One does not have to look very far for such examples as the Duttiveile's "Migros" Organisation in Switzerland, or for the voluntary commercial chains and private housing companies in many countries. The cooperatives, too, in the face of this competition which does not permit business standing still, do at times adhere to some forms of profit-making competition. We can imagine the surprise of the pioneers of Cooperation if they could hear the cry of the successful general manager of a modern consumer cooperative society in a city, who might say "Let us find the site, arrange the finance, and then I will find you the members". A complete reversal of the old

order, but with member education to follow, it is perhaps the shape of things to come.

Growth, competition and the interests of consumers and producers require the cooperative not only to be as good as any other organisation, but better. Soon then, management demands to trade with non-members, and such trade may seem essential for survival. Also there comes the need for additional and cooperatively less orthodox financing, particularly self-financing by retention of surplus. There was a time when a cooperative sold at market price to avoid giving encouragement to competition to undercut in retaliation, as the cooperative could not have survived a long price war; and furthermore members could be encouraged to thrift by means of the bonus or dividend on purchases. The well-managed societies built up reserves, it is true, but there was not the compulsion to keep up margins and retain surplus for self-financing which is felt today. The compulsion to make and retain a surplus and to increase turn-over; especially if trade with non-members is accepted, can bring a cooperative closer to the form of its non-cooperative profit-making competitors, and may also lead to obtaining finance from outside the cooperative movement by means hitherto considered to be unacceptable.

Further insight into some of the general problems just outlined may be obtained by examination of the part played by the Canadian Cooperative Movement recently in its endeavour to show and to convince others of its special position with regard to taxation. The Cooperative Union of Canada has had to enquire about the precise tax position of cooperatives in other countries, and to state its case before a special enquiry in an attempt to refute accusations that Canadian Cooperatives have an unfair tax advantage over their business competitors. This case has involved explanation to disinterested and possibly prejudiced persons, of the exact differences between a cooperative and its profit-making competitors under the actual operating conditions of today, and the special considerations which co-operators consider to be justified by these differences or special characteristics.

The growing demand from national cooperative movements for further studies of the application of cooperative principles under modern conditions has led to the passing of a resolution in the ICA Congress last year, calling upon the Central Committee of the ICA to set up a special commission for this purpose. National cooperative movements may view this problem from various standpoints and may be anxious to press for different solutions, but almost all feel some need for guidance as to how far a cooperative may digress from past methods without infringing a cooperative principle to the point of losing an essential characteristic.

An oft-quoted example of modern financing is that of the Dutch Cooperative Movement. *COOP NEDERLAND* issues cooperative family bonds valued at 50 florins each, bearing a 7 per cent interest rate, and obtained by purchasing one florin savings stamps in cooperative shops. Each florin spent by a customer, member or non-member, in a cooperative shop entitles her to purchase a savings stamp for one-tenth of a florin, and five hundred such stamps may be exchanged for 52 florins in cash, or a 50

florin family bond. Despite surprise expressed in the cooperative press about the feasibility of this scheme, it has been a great success. Surely the answer lies in efficient management of the cooperative being able to put such money to good use and thus able to pay a rate of interest which will cover loss of value from inflation, and still leave some actual interest on the saving without the undue risk of loss which might often accompany such a rate of interest elsewhere.

Cooperative movements in the western countries in the past have demonstrated exceptional rates of growth when compared with the growth rates of their own national economies, but, in more recent years, groups of cooperatives have emerged which are growing more slowly than their national economies. Cooperative planners have for some time recognised and stated that structural changes are necessary to achieve satisfactory growth under modern conditions, and the national cooperative press and reports of National Congresses reveal a rapidly increasing awareness of the urgency of the problems and the nature of the changes which will be required. This awareness has already resulted in effective action in a number of countries, and France, Sweden, Switzerland and more recently, Holland and Denmark are being followed with great interest as regards the extent and type of changes made, and also as regards the retention of essential cooperative characteristics, particularly in the closeness of the relationship between the larger size of cooperative society and its members.

Doubts are expressed periodically about the possibility of the cooperative movement achieving the economic transformation and structural changes required for modern operations, and yet retaining its essential characteristics as a popular movement controlled by its members. It is encouraging to see that, in the countries already mentioned, considerable progress has been made in both of these required directions. The Cooperative Movement in Great Britain too, which has studied this problem for many years, has now produced a plan of action for consideration by its societies at the May 1964 Congress, in the form of a Final Report of the National Federation Negotiating Committee published by the Cooperative Union Limited, in March 1964. This Congress will be called upon to pass a resolution approving a merger at the earliest possible date of the Cooperative Wholesale Society, Scottish Cooperative Wholesale Society and Cooperative Union into a single democratically constituted and efficiently organised National Federal Cooperative Organisation (NFCO). The Cooperative Productive Federation will remain outside the merger but will expect to join the National Federal Organisation as a member. The interdependence of the NFCO and its member societies is intended to be a feature of its constitution by provision that the NFCO will be responsible for supplying their major requirements, and that member societies shall in turn be obliged to purchase their major requirements from the Federation. Practical implementation of this interdependence will be by means of commercial contracts between the parties. A full-time management executive, individually and collectively responsible for the day-to-day business of the NFCO will be appointed by, and answerable to, a part-time National Representative General Board, which in turn

will be answerable for the control of the business to the general meetings of representatives of member societies. This further example illustrates provisions for democratic control of a new cooperative giant, but considerable expenditure on educational and information activities will be required to prevent that control from being neglected, misused or felt to be too remote. The problem of remoteness of control will partly be overcome by provision in the terms of the merger for establishment of regional machinery, with regions corresponding to the electoral areas for General Board elections and elected members of the General Board being members of their appropriate regional committees.

Compulsion to growth is felt most keenly in distributive trades in which the payment of wages and salaries cannot be avoided, and a very high percentage of total operating costs is thus employed. The agricultural requirements trade is one of the most affected, and cooperatives engaged in this type of business come under the severest pressure. In this trade, very little automation is possible, and mail order business, self-service, and supermarkets, are not at all appropriate to the articles required by farmers for their animals, and their land. In some countries where cooperatives and private businesses in the agricultural retail distribution trade have not grown fast enough or large enough to effect all possible economies and gain all possible strength, the farmers form groups or clubs to increase their bargaining power with the retail cooperative or private trade, and if necessary, to cut them out altogether and deal with wholesalers, importers and manufacturers; at least, until the local services improve to their satisfaction. Some of these farmers' groups and clubs register as cooperatives. Eventually, they may either fade out if local services come up to the required standard, or, and in my opinion this is perhaps more likely, they will remain with very limited functions to safeguard the interests of their farmer members in the future world of big cooperatives and big businesses. The indications to date would seem to be that a large and efficient cooperative can either make small new groupings unnecessary, or can come to terms with such groups by allowing savings actually created by the group such as from bulk deliveries or prompt payment. In this way, the efficient farmer member or the large farmer can receive such benefits as are his due and his business still benefits other members of the cooperative to whom the same additional benefits accrue if they satisfy the same conditions. The extent to which a small farmer or even an inefficient farmer can lean on the larger or more efficient members of the cooperative, or discourage them from membership is, therefore, reduced, but being a cooperative, not to the point where the small farmer would subsidise the large farmer or even cease to benefit from his association in the cooperative with the larger farmers. The introduction of new differences in the treatment of individual members is forced upon the cooperative by growth and competition, both amongst its members and in its own trade relations with competitors. The large and efficient cooperative can adjust itself to these new conditions and, in special circumstances, a small cooperative can do the same at least temporarily. The tendency is, however, for modern conditions to require

a large and efficient cooperative to tackle them effectively. One might even add that, on a buyers' market, with growing consumer protection against monopolies and retail price maintenance, the goods will find the shortest route, from point of production or import to the point of consumption or use, which is compatible with the actual services required by the customer and not with the services which others believe he should require. Thus any retail merchant, or cooperative performing a similar role for its members, will quickly find itself becoming superfluous to the extent to which it is slow to adjust from traditional patterns of trade.

If cooperatives are to achieve growth and meet competition in every respect, it is vital that member relationship should receive the most careful attention. It is clearly threatened by modern growth, and at the very moment when it is most threatened, it will also be considered that the cooperative society's special interest in its members, as consumers of goods and services and owners of the business, is one of the most important criteria for distinguishing it from other forms of business enterprise. Non-trading organisations of consumers may, with some justification, be suspicious of cooperatives simply because by the mere fact of trading for and with the consumer, the cooperatives become interested parties themselves. It is not difficult for them to show that the cooperative may in some cases, act against the best interest of particular consumers. They can also point to examples of private profit-making enterprises managing to serve the interests of the consumer better than any competitor, including the cooperative, and still managing to satisfy their shareholders and profit interests. Plainly, no organisation can be the best all the time for every article and service, everywhere. The cooperatives, however, may point to their excellent record for the consumer over the years and may continue to do far better than any competitor in the future, despite all the difficulties. Their unique position will slowly be recognised, for whilst consumers' organisations not engaged in business can claim an impartial interest, they lack practical experience; and profit-making enterprises claiming practical experience and some success for the consumers, are responsible to their shareholders for the conduct of their business. Only the cooperative is owned and controlled by consumers and yet actively engaged in the business of serving them.

The growing need for action by cooperatives on behalf of their members' interests as consumers has long been appreciated, as has the need for international collaboration on behalf of consumers. The 20th ICA Congress at Stockholm in 1957 called for reconsideration of the whole problem of consumer protection and education in view of developments in modern industrial techniques. It was in Stockholm in March 1964 that the ICA Consumer Working Party confronted the Swedish Cooperative Movement with an Outline Programme which it had drawn up to indicate the minimum activity which should be undertaken in the consumers' interest by cooperative organisations. Different national, social, legal, and economic conditions, would make impossible a programme in great detail, but the Outline Programme drawn up and tested has now been sent to member organisations of the ICA.

Problems for consumers are problems for cooperatives, and a constructive attitude to such problems on the part of a cooperative rapidly establishes close relations with its members. As a national economy expands and develops, the availability of discretionary spending power increases and a vast range of new goods and services makes purchasing an ever more complicated experience. Rational purchasing may be assisted by the dissemination of constructive information by means of informative labelling and advertising, articles in the press, the provision of professional advisers, and any other suitable means of conveying frank and full information to the consumer. Efficient cooperatives often set fine examples in these respects, but they need assistance from state legislation to safeguard the health and safety of consumers, to improve standards of commercial accuracy and honesty, to provide legal redress for those unfairly treated, and effective machinery for enforcement of consumer protection laws, and to limit monopolies, cartels and restrictive practices. Direct action by cooperatives and action by the state are not always sufficient, and at times cooperatives have found it necessary to collaborate with trade or professional organisations in order to introduce voluntary codes and agreements to improve the lot of the consumer.

Some Problems of Integration

Keen competition from mass production and mass distribution creates a tendency to vertical combination to achieve effective planning, equalisation of risks, more rational performance of functions and a strengthening of market power. Accepting that the democratic nature of cooperatives necessitates their taking into account certain social considerations which may not concern their competitors, nevertheless, it is still possible for cooperatives to compete efficiently and effectively with all comers. Unfortunately it seems that the looser the vertical combination, the more the individual units approach the market themselves and the advantages which they thus obtain do not outweigh the loss of effectiveness to the combine. A powerful and efficiently run combine should serve its units much better than they can serve themselves. Thus profound changes come to the single individual society, whose members come to realise that the independence of their own particular local society is not a cooperative principle as they had almost come to believe.

Cooperatives seeking new structural forms by vertical integration, unless they are desperate, must see a reasonable chance of improvement before they would agree to pass on to the larger cooperative group the mandate, which they have given to their society, over which they have had the opportunity to exercise direct control, and over which a certain small number of members would actually have exercised control. Thus, when individual societies are not desperately in trouble and urgently looking for help, there is a need for close understanding between wholesale and retail societies as to the exact nature of the power which it is desirable to centralise, and that which can and should again be decentralised. It is easy to find disagreement and misunderstanding on this problem. Loss

of business effectiveness can be seen to stem from fragmentation of business policy; policy with regard to investment of capital, policy on prices, policy on production, warehousing policy, policy as regards purchases and sales, and policy as regards training of staff and control and appointment of senior staff. The men at the centre have to show the directors of the individual societies that they understand the equilibrium between centralisation and decentralisation which is the hallmark of successful big business. Once power has been centralised, the power of essential policy-making will be retained, but authority to act up to the limits of that policy should rapidly be decentralised. Detailed discussion on this distribution of power may achieve better understanding and sometimes remove misunderstandings. It would be easy, for example, for an individual society to think that only at their level could decisions be made quickly enough to decide on the purchase of shop sites, and that golden opportunities would be lost during a procedure of reference back to a central authority. If it is understood that the central authority would plan and issue policy directives only, after which all action would be taken at the lower levels, then objections may be removed. Ability at the centre must be sufficient to instil confidence for the future in those who are required to surrender their mandate to a central authority. A large measure of agreement must be reached on the extent of the power and authority actually required at all levels, retail, regional, national, and supra-national. Just as the cooperative is not an end in itself to be taken for granted, but is a means which requires constant justification, so too those who speak for integration and centralised power, and those who speak for the independence of retail societies, have also to reflect at all times that integration and independence are only means, and not ends or principles, and therefore, their justification requires constant appraisal and reappraisal. Unfortunately a loose-knit structure breeds independent action, independent action weakens the central authority, and a weakened central authority may not deserve, or may not easily instil, the confidence necessary to achieve centralisation of power through vertical integration.

In discussing some of the overall problems leading to closer integration, it is not my intention to examine in detail any of the national cooperative movements, but to show that the general picture is one of a decreasing number of societies and an increasing turnover and membership. The French, Swedish and Swiss Consumer Movements have made marked progress in this field. In all three, one of the features of their centralisation has been a system of regional warehouses handling a very high percentage of the total turnover, making the small warehouses of retail societies unnecessary, assisting the concentration of ordering, reducing total stocks and capital tied up in stocks, and affording certain economies, especially in transport. In France, this was done by regional development societies; in Sweden by a special regional warehouse organisation of the retail societies in the district served by each warehouse; and in Switzerland, the warehouses were opened by the wholesale organisation, VSK, which rapidly developed contractual relationships over a wide field of goods with the retail societies served by the warehouses. Under the Swiss

contract the retail societies agree to take supplies exclusively from VSK if it is in a position to supply, whereas the Swedish retail societies are not bound to take from Kooperativa Förbundet. The Swiss wholesale agrees on a fixed percentage commission and there are mutual facilities for inspection of the books and records of the retail society on the one hand, and of the original invoices and contracts relating to the purchases by VSK on the other. The Danish Consumer Movement also has been proceeding with amalgamations, especially of the city and town societies, and has lately been giving serious consideration to a complete integration of wholesale and retail trading functions by the creation of a single national society. Brief reference has already been made to a member-financing scheme of the Dutch Consumer Movement. The Dutch Movement is quite small and has been carrying through a planned structural reform since 1959. During the post war years prior to 1959, the Dutch Cooperatives had a very difficult time, and it had become clear that drastic action of some sort was required. Thus, in four years they have reduced the number of retail societies from 250 to 108. Of these remaining 108 about 30 are expected to disappear by further mergers and 27 are consumer branches of agricultural societies so that there will be 51 remaining, of which 18 will be regional societies having over 90 per cent of both turnover and membership. The Dutch Wholesale, Coop Nederland, after much heart-searching, made a decision to employ a highly qualified and successful general manager from outside the cooperative movement. This appears to have been a successful move since experience of centralised business power is acquired and the worthiness of the cooperatives will appeal to the right type of man, and give him an added sense of purpose. Undoubtedly we shall see more of these acquisitions from profit-making business, as there is a shortage of top managers and administrators and the cooperatives will not be able to train sufficient numbers to meet their needs.

Other problems of vertical integration arise with production or processing units, for both consumer and agricultural cooperatives. The consumer organisation may decide to produce in order to break monopoly powers, or for reasons of investment, and in either case, the justification may prove to be merely a temporary one. On the other hand, there may sometimes be much greater benefits to be achieved for consumers by entering into production of certain goods than there are from merely arranging their cooperative distribution. The criteria for consumer production will usually be that the articles produced are in constant demand on a large scale, and that the quality and quantity of articles produced and any services or maintenance required can be expected to be such as to give general satisfaction to a high percentage of the individual members.

For the agricultural cooperatives, there is the vexing question of contract farming. Cooperatives, which have been accustomed to being the champions of the cause of the small farmer, find it rather difficult to accept that they can no longer champion the cause of the inefficient farmer, whose farm no longer permits efficient operation and evidences no

economic justification for its continued existence as a separate farming unit. This problem appears both in the case of contract farming and also in marketing cooperatives, which must constantly improve their standards to give satisfaction to the consumer. The larger purchasing units in the food trade demand large, regular dependable marketing organisations for fulfilment. With or without contract farming, it is still difficult for smaller farmers to comply with the new requirements. Farmers would do well to pay more heed to the conclusion reached by their own national union representatives on the subject of integration and contract farming at the 11th General Conference of the International Federation of Agricultural Producers at New Delhi in 1959. "Integration – of which contract farming is only one of many manifestations – is an inevitable process. What matters to farmers is that they should control and utilise it through their own organisations, and not leave it to be exploited only by extraneous interests. To ensure this, the efforts of cooperatives in the technical and organisational field must be supplemented with the provision of full and objective information to farmers, to members and non-members, and to the community as a whole. Farmers will in any case have to accept a certain limitation of their freedom in management and marketing, but it is essential that the discipline should be freely applied within the farmers own democratically-run organisations, and not imposed by profit-making concerns in which the farmer has no voice."

A further difficulty arises when integrating agricultural and consumer cooperatives. Mistrust has been a feature of the relations between consumer and agricultural cooperatives and has sprung from various sources, such as, political tendencies, religious differences, or beliefs that their fundamental interests are in opposition. Examples of the last are the desire of the producer to get the highest price he can for his goods and the aim of the consumer to pay the lowest possible price for the required quality, and again, the belief that consumer cooperation is the only true form because all people are consumers but not all people are producers. This mistrust has been greatly reduced in recent years, but it is still difficult to overcome the practical difficulties in the way of effective integration. Contractual relationships have been and will be developed, meeting points and dividing lines must be agreed upon, and in many cases a formula can be found when required for joint ownership and control of cooperatives for such functions as distillation, milling, egg packing, milk marketing etc. Undoubtedly we should not lose sight of the fact that increasing the size of cooperative societies and increasing centralisation of power for policy-making must very soon create new possibilities for contractual relations to be established between agricultural and consumer cooperatives. The French Cooperative Movement has been very anxious to make progress with this type of inter-cooperative relations. Appreciating that agreement should be reached on the desirability for such trade in certain products, defined both qualitatively and quantitatively, and with a fixed time table or period, the central organisations of the agricultural and the consumers cooperative movements signed on 22nd October, 1959, a General Convention applying to a certain number of products (wheat, rice, canned

meat, fruit and vegetables, fresh fruits and vegetables, potatoes, butter, cheese, wine, fruit juices, etc.), and laying down that contracts suitable to each branch of production should determine the practical conditions for marketing. The implementation of this annually renewable convention has enabled a very large number of marketing operations to be carried on between agricultural and consumer cooperatives, and it has been found preferable in practice that the greatest number of operations should be carried out on the local or regional level within the framework of the convention, rather than through the economic central organisations. Lack of discipline on both sides retards progress, but nevertheless the annual turnover of inter-cooperative trade effected within the framework of the convention gradually increases and even if stricter regulations appear desirable, respect for mutual obligations is growing. Integration must lead to closer relationships, nationally and internationally, between the various sectors of the cooperative movement, and as integration of agricultural production, processing, and distribution, must be guided by the consumers' requirements, there should be every reason to proceed from past errors and omissions to a closer collaboration between producers and consumers.

The author has chosen the theme of growth, competition and integration for this paper, because it would be impossible to refer to all problems in the limited available space, but this theme does raise many vital problems of today. In tackling these structural problems, the national movements have had to take into account the changes in distribution of the population, the increase in private travelling, the rising standard of living, the increase of leisure, full-employment with higher labour costs and greater mobility of labour, the size of business units, the important technological changes and the trend of legislative and other state measures. Objectives and tasks are first being defined, the conditions applying in each country are being studied; and only thus can be determined the type and structure of cooperatives that will be required, and the methods that will have to be adopted to overcome the problems and achieve the desired results. In each case it is known that there is no substitute for efficient management which, by its intrinsic power and suitability for its special task, and its proper selection, training and remuneration, will prove itself adaptable when faced with new and ever-changing conditions. This last mentioned requirement ranks high amongst all prerequisites of success in tackling the many varied problems of cooperatives everywhere in 1964 and the years which lie ahead.

Role of the International Cooperative Alliance in the International Development Work

Dr Mauritz Bonow

When discussing the role which the International Cooperative Alliance and its affiliated national movements can play in promoting economic and social development, it is proper to indicate generally and very briefly the present setting of the complex problems which determine to some extent the potentialities of development work.

Firstly, may we state some basic facts. We have to keep in mind the extremely important change which has taken place during the post-war period through the decolonisation process. During that fairly short space of time, a great many countries in Asia and Africa have become independent states. Those countries represent today a total population figure of between 900 and 1,000 million. It is certainly only a question of time until this process will be completed so that the now-existing remnants of colonialism will have disappeared forever. It is, however, generally realised that political independence is only the first, though significant, step on the long and difficult road to economic and social liberation which must be the long-term aim of the development policy. All national and international development programmes have to take into account the grave administrative, economic and social problems which are confronting the newly-independent countries in particular and which call for a coordinated economic and social policy of a global character.

The second set of essential problems which tend to aggravate the economic and social difficulties in many newly-liberated countries is a combination of overpopulation and under-nourishment. The food aspect

of this complex of problems has been the main concern of the Food and Agriculture Organisation of the United Nations, and thanks to the efforts made by this inter-governmental agency in connection with its Freedom From Hunger Campaign, it is now receiving an ever-increasing attention by leading statesmen all over the world. Within other appropriate organs of the United Nations the population aspects are beginning to be faced as exceedingly serious problems which call for immediate national and international action in order to avoid a world catastrophe. At the World Food Congress in Washington, documents were available which illustrated the extreme seriousness of the present situation. Taking into account the present trends in population increase and basing the calculations upon a decent food standard for all human beings, the present world production of foodstuffs will have to be doubled by 1980 and trebled by the beginning of the next century. Apart from efficient measures to promote national family planning programmes, the problem of counteracting threatening world hunger can only be solved by increased productivity within the agricultural sector, especially in the lesser developed countries themselves. In this connection, the cooperative form of enterprise, mainly in the fields of agricultural credit, supply and marketing, is destined to play a role of paramount importance in the lesser developed countries as a supplement to efficient government planning. This very fact underlines the significance of actions designed to promote the development of agricultural cooperation in practically all lesser developed countries.

A third group of problems which have a very important bearing on promoting economic expansion in the lesser developed countries is connected with international trade. It is a well known fact that the deterioration in the economic position of the lesser developed countries is to a great extent to be attributed to the adverse trend in their terms of trade. It has been estimated that from the early fifties (after the biggest impact of the Korean War was overcome) the worsening in the terms of trade for the lesser developed countries in the world as a whole has meant a greater economic loss for these countries than the total amount they have received in the form of financial and technical assistance, both bilateral and multilateral, from the industrialised countries. Until quite recently when the terms of trade had improved somewhat for the lesser developed countries, there has, however, been no efficient coordinated action taken to counteract this grave "development".

Not only have the lesser developed countries since the beginning of the fifties suffered from the change in the terms of trade just mentioned. They have also encountered serious difficulties in exporting their agricultural and industrial produce to the industrialised countries. In many industrialised countries, customs barriers, excise duties and similar hindrances to import, have had a detrimental effect on the economies of the lesser developed countries. Besides these protective measures, there are also hindrances curbing the flow of international trade, erected by a network of international cartels and monopolies in the industrialised countries. Substantial reductions in the customs barriers and even abolition of customs and excise duties, may therefore be counteracted or even entirely

neutralised, as long as an efficient control over the malpractices of international cartels and monopolies has not been reached.

So far we have tried perhaps with far too many sweeping generalisations, to describe the background against which economic and cooperative development programmes of today have to be judged, nationally and internationally. Before trying to deal very briefly with the ICA policy in promoting Cooperation and economic expansion in the lesser developed countries, we might mention a few facts illustrating the general trend in ICA policy.

In the period immediately after the Second World War the ICA and its national cooperative movements were confronted by the pressing task of rebuilding some organisations severely damaged during the War. As the ICA membership was then mainly European and North American, great attention was given in the first place to reconstruction work. At the ICA Congress held in Paris in 1954 when the adaptation process after the war had achieved some important results, the question of what role the ICA and its member organisations should play in promoting Cooperation in lesser developed countries was taken up. At the Stockholm Congress in 1957 promotion of Cooperation in lesser developed countries was the main theme. The action taken after the Stockholm Congress may be said to mark the beginning of the implementation of a short-term programme to promote cooperative development. In February 1958 the Kuala Lumpur Conference took place at the request of South-East Asian Cooperators. This conference made it clear that it was their wish that the ICA should establish a Regional Office for South-East Asia and collaborate with the cooperative movements in the Region, especially about education programmes for cooperative leaders. The result was that on the 14th of November, 1960, the ICA Regional Office & Education Centre were inaugurated by the Indian Prime Minister, Mr. Jawaharlal Nehru. This marked the starting point of activities carried out by our Regional Office and Education Centre. At the ICA Congress in Lausanne, a long-term programme for ICA activity in the promotional field was accepted and this programme has gradually been implemented. At the Congress last year in Bournemouth, the ICA Technical Assistance Programme was reviewed by the retiring Director, Mr. W. P. Watkins, and a resolution appended to Mr. Watkins' paper giving guidance to ICA authorities and member organisations of the ICA was unanimously adopted by the Congress.

We will now revert to the question of the ICA long-term programme and its implementation, but before doing so some general aspects should be added with a view to discussing how the ICA and its member organisations should try to influence multilateral and bilateral technical assistance programmes generally.

Let me first deal with policies to influence multilateral technical assistance programmes. The ICA, like some other important world-wide non-governmental organisations, has Category A status as an advisory body to the United Nations and several of the United Nations' most important specialised agencies, like FAO, ILO and UNESCO. This

consultative status makes it possible for the ICA to express the opinion of the world cooperative movement on important economic and social problems, an opportunity being used to a gradually increasing extent. Recently the ICA has presented to the Trade and Development Conference at Geneva a statement outlining its policy based on decisions taken at the recent Congresses. The policy advocated by the ICA in the field of international trade is to facilitate, by all appropriate means, exports from lesser developed countries to the industrialised and developed countries. The document contains further recommendations about how this policy could be implemented efficiently by adapting the economic structure of the industrialised countries to increase imports from the lesser developed countries.

Another example is an initiative taken by the ICA to collaborate with FAO in a special activity to promote cooperative development within the agricultural sector in the lesser developed countries. The ICA initiative asked for an FAO enquiry into promoting development through credit, marketing and supply cooperatives, and agreed to supply the necessary finance. The enquiry committee was elected with internationally known specialists, among them being Professor Hoynden from Japan and Professor Dantwala from India. The committee has, after extensive studies, prepared a preliminary report about its findings which aroused much interest at the FAO Conference held in Rome last autumn. It is expected that the final printed report will be available by January 1966. The next stage in this venture is to establish some pilot projects in various countries to test the recommendations of the FAO enquiry committee. These pilot projects, carried out under the auspices of FAO and with substantial economic support from the World Bank, may be looked upon as one practical example of the endeavours made by the ICA and its member organisations to promote cooperative development through collaboration with international governmental agencies.

It is also of the greatest importance that member organisations of the ICA in countries, which are participating in the "Kennedy round" tariff negotiations carried on within the framework of GATT, influence their governments to favour reductions in tariff walls. This programme should include action to remove all hindrances to the exports from the lesser developed countries to the industrialised states. For lesser developed countries trade is even more important than aid.

In connection with the presentation of the ICA Technical Assistance Programme at the Bournemouth Congress and the ensuing discussions, several other recommendations have materialised. The following suggestion of the Congress deserves special mention. The cooperative organisations in the ICA should press their governments for increased financial and technical assistance to the lesser developed countries especially in the cooperative field. That such pressure yields practical results is shown by the experiences of countries where cooperators have been appointed by the governments to serve on national technical assistance boards. In countries where this is not yet the case, cooperative movements must

claim adequate representation on such national technical assistance boards.

We have tried to sketch very briefly the different ways in which the ICA and its member organisations are trying to influence multilateral assistance programmes for the benefit of lesser developed countries, within the framework of the general global coordinated policy. Within this framework of multilateral action through the United Nations and its specialised agencies, it is obvious that the part to be played by cooperative development is of paramount importance for the future of mankind. We can foresee that such multilateral programmes need to be supplemented by massive bilateral action, and here cooperative institutions, both in the lesser developed and the developed countries, can influence the form and contents of technical assistance.

We will, however, not deal further with bilateral programmes in the field of state-sponsored technical assistance, nor discuss here the necessity in the long run to emphasise multilateral assistance. Let us instead now revert to the question of ICA's own long-term technical assistance programme for promoting and implementing Cooperation.

In this connection, we may mention the ICA greets with great satisfaction the initiative taken by the Japanese Agricultural Cooperative Movement and especially the Central Union of Agricultural Cooperatives in establishing the Asian Institute of Agricultural Cooperation with headquarters at Tokyo. This Institute will undoubtedly render valuable help to the Movements in South-East Asia. Because the agriculture sector, in spite of the growing diversification of the economic life in several South-East Asian countries, is still of such great importance in this part of the world, it is essential that increased training facilities at top level should be available for agricultural cooperative leaders in the Region. Collaboration between such an agricultural training centre and national cooperative institutions in South-East Asia is to be looked upon as a very important achievement. The initiative taken by Japan also carried out in a true cooperative spirit vis-a-vis the ICA itself. Within the ICA we welcome the close collaboration and good working relations which have already been established in this field between the Institute and the ICA Regional Office and Education Centre. A systematic diversion of work and exchange of experiences between these two institutions will promote cooperative expansion and development in the whole Region.

In its long-term programme for the promotion of Cooperation in lesser developed countries the ICA also will establish, as soon as financial and personnel resources permit, Regional Offices in other continents. As far as Africa is concerned we can foresee in the not too distant future the possibility of erecting a Regional Office for East Africa, including possibly Central Africa. A very rapid cooperative development is now taking place in several countries in Africa, this is the case, for instance, in Tanzania, Kenya, Uganda and Nigeria. In passing we might mention that the Scandinavian cooperative central organisations, in collaboration with the Cooperative College at Moshi in Tanzania, have now started a joint programme of technical assistance in the educational field. This initiative

may perhaps develop into some kind of education centre serving the needs of East African countries, complementary to their own cooperative educational institutions. It would seem natural, provided this development takes place in the way indicated, that a Regional Office of the ICA should ultimately be located in this Region.

As far as Central and Latin America are concerned, there are good prospects for cooperative development in several countries. As a means to promote closer collaboration across the national frontiers a special organisation, the Organisation of Cooperatives in the Americas (OCA) has been established with headquarters in Puerto Rico. This Regional organisation is thought of mainly as an instrument to provide mutual technical assistance between the cooperative institutions in the whole Western hemisphere. This Organisation has been established in full collaboration with the ICA, and cooperative organisations in the Western hemisphere. Participating in this set up will be members of the ICA. In that the ICA long-term programme foresees establishing a Regional Office for the Western hemisphere, it seems natural that when this plan is ripe for implementation such a Regional Office could be attached to the headquarters of the OCA.

Other regions in Africa and the Near East have been considered as being in need of some assistance in the form of ICA Regional Offices. We think, however, that the two cases of one regional office for an important part of Africa and one for the Western hemisphere will have the highest priority after our South-East Asian Office in New Delhi.

It was mentioned earlier that the implementation of ICA's own technical assistance programme will to a high degree depend upon the availability of financial and personnel resources. It is clear that a substantial technical assistance programme in the cooperative field in various countries round the globe cannot be financed and carried out by the ICA itself. National cooperative movements in the industrialised countries can, however, assist the cooperative movements in lesser developed countries by various projects even if such projects, for obvious financial reasons, are more limited in scope than those carried out by national governments and international agencies. In several cases combined state-sponsored projects of a multilateral or bilateral type, with the participation of cooperative movements providing technical experts etc., could be a practical solution. For the present cooperative movements, inter alia, in Great Britain, Switzerland, Germany, Austria, the United States, Canada, France, Israel, Denmark, Finland, Norway and Sweden, are to some extent already engaged in various bilateral projects. The same applies to some of the cooperative movements in the Eastern part of Europe which are members of the ICA, for instance, the Soviet and the Czech Movements. In some cases, especially in the educational field, such bilateral technical assistance could, with advantage, be channelled through the ICA and thus become in fact multilateral cooperative assistance, though the financing of the ICA project in question will remain the task of a national cooperative organisation.

In the case where such a solution is not practicable, the ICA should

be kept fully informed about national cooperative technical assistance activities, although in fact such information is forthcoming to an ever increasing extent. This pooling of information concerning technical assistance programmes enables the ICA, in consultation with the national cooperative movements, to coordinate technical assistance programmes with special activities undertaken by the ICA itself, and with bilateral and multilateral assistance projects in the cooperative field financed by tax payers in various countries.

For the reasons just given the ICA in future should act through its Head Office and its Regional Offices as coordinator in the field of technical assistance to cooperative movements in the lesser developed countries. It may be suggested that restricting the activity of the ICA to the role of a coordinating body may be a somewhat unambitious programme. It might seem to be more radical to recommend that all the money forthcoming from national cooperative movements for technical assistance purposes should be donated directly to the ICA. This however, would not be a realistic approach as the ICA is not for the present and will not in the foreseeable future be provided with adequate financial and personnel resources to enable it to administer, through its Head Office and through its Regional Offices, technical assistance projects of various kinds in different parts of the world. The fulfilment of such tasks would call for an administrative set-up with overhead costs of quite another magnitude than the ICA can afford, with its present and possible future income subscribed by its national member-organisations.

For this reason, if we want a volume of technical assistance in the cooperative field which can have any impact upon future development, we must rely in the main upon initiatives taken by national cooperative movements in collaboration with the ICA. It is therefore of great importance that national cooperative movements in the industrialised countries create an opinion among their members that voluntary contributions should be forthcoming to an ever-increasing extent. Examples from national cooperative movements which have started collections of funds on a voluntary basis show that this method is workable, and will produce financial results, especially if the campaigns are carried on year after year.

Quite apart from what financial results may be achieved by such campaigns for collecting funds, the educational effect will be of lasting significance. If the rank and file members in cooperative movements of industrialised countries are continuously made aware of the importance of technical assistance for promoting the general economic and social uplift in lesser developed countries, the impact on the general opinion will be very considerable. This may result in the cooperative and other popular movements pressing their governments and parliaments to increase the sums earmarked for bilateral and multilateral technical assistance projects for the lesser developed countries. The experience we have gained in this respect in the author's own country, Sweden, certainly substantiates what has just now been pointed out as a probable consequence of such general enlightenment activity among the members of the cooperative movements.

Although the size of the contributions of the national cooperative movements and their world organisation, the ICA, can in no way be compared with the volume of technical assistance given by state authorities and inter-governmental agencies, our action may under certain circumstances still prove to be a catalyst with considerable effect on general economic and social development.

In conclusion, it should be emphasised that the cooperative technical assistance programmes should specifically concentrate on education, as cooperative education is the most productive investment for our future development work. Professor J. K. Galbraith, who is a well-known American Economist, has actually raised the question in a much wider context; would it not be appropriate that the aid to the lesser developed countries should to a much greater extent than hitherto be channelled to the educational fields. Education, says Galbraith, is neither consumption nor investment, it is both.

Activities and Role of the International Cooperative Alliance in South-East Asia

S. K. Saxena

Introduction

The Regional Office and the Education Centre of the International Cooperative Alliance for South-East Asia¹ started functioning in New Delhi in November 1960, as a result of long discussions held in the various Congresses of the Alliance dating back to the year 1948, and also after a study of the cooperative problems in the Region had been sponsored by the Alliance in 1955. During the course of the discussions, ways and means were explored to bring separate movements in the developing countries closer to the Alliance and also to seize the global challenge of helping to contribute, through the instrument of Cooperation, to the social and economic development of the under-developed countries. Ultimately, at the Congress at Lausanne in 1960, a Long-Term Technical Assistance Programme was drawn up which defined the role of the Alliance in the field of technical assistance to low-income countries of the world. The first Region chosen for more intensive action was South-East Asia.

This paper, then, is meant to point out the more important activities undertaken by the Centre so far. A brief general introduction will help

¹ Hereinafter referred to as the "Regional Centre" or just the "Centre". It should be added that the two offices functioned separately till August 1963 and thereafter were merged. However, the funds for the activities of the Regional Office are supplied by the ICA, London, while the activities of the Education Centre continue to be financed by voluntary contributions collected from Swedish Cooperators, supplemented by contributions from the Swedish Cooperative Organisations. The funds are collected under a campaign known as "Without Boundaries".

the reader to see the relevance of the Centre's work to the needs of the movements in South-East Asia. A final cautionary remark may be made. Five years in the life of an institution is too short a period to permit valid generalisations and a certain amount of tentativeness in the remarks is therefore, inevitable.

Some Background Factors

In delineating the socio-political context in which the cooperative movements function in the Region, the following observations may be made. The exit of foreign rule from the political scene has brought into existence national governments with varying degrees of political stability. They have inherited a structure that is characterised in the economic field by the predominance of agriculture which is generally stagnant; by a narrow base of secondary industries, and by widespread poverty which inhibits formation of capital, risk-taking and, to a certain extent, the acceptance of new ideas. The social structures are characterised by status-patterns that are imputed rather than achieved; power is generally located in the hands of small strongly entrenched groups; and, finally, the countries abound in social institutions which have functioned for a long time on an authoritarian base and which have led to a general conditioning of attitudes that need considerable transformation for economic development to be achieved within a democratic political framework. It is in order to tackle these problems systematically that a number of countries have launched upon economic plans which attempt to take stock of the national resources, assign the targets of achievement and ensure the execution of the plans. In the efforts to utilise the existing "infra-structure" for accelerating the process of development, the cooperatives are coming under increasing pressure from governments to help in the realisation of the plans. This has led to a great deal of ideological discussion about the voluntary character of the cooperative movement and its relationship with government in an era of centrally sponsored planning.

The cooperative situation in the Region may be reduced to the following generalities.² The movements in South-East Asia are predominantly agricultural-credit in character. However, it has been recognised that the supply of credit alone will not solve the economic problems of farmers. Efforts are, therefore, being made to increase marketing, processing and supply societies in order to build a comprehensive network of cooperative organisations to help farmers in placing their economies on a sound footing. Moreover, in the supply of credit a fundamental change in some countries has been the effort to dispense credit in a purposeful than mechanical fashion. In dispensing credit importance has thus shifted to the creation of increased income by effective utilisation of loans rather than merely the supply of a tangible form of security entitling a farmer to a loan.

Simultaneously with the developments in the field of agricultural cooperation, increasing attention is being given to urban sectors of

² Japan, in many respects, is an exception.

cooperation. The pace of urbanisation in South-East Asia is rapid and the increasing size of towns has created serious problems for the consumers. The shift from the village society, where the producer-consumer relationship is often direct in nature, to an economy where a large number of middlemen intervene between the producer of consumer goods and the final consumer has underscored the need for consumer information and protection. Finally, cooperative housing and insurance are becoming increasingly relevant to the needs of consumers.

The emergence of new forms of cooperative activity, accompanied by the need for creating specialised skills, has brought into sharp focus the need for cooperative education. Employees' training has to be given a boost and managerial personnel in the cooperative sector have to learn to compete with the most proficient in other sectors of the economy. Side by side with this, there must be emphasis on member education, in order to create a highly conscious and articulate membership, aware of its rights and obligations towards a cooperative organisation. Carefully supervised experiments must be undertaken to determine the most effective techniques of member education. A steady supply of educational material, based on the actual needs of the movements, has to be ensured. And, finally, research is necessary on the basis of carefully worked out problem areas.

The second background aspect relevant to this paper is the historical context in which the movements in the Region are operating today. Although, historically, the ties of South-East Asian countries have been predominantly with the West, there is now a need for exchange of cooperative experiences on an intra-regional as well as international basis, if for no other reason than there exists a broad similarity in the social and economic structures of the countries of South-East Asia. Luckily, at this time, there is a willing interest on the part of older, more experienced movements to help the developing countries in obtaining information and technical assistance, through existing international organisations. But movements within the Region can also ensure rapid and satisfactory progress by an exchange of general and specific information in response to needs of the movements, exchange visits of cooperators for short and long periods, and by assistance in the creation of industries on a cooperative basis.

Finally, there is an urgent need for co-ordinating the various assistance projects in order to avoid duplication and to ensure that the limited funds are put to the most effective use.

Activities of the Regional Centre

Against the above background, the activities of the Centre can be broadly divided into the following five categories:

- 1 Intensification of ICA relations with the movements;
- 2 Supply of technical information and assistance;
- 3 Liaison and collaboration with the UN and non-governmental international organisations;
- 4 Education and research; and
- 5 Advisory Council.

1 Relations with the Movements in the Region

In a very real sense, intensifying relations of the ICA with the movements is integral to the entire range of the Centre's activities. Under the present heading, however, will be discussed only those aspects which do not logically belong anywhere else in the paper. Although the Centre is to act primarily as a service organisation to its members, the need for a dynamic approach necessitates dealing with movements which are, so to say, only potentially members of the Alliance. Some examples of relations with non-member movements may be cited. The first relates to the Philippines, where after preliminary, although extended, discussions with cooperative organisations, the Central Cooperative Exchange, Inc., approached the Alliance for membership.³ Partly because of the great interest shown by the Exchange and partly because of the variety of problems evident in that country, the Centre organised an Experts' Conference on "Agricultural Cooperative Credit and some Aspects of Marketing" in that country in 1963. The second instance relates to Nepal where the movement is still in its infancy. Several discussions have been held between the Centre and the Nepalese cooperative organisations. As a result of these discussions a National Seminar on the "Role of Cooperation in Agricultural Development in Nepal" was held at Kathmandu during August-September 1964. Thirdly, Afghanistan, which has been trying to enact consolidated legislation on cooperatives, informally requested the Centre to offer its comments on the proposed legislation. The possibility of organising a national activity in Kabul and participating of cooperators in ICA activity is also being explored.

It may be added here that the collaboration with non-member movements as distinct from those that are members, is characterised by three features. First, the nature of the contact with the former is more ad hoc than sustained; secondly, collaboration is often informal without commitment of either party; and, finally, non-member movements have no direct say in the programme of the Centre's work.⁴

Contacts with member organisations in the Region are extended in the following manner. First, the Centre's officers visit the various movements regularly. Often these visits are held in conjunction with some educational activity that is being held in that particular country. An opportunity is then taken to discuss with the responsible officers of the organisation the problems of the movement and the ways in which the Alliance could make itself useful. Information about these visits is, in turn, conveyed to the headquarters of the Alliance in order to enable it to make its policies more realistic to the needs of the movements. Secondly, continuous contact is maintained through correspondence. Thirdly, the Centre brings to the notice of the movements, international facilities which may be available to cooperators, such as the travel grants offered by UNESCO. Finally, the exchange of cooperators is further facilitated by the award of Fellowships by the ICA itself, and by help in drawing up effective programmes for cooperators visiting foreign

³ The Central Cooperative Exchange has since been admitted as a member.

⁴ Thailand, for historical reasons, is an exception.

countries. It may be added that help is also sought from the Centre by the Western cooperative training institutions in the selection of participants from the Region. The Swedish KF/SL Seminar is a case in point.⁵

2 Supply of Information and Technical Assistance

The Centre devotes considerable time to answering queries on various problems facing the co-operators in the Region. These queries generally fall under one of three headings.

First, information may be sought about the organisation and activities of the Alliance and its Regional Centre. In response to this, the Centre issues, at irregular intervals to a mailing list consisting of more than 800 individuals and cooperative organisations, a newsletter which details its activities. The centre also makes intensive efforts to expand the distribution of publications and journals issued from the headquarters, issues other mimeographed material collected from different parts of the world, collaborates in organising the International Cooperative Day at national levels and, finally, sends its officers out to lecture about the Alliance and its activities.

The second type of information sought relates to the technical aspects of Cooperation. An example might be cited of a cooperative housing organisation in the Region which wanted to put forward the case for having its own municipality and needed information about parallel cases, if such existed anywhere else in the world. Another country, where cooperators are discussing the possibilities of creating a union, wrote to the Centre for collecting the constitutions of the various unions in the Region. Frequent inquiries are received about the possibilities of imports and exports of various commodities. Finally, there is a persistent desire to know about the possibilities for further training abroad and exchange visits to different countries of the world.

The importance of being a clearing house of information cannot be over-emphasised. It helps to keep the Centre informed about the problems which are exercising the minds of cooperators in the Region, enables the Centre to make its programmes and publications relevant to the needs of the movements and establishes the Centre as a service agency to the widest and most diverse audience.

Technical Assistance

The third major function under this head is classified as supply of technical assistance which, in its broadest sense includes the supply of expertise, finance and, in fact, any kind of help from one movement to the other. More concretely, this function of the Centre can be broken down into the following four aspects: identification of the areas of technical assistance either at the Centre's own initiative or through the receipt of requests from a cooperative organisation; the conduct of

⁵ This is a recent educational activity primarily for cooperators from the developing countries and organised jointly by the Central organisations of Consumer and Agricultural Cooperative Movements of Sweden.

preliminary inquiries and negotiations with the various agencies including the government of the receiving country; processing of the project with ICA headquarters which then takes up the matter with its member organisations who may have the required skill or finances; and, finally, where necessary, arranging for the orientation of the expert to local problems and conditions.

Some examples may now be cited. In one country, where there is a large scale programme for the development of consumers' cooperation, the Centre has been requested to help in securing the services of six top-level experts who could help in the establishment of a management institute and assist in running a "demonstration project" in the shape of a wholesale store. The Alliance has already assisted in securing three experts for the purpose. A second example is that of the Aid India Fund which has been raised by the West German Consumers' Movement. After discussions with the Government of India, two projects were selected for assistance and one has already been completed and the other is being processed at present. Another country in the Region has in hand the development of large-scale in-shore facilities for fisheries which would further activate the cooperative fisheries' organisations. The Centre has been acting as a clearing house for getting some cooperative organisations interested in at least some parts of the project.⁶ In addition, few projects in different parts of the Region are being formulated for submission to developed cooperative movements for obtaining technical assistance.

Inter-Cooperative Trade

In April 1964 the Centre, in collaboration with the Japanese Cooperative Movement, organised a top-level Conference attended by Ministers of Cooperation and Presidents and Secretaries of National Cooperative Unions in the Region. This conference devoted considerable time to discuss the possibility of developing inter-cooperative trade. The recommendations of the conference are being followed by the Centre. A cooperative trade directory has already been prepared and a Trade Specialist has recently joined the Centre.

3 Collaboration with International Organisations

Throughout the discussions in the Parliament of the Alliance great emphasis has been laid on giving the utmost collaboration to those international organisations, particularly the United Nations agencies, which are also working in the field of Cooperation, namely FAO, ILO, ECAFE and UNESCO. Broadly speaking the Regional Centre seeks to project the same support to the Regional UN Organisations and other specialised agencies which is extended by the ICA headquarters to the various UN agencies on a global basis. Collaboration with these organisations is maintained along the following three lines.

* The problems experienced in realizing an aid-project are not enumerated here as they form the subject of another paper.

First, programmes are exchanged in advance with these organisations in order to avoid duplication of efforts. Secondly, invitations are extended to the relevant UN and other specialised agencies to send observers to the Centre's important conferences and seminars. This has the advantage not only of projecting into the discussions additional expert knowledge but also of helping to keep the relevant officers in the UN and other agencies posted on the trend of thinking of the cooperators in the Region. Conversely, the Regional Centre, wherever possible, sends its own observers to the various meetings of the UN and other agencies to express the point of view of the cooperative movement on specific problems. In addition to the three methods of collaboration mentioned above, there is the possibility of organising joint educational activities with UN agencies. An example might be cited of the seminar on "The Role of Cooperation in the Emancipation of Women" which was held in New Delhi in November-December 1962 by the ICA in collaboration with UNESCO, and which led to a follow-up study which will be mentioned later in this paper.

In the case of non-governmental organisations, the collaboration of the Regional Centre has been, among others, with the ICFTU and the World Veterans' Federation. At the express request of the ICFTU Asian Trade Union College, the Centre has been making its officers available to lecture on the various ways in which Cooperation could help the industrial workers at the annual courses organised by the College at New Delhi. In addition, an Experts' Conference on Cooperation and Trade Unions was organised during January 1965 jointly by the ICA and the ICFTU. This joint conference has helped in exploring the wider bases of Cooperation between the trade union and the cooperative movements in South-East Asia. It is expected that follow-up action taken by the two organisations on the basis of the conference resolutions will greatly help in promoting cooperative activity among trade union workers.

The World Veterans' Federation, which is concerned primarily with the rehabilitation of demobilised soldiers, has expressed an interest in utilising the cooperative techniques for creating economic projects for ex-army men. Following discussions with officers of the Federation, the Centre provided an expert to organise a short course, dealing with the principles and practices of cooperative organisation for the affiliated member of the Federation from India.

4 Educational Activities

The term "educational activities" is intended to cover various fields: conferences and seminars, a research fellowship programme, research undertaken by the Centre, production of cooperative literature and experimental study circle projects.

Conferences and Seminars

The following tables give the various seminars, etc., organised by the Centre and the breakdown of the participants by countries:

Table I
Statement of Courses held, November 1960–August 1965

Total No. of seminars etc.	Title of the Educational Activity	Total No. of participants/observers
38	<p>Cooperative Leadership in South-East Asia, New Delhi.</p> <p>Symposium on Cooperative Insurance, New Delhi.</p> <p>Cooperative Development Officers' Conference, New Delhi.</p> <p>Press and Publicity Conference, New Delhi.</p> <p>Cooperative Credit Conference, Lahore.</p> <p>Study Circles Methods Conference, New Delhi.</p> <p>Cooperative Member Education Conference, Dacca.</p> <p>Cooperation for Industrial Workers, Calcutta.</p> <p>Cooperative Development Officers' Conference, New Delhi.</p> <p>Cooperative Marketing Seminar, Nuwara Eliya.</p> <p>University Teachers' Workshop, Bangalore.</p> <p>Cooperative Press and Publicity Conference, Colombo.</p> <p>Orientation Course for Rural Institute Teachers, Gargoti.</p> <p>Role of Cooperation in the Emancipation of Woman, New Delhi.</p> <p>Cooperative Farming Workshop, Lahore.</p> <p>Cooperative Housing Seminar, Dacca.</p> <p>Study Circle Conference, New Delhi.</p> <p>Techniques and Methods of Cooperative Member Education, Singapore.</p> <p>University Teachers' Workshop, Simla.</p> <p>Consumers' Cooperation Seminar, Bangkok.</p> <p>Cooperative Insurance Seminar, Kuala Lumpur.</p> <p>National Course on Cooperative Education, Kuala Lumpur.</p> <p>Experts' Conference on Agricultural Co-operative Credit, Baguio.</p> <p>National Seminar on Cooperative Marketing, Manila.</p> <p>ICA WAY Seminar on Youth and Cooperation, Kuala Lumpur.</p> <p>Cooperative Ministers' Conference, Tokyo.</p> <p>Agricultural Development Seminar, Kathmandu.</p> <p>Cooperative Member Education Seminar, Dacca.</p> <p>Seminar on Cooperative Marketing, Lahore.</p> <p>Cooperative Employee Training Seminar, Comilla.</p> <p>Cooperative College Principals' Conference, Dacca.</p> <p>Cooperative Member Education Seminar, Polgolla, Ceylon.</p> <p>Seminar on Cooperative Housing, Kuala Lumpur.</p> <p>Experts Conference on Trade Unions and Cooperation, New Delhi.</p> <p>Seminar on Fishery Cooperatives, Ernakulam.</p> <p>Workshop on Audio Visual Aids, Tokyo.</p> <p>Seminar on Cooperative Management, Baguio.</p> <p>ALEC/ICA Seminar on Cooperation and Trade Unions, Manila.</p>	<p>Participants 875; Observers from UN Agencies and other international organisations – 39</p>

Table II
Country-wise break-down of Participants/Observers

Participants										
Australia	..	..	..	..	..	..	..	..	..	1
Burma	..	..	..	..	..	..	..	..	..	8
Ceylon	..	..	..	..	..	..	..	..	..	104
Fiji	..	..	..	..	..	..	..	..	..	1
India	..	..	..	..	..	..	..	..	..	227
Israel	..	..	..	..	..	..	..	..	..	2
Iran	..	..	..	..	..	..	..	..	..	1
Indonesia	..	..	..	..	..	..	..	..	..	2
Korea	..	..	..	..	..	..	..	..	..	18
Japan	..	..	..	..	..	..	..	..	..	56
Lebanon	..	..	..	..	..	..	..	..	..	1
Malaysia	..	..	..	..	..	..	..	..	..	123
Nepal	..	..	..	..	..	..	..	..	..	68
Pakistan	..	..	..	..	..	..	..	..	..	128
Philippines	..	..	..	..	..	..	..	..	..	75
Singapore	..	..	..	..	..	..	..	..	..	4
South Vietnam	..	..	..	..	..	..	..	..	..	3
Thailand	..	..	..	..	..	..	..	..	..	24
ILO	..	..	..	..	..	..	..	..	..	1
FAO	..	..	..	..	..	..	..	..	..	1
UNESCO	..	..	..	..	..	..	..	..	..	1
IFWEA	..	..	..	..	..	..	..	..	..	1
ACWW	..	..	..	..	..	..	..	..	..	1
ICFTU	..	..	..	..	..	..	..	..	..	24
										875
Observers										
ILO	..	..	..	..	..	..	..	..	..	8
ECAFÉ	..	..	..	..	..	..	..	..	..	4
FAO	..	..	..	..	..	..	..	..	..	4
UNESCO	..	..	..	..	..	..	..	..	..	1
Asia Foundation	..	..	..	..	..	..	..	..	..	2
USOM	..	..	..	..	..	..	..	..	..	1
Cooperative League of USA	..	..	..	..	..	..	..	..	..	2
ICFTU	..	..	..	..	..	..	..	..	..	4
Colombo Plan	..	..	..	..	..	..	..	..	..	1
AARRO	..	..	..	..	..	..	..	..	..	2
Indo Norwegian Project	..	..	..	..	..	..	..	..	..	10
										39

The Education meetings could be divided into the following three categories:

- 1 Experts' Conferences
- 2 Seminars, and
- 3 Workshops

Experts' Conferences

Experts' conferences, which involve a high financial burden on the Centre per participant, are organised around pertinent cooperative problems with participants who have specialised knowledge in the field selected for

the meeting. Invitations are issued directly to the various experts, although naturally, this is preceded by considerable informal consultation with various cooperative organisations and governments. There are in the Region a number of people such as university teachers and independent researchers who, although not directly involved in the practical functioning of the movement, possess considerable theoretical knowledge of the various aspects of Cooperation. Experts' conferences are organised in order to involve these people, along with the workers in the movement, into active discussion of cooperative problems. The fact cannot be over-emphasised that objective criticism of cooperative policies is essential for the sound development of the movement and this constructive criticism can come from people who have both the detached perspective and the scholarship to subject problems to a close analysis.

Four such experts' conferences have been organised to date, two dealing with agricultural cooperative credit, although in one case some aspects of marketing were also discussed. The third conference, which was attended by Principals of National Cooperative Colleges, discussed problems related to cooperative employee training. The fourth one discussed possibilities of future collaboration between cooperatives and trade unions. A conditioning factor of the conferences is the availability of experts in the various fields and an effort is now being made by the Centre to compile a roster of experts, with their backgrounds, who could be drawn upon for conferences and seminars.

Seminars

The bulk of educational activities of the Centre may be classified as seminars, already listed in table I. These are classified as regional and national, the latter being organised specifically at the request of a national cooperative movement around a problem which is considered important enough for holding such an activity. Invitations are extended both to the national cooperative organisations and to government departments of Cooperatives and, generally, four persons are invited from each country to a regional seminar. From the table presented above, it will be noticed that the major segments of cooperative activity have already been covered in the seminars. In terms of emphasis, agricultural cooperation and cooperative education figure more prominently than, for instance, cooperative housing and insurance. While this is a reflection of the present balance of activities within the cooperative movement in the Region, it is clear that in course of time efforts will have to be intensified to organise seminars around subjects which are considered only potentially important. In cases where a subject is rather new to the Region and therefore reflects a comparative absence of expertise, collaboration is invited from the movements in the advanced countries. Two examples, may be cited. The Regional Insurance Seminar organised in Malaysia in September 1963 had the assistance of three resource persons from Folksam of Sweden. The seminar on housing organised in the month of December 1964 was assisted by the ICA Housing Committee and HSB Sweden.

Workshops

The third kind of educational activity is the organisation of workshops, a term which denotes a more practically-oriented approach. In addition to discussion of the more general seminar topics, national groups have an opportunity of sitting together as a part of workshop. Here, against the background of the problems in the Region, they can draw up a more specific programme relevant to the needs of their own countries.

A few problems relating to the seminars and workshops may now be mentioned. The first concerns the selection of subjects. As already indicated, the majority of seminars have been held around subjects which define a cooperative segment, such as cooperative credit, cooperative marketing, consumers cooperation, cooperative education etc. It may be argued that, although discussion of certain fundamental subjects like cooperative education can be repeated with advantage, increasing importance will have to be given to the more functionally-oriented aspects of the movement, such as cooperative management and international cooperative trade.⁷ As such subjects are rather new to the Region, thus making it difficult to assemble 30 to 35 people qualified to attend a seminar, it must be decided whether greater purpose will be served by increasing the number of experts' conferences or by continuing the present balance of various types of educational activity.

Lack of Specialisation

A second problem relates to the selection of candidates. As already indicated, participants are invited both from departments of cooperation and from the cooperative organisations. In the case of the former, the problem arises out of the fact that a government-sponsored candidate, after his participation in the seminar, might find himself transferred to another department where his knowledge of the movement is at best of marginal use. Over this the Centre obviously has no control.

In the case of selectees from cooperative organisations, it can be said with confidence that over the past five years the quality of participants has shown a steady improvement. However, some difficulties still exist, partly because in some cases at least, the cooperative unions do not have an adequate skilled personnel. Sometimes participation in the seminar is looked upon more in the nature of travel abroad for an individual than an effort towards the acquisition of a specific skill. More fundamentally, perhaps, the problem is related to the small degree of functional specialisation within the various movements as a consequence of which there are not many obvious candidates for a particular seminar.

The recruitment of lecturers poses another problem. So far, the major burden of the task has been undertaken by the officers of the Centre itself. At present the Centre has only seven officers and, with an increasing number of functionally-oriented courses, the need will arise for increasing

⁷ A beginning has been made in this direction when the Centre recently organised in the Philippines a Seminar on Cooperative Management.

the ad hoc recruitment of *competent* people from outside for lecturing at a seminar. One often finds a speaker able to talk most competently about his own movement and also sometimes about a movement in a western country, but he is generally ignorant of the situation in the sister movements of the Region. This underscores the vital need for a continuous interchange of experience on an intra-regional basis and the totality of the Centre's activities marks at least an attempt towards the achievement of that objective.

A few words may now be said about the methodology of the seminars. The method followed is that of lecture-cum-group discussion which allows for an expression of national deviations within a broad framework of regional similarities. This point is important inasmuch as there is often in regional meetings a tendency to arrive at a commonly accepted consensus which reduces considerably the relevance of the conclusions to individual national needs.

Research Fellowship Programme

In order to enable selected cooperators from the Region to undertake serious research, the Centre initiated in 1962 a Fellowship Programme under which three Fellows spend about six months at the Centre studying a particular aspect of the movement within a broadly conceived topic. On the basis of the experiences with the first group, the programme has been steered increasingly away from an independent research programme and directed towards a combination of adequate reading, carefully planned study visits, seminars and study guidance under the overall charge of one officer of the Centre. The fourth batch of Fellows now studying methods of member education at the Centre is drawn from the movements in India, Nepal, and the Philippines.

On the basis of the very limited experience of the Centre so far, the following may be listed as the main problems encountered in the execution of the research Fellowship Programme. It has been suggested, the programme be more practically oriented and if possible provide the Fellows with an opportunity of working with an efficient cooperative organisation in their field of interest. A proper balance has to be struck between carefully supervised reading, study visits, seminars and report writing. Also, the human aspect of having people away from their homes for a period of six months needs to be tackled by the increase of recreational facilities and the involvement of the Fellows in the life of the city where they are located. However, without going into details, it is necessary to offer a few comments on the above mentioned problems. While it is true that practical orientation of cooperators with an opportunity of studying the working of cooperative societies during the term of the Fellowship is extremely important, it must be recognised that the main purpose of the programme is to provide an opportunity for selected cooperators to indulge in quiet and sustained reflection upon the fundamental and operational problems of the movement. The programme will succeed only in the extent to which it has been able to

infuse among the fellows those qualities of the mind which reflect seriousness of thinking, objectivity of approach and a capacity to perceive the casual connections in social and economic phenomena. The realisation of this objective is not easy in the case of cooperative movement which looks upon research exclusively as the function of university dons and not as an essential attribute of a growing and dynamic movement.

Research

This activity refers to the research undertaken or sponsored by the Centre itself. Out of a seminar which was held by the ICA in collaboration with UNESCO, on the "Role of Cooperation in the Emancipation of Women" in November-December 1962 came a suggestion that the Alliance should sponsor a study to explore the possibilities of co-ordination between the activities of the cooperative movement and the women's organisations in the Region. The study, which was undertaken by a Pakistani cooperator, has now been completed and various suggestions have been presented for bringing the cooperative and women's organisations into closer relationship with each other.

Another project completed is a compilation of research undertaken in India in the different fields of Cooperation. On the basis of the compilation, an analytical note has been prepared which outlines the trend of research in the country and pin-points the areas which have not so far received adequate attention. This compilation has now been published under the title "Research in Cooperation in India - A Review".

For some time the Centre has been working on a project, through its Specialist in Agricultural Cooperation, on Cooperative Marketing in South-East Asia. This study, the first draft of which is now nearing finalisation, describes the structure and functioning of cooperative marketing movements in the various countries of the Region. The purpose of the study is not to present any deep analysis of the innumerable problems, but rather to introduce a factual description of the movements in the Region. It is hoped that on completion the study will help to point up the more significant fields ready for deeper analysis.

The Centre has also started a study on "The Structure of Cooperative Unions in South-East Asia". This study, on the sociology of organisations, will be based on an analysis of the constitutions and activities of the unions. It will discuss the relationship between the various tiers of the unions and the inter-relationships of the different departments, and will present a broad assessment of the impact the unions have been able to make on national member education programmes. Work on compilation of Cooperative Laws in South-East Asia is also in progress.

Research policy is discussed by a committee of the Centre, and for various reasons it has been decided that at this stage research studies should, by and large, have relevance to the Region as a whole, but wherever there is a need and circumstances permit, case studies in pertinent fields in some of the countries may be undertaken.

Three problems may be mentioned in this connection. As already indicated, the present emphasis has to be on descriptive analytical research, since problem-oriented research must be done against the background of factually oriented descriptive studies. First of all, collecting of factual material from the various countries has presented an acute problem. The experience so far has been that the questionnaires sent out by the Centre do not arouse a quick and accurate response and the completion of a study is unduly delayed. The Centre has been discussing the desirability of either collecting such information through particular individuals in national movements or through an officer of the Centre when he is travelling in the Region. A combination of the two has so far been practised but the problem continues to be serious. The primary reason for this, which is the second point, is the lack of research emphasis in the activities of the various movements. In most cooperative organisations, "research" does not go beyond the issuance of small pamphlets which are, by and large, of only marginal use to serious research work. While research on national problems will continue to be the responsibility of the movement of the country concerned, the Centre can create a gentle pressure on national movements to develop their own research. This leads to the third problem, namely the development of joint and collaborative research between the Centre and a national movement. Although preliminary discussions are going on between the Centre and some national cooperative organisations, this has not so far led to any concrete results. The problems of research personnel, finances etc. will have to be considered carefully before collaborative research can be seriously developed.

Cooperative Series

The Centre has now started a series of pamphlets which will present a serious discussion of some important aspects of Cooperation. Two such pamphlets have already been published. The first deals with "Economics of Consumer Cooperatives" and the second with "Cooperation and Small Industries in South-East Asia". Before finalisation, the initial drafts are discussed at a seminar within the Centre itself. If necessary, the manuscript is sent to an outside referee for comments. These brochures, if found suitable, are published not as ICA official point of view, but rather as papers which merit wider discussion.

Production of Literature

The main burden of producing literature for the various needs of the movements must essentially rest upon the national cooperative organisations themselves. The Centre, in other words, must concentrate on the production of material which is relevant to the Region as a whole or even to a wider international context. The material produced so far has accrued either as a result of the various seminars and conferences held by the Centre or has been produced in response to specific needs and requests.

In order to give some indication of the work so far done in this direction, the following publications may be mentioned. From a seminar held in 1960 came a publication entitled "Cooperative Leadership in South-East Asia" which has been widely distributed. Then a document entitled "Cooperative Education in India - An Approach" was prepared in the form of a memorandum on cooperative member education for submission to the Study Team on Cooperative Training appointed by the Government of India. In order to take stock of the literature produced by the cooperative movements in the various countries, an "Annotated Bibliography of Cooperative Literature" has been compiled which lists the material produced both in English and the local languages. This publication has a continuing need and additions to the bibliography will, therefore, be issued at six-month intervals. A Cooperative Press Directory for South-East Asia, showing the names of the various journals, their language, periodicity and circulation has also been compiled. In view of the various enquiries received concerning the possibilities of importing or exporting certain commodities by cooperative organisations, a Trade Directory listing the names of interested cooperative organisations with brief specifications of the commodities available has been finalised. This will provide a useful reference document for cooperative organisations, enable them to make contact with their counterparts, and thus accelerate the process of international inter-cooperative trade. In response to a request from the International Cooperative Training Centre, Wisconsin (USA), which wanted information about the various tasks performed by officers in the cooperative movements in order to rationalise their selection policies, the job descriptions of cooperative personnel in South-East Asia have been compiled. The Centre will publish in the near future, three publications each dealing with a special aspect of the cooperative movement. These are: Readings in Cooperative Education, Readings in Consumer Cooperation, and Readings in Cooperative Credit. In addition, a Manual for Study Circle Leaders has been published.

It would seem that the literature produced has satisfied at least one of two tests. Either it has relevance in promoting exchange of opinion and ideas on an intra-regional basis, or it is useful in building effective inter-connections between the movements in the Region and its counterparts in the Western world.

Experimental Project in Study Circles

The need is urgent for evolving an effective technique of member education, applicable with modifications, to all the countries of the Region. The Centre has already organised several national and regional seminars on the subject of cooperative education. The inescapable conclusion emerging from these meetings is that the most effective technique of member education must be both extensive and intensive in character, that is to say, it must have the widest and the deepest impact on members' consciousness and their understanding of the nature and purpose of cooperative organisation relevant to their own needs. It is with this objective in mind that the

Centre, in collaboration with the National Cooperative Union of India and the Delhi State Cooperative Union, has been experimenting for some time with the technique of study circles. An evaluation has been made of the three experimental study circles in India and it is hoped that these experiences could be sifted and analysed and made available to the movements in the other countries of the Region.

The experiences of the three study circles organised so far may be summarised as follows: It has become clear that after the initial work has been done, continuous guidance of the secretary and the leader of the group is necessary and the ideal of "spontaneous growth" should really imply a spurt in activity after the initial ground has been carefully prepared and nurtured for some time. A second lesson to be drawn is that one officer, or a small section at the state or the national level, is to be made responsible for organising the study circles, checking the answer books, producing the literature and generally promoting activity in the field. Thirdly, the group has to seek the collaboration of agencies already working in the field of adult education, audio-visual techniques etc., in order to economise and avoid duplication. Finally, the opinions, problems and achievements of the study circles must be presented to a wider audience through the cooperative press in order to multiply their effect.

5 Advisory Council

The problem of making the Centre's activities relevant to the needs of the movements is a continuous one and to meet this need an Advisory Council has been created, composed of eminent cooperators from the Region. Although every effort is made to include representatives from the various movements, perhaps it is more important to reflect in the council the largest fund of cooperative experience, consistent with considerations of the size of the Council. Nominations are invited from the national cooperative organisations and the term of a member is two years. The Council meets once a year, reviews the work done by the Centre and offers comments and suggestions on the programme for the subsequent year. The programme is then submitted to the Technical Assistance Sub-Committee of the Executive of the Alliance. It should be added that in the Advisory Council a regional platform has been created for the first time where cooperators from South-East Asia meet regularly and discuss problems of mutual interest.

Conclusion

This paper started out by drawing attention to the socio-political context in South-East Asia in which the cooperative movements are operating today. The increasing variety of cooperative institutions and the necessity for creating new skills has emphasised the need for intensive members' and employees' training. This can be done successfully only if there is a steady supply of relevant literature based on careful experimentation and research. The need for an exchange of information and experience is

imperative and the award of fellowships and the promotion and creation of cooperative projects with external assistance has to be done in a co-ordinated manner.

In response to the above, the ICA Regional Office and Education Centre for South-East Asia has been trying to build effective contacts with cooperative organisations in the Region through frequent visits and correspondence. Inquiries on a variety of subjects, such as technical aspects of cooperative matters, facilities for training abroad and possibilities of external assistance are regularly attended to. In view of the active interest in Cooperation of several other international organisations, collaboration is maintained with them through exchange of work programmes, reciprocal participation in technical meetings and conferences, and utilisation of experts from other organisations as lecturers at seminars. Seminars are organised both on a regional and, at specific requests, national basis. A pertinent subject is chosen and the discussions of the seminar conducted on a lecture-cum-group discussion method, are incorporated into a report which is widely distributed. The main problems experienced relate to the selection of participants and the dearth of lecturers with adequate knowledge of sister movements in the Region. A research fellowship programme has been initiated to allow selected cooperators the opportunity to reflect on problems which have regional relevance. The quest for effective methods of member education has been initiated and it is hoped that after some time the results achieved will be made available to all movements in the Region. Attempts are also made to produce literature on specific aspects of some movements which may provide useful information and extend functional relations between other movements.

In conclusion, it may be said that the problems facing the movements in the Region are large and complicated. Their solution will call for concerted and unremitting efforts on national and international scales. While the major responsibilities will have to be shouldered by the national movements themselves, the Regional Centre will continue to play an effective role by undertaking activities that are supplementary to their work.

Section II

International Cooperative Trade

South-East Asian Trade Pattern

Dr Mohinder Singh¹

Three general features of the economies of developing South-East Asian countries deserve notice at the outset. First is the low level of *per capita* national income. In the case of Burma, Laos and Nepal, *per capita* national income is US \$ 50 or less; for Cambodia, India, Indonesia, Pakistan, Thailand and the Republic of Viet-Nam, the range is US \$ 51-100; for Ceylon, China (Taiwan), Hong Kong and the Philippines, the range is US \$ 101-150; for part of Malaysia, it is US \$ 151-200, and for the rest it is US \$ 201 and over. Second, although in the past ten years or so, the percentage of agriculture (including forestry and fishing) in the net domestic product has tended to decline, nevertheless, it still remains large. In Burma, Cambodia, Ceylon, Malaysia (Federation only) and India, the contribution of agriculture to net domestic product ranges between 41.4 per cent and 48.2 per cent; in Pakistan, it is 55.2 per cent, while in the Philippines and Thailand, it is much less, being 33.9 per cent and 37.9 per cent respectively.² Third, almost all the developing countries have adopted some form of economic plan to step up the tempo of development. These efforts frequently include substantial emphasis on industrial growth.

¹ The views expressed in the paper do not commit the organisation to which the author belongs.

² U.N. Economic Survey of Asia and the Far East, 1962. Figures relate to 1961 or latest available.

I EXPORT TRADE

Characteristics of Export Trade

Noting the predominance of agriculture in the economies of the developing Asian countries, it is not difficult to believe that in export trade the bulk of the foreign exchange earning is derived from exports of food and raw materials. Furthermore, it is a very small number of commodities that accounts for the majority of export earnings. The table below throws some light on the position.

Table I: Contribution of Specified Products to Total Value of Exports

Percentage of total exports accounted for by specified products in 1961	Burma	Ceylon	China (Taiwan)	India	Malaysia (Fedn.)	Pakistan	Philippines	Thailand
	75 (rice)	90 (tea, rubber, copra)	70 (sugar, rice)	27 (tea, cotton, tobacco)	76 (rubber, tin)	76 (jute, cotton)	61 (sugar, copra)	61 (rice, rubber)

Taking an overall view, the under-mentioned fourteen commodities viz. rubber, tea, rice, raw cotton, sugar, copra, cotton fabrics, raw jute, jute fabrics, tin metal, tobacco, tin-in-concentrate, coconut oil, and palm oil, account for the bulk of the exports from Burma, Cambodia, Ceylon, China (Taiwan), India, Indonesia, Malaysia (Federation only), Pakistan, Philippines, Republic of Viet Nam and Thailand. In addition to these mentioned, some minor items like wood, iron ore, ores of non-ferrous metals also figure in the export trade.

Direction of Exports

With the exception of rice, which is traded mainly amongst the South-East Asian countries, most of the exports go to Western Europe, North America and Japan. In 1958/60, Western Europe took 50-80 per cent of the exports of copra, tea, palm oil, raw jute and tobacco; over 40 per cent of rubber and around 30 per cent of tin ores, raw cotton, cotton fabrics and coconut oil. On the other hand, North America is a major buyer of sugar, jute fabrics, tin ores, tin metals and coconut oil, while Japan is a major buyer of raw cotton exported by these countries. Some idea of the position regarding direction of export trade of the different countries can be formed from Annexure I. A point which merits mention here is that, in recent years, there have been some changes in the direction of export trade of a number of countries. In the case of Ceylon, Cambodia, Malaysia, (Federation and Singapore), India, Indonesia, and Pakistan, export trade with Eastern European countries has tended to increase and in some cases the rate of increase has been quite high, although the volume is still relatively small. Furthermore, the export trade with Australia, New Zealand, the Middle East and Latin America has also tended to increase.³

³ In the case of Japan, a developed country of the Region, there has been a remarkable expansion of trade with North and Latin America, New Zealand and Australia.

Trends in Volume of Exports

A study made recently shows that in the developing countries of the world, the volume of exports increased at 3.6 per cent (compound rate) per annum between 1950 and 1960 as against 6.9 per cent in the developed countries, and 5.8 per cent in the world (excluding centrally planned economies).⁴ The rate of increase of exports from the developing Asian countries has been slower than the rate of increase in total world exports. Thus, the share of the exports from developing Asian countries in the world exports declined from 8 per cent in 1948 to 6.8 per cent in 1959/61.⁵ Furthermore, owing to a slower increase of the average annual rate of export earnings, at constant prices, of several developing countries (Burma, Cambodia, Ceylon, India, Indonesia, the Republic of Korea, Pakistan, the Philippines and Thailand) compared to the rate of increase of GNP, the percentage share of exports of GNP tended to decrease between 1951/53 and 1958/60. Several factors have contributed to this situation, including the lower income elasticity for the exports from this part of the world; the competition of synthetic materials as in the case of rubber; technical improvements in manufacturing processes requiring reduced input of raw material per unit of output of processed material, and higher domestic utilisation resulting in lower surpluses available for export. For example, the development of the cotton textile industry has reduced the surpluses of raw cotton available for export. This has been compensated by reduced imports of textiles or even, sometimes, of exports of cotton textiles. On the other hand, in the case of oilseeds and edible oils, increased domestic consumption has reduced the supplies available for export.

Coming now to the commodities exported by the developing countries of this area, we find that during the 1950's the annual rates of change were as under:

Table II: Exports of Selected Commodities. Rates of Change during the 1950's (Annual compound rate of change)

Commodity	Value	Quantity
Wood	19.8	22.5
Iron ore	19.4	18.0
Ores of non ferrous metals	6.6	—
Rubber	4.5	1.9
Tea	3.0	1.6
Rice	2.1	3.1
Tin metal	1.8	- 0.4
Raw cotton	- 6.7	- 2.3
Coconut oil	- 3.8	- 0.6
Jute raw	- 2.6	- 0.1
Copra	- 1.3	0.5
Vegetable oil (excluding coconut)	- 1.2	- 2.3

⁴ United Nations World Economic Survey, 1962, p. 1.

⁵ Economic Survey of Asia and the Far East, 1962, p. 7 — mainland China and Japan are excluded from the figures.

The production of the commodities referred to in Table II is confined primarily to the South-East Asian countries.

It will be noticed that, in the case of rubber, rice and tea, the annual rates of increase of export value were 4.5, 2.1 and 3.0 per cent respectively. However, in the case of non-ferrous metals, wood and iron ore (which are at present relatively minor export products), the annual rates of increase of export value were very much higher.

On the whole, the growth rate of exports has been rather low and below the growth rate of aggregate product in the developing countries. And future prospects for the major export commodities, mainly primary products, are probably not very promising. In this context note has to be taken of the limiting effect on the Asian countries' traditional exports of the protectionist agricultural policies and the restrictive fiscal policies of the developed countries who are the main buyers. The prospects for expansion of exports of manufactured goods appear to be better, although their importance as earners of foreign exchange is relatively small at present. However, in this case also, the obstacles encountered by exports of manufactured goods in the markets of some of the developed countries are relatively greater than those faced by exports of primary products.

II IMPORT TRADE

Commodity Structure

A study of the structure of imports in the developing countries between 1958 and 1960 shows that articles of food account for a little less than one-fifth of the total volume of imports, and the corresponding figure for other consumption goods is around 18 per cent. Materials for consumption goods account for around 22 per cent of total imports, while capital goods and materials for capital goods account for around 40 per cent of total imports. The position differs somewhat with each country; however, Cambodia, Malaysia (Federation and Sabah), Laos and the Republic of Viet Nam, do import large quantities of consumer goods (often more than one half of total imports).

The table below throws some light on the position.

Table III: Percentage Distribution of Total Imports, 1958/60

Country	Food	Other Consumption goods	Materials for consumption goods	Materials chiefly for capital goods	Capital goods
Burma	11.2	26.5	21.0	8.0	33.3
Cambodia	10.7	38.3	9.8	15.8	25.4
Ceylon	39.1	21.6	10.2	8.6	20.5
China (Taiwan)	8.7	6.2	43.1	6.7	35.3
Malaysia (Federation and Singapore)	22.3	25.7	25.9	12.9	13.2
India	17.7	6.4	21.2	12.5	42.2
Pakistan	22.0	8.2	12.3	18.0	39.5
Philippines	16.5	14.8	21.3	8.0	39.4
Thailand	8.6	31.8	12.3	10.5	36.8
Viet Nam Rpb. of	10.6	32.6	17.3	11.8	27.7
Average ⁶	19.6	18.3	21.9	10.6	29.6

⁶ includes also Hong Kong, Laos, Indonesia, parts of Malaysia (Sabah and Sarawak). *Source: same as for table II.*

Trends of Imports

A study of the relevant date in respect of some selected developing Asian countries (same as those listed in table II including the footnote) shows that in recent years (1951/53 and 1958/60) the value of imports has tended to increase in every country, except Laos and the Republic of Viet Nam. On an average, the overall increase in the value of imports between 1951/53 and 1958/60 was around 11 per cent, a figure which hides a very wide range of variation. In the case of Malaysia (Federation and Singapore only), the increase was 7 per cent whereas the corresponding figure for Burma was 41 per cent, for Ceylon 17 per cent, for India 26 per cent, for Philippines 21 per cent and for Thailand 77 per cent.

Another feature that deserves notice is that the average value of imports of capital goods increased by 65 per cent between 1951/53, and 1958/60, and the value of materials for capital goods of these countries were: 124 per cent in Burma, 49 per cent in Ceylon, 113 per cent in India, 33 per cent in Pakistan, 9 per cent in Malaysia (Federation and Singapore), and 125 per cent in the Philippines.⁷

The terms of trade of the developing countries of the world have tended to deteriorate from 1954 onwards, because unit value of imports has tended to increase, while unit value of exports has tended to decline.⁸ Between 1955 and 1961 the terms of trade of the developing Asian countries declined by 4 per cent.⁹

Factors Influencing Imports

The sharp increases in the imports of capital goods and materials for capital goods reflect the emphasis being placed by the countries concerned on development of industries. Various measures are being taken by the developing countries to ensure importation of goods of the types desired. These include quantitative restrictions, tariffs and exchange devices. In some cases, state trading and bilateral trade agreements are being used, with or without the above measures, to achieve the same end. Import controls are being resorted to not only for making the best use of the limited foreign exchange resources but also for safeguarding the general balance of payments position.

Sources of Imports

Western Europe is the most important supplier to the developing countries in this part of the world. Next in importance is the United States and it is followed in turn by Japan. In the case of the Commonwealth countries, Western Europe supplied 55 per cent of their total imports from the developed areas as against 37 per cent for other areas. In the case of the Philippines, over one half of the imports from developed areas are obtained from the United States.

⁷ United Nations Economic Survey of Asia and the Far East, 1962.

⁸ United Nations World Economic Survey, 1962, p. 2.

⁹ United Nations Economic Survey of Asia and the Far East, 1962.

Table IV: Exports from Developed Countries to Developing Asian Countries, 1959/61

Country	percentage distribution				
	Western Europe		U.S.A.	Japan	Others
	Total	U.K.			
India	58	27	30	7	5
Pakistan ..	53	23	31	10	6
Malaysia (Federation only)	68	46	6	13	13
Ceylon	63	42	9	15	13
Burma	50	27	6	35	9
Philippines ..	18	5	53	23	6
Indonesia ..	46	11	25	26	3
Thailand .. .	41	13	21	35	3
Korea Rpb. of	23	3	43	21	13
Cambodia .. .	57	4	17	25	1

Source: same as for table III.

The above table presents the general picture. However, it is worth noting that (as indicated in Annexure I) in the case of several countries, Burma, Ceylon, India, Indonesia and Japan, the rate of increase of imports and also exports in many cases, from Eastern European countries has been very high, even though its percentage share in the overall trade of the individual countries may be small.

The factors which influence the choice of the source of supplies include: the availability of the needed goods; the special economic, business or currency links between some of the developing and developed countries; the prospects of securing needed supplies on deferred payment basis coupled with prospects of finding additional markets for traditional exports, and more generally aid. For example, some of the aid available from the United States of America is in the form of surplus agricultural commodities, and even otherwise, there is often a stipulation that the American market will be the sole source of supply.

Recapitulation and Conclusion

Taking now an overall view of the position, the following points may be noted:

1 The developing countries of South-East Asia derive the bulk of their foreign exchange earnings (around 70 per cent in 1960) from the exports of food (including beverages and tobacco) and raw materials (excluding fuels). The share of the developing South-East Asian countries' exports in world exports is quite small and has tended to decline in the fifties. Furthermore, during the same period, the export earnings of quite a few developing Asian countries showed a slower rate of increase than that of the GNP. Imports in the developing countries have, however, increased at a rate faster than that of the GNP. In these circumstances, economic aid has played a vital role in the process of economic growth.

2 One way in which the developing countries are reacting to the situation arising from a persistent imbalance between imports and exports is to encourage domestic production of commodities hitherto imported or to develop new lines of export. In some cases, these policies of import substitution or export diversification can contribute to a reduction of the volume of intra-regional trade or can increase somewhat the competition for export outlets.

3 More than half of the exports from the developing Asian countries go to North America, Western Europe and Japan. The proportion of food and raw material exports accounted for by these areas is much greater (around three-fourths in 1960). At the same time, a great percentage of the imports are being obtained by the developing countries from the developed countries of Western Europe, North America and Japan. In recent years, however, the exports from developing Asian countries to Japan and Eastern European countries have increased at appreciably higher rates than the average annual rate of growth of total exports.

4 The export earnings from primary products are subject to sharp fluctuations and the terms of trade of the developing countries have been showing a persistent tendency to deteriorate. In the recent past, the growth rate of exports has been rather low and below the growth rate of aggregate products. Some of the factors that have contributed to this are: low income elasticity for the traditional exports from developing Asian countries; technological changes in developed countries reducing requirements for raw materials; competition of synthetic substitutes, and the protectionist agricultural and restrictive fiscal policies of the developed countries. The future prospects for the export earnings from primary products are not very promising. Exports of manufactured goods seem to hold better promise for the future. However, the obstacles encountered by exports of manufactures in the markets of developed countries are greater than those faced by exports of primary products. On the other hand, on the basis of the current economic development plans, the imports by the developing countries, especially of capital goods and materials required for capital goods, are expected to increase appreciably in the coming years.

5 In the context of the imperative need to ensure that economic growth in the developing countries is maintained at a satisfactory rate, consideration of new and more effective measures to step up their export earnings assumes special significance. And to this end, action is required at international, regional and national levels. The action at international level will have to embrace measures to ensure that the primary products and manufactured goods of developing countries have greater access and possibly also preferential treatment in the markets of developed countries. Inasmuch as this calls for a re-orientation of the domestic production policies of developed countries, it poses a great challenge to statesmanship in those countries. In addition, measures will have to be adopted to safeguard the developing countries against violent fluctuations in export earnings (e.g. compensatory financing for export shortfalls). For a lead

in these directions, the developing countries are looking forward to the forthcoming UN Conference on Trade and Development. At the regional and national levels steps have to be taken to programme for increasing exports, while at the same time avoiding actions that might promote national autarchy. Programmes for export promotion may be formulated in such a way as to ensure closer cooperation among countries of the region, especially with a view to enlarging markets so as to permit efficient and economical production.

Annexure I

Direction of Trade (Quarterly averages in million US dollars)

Area of origin for imports and area of destination for exports	Year	Burma		Ceylon		China (Taiwan)		Malaysia		India	
		Exp.	Imp.	Exp.	Imp.	Exp.	Imp.	Exp.	Imp.	Exp.	Imp.
1 All countries	1960	55.5	64.6	93.2	102.9	41.2	73.9	169.3	106.8	331.1	533
	1961	54.9	53.2	88.3	89.3	54.0	88.6	155.4	109.5	352.8	501
2 ECAFE countries including Japan	1960	39.0	32.6	12.9	44.0	30.3	30.1	42.0	57.1	57.6	87
	1961	40.0	26.1	10.5	37.8	33.8	33.5	43.4	55.8	61.4	75
3 Western Europe including U.K.	1960	10.2	19.5	36.9	35.7	2.4	8.3	72.8	38.3	127.9	221
	1961	9.3	16.1	34.7	29.5	4.3	8.3	57.8	41.3	126.8	221
4 Eastern Europe	1960	2.1	3.7	3.1	1.4	—	—	16.9	0.3	23.8	17
	1961	1.7	2.6	4.1	2.5	—	—	15.9	0.8	29.6	31
5 North America	1960	0.2	2.5	13.4	8.7	5.1	28.9	27.1	3.2	66.2	136
	1961	0.3	2.5	12.8	3.7	12.5	37.0	30.1	4.5	76.0	115
6 U.S.A.	1960	0.2	2.5	8.7	3.7	4.7	28.3	23.6	2.9	53.4	126
	1961	0.3	2.1	7.8	3.1	12.1	36.0	26.4	4.2	62.0	105
7 Latin America	1960	—	—	0.5	—	—	0.1	4.0	0.1	8.5	1
	1961	—	—	0.5	—	—	0.3	4.2	0.1	8.1	1
8 Oceania	1960	0.1	1.6	8.0	1.8	0.1	4.6	4.6	5.9	16.0	12
	1961	—	1.5	7.8	4.5	0.2	2.5	2.5	5.9	12.3	8

Source: U.N. Asian Economic Statistics (Economic Survey of Asia and the Far East).

Note: 1 ECAFE countries comprised: Brunei, Burma, Ceylon, Federation of Malaya, Hong Kong, India, North Borneo, Pakistan, Sarawak and Singapore, Afghanistan, Cambodia, China (Taiwan), Indonesia, Iran, Japan, The Republic of Korea, Laos, Nepal, Philippines, Thailand and the Republic of Viet Nam.

2 Since the middle of 1963, Australia, New Zealand and West Samoa, have also become a part of the ECAFE region.

Annexure I cont. (page 2)

Direction of Trade (Quarterly averages in million US dollars)

	Indonesia		Japan		Pakistan		Philippines		Thailand		
	Exp.	Imp.	Exp.	Imp.	Exp.	Imp.	Exp.	Imp.	Exp.	Imp.	
1	1960	210.0	143.1	1013.7	1122.9	99.2	163.9	134.5	140.9	100.9	111.0
	1961	195.9	—	1059.0	1452.9	99.1	159.8	122.2	152.5	116.5	119.4
2	1960	93.7	69.3	311.5	226.8	31.0	38.1	36.4	45.0	62.6	52.1
	1961	88.7	—	330.8	243.9	23.3	37.8	34.6	41.3	76.4	59.2
3	1960	46.1	41.7	119.3	98.4	37.4	67.9	26.3	19.7	14.4	35.1
	1961	34.0	—	136.1	141.6	38.4	67.6	20.0	25.2	23.0	37.4
4	1960	8.8	3.6	17.2	24.0	4.3	3.6	—	—	2.2	1.2
	1961	10.7	—	20.4	40.5	5.0	2.0	—	—	1.8	1.2
5	1960	49.3	23.2	336.4	480.7	9.9	44.2	67.5	67.4	14.3	20.4
	1961	45.9	—	324.4	646.4	12.7	43.3	65.5	75.1	10.2	20.0
6	1960	48.6	22.3	276.9	388.6	8.6	40.7	67.1	64.2	14.3	18.9
	1961	45.7	—	268.3	524.2	9.9	39.7	65.0	72.2	10.2	17.6
7	1960	0.8	0.9	69.2	76.6	1.8	—	2.5	1.3	0.5	0.7
	1961	0.2	—	80.1	119.3	2.8	0.7	0.6	0.7	0.4	1.8
8	1960	8.3	2.2	45.1	100.9	2.5	3.6	0.3	2.1	0.4	1.3
	1961	13.0	—	33.9	132.5	3.4	1.9	0.3	2.6	0.2	1.4

Potentialities for the Development of International Cooperative Trade

Marian Radetzki

External Trade in South-East Asia

External cooperative trade here defined as external trade with at least one partner being a cooperative organisation, will constitute part of the total foreign trade of any country. It is likely that cooperative foreign trade will be in commodities or markets where the country has already developed external trade relations, and in such sectors it will have to compete with already established private or governmental trade agencies. On the other hand, however, it will be facilitated by the knowledge and experience gained by the country in its previous efforts to develop trade. The cooperative sector can also make a valuable contribution to the economy of the country by initiating foreign trade activities outside the established traditional trade patterns. In the following we will consider both the possibilities mentioned above.

In general, the countries of South-East Asia are producers and exporters of raw materials and staple goods, with a very high share of the export earnings coming from one or a few commodities. Although some countries, particularly India, have started production of a wide range of consumer goods, the internal market absorbs most of this production, which in any case has difficulty in competing in the export field due to high prices and sometimes inferior quality.

Imports of South-East Asian countries vary greatly depending on the internal production patterns and on the plans for economic development which have been adopted. Sometimes imports are severely restricted due to lack of sufficient foreign exchange earnings, as is the case of India and

Pakistan where extensive import restrictions have been imposed, and the imports to a high extent consist of capital goods necessary for the planned development. Ceylon, which specialises in large-scale production of cash crops like tea, copra, and rubber, has to import considerable quantities of foodstuffs, whereas Thailand, Malaysia and the Philippines, have at present a more diversified import pattern, including both consumer articles and capital equipment.

Cooperative Activities and External Trade

With this very general description of the present foreign trade patterns of the South-East Asian countries we will investigate how cooperative activities could be inter-related with the foreign trade, at present or in the future.

The bulk of the population in South-East Asian countries is engaged in agriculture, and as a result, a substantial share of the national income comes from agriculture. The main cooperative activities are also found in the agricultural field. Although it is the oldest and most widely spread, the cooperative credit movement will have few connections with foreign trade, so that in agricultural cooperation foreign trade potentialities will be realised from the processing, marketing and supply sectors.

While in most countries, agricultural produce is mainly consumed at home, it still constitutes the major export earner. So is the case with rice in Burma, Thailand and the Philippines, jute in Pakistan and India, tea in India and Ceylon, and rubber in Ceylon and Malaysia. Cooperatives have an important role to play in the sectors of agriculture where holdings are small and the farmer is not able to enjoy the advantages of large-scale operations. To the extent that agricultural production is not consumed within the country, cooperative marketing federations can enter the field of foreign trade, and establish themselves as exporters of the commodities which they process and sell. Similarly the farmers' cooperative supply organisations which provide fertilisers, fuel, seeds, agricultural tools and implements, and in some cases even consumer goods, should have good prospects to establish themselves as importers.

While several South-East Asian countries are themselves taking up production of goods needed by the agriculturists, it seems self-evident that a progressive agriculture will have to satisfy its needs to a large extent by imported commodities. It is mainly through imports that the agricultural sector will keep pace with modern agricultural developments which are taking place in other countries. The apex cooperative supply organisations would certainly benefit their members by cutting the profit margins now taken by importing middlemen when they establish themselves in the import business.

In several South-East Asian countries handicraft and small-scale industries' cooperatives have recently been set up. Because they are very labour-absorbing in relation to the capital input, subsidies have been paid out to these types of cooperative organisations to promote their growth and thereby to solve at least a fraction of the unemployment

problem. Most of these cooperatives, however, carry out production and business on a fairly small scale; their production costs appear as a rule prohibitively high; standardisation of products and grading is almost non-existent; and at present they lack a suitable organisational set-up to allow any sizeable export trade. However, there are potentialities for the development of such export trade which will be discussed later.

Insurance and housing cooperation have at present little to contribute to external trade. At a later stage when the housing movement is well integrated, a need might arise, at least in the smaller countries, for import of building material.

The consumer cooperatives mainly supply everyday necessities to the population and most of their goods are indigenously produced. With the development of higher standards of living the need for imported consumer goods will increase. As in the case of agricultural supplies it would be advantageous for the consumer cooperatives to organise their own importing agency, which might specialise in supplying a few items with a well-established demand.

Organisational Set-up

At present the consumer cooperative movement is undeveloped in most of the countries with which we deal. The societies are relatively small, with membership restricted to a certain enterprise such as a trade union, or community; the superstructure is either non-existent or in a very weak position; and the federations or wholesale societies are not able to undertake business on an extensive scale due to lack of capital support from member organisations.

In Ceylon the Cooperative Wholesale Establishment (CWE) has, through Governmental action, acquired monopolies in the import and distribution of a number of staple goods, e.g. rice and sugar. But the CWE was created by the Government which still maintains a dominant influence in management. So it is doubtful whether the organisation should be called cooperative at all. In India, the Government is today actively involved in a scheme for consumer cooperative development which includes the setting up of a great number of small wholesale societies, serving relatively limited areas. It is difficult to predict the future strength and efficiency of the present Indian efforts in this field. In Thailand, Pakistan, Malaysia and the Philippines too, the wholesale activities of the consumer cooperatives are fairly weak nationally.

With most agricultural supply or marketing cooperatives, the national federations are not strong enough to establish themselves as import or export agencies for their member organisations. The exception would be the Philippines, where in the fields of tobacco and rice, the Central Cooperative Exchange has become firmly established during the last few years. In India, the National Cooperative Marketing Federation has attempted to initiate both import and export trade, but its link with the member organisations in the States does not seem to be sufficiently

developed. This has forced several of the State Cooperative Marketing Federations to undertake external trade of their own.

Governments often grant the central supply organisation of agricultural cooperatives certain privileges, such as import licences on easy terms, which facilitates its operations and often creates monopolistic conditions. This can be utilised by the organisation to enter other fields of business, for example, to start supplying certain commodities to the consumer cooperatives with which it usually does not maintain any parliamentary ties. There has been a tendency for the leaders of the central body to run away with the business rather than to develop and strengthen the ties with its member societies.

As a general observation the cooperative movement in South-East Asian countries today is not very well integrated. Local societies lack competence in setting up a central body to cater to their external trade needs, opinions differ on structural set-up, lack of skilled personnel in charge kills initiative, and competition in external trade is severe. The cooperatives think that for the time being at least it is more comfortable to use established private trade channels to satisfy import and export needs.

To be able to compete with private importing organisations, the cooperative societies must be made to realise the advantages of large-scale operations in foreign trade, which can only be achieved by strengthening the central agency undertaking import and export activities. External trade is a complicated procedure. Skill and experience are necessary for running an organisation active in this field. The central agency must supply competent and diplomatic leadership to local supply and purchase organisations in order to secure the confidence necessary for a successful foreign trade endeavour. If the effort to initiate the cooperative import trade is genuinely cooperative, and has a broad support from the local societies then purchase and sales will probably not become a major problem.

The following quotation from India shows on the other hand what can be the result if links between the primary, secondary and apex organisations in the cooperative marketing structure are weak or non-existent:

"In Maharashtra, the above relationship is not yet enhanced nor is trading among the different cooperative tiers well-developed. Some primary societies, the writer has visited, disposed of their members' produce to private traders rather than to district societies. District societies have not so far engaged in sizeable business with the State society. There are those marketing societies which have never dealt either with the district society or the apex society. In the former, some reasons given are that the district societies do not offer good prices, or are not in a position to buy or dispose of the goods, or that the primary societies do not have faith in the people managing the district society. In the latter, one plausible reason is probably the fact that the State society started operations only recently".¹

¹ Extract from a paper entitled "Parliamentary and Management Structure of Marketing Cooperatives in India" by Clemente Terso, Jr., ICA Fellow (Philippines). 31st January 1964.

The interests of the different sectors of the cooperative movement, particularly the consumers and the agricultural producers, may vary and it is therefore likely that, ultimately, separate central agencies will have to be set up to attend to the requirements of the different cooperative sectors.

Role of Government in Support of External Cooperative Trade

In countries where lack of leadership or financial weakness prevents an indigenous cooperative effort to establish a central body for external trade, the government might feel that it would serve both social and economic purposes to establish such an agency itself, and eventually hand it over to the cooperators. The government has naturally much larger financial resources available and has among its employee cadres competent personnel who could be managers of the institution once it has been established.

It is important that the government, from the very beginning, aims at involving the societies to the highest possible extent in business responsibilities. As fast as the local cooperatives are able to supply the finance and necessary business ability, the government should withdraw its direct participation and limit its activities to general control and supervision. The local cooperatives must be made aware that the organisation is "their own" and that it has been created to serve "their" needs.

In the case of cooperative handicrafts and other small-scale industries, which also have some aspirations on external trade, it may be necessary to extend the government role further. At present a frightening diversity of products is brought out by such enterprises. The only need which the present line of products satisfies in the markets abroad is artistic or as curios, a demand which is very marginal. Lack of organisation and integration between the different establishments and lack of proper marketing facilities both in the home market and abroad, contribute further to their difficulties. While a small quantity is relatively easy to sell, a larger amount of the same product is more difficult to dispose of under the present circumstances. It is not, however, realistic to expect an internally initiated reorganisation under present conditions, so the government must support the reorganisation process to effect standardisation of production, quality control and change of actual marketing operations. To bring costs to levels acceptable abroad and to be able to produce substantial quantities, mechanisation to an increasing degree must be introduced in the small-scale industries fields. The charm of a hand-made product is often not enough to make it marketable. Evenness in quality and large supply are more important factors in Western markets. For industries with certain artistic aspirations, it is important to establish sales promotion agencies in the important foreign markets. As many of the cooperative small-scale industries were initiated by governments to support the weaker sections of society and provide additional employment, the government should therefore recognise its responsibility and take an active part in the necessary reorganisation process.

In the long run it is somewhat questionable whether the small-scale industrial cooperative societies producing artistic or semi-artistic articles will be economically viable. To improve the economic situation of the members of such societies, the government might consider a complete transfer of their activities. Members might benefit more if their societies entered into the field of ancillary industries, supplying the bigger industrial concerns in the internal market with various kinds of semi-manufactured goods.

Apart from the active support in the creation of cooperative agencies for external trade, the government could also extend its assistance by preferential treatment. Cooperatives might be given priorities where import licences are required, or the exchange regulations relaxed to enable cooperative business managers to go abroad to finalise their deals. Although such support in the beginning stages would strongly contribute to the development of cooperative external trade, whether in the long run the cooperative organisations would benefit by such preferential treatment is doubtful. On the contrary it might be an obstacle to the development of competitive strength and feeling of independence among them.

Activities of Import Agencies

The cooperative external trade agencies would naturally have to adhere to the general practices regarding foreign trade. One of the important factors for maintaining efficiency in the import trade is the proper selection of markets. In several South-East Asian countries such selection is not completely free due to agreements between governments with regard to external trade. Nevertheless, within the given market choices the importer must always be on the look out for the best market so that the needs of his customers, the local cooperative societies, will be satisfied. Comparison of prices and quality control are important functions in import trade. It is not certain that the highest quality is always most in demand, but development of quality consciousness among its customers will be one of the functions of the cooperative importing agency.

Should South-East Asian cooperative import organisations concentrate their business contacts to cooperatives abroad? The aim of the import agency is to satisfy customers' needs by giving them the goods they require at the lowest possible prices, and if such goods are available at favourable prices with cooperative producers abroad, a development of trade links with them would naturally be of mutual advantage. But the import agency should not enter into agreement with cooperatives abroad for the sake of developing international cooperative trade links only. The suppliers must be chosen with only one view in mind: the interests of the customers. At the same time the cooperative organisation in the foreign country has its own member interests to look after. It is hardly realistic to believe that it would offer preferential terms to a customer simply on the grounds that the customer is a cooperative. Strict business rules must be adhered to in all trade transactions.

There might be other suggestions for collaboration between two cooperatives in different countries. The foreign cooperative organisation might agree to provide market information, or even make available one of its employees to look after the business interests of the South-East Asian Cooperative. As business between the two expands, an agency of the South-East Asian organisation could be located in the other country to use the fellow-organisation as a basis for operations. Cooperative suppliers in the developed countries could also assist newly-established import trade cooperatives in South-East Asia by inviting trainees to spend some time in the industrialised country working with the cooperative organisation there. In this way the trainee would not only become acquainted with foreign trade techniques, but also acquire a detailed knowledge of the market conditions in the country where he spends his training period. Such practice would certainly result in close personal links between the cooperative organisations in the two countries.

Activities of Export Agencies

As explained before, agricultural products are of primary importance in South-East Asian countries' export activities. Landlords of large estates have long since developed channels for distribution of their produce abroad. Therefore the cooperative marketing organisations will primarily depend on export of agricultural goods coming from medium and smaller cultivators. While it can be expected that the large landowners bring out goods of an even quality, the small, scattered agriculturists, tilling land of differing types, will supply produce of widely differing qualities. The cooperative marketing organisations will, therefore, have to evolve a standardisation and grading system so as to facilitate sales both on the internal and external markets.

The methods of establishing the quality of the goods must be properly explained to the farmers and incentives given to deliver high quality produce. In some cases, standardisation and price differentiation is easy; for example, with milk deliveries farmers can be paid according to the fat content. Economic incentives discourage the farmer from adulterating his product. Because the central cooperative marketing organisation is dependent on deliveries from its local member societies, it is in its own interests to promote the marketability of the products offered for sale. Therefore, it might find it advantageous to enter the field of agricultural extension and assist the individual farmers in the development of qualitatively-improved products.

During the post-war period the general price trend for unprocessed agricultural produce in South-East Asian countries has been declining, thus contributing to the already difficult exchange situation in several countries. To overcome the disadvantage of the unfavourable price trends on raw materials, the cooperative marketing organisations could enter the food processing field on a wider scale. Processing could improve the export situation in two ways: first, ready-made products usually obtain a better price than raw materials, thus increasing export earnings. On the

whole, the prices of ready-made goods have not been affected by the downward trend. Second, a number of raw articles, particularly perishables could be processed and used in the export trade. Milk, fruit, or meat are not very suitable for export in unprocessed form. But if the cooperative marketing organisations could undertake the production of powdered milk, tinned meat and jam, they would have products which are very well suited for transport over long distances.

Although processing may result in improved economic conditions, a substantial investment is necessary to set up factories, and farmers' organisations may lack the necessary capital. In such situations the government might be approached to supply initial capital to be paid back by the cooperatives over a number of years. As processing activities increase employment, production and export earnings, such investments ought to have a high priority with government. Alternatively a business organisation, cooperative or private, in a foreign country, might be approached to make available necessary capital and technical know-how in the processing field. In this manner an advantageous collaboration could be established between a cooperative marketing organisation in South-East Asia and a consumer cooperative wholesale in the West. Besides capital, technical know-how and initial quality control, the Western wholesale could also undertake to purchase the products processed in the jointly set-up plant.

Role of the ICA Regional Office

To promote and facilitate inter-cooperative trade both within countries and internationally, it would be advantageous for the ICA to undertake analyses of national cooperative markets. The National Cooperative Unions or the National Marketing Federations could undertake to list the different cooperative organisations involved in industrial and trading activities, giving details about their sales, products, qualities, quantities and requirements. Such lists could subsequently be distributed within the country to the cooperative organisations interested in trade. Within the developing countries of South-East Asia lack of knowledge of market availability contributes to the improper functioning of the market and the irrational distribution channels. A list as suggested above would throw light on the cooperative trading sector and could probably result in a more intensive trade within this sector.

Through the ICA such national cooperative trading analysis could be compiled into regional surveys and could be distributed on a world-wide basis. This would be a further step towards the integration of the world cooperative movement. The ICA Regional Office for South-East Asia is at present revising its Cooperative Trade Directory for the South-East Asian Region, a valuable document for organisations seeking cooperative trading partners in the South-East Asian Region. But the Region is a vast territory, and the Regional Office cannot possibly have a detailed knowledge of all cooperative trading organisations or their development potentialities. Although it is hoped that the initiative of the Regional Office will be of

value in itself, another objective of the Regional Trade Directory will be to induce the national movements to undertake similar but much more specific studies on a national level.

The Regional Office has so far received several requests from cooperative trade organisations both in South-East Asia and in the Western countries with regard to finding trading partners. In some cases samples were enclosed with the requests. Dealing with these requests, the Regional Office has referred some to the Head Office in London to enquire whether Western European Organisations expressed interest, while others it has dealt with directly. Even if such contacts do not result in direct trade, they can be valuable as a source of information to the cooperative organisations in South-East Asia. To give an example, a dairy sent a sample of a special type of powder milk to the ICA Regional Office. The sample was forwarded to Europe, tested and found unsuitable in its present form. The test results were returned to the South-East Asian dairy concerned, and now there are prospects for an improvement of the product. A few European organisations have sent samples of goods which they desired to import from South-East Asia. Such actions should be further encouraged by attaching a trade specialist to the Regional Office, who can devote his full attention to matters of this nature. With the support of the ICA Regional Office, trade conferences can be organised to bring together cooperative business leaders of South-East Asia to discuss possible business collaboration. Some ad hoc work on these lines has already been promoted. For example, the General Manager of the Philippines National Coöperative Marketing Organisation, while passing through India, was put in contact with his counterpart in the Indian Marketing Federation, which resulted in an agreement whereby the Phillipino organisation would purchase jute bags from India and in turn sell rice to the Indian cooperatives. If a bigger conference on South-East Asian Cooperative Trade is organised, it would be advantageous to invite business managers from the Western cooperative organisations as well, so that direct personal contacts can be established.

The ICA Education Centre recently held a Cooperative Insurance Seminar which was attended by several general managers and other leading insurance cooperators from the Region. Although the subjects discussed in the seminars were highly technical, several business collaboration agreements were reached during the meeting.

To secure a more long-term collaboration, it might be advantageous to set up a standing committee on trade, connected with the ICA Regional Office. The Committee could then meet at certain intervals, discuss current problems in connection with international cooperative trade, and consider further activities for the promotion of such trade, such as exchange of trade missions, distribution of market information and investigations into the possibilities of barter trade to overcome exchange difficulties.

The scope and potentialities for the development of international cooperative trade are great indeed. We have tried in this paper to outline some of the steps and measures which seem important to facilitate further development.

Cooperative Production and Trade in South-East Asia

Makoto Mihashi

The cooperative movement today is compelled to develop more and more on an international level. In its spirit it knows no national boundaries, but the process of its development is varied depending upon natural, social, economic and political situations in the respective countries. Accordingly, it is necessary to take into consideration the circumstances wherein cooperatives are placed in South-East Asia, before the problem of cooperative production and trade in the area can be discussed.

The principal characteristic of the area is that the most important industry is agriculture, on which an extremely high proportion of the total population is dependent. It means that industrialisation lags behind, providing little opportunity for employment. As a result, the ratio of agricultural income to the national income is extremely low, and the labour productivity is on a low level owing to lack of capital and better technology. Besides, major products are confined to those of a primary nature, which compete in the area without any having mutually complementary relationship. Thus, exports of the products are heavily dependent upon the markets of industrially advanced countries. Since it is difficult to adjust quickly the production of agricultural commodities so as to meet the demand fluctuations in the international market, the prices of these products are made ever more unstable. Further, the fact that distribution channels are not well consolidated has provided room for the incoming of private merchants or of moneylenders. As a result, a vicious economic system came into being and remains in existence to date.

As for industry, small enterprises are in a majority. Though the

contents of production may slightly differ from one country to another, industries producing consumer goods to meet the domestic demand are dominant, and those which manufacture production goods are very few.

Thus, under the above mentioned circumstances which are peculiar to the area, the cooperative movement in Asia is being pushed forward, focusing on agriculture and industry. Its fundamental problem is how to improve these economic circumstances which are an indication of backwardness. Those who are concerned with cooperatives must make joint efforts by mutually sharing experience and ability so as to solve the basic problems. The problem of production and trade by cooperatives in South-East Asia will be dealt with in the following pages from this standpoint, on the basis of experience in the agricultural cooperative movement of Japan.

Activities of Cooperatives relating to Production

Cooperatives in South-East Asia place great emphasis on credit. However, keeping pace with the progress in the marketability of farm products and in trade has made distribution equally important. Cooperative distribution ensures members a proper price of the products they sell and at the same time enables them to buy goods at a fair price. It is generally said that in South-East Asia the masses, especially farmers, who are to be organised into cooperatives, exist on a low level, economically, socially and educationally. Therefore, the activities of cooperatives must aim at eliminating the unfairness, trickery and speculation on the part of usurers and merchants, at rationalising distribution channels by means of economising commercial profits and at confronting monopolistic capital in commerce, trade or in industrial production. In deciding upon the targets of their activities cooperatives should in principle direct their business to planned marketing, should activate processing which would be complementary to marketing activities, and should undertake planned production, of fundamental importance to achieve the goals thus set.

Position in Japan

Agricultural cooperatives in Japan pay special attention to farming guidance and technical training. By so doing they are trying to stabilise planned farm production and farm life. For example, unit agricultural cooperatives were staffed with 11,500 farming instructors in 1961, an average of 1.1 per unit cooperative. It is these instructors who are instrumental in promoting planned farm management.

As the channel of instruction at the national level the Central Union of Agricultural Cooperatives has the Farm Management Division, the National Purchase Federation a Technical Affairs Department, the National Marketing Federation a Horticulture and Livestock Research Department, whereas at the prefectural level there is usually the Farm Management Division, staffed with experts. Thus, at both national and

prefectural levels positive technical training is given to farm advisers from unit cooperatives. The National Purchase Federation also operates an agricultural technical centre and a farm machine training institute.

Planned marketing starts with the unconditional consignment to agricultural cooperatives of products grown according to farming instruction given by cooperatives. Previously, depending upon the season, the prices of farm products fluctuated sharply, and this instability of prices was further affected by the speculations of merchants wanting to take advantage of such fluctuations. Accordingly agricultural cooperatives in Japan started in the early days a joint marketing system for various farm products, and tried to achieve mass shipment coupled with planned marketing. They installed warehouses for storage, and established a system of advance payment to farmers, for products to be marketed so as to stabilise the economy of farm households. Among the products for which joint marketing registered remarkable achievements are rice, wheat, and cocoon. The ratio of farm households utilising agricultural cooperatives in 1961 was 93 per cent for rice, 85 per cent for barley, 75 per cent for wheat, 90 per cent for cocoon, 66 per cent for tangerine and 72 per cent for milk. These products had a high rate, while there were those with a low rate, such as white rape had 7 per cent, eggs 35 per cent and apples 39 per cent.

As to planned purchase, agricultural cooperatives, on the basis of farming instruction and advice of consumer cooperatives, have been making remarkable achievements by concentrating on bulk purchase orders of goods for cooperatives through an advance order system.

The nation-wide pooling account system with regard to fertilisers and farm chemicals also has registered a most successful record of achievement in Japan. By receiving collective orders the National Purchase Federation can assume the leadership on behalf of agricultural cooperatives in determining the domestic prices of these items, and as a result it has been instrumental in lowering the purchase price level year after year. The ratio of utilisation by farm households of agricultural cooperatives regarding the purchase of major goods stands, as of 1961, as follows: 84 per cent for ammonium sulphate, 81 per cent for superphosphate, 73 per cent for chemical fertilisers, 44 per cent for assorted foodstuffs, 84 per cent for farm chemicals, 14 per cent for power cultivators, 69 per cent for rubber footwear and 22 per cent for soap.

Processing activities play an immeasurable role in adjusting demand and supply of farm products and in adding value to these farm products. However, as the joint marketing movement of agricultural cooperatives, with respect to the supply of raw materials, has gained power, the national and prefectural federations on behalf of farm households have been able to enter into contracts with processing capital on a more equal footing, thereby helping to eliminate wholesalers and brokers. There are also many cases where agricultural cooperatives have themselves undertaken processing.

Own-Production by Cooperatives in Japan

Own-production on the part of agricultural cooperatives in Japan is often introduced for farm products which enjoy high marketability. Spinning and tea processing are especially popular, the history of the former dating back to 1878. In recent years, the type of farm products processing which can meet the requirements of the highly advanced consumption pattern of the people is flourishing. It is estimated that there are 1,600 factories which process farm products in Japan. According to a survey made by the Japanese Government in 1962, 109 of them (9 per cent of the total) are operated on a corporate basis, and the rest are run by agricultural cooperatives. Classified by the type of industry, the processing of food articles occupies the highest ratio, 87 per cent; by the type of product, starch accounts for 21 per cent; seasoning 19 per cent; and tea 10 per cent. The total sales volume of the 1,200 factories which were surveyed amounted to 34,600,000,000 yen (£34,600,000); the contribution of factories owned by agricultural cooperatives amounted to 27,100,000,000 yen (£27,100,000).

Own-production is also active in manufacturing such goods as fertilisers, farm chemicals, assorted foodstuffs and farm machines. Agricultural cooperatives run the factory producing assorted fertilisers, and foodstuffs, while the production of nitrogenous fertiliser like ammonium sulphate, of phosphatic fertiliser like superphosphate, of farm chemicals and of farm machines, is made on a joint venture basis with investment by agricultural cooperatives.

The food producing factories need to import various raw commodities, as maize from Thailand, Cambodia and the Philippines, bran from India and the Philippines, and oil and fats from the Federation of Malaysia. On the other hand, factories producing fertilisers, farm chemicals and farm machines are exporting their goods to South-East Asian Countries.

At present, nine prefectural federations are engaged in the production of foodstuffs, achieving a volume of 79,000 tons in 1962. Factories operated by the National Purchase Federation, such as those in Kawasaki, Mamada, Nagoya, Kobe and Moji cities, have a total capacity of 460,000 tons per year; Kawasaki alone with the largest capacity in Asia can produce 120,000 tons a year. Thus, the Federation enjoys a share of 8 per cent of total food production, first place in the field. In addition, there are two prefectural federations which are engaged in production with a total capacity of 68,000 tons a year. Further, there are eleven factories operated on a joint venture basis with investments by prefectural federations and by the National Purchase Federation, producing nitrogenous fertiliser, phosphatic fertiliser, farm chemicals and farm machines. It is much more desirable, from the standpoint of capital, operation and technique, to adopt the joint venture formula rather than direct engagement. The National Purchase Federation has invested in 13 companies as Annexure table No. III shows.

The Akashi Rubber factory run by the Federation is representative of own-production of livelihood materials. The factory produces 3,370,000 pairs of rubber footwear a year, supplying 35 per cent of rural demand.

In addition, home medicine and soy sauce are produced by prefectural federations and the National Purchase Federation.

Possibility of International Collaboration by Production Cooperatives

It is not only desirable but also important for ensuring the swift development of cooperatives that they should try for international collaboration in the field of production in order to eliminate intermediary exploitation. The first step would be to help promote an increase in the farming standard. The development of farm production in South-East Asia lags behind the increase of population, which is thus constantly on the verge of starvation.

There have already been cases of international collaboration to improve farming techniques for individual products but the idea of organising villages as a whole to increase productivity has not yet been taken up on an international basis. In Japan, it is considered that agricultural cooperatives in South-East Asia could play an active role by an exchange of consultants and information, inspection tours, training programmes, and the establishment of model farms. In this way, they can be highly instrumental in improving agricultural productivity in the Region.

A second means of international collaboration would be to plan agricultural production among the countries in South-East Asia to realise a mutually beneficial trade relationship with regard to farm products in the Region. As long as each country sticks to production of farm products common to all countries, there will be little possibility of exchange or development. It is therefore, suggested that agricultural cooperatives in each country select complementary farm products and try to undertake planned production of volume on the supposition of trading these products in the near future. An example of complementary trade between agricultural cooperatives is the import by Japan of maize from Thailand to meet the shortage of foodstuffs due to the growth of the livestock industry.

A third possibility for international collaboration would be in the supply of production materials, such as fertilisers, farm chemicals and farm machines which are essential to the improvement of agricultural productivity in South-East Asia. Luckily, Japan has a large capacity for the production of these materials, made by agricultural cooperatives themselves. Thus, it is possible to supply these commodities to other cooperatives in South-East Asia at proper prices eliminating any intermediary exploitation.

A fourth opportunity for international collaboration would be to modernise collection, storage, processing and transportation methods. The history of cooperatives in most countries shows that they are contributing to the rationalisation of distribution channels. However, in the case of South-East Asia the activities of cooperatives in collection, storage, processing and transportation, lag behind, due to the presence of influential merchants, whose existence is an obstacle for trade to be undertaken by

cooperatives. In this respect, it is expected that agricultural cooperatives in each country of South-East Asia will endeavour to enlighten their member farmers and to appeal to the government authorities concerned, in order to work together to modernise the channels of distribution.

As seen from above, there are many possibilities for international collaboration in the field of production. The development of trade by cooperatives can be feasible only when these problems are solved.

Significance of Trade Expansion in South-East Asia

International collaboration among cooperatives in South-East Asia has been dealt with in the preceding sections. However, it is imperative to undertake overall economic development for the purpose of social and economic improvement in the Region. This means that agricultural productivity and industrial development must be promoted side by side. Judging from the fact that more than 60 per cent of the population are dependent upon agriculture for their livelihood, it is difficult to expect sound industrial development without increasing the purchasing power of farm households by improving agricultural productivity.

How can agricultural productivity be improved then? To start with, farmers should be urged to get rid of their traditional ways of agriculture to which they are so much accustomed. It is important to give education, guidance and financial aid in the most effective way possible and only cooperatives are qualified to achieve these objectives. Through the cooperative system irrational and unmodernistic financial or business conditions can be improved and technical guidance spread. Efforts should be made to consolidate the various systems now in operation for the purpose of modernising agriculture in each country and, at the same time, improving productivity so as to meet the demands for products in the market abroad. Especially in the Region where much of the foreign exchange needed to procure goods and materials for the improvement of agriculture, industry and transportation facilities must be earned by means of export, and where export items are made up chiefly of specific primary products, it is clear how important it is to endeavour to secure export markets for these products and to stabilise their prices. It is, therefore, necessary to steadily expand trade on a long-term schedule.

Significance of Cooperative Trade

It goes without saying that the cooperative system as a means of developing the national economy is effective. In view of the fact that export of primary goods and import of production materials for the development of agriculture are especially vital in the South-East Asian Region, it is of great significance to economic development to make use of the cooperative system. As to exports, stabilisation of prices by means of adjusting production or shipment in response to the demand and supply situation in the international market or in accordance with demand in the importing country (in the case of a bilateral agreement), can be made possible only

through the systematic leadership of cooperatives. On the other hand, as to imports of production materials or consumption goods, cooperatives can be in a position to have a grip on the domestic demand, to import goods to meet the situation, and upon importation to utilise them to the maximum extent through their network throughout the country. The promotion of trade by cooperatives will spur on the rationalisation of distribution channels and the development of the processing industry, and will consolidate the basis of the cooperative movement itself. Externally, exchanges between cooperatives of two countries, both among the countries in the Region and outside, will make it possible to promote production, marketing and purchasing activities. Then, member-farmers will be able to enjoy economic advantages to an immeasurable extent, and at the same time the cooperatives will be able to win over the confidence of their members. Accordingly, the promotion of trade by cooperatives in South-East Asia will contribute not only to the promotion of export of farm products, but also to the rationalisation of production and distribution channels, and further to the social and economic development of the countries in that part of the world.

Obstacles to Cooperative Trade

Although the necessity of promoting trade by cooperatives has been repeated over and over again, the results achieved after many trials are seldom satisfactory. Why is it that the importance of trade by cooperatives is fully realised and yet no satisfactory result is achieved? It is true that difficulties arising from trade policies and other political, social and economic factors in each country form large obstacles. Therefore, it is necessary to exert efforts to achieve gradual improvement through GATT, United Nations' Trade Development Conference, various other international, governmental and non-governmental agencies or through the government authorities of the respective countries concerned.

However, with cooperatives in particular, since the cooperative system in South-East Asia is still in its infant stage, collection, storage and marketing are done in an irrational way; and since transportation is also inadequately developed the promotion of cooperative trade is hindered. In other words, even if there are products to trade on the basis of a bilateral agreement, the cooperative system is not yet in a position to handle the business effectively. As long as cooperatives, as opposed to profit-seeking enterprises, are organised for the purpose of contributing based on the spirit of mutual help, to the promotion of the social and economic standards of their members who are producers and consumers, they will have to try their best to eliminate the obstacles lying ahead of them. However, it may require considerable financial backing to do this. In this sense, another obstacle is that the cooperatives in South-East Asia are short of the financial resources which would allow them to achieve their objectives. On the other hand, it is difficult to promote trade in the Region at the present stage as the major items of trade are confined to several primary products, which are mutually competitive. As for trade

with the advanced nations, the countries in South-East Asia are in a disadvantageous position because of various restrictions imposed on imports from developing countries, and at the same time because of shortage of foreign exchange reserve for the import of manufactured goods from advanced countries.

Conclusion

It is indispensable for the economic development of South-East Asian countries to expand trade, but the prevailing circumstances often prevent this. The situation being such, however, the tempo of economic development may be stepped up if cooperatives all over the world unite, with a concerted effort to make their functions fully effective. In this connection, it is imperative to redouble efforts for the promotion of trade by cooperatives in accordance with the cooperative spirit. By this is meant that cooperatives in each respective country should urge their governments to improve trade policy. As to basic problems, they should try to influence their governments to take them up with GATT, the various organs of the United Nations, or through international consultations.

Cooperatives should establish a medium to specialise in trade, and at the same time strengthen their own cooperative organisation by consolidating the set up of collection, processing and marketing of products, and simultaneously establishing a system to supply materials and loans. They should try, first of all, to attain independence from the exploitation of commercial capital, seeking positive assistance of their governments. Should there be any difficulty regarding the installation in the cooperative system of a medium which is to specialise in trade, it is possible to establish it as a separate organ. In Japan, for example, the trading organ "UNICOOP JAPAN" was formed by agricultural cooperatives, fisheries cooperatives, and by forestry cooperatives while the Japan Cooperative Trading Company was established by the Japanese Consumer Cooperative Union.

In order to promote the development of agriculture and the export of primary products, efforts should be made, side by side with industrial development, to expand trade in the Region as well as establish a system of economic cooperation by diversifying the major items of production and by lessening competitive production.

In view of the difficult position of foreign exchange reserves in each country in the Region, it is necessary to establish an international financial organ which is to render assistance to cooperatives to engage in trading activities.

Agricultural cooperatives in Japan are importing, in substantial quantities, raw materials for fertilisers, foodstuffs and other production materials. Recently, they have tried to import maize from Thailand by means of cooperative trade. From this it was learnt that in importing raw materials it is necessary to return assistance and information concerning production, breed improvement, production materials, the development of collection and storage facilities. From this experience it would appear that when advanced countries import products from developing countries by means

of cooperative trade, such trade should be finalised with a view to assisting the growth of the cooperative movement in these developing countries. In other words, transactions should be made not only when price, volume, quality and other trading conditions meet the requirements of the importing countries, but also in such a way as will help further improve trading conditions and will contribute to the economic development of the producing countries.

Since cooperative trade is conducted in the hope of improving the economic and social development of each country concerned, it should be promoted as one of various measures of economic cooperation undertaken by international, national, governmental and non-governmental organs.

Table I

FACTORIES OWNED BY THE NATIONAL PURCHASE FEDERATION

Name of Factory	Feedstuffs					Rubber footwears	
	Kawasaki 23 June 1960	Mamada July 1950	Nagoya July 1954	Kobe July 1950	Moji July 1950	Total	Akashi July 1956
When established ..	991,708	124,671	346,950	458,039	108,942	2,030,310	226,000
Investment in (1,000 yen) ..	95	70	81	76	35	357	537
Staff ..							
Annual capacity of production (Tons) ..	120,000	57,000	98,400	114,900	70,500	460,800	275
(10,000 pairs)							
Output in 1962 (Tons) (10,000 pairs) ..	131,192	55,408	103,173	96,722	75,874	462,369	337
Turnover in 1962 (Tons) (10,000 pairs)	131,192	55,408	103,173	96,722	75,874	462,369	337
Order in business ..	No. 1						No. 3
Share in business ..	8%						18% 35% of rural demand

Table II
POULTRY PROCESSING FACILITIES OWNED BY THE
NATIONAL MARKETING FEDERATION

(Unit: 1,000)

Location	Daily processing capacity	Storage capacity of freezer	Freezing capacity
Tokyo	10	200	30
Nagoya	4	60	8
Osaka	4	160	15
Kokura	4	40	8
TOTAL	22	460	61

Table III COMPANIES THE NATIONAL PURCHASE FEDERATION INVESTED IN

Name	Nitto Soda Sulfate Co.	Tea Farm Chemicals Company	Ibara Farm Chemicals Company	Yaesu Chemical Company	Mikasa Chemical Company	Sato Machines Co.	Tokyo Eibisu Ind.	Hokko Chemical Company	Tohoku Fertilizer Co.	Kyodo Chemicals	Dojinsha Company	Kita Farm Machines Company	Cooperative Trading Company
Capital (million yen)	300	180	190	30	50	1,200	400	240	920	3	10	115	30
Investment by the Federation (m. yen)	35-119	151-312	25	30	20	19-2	5	1	42-432	0-25	9-5	40	24-46
Investment by prefectural federations (m. yen)	11-4	47-535		15			10		6				
Products	superphosphate compounds	farm chemicals	farm chemicals	farm chemicals	farm chemicals	farm machines	assorted fertilizers	farm chemicals	ammonium sulphate compounds	home medicines	containers, insurance, real estate	farm machines	export import
Output (ton)	superphosphate 45,669					6,549 (m. yen)	177,000						
Turnover (ton)	Chemical compounds 194,952	2,630 (m. yen)	2,950 (m. yen)	800 (m. yen)	850 (m. yen)	6,549 (m. yen)		2,550	5,000	300	1,000	420	4,000
Customers	Federation and others	Federation	Federation	Federation and others	Federation	Federation and others	Federation and others	Federation and others	Federation and others	Federation		Federation and others	
Order in the business	superphosphate No. 7 chemical compounds 1	No. 5	No. 4	No. 10	No. 9	No. 5	No. 5	No. 6					
Share in business		8.3%	9.3%	2.5%	2.7%	cultivators 9%, rice-hulling machines 15%, threshers 16%	3.5%	8%					

Table IV
COMPANIES THE NATIONAL MARKETING FEDERATION INVESTED IN

Name	Coop Foodstuff Company	Kansai Dairy Coop K.K.	Central Foodstuff K.K.	Omiya Meat K.K.	Yokohama Meat K.K.	Nagoya Meat K.K.	Kyusha Meat K.K.	Ibaragi Meat K.K.
Capital (million yen)	250	187.23	200	50	80	20	92.5	70
Investment by the federation (million yen)	60	20-234	10	10	2	0.8	30	20
Investment by prefectural federations (million yen)	165	80		4			62.5	50
Products	canned food	milk, milk products	meat, processed meat	meat	meat	meat	meat	meat
Turnover (million yen)	588-315	2639	1300	2454-201	1315-357	714-973		

Section III

Cooperative Movement
and International
Technical Assistance

Fields of Technical Assistance

W. P. Watkins

Objects and Methods of Technical Assistance

In the promotion of Cooperation the term "technical assistance" requires a broad interpretation, for it covers more than those things called "technical" in the common use of the term. It is concerned with considerably more than the instruction necessary to impart the knowledge, skill and competence needed for the performance of particular tasks, or the discharge of this or that office in the cooperative movement or governmental institutions responsible for the encouragement, guidance and supervision of cooperative activity. In so far as Cooperation is a system of economic and social organisation characterised by the application of certain principles, an understanding of those principles is indispensable to purposeful cooperative work.

Technical training in the ordinary sense, although necessary, is insufficient by itself. It must be integrated into a process of education which influences and, in a large measure, determines the social outlook of those taking part in it. In a word, the trainee needs to become not only an efficient registrar, director or administrator; he must also be a competent cooperator with the ideas and attitudes indispensable to fruitful work in Cooperation.

The ultimate object of technical assistance is to make itself unnecessary, in the sense that those assisted become competent in their duties and capable of solving their own problems, even entirely new ones. And if cooperative institutions can be managed by teams of competent persons, they will in their turn become efficient, self-reliant and self-governing

within their appointed spheres. It is the attainment of independence from external support and guidance that proves in the end whether technical assistance has succeeded or not.

For this reason the educational aspects of technical assistance are the most important. A certain part consists in the provision of equipment, that is, the material instruments required for various kinds of activity. From time to time the International Cooperative Alliance has supplied cooperative organisations in developing countries with printing presses, mobile audio-visual units and so forth, when the organisations understand how they can best use them and lack only the financial means to acquire them. Nevertheless, these instruments are not of themselves productive, but only when they are employed by those who understand what cooperative purpose they are to serve.

Because of the broad scope of technical assistance the methods employed are bound to be numerous and extremely diverse. The exchange and diffusion of ideas and experience is carried out by means of conferences, seminars and working groups, with international participation. These, with travel fellowships and group study tours, serve mainly to give stimulus to educational programmes and food for thought. More intensive are the regular courses which can be taken at one or another of the cooperative institutes with an international student body now at work in several continents. These courses can be supplemented by periods of on-the-job training where a high level of specialised knowledge and skill is desired. On-the-job training is also provided for specially selected individuals apart from courses. The method employed from the beginning of appointing experts, advisers or demonstrators to whom a national counterpart is attached in a given country, is still of value. The important consideration is that all these methods indicated nearly always yield their greatest value, not separately, but when used in combination and succession as elements in a long-term plan or programme so that they complement one another. At every stage and in every sphere success depends on wise selection, not merely of methods, but of persons to be advised, trained or educated.

The Various Fields

The different "field" of technical assistance correspond roughly to the recognised branches of cooperative activity, and these in their turn are determined by the sectors of the national economy in which it is desired to promote cooperative enterprise. At the present time and for the immediate future, the overwhelmingly important sector in the economies of almost all the South-East Asian countries is agriculture (which may be taken to include the processing, trade and finance serving the purpose of agriculture). The individual cultivator needs a number of distinct services which may be provided for him by cooperative organisations, whether in the form of several specialised societies or in the form of a single multi-purpose enterprise. Closely associated with agriculture as a means of livelihood for village population is cottage industry.

Craftsman and cultivators are often combined in the same person or family and the former's economic problems of credit, marketing and supply of working materials run closely parallel to those of the latter. Peasant agriculture and cottage industries both belong to the same stage of economic evolution and are confronted by similar difficulties in adapting themselves to a changing world.

Growing industrialisation and urbanisation, with a concentration of population depending for subsistence on the purchasing power of money wages and salaries, bring with them the need for other forms of Cooperation, notably the consumers' society, the credit union and the housing society. All of these encounter special difficulties arising from their social environment, notably the absence, or at any rate, weakness, of common bonds formed by long-standing mutual acquaintance and neighbourly relations, as well as difficulties springing from the commercial and financial techniques they are obliged to employ. These techniques require for their understanding a higher degree of general education and sophistication among the members than do those employed by the simpler societies in the villages.

Education and Training

Before examining the technical assistance generally needed in promoting the several branches of Cooperation listed above, it is necessary once more to consider education and training. These do not constitute a "field" as the term has already been defined above. Indeed, the construction of a cooperative educational system should precede the division of the movement into branches or even attempts to launch anything in the form of cooperative enterprise more ambitious than carefully chosen pilot or demonstration projects. The ICA Seminar on Cooperative Leadership, held in New Delhi in 1960, declared in the first sentence of its recommendations: "Cooperative education and training should be organised in appropriate forms at all levels and in every branch of the movement's activity". It is futile to plan cooperative development apart from training cooperators in sufficient numbers, and one of the greatest weaknesses of the national cooperative movements already existing in South-East Asia is the disproportionately small educational apparatus they possess. The mistake has too often been made of attempting to bring about, by legislative and administrative measures alone, results which cannot be achieved without preparatory or parallel educational action. Whatever reasons may be offered for these mistakes, they do not detract from the necessity or the urgency of making good present educational deficiencies and of organising a thorough educational preparation for every important new venture in Cooperation.

It is not that good cooperative training institutions do not exist or that good educational work is not being done in the South-East Asian countries. It is rather that the work is as yet only fragmentary and the scale is inadequate. What is needed in each country is a complete and coherent system embracing the membership and employees of all grades.

The planning and construction of such a system is a proper subject for technical assistance. In this connection the examples of Ceylon and Pakistan are worthy of study. In setting up its present cooperative training and education system, the Ceylon Government, several years ago, received much useful advice and practical help from a well-known British cooperative educationist recruited by the International Labour Office under its technical assistance programme. Other governments could do the same only the demand for this kind of expert help is larger today than it was, in relation to the supply. On the other hand, the International Cooperative Alliance has its Regional Office and Education Centre which already has over five years' experience in studying and advising upon the educational problems of Asian Cooperative Movements. The services of the Centre may not in every respect replace those of a resident expert, but behind the Centre are the resources of the Alliance and its Development Fund which can be instrumental in recruiting experts, besides providing help in other forms.

It is unlikely that a single technical assistance project would be enough. If it were possible to plan a national system of cooperative education it would still be necessary to train those who are to execute it, and to man and administer the institutions to be established. Designated heads of cooperative schools need to travel in order to observe schools in other Asian countries or in other continents. Staffs would require training in modern educational methods appropriate to the needs of cooperators and the dynamic situation of today. Text books and study guides would need to be written or translated, audio-visual aids provided and films made for teaching purposes. All these are needs on which legitimate claims for technical assistance could be based, and for which some assistance could be obtained from one or another of the international organisations, inter-governmental or non-governmental, within the limitations of their resources.

The ICA Conference held at Kuala Lumpur in 1958 envisaged the establishment in the countries of the Region of cooperative unions wherever they do not exist, which would take over an increasing share and ultimately the whole of the responsibility for cooperative education and training, along with the guidance and supervision of primary cooperatives. The training of the officers and principal employees of such unions might profitably include study abroad and periods of work in other well-established unions – again a proper subject for technical assistance. There is, in fact, in the national cooperative movements of South-East Asia, a great fund of accumulated experience which is scarcely utilised, but which could be made exceedingly productive through international consultation and exchanges within the framework of a broadly conceived technical assistance programme.

Agriculture

For reasons already well-known, the promotion of agricultural cooperation must be a major concern of the Ministry or Department of Cooperation in

every South-East Asian country. Broadly speaking, this should be progressing on a definite plan which includes the organisation of primary cooperatives according to local circumstances in the main sectors: credit, cultivation, marketing of products, supply of requisites and, in time, the establishment of secondary (or even tertiary) organisations, federal in constitution, right up to national level. Ideally it would be the function of the national cooperative education system to supply staff-training suitable for every level in the movement's structure. (Actually, no existing system can do that). Hence the need for technical assistance, especially in the form of specialised expert guidance in establishing and managing regional and national concerns or federations. Presupposing the existence of an adequate system for the training of field workers to propagate and nurse the primary societies, it will probably be necessary to apply for technical assistance in the form of experts from abroad (and attach counterparts to them) in order to set up efficient federal bodies; for example district, regional, and eventually, national banks for credit societies; marketing, processing exporting federations for the produce-selling societies; wholesaling, importing or producing federations for supply societies. This does not, however, in any way exclude the necessity of explanatory measures, study-tours, or on-the-job training abroad for officers with special responsibilities, or the organisation, under ICA auspices, of seminars and exchange of experience between national organisations simultaneously engaged in solving the same problems.

Besides assistance in the several branches of agricultural cooperative activity, however, more than one national movement would be helped by expert assistance in solving the problems of coordinating the action of different types of societies, all aiming in their various ways at helping the cultivator to improve his economic position. A mistake frequently made in the past was to tackle agricultural problems piecemeal instead of on a plan in which technical advice, credit, supply and marketing, were integrated. If this is to be done properly, technical assistance must be enlisted from countries like Japan, where experience has already been gained and where agricultural cooperative trading and banking organisations collaborate effectively.

Industrial Cooperation

The transition to factory industry is probably inevitable and irresistible, but that is no reason why efforts should not be made to expand the cooperative movement among artisans and craftsmen and even to the so-called unskilled workers. On the contrary, everything possible should be done by cooperative methods, not only to raise the standards of living of these workers now, but also to prevent them from suffering under transition conditions as the artisan classes did in Europe's industrial revolution. The ICA sanctioned a project to enable cooperators from East Pakistan to study the organisation of the weavers' cooperatives in India. This is but one example which might well be multiplied. There are in certain European countries funds of experience in the working of

artisanal societies and of workers' productive and labour societies, which have scarcely been tapped at all. This experience could be drawn upon through the ICA's Technical Assistance Programme and its Auxiliary Committee for Workers' Productive and Artisanal Societies, or through the International Labour Office.

Consumer Cooperation

If the Asian countries are to cease repeating their painful experience with consumer cooperatives, the authorities responsible for promoting Cooperation must draw more extensively on technical assistance. This has been recognised by the Government of India for which the International Cooperative Alliance is doing its best to recruit teams of experts to help in developing consumer cooperation on an unprecedented scale, in order that it can play a really influential role in the national economy. If European experience has some relevance for Asian conditions, it is safe to say that consumer cooperation must bring with it a technical revolution in retailing, if it is to gain a firm foothold in Asian countries. If it does not precipitate such a revolution, other interests will quickly do so. The big markets which are being created by industrial and urban development will sooner or later offer opportunities of profit to large-scale capitalist enterprise and it will not be slow to seize them.

Cooperative store-keeping by amateurs or half-trained managers and staffs is likely to prove a waste of time, effort and money. The better course is to begin early with appropriate research and training projects, so that consumer societies may, by acquiring a well-informed membership and professional management, grow strong roots before the gales of competition start to blow. Such projects are obviously suitable for technical assistance.

Housing

Without an improvement in housing standards and conditions, it is hardly possible to conceive of any considerable rise in standards of living. The problems involved in the provision, in adequate numbers, of decent healthy dwellings are being more and more widely recognised as vital and urgent by progressive governments, as well as by the United Nations and its Regional Commissions, the ILO and the International Cooperative Alliance. If the main responsibility for the provision of good low-cost housing on a large-scale must rest upon governments, there is plenty of experience to show that a cooperative organisation of those who need houses can make very important contributions, both financial and educational.

On the financial side, cooperative housing societies can encourage and organise savings among their members to meet at least part of the capital cost of constructing dwellings. On the educational side, they can teach these members the advantages of thrift and the proper management of money. Cooperative housing societies and their federations, by studying

problems of construction and design, influence costs and ensure better value for money spent, thereby constituting reliable channels for whatever money governments can spare for financing housing development by loan and subsidy. In South-East Asia, the Economic Commission for Asia and the Far East of the United Nations (UN ECAFE), has already carried out far-reaching technical studies in building materials and construction methods. The great need now is for building enterprise, public or cooperative, to take full advantage of the results of these studies. For this reason housing may well be given a higher priority than it now holds in national plans of cooperative development. The experience accumulated over half a century by the ICA's affiliated housing federations, now collaborating with its International Cooperative Housing Committee, can be drawn upon to a greater extent through its programme of technical assistance. Under the programme a few officers of cooperative societies and federations in the developing countries have already received training in Europe and America, but these numbers could be considerably increased if suitable projects were drawn up. The ICA Education Centre at New Delhi is available for help in this respect, as well as for seminars and training courses on cooperative housing problems.

Services

Under this head, the potential field for cooperative development is important. As examples, electric power distribution, medical care and hospitalisation, and insurance in its various forms may be cited. There is no need for any work in these fields to be attempted without the benefit of technical assistance, for the membership of the ICA includes organisations with long experience in all of them. The Insurance Committee of the Alliance, in particular, is exceedingly well-equipped with funds, expert knowledge of the problems of the developing countries and experience in training prospective officials for cooperative insurance societies in course of formation. Although the general opinion is that cooperative insurance should not be attempted until Cooperation in other forms is already firmly established, there is no doubt that if the promoters of cooperative insurance institutions are willing to accept the assistance and guidance of the Insurance Committee, enterprises can be launched with the minimum of risk, and with the support, from the beginning, of a well-developed system of re-insurance and every prospect of success.

The foregoing rapid survey of important fields of technical assistance in the promotion of Cooperation is in no way exhaustive. It is intended to be suggestive and may be provocative of discussion from which useful information and guidance will be obtained, not only by the Ministries and Organisations represented in this Conference at Tokyo, but also by the International Cooperative Alliance and the Sub-Committee on Technical Assistance of its Executive Committee.

Problems of Offering Cooperative Technical Assistance

Dr Carl Schumacher

When during the early fifties ever more states reached independence, it became clear that a nation's political and economic viability did not only consist in sovereignty over a given area, but also required certain technical and economic conditions which alone would enable the population to live decently. Until the present day, the economic development of many newly independent states in the tropical and sub-tropical regions of the world has lacked continuity. Whereas some factors within the economies of those states, as the population rate and the demand for industrial equipment, have increased rapidly, others like education and industrial know-how have been lagging behind. Therefore, apart from purely financial assistance granted for promoting economic development, efforts had to be made to stimulate active members of the population to rely upon their own initiative and self-help. Technical assistance therefore does not only mean giving instructions on how to use modern technical equipment; it also includes the major aims of assistance which can only be reached by creating and fostering a true cooperative spirit.

Education has proved to be one of the essential aspects of technical assistance. Unless proper education is offered, development aid in the form of capital grants and industrial equipment will be limited in its success. The developing countries' economic growth rests upon the people themselves, who have to be won for the cause and integrated into the development process.

However, in spite of all financial efforts made so far – the industrialised Western states are estimated to have raised approximately \$ 74,000 million

during the period from 1948 to 1961 – solution of the most urgent problems has hardly advanced. Malnutrition, dependence upon natural forces, barely differentiated economic structures, population explosion, an ever-increasing degree of illiteracy and political radicalisation of the masses, these are all factors which not only threaten the developing countries, but the world as a whole.

The Necessity of Technical Assistance

A new nation's economic and political life is not determined by traditional structures, but first and foremost by current leaders who have to establish a new order. To reach their economic aims and purposes, people apply technology. In the course of time the instrument of technical assistance has been formed for the sake of helping young nations establish this relationship between man and technology. Although the term "technical assistance" includes technics, above all, it has to be applied to man. Technical assistance as a form of development aid is considered as one of the most important tasks of modern history. It means investment in man. Following his trip to India in 1963, the German Federal Minister for Economic Cooperation, Walter Scheel, clearly emphasised that it is always man who stands in the centre of development aid. Therefore, for the highly industrialised nations of the West, technical assistance is not a political and economic necessity, but above all a human obligation.

Public Relations Activities for Technical Assistance

In order to be able to meet this obligation, people of the industrialised countries have to be informed about the particular social and economic conditions prevailing in developing countries. To win people and capital for development projects, the inner readiness of people has to be appealed to. The industrialised nations have at their disposal the means of communication for this purpose: press and wireless report on political and economic events in foreign countries; younger members of the population are informed about the geographical, economic and sociological problems at school and at the universities; but above all, television presents the conditions of human life in the developing countries to broad sections of the population.

Quite naturally, the efforts for intensifying public relations activities for development aid have to compete with many other technical and economic interests. Considerable sums are required for bringing them into effect; in most cases these funds can only be drawn from public means earmarked for development aid. However, contributions to public relations activities for promoting development aid cannot only be set out by the nations granting assistance; contributions of the developing countries themselves are also required and will be highly appreciated. The governments of developing countries can bring about objective reporting

to the population in the assisting countries by allowing a certain freedom of movement to the staff of the press, radio and television companies and by supporting their activities.

The Role of Cooperation in the Economy of the Developing Countries

Small-unit cultivation prevails in the traditional economies of many developing countries. Many large agricultural enterprises dating from the colonial period were split up by land reforms, which in some instances, caused a true decline of crops, so that the population had to put up with a supply situation inferior to that of the colonial period. However, during the development process of the now industrialised nations during the second half of the 19th century, Cooperation had proved to be an outstanding means of uniting the efforts of numerous small economic units for the common benefit. In the agricultural field, rural cooperation came into being; in industry and trade, credit cooperatives were established; and consumers' cooperatives were developed for those members of the population employed in industry. By uniting the efforts of many individual economic groups, 20th century Cooperation has become one of the most important economic forces in the industrialised countries of the Western world. Introducing Cooperation as an instrument of development policy in the developing countries therefore was only a natural consequence.

It is true that in many cases, the cooperative movement is not yet strong enough to hold its own; it therefore needs State support. With this support alone, long-term education of the population can guarantee the success of cooperative efforts. Therefore, within the framework of technical assistance, education of the population creates a direct link between the cooperative movements of the industrialised countries and those of the developing countries. Admittedly it is not essential that cooperatives be formed according to the Western model; on the other hand, however, quite obviously the term "cooperative" is also applied to many institutions in Communist countries that have nothing in common with the principles of true Cooperation. But as shown by the Israeli example, entirely new types of cooperatives may be established for the sake of developing the economy. Structure will depend on individual requirements and take into account the peculiarities of the respective country and people. Cooperation has to adapt itself to the various forms of government in order to avoid running into conflicts with the administration. It is only in collaboration with the public authorities that the common objective of developing the country can be reached.

Objectives of Cooperative Technical Assistance

Technical assistance has proved to be the most important link between cooperative movements of the Western industrialised nations and the cooperatives of developing countries. Cooperative technical assistance

contributes in enabling populations of developing countries to collaborate systematically in their own economic development. The aims of cooperative technical assistance are not determined exclusively by cooperative ideas, but they also take into account the requirements of the economic process and the hope for a decent life in the developing countries.

Forms of Cooperative Technical Assistance

Essentially, technical assistance means imparting knowledge, setting an example by rational action and leading people (i.e. consumers and producers alike). Basically there are two ways of doing this:

- a** by cooperative experts in the development country itself,
- b** by practical work and/or theoretical studies and seminars for trainees from developing countries in cooperative societies and training centres of advanced countries.

However, before dealing with these two types, cooperative technical assistance can be seen under another aspect.

Multilateral Cooperative Technical Assistance

Assistance is not granted direct from one country to the other, but through an international organisation such as the International Cooperative Alliance, International Labour Organisation, or the Food and Agriculture Organisation.

Bilateral Cooperative Technical Assistance

Direct assistance is from the cooperative movements of one country to those of another.

Training of Cooperative Advisors in Germany

In this context, mention has to be made of the training programme of the "Freier Ausschub" (Free Committee of German Cooperative Associations) by which 20 German cooperators and/or university graduates receive a one to two years training for their future activity as cooperative advisers. The training consists of several months' practical work in all four branches of German Cooperation with emphasis on agricultural cooperation. Special importance is attributed to the possibilities of practical work in a developing country, which according to the most recent directions of the Federal Ministry for Economic Cooperation, requires at least six months. These stays abroad are encouraged since apart from having an excellent knowledge in the field of Cooperation (accountancy, credit business, buying, distribution, administration and public relations) the cooperative advisers must acquire the ability to express complicated facts in a simple and intelligible way. This ability can be acquired most easily in a developing country. Moreover, they get a thorough training in foreign languages and geography, rounded off by seminars held by well-known cooperative experts.

Other private and semi-official organisations favouring cooperative activities have tried to start similar training programmes during 1963. These are among others the Friedrich Ebert Foundation and the Political Academy Eichholz (Institute for International Solidarity). However, these institutions put special emphasis on advanced training for cooperative advisers in the fields of adult education and trade unionism.

Sending Cooperative Advisers to Developing Countries

Once the cooperative advisers have been trained they are either sent abroad on a bilateral agreement in which the Federal Government takes part or on a multilateral level through ILO or FAO. The tasks of cooperative advisers in developing countries differ from case to case; they consist of expanding individual cooperative societies, of advising the government on the development of Cooperation in general, or on the establishment of cooperative schools or in teaching at such schools.

Visits of Trainees and Cooperators from Developing Countries

For many years now German cooperative societies and above all agricultural cooperatives have been welcoming trainees and cooperative experts from developing countries. If they stay in the Federal Republic for some time, they are taught at a Goethe-Institute followed by practical instruction as to the normal business procedures of one or several types of cooperative societies.

Last year the Friedrich Ebert Foundation started a kind of introductory long-term programme by forming a group consisting of trainees from various Latin-American states. Training is mainly in practical work within the Raiffeisen Association.

For about three years now the German Foundation for Developing Countries and the Free Committee of German Cooperative Associations have been holding seminar courses for leading cooperators from the developing countries of Latin America and Africa. As a rule the seminars last about six to eight weeks, offer lectures by well-known German and foreign cooperators, and conduct demonstration tours through various cooperative enterprises.

From the beginning of 1964, the Cooperative Institute of the University of Marburg has offered three years (six terms) diploma courses for 30 Africans to become cooperative teachers. During the holidays, the cooperators work in cooperative societies.

Experience has shown that when training cooperators from developing countries in the Federal Republic, it is especially important to keep them from simply and indiscriminately transferring the conditions prevailing in German cooperatives to those of their own countries.

Demands upon Personnel for Cooperative Technical Assistance

Cooperative technical assistance is directed towards the people in developing countries. Its realisation makes great demands upon the experts and

teachers charged with this task. Persons engaged in this pursuit above all should have undergone good cooperative training, should have perfect command of the working methods of at least one branch of Cooperation and be capable of carrying through all kinds of business within cooperative societies. As there is not strict differentiation of types of cooperative societies within the cooperative movements of developing countries, the latter requirement is absolutely necessary. Even in Western states, with their specialised educational systems, it is nowadays difficult to recruit young people fulfilling these requirements. It is even more difficult to impart to them the cooperative spirit in such a way that they are ready to start a rather long training under rather modest financial conditions.

Like the advisers selected for developing countries, teachers and instructors have to be able to understand several foreign languages and to apply them in their work. Apart from that, they must have a detailed knowledge of the social and economic conditions prevailing in the respective countries where they are to work for the promotion of Cooperation. Frequently, these conditions vary from country to country and cannot be compared with each other. Professional requirements upon the advisory staff include work to be done in practically all branches of Cooperation. As problems arising from the management of agricultural cooperatives differ considerably from those of credit business and of retail trade, detailed organisational and administrative knowledge is required.

Financial Requirements and Resources

For maintaining cooperative training centres and for the remuneration of the training and advisory personnel, considerable funds not yielding direct profits are required. Tangible success will only be proved by the cooperative advisers' later activity in developing countries. The resources for financing cooperative technical assistance will have to be of cooperative origin, including grants from individual cooperators.

Secondly, voluntary grants in the form of wage deductions from cooperative employees can be used as a means of collecting funds. Further sources for financing can come from organisations dealing with development aid, out of a feeling of solidarity with the working population of the developing countries, as for instance, the trade unions. Although Cooperation in the industrialised countries is not subjected to any state influence, in view of the common objectives pursued, collaboration is useful. In special cases, projects meriting support may be promoted by government grants within the framework of cooperative technical assistance. In this context, the realisation of the specific development projects is left exclusively to cooperative organisations. Frequently, this method has the advantage that diplomatic representations of the assisting countries can also be brought into the project, taking over important preliminary work.

Still, procuring the funds required for each of the development projects and other kinds of cooperative technical assistance remains a difficult task. In spite of the different sources for financing projects,

temporary gaps and bottlenecks may appear. Since in most cases budgets are set up only once a year, it is sometimes difficult to procure extra funds in cash. Therefore, distribution of funds at disposal at the beginning of the year requires careful planning in order to guarantee smooth functioning of cooperative technical assistance projects. Further difficulties may arise from the planned use of funds itself. Frequently, countries receiving financial assistance wish to be fully responsible for the use of development aid funds. Trustee organisations needed for the supervision of development programmes in some instances do not exist at all, or if they do, are frequently ill-qualified. In order to guarantee effective use of the funds for cooperative technical assistance, it seems necessary to leave administration and provisional control with the advisers named by the assisting countries and with the organisations granting funds. However, following a certain running-in period during which cooperators from developing countries receive expert training, the receiving countries should be made responsible themselves for the completion of the cooperative technical assistance projects.

Partnership in Cooperative Technical Assistance

The problems of personnel, organisation and finance mentioned above create the need for an effective partnership within the framework of cooperative technical assistance. In order to do justice to the special situation of cooperative organisations in the developing countries, active collaboration on the part of the latter is required. In some cases, the administration charged with development projects lacks flexibility; prolonged delays in pursuit of some projects may upset plans worked out in the countries granting assistance, thereby exhausting the sources for capital. Then, negative effects to the entire financial situation have to be reckoned with.

Sometimes, plans set up by the administrative organs for developing countries also need to be examined and modified. Projects proposed for cooperative technical assistance may provide rather generous investments exceeding the financial capabilities of the assisting countries and having little concern with the actual purpose of Cooperation. As a rule, funds at disposal should be supervised to make sure that they are used only for the promotion of cooperative projects. In this context, a distinction between the promotion of truly cooperative projects and a mere continuation of traditional forms of ownership and sovereignty now assuming the officially backed cooperative form should always be made. For this very reason, it is necessary to educate convinced cooperative experts capable of promoting development in a truly cooperative spirit. Cooperative technical assistance is only a beginning; further advancement will be brought about by the cooperative organisations of the developing countries themselves.

Moreover, if justice is to be done to all branches of Cooperation and if as many cooperatives as possible are to be helped, adherence to certain maximum amounts is required in planning development projects and

in asking for financial assistance. Plans and requests for assistance should comprise all spheres of Cooperation. In the field of industrial and consumers cooperatives, long-term investments and measures of cooperative technical assistance are required for bringing about true and lasting economic success. After the split agricultural structure has been eliminated and unprofitable farms have been combined into cooperative units, cooperative assistance measures in the fields of processing and distribution will become ever more important.

In order to guarantee a lasting success of technical assistance projects, it would be useful from the point of view of the countries granting assistance to publish reports on results and progress. This would meet the claim for "main public relations", would help to maintain existing financial sources and open up new ones. The efforts of true partnership in cooperative technical assistance would open new possibilities of extending projects and would secure a higher degree of effectiveness of funds accumulated.

Once full use has been made of the possibilities for cooperative technical assistance shown above, and once all problems arising during the process have been solved, hopes for the expansion of true Cooperation in the developing countries will be justified. There are well-founded prospects that cooperative technical assistance will render a great contribution to solving the huge development problems in many regions of the world.

Problems of Receiving Cooperative Technical Assistance in Thailand

Thanu Satraphai¹

Introduction

The Cooperative Movement in Thailand was first launched by the Government on a trial basis with the organisation of a cooperative society on the Raiffeisen line on 26 February, 1917. The intention was primarily to stop the worsening situation of farmers' severe indebtedness. Success led to moderate expansion of this type of cooperative credit and with the advent of the Constitutional Government in June 1932, credit societies increased and cooperative societies of other types have been formed. At the present time there are various types of cooperatives, credit societies being predominant.

The Ministry of National Development is in charge of the promotion, organisation, audit and supervision of all types of cooperatives. The Registrar of Cooperative Societies assisted by organisers, inspectors, auditors and provincial supervisors, is responsible for executing the statutory, technical and administrative phases of the cooperative programme of the country.

History of Technical Assistance to Cooperatives in Thailand

Foreign technical assistance for cooperative work in Thailand was first received around 1951 when FAO offered fellowships to senior officials of

¹ The views expressed in the paper are solely those of the author and do not necessarily reflect the opinion of the Government of Thailand.

the then Department of Cooperatives for study of cooperative movements abroad. Further, a small number of experts from the UN. Specialised Agencies came to work in Thailand with the Department of Cooperatives in the field of producers and consumers' cooperatives. At the advice of the experts, the Cooperative Department officials were also sent to Europe and certain countries in Asia for study.

Later, with the establishment of the US Government Agency for International Development (US/AID), with its mission in Thailand – now called the US/OM (United States Operations Mission), technical assistance from 1952 was provided in the form of experts and fellowships for study of cooperatives in the United States and Canada. Commodities for certain projects in land cooperative work were also made available, including audio-visual aids for cooperative education and training and vehicles for supervision and survey of cooperative work in the provinces. Indeed, technical assistance received so far from the US Government has been substantial. With the institution of the National Economic Development Plan, efforts have been made to fit technical assistance from the United States Government into cooperative development programmes in the National Plan.

The Colombo Plan also offers a major source of technical assistance for cooperative work in the form of scholarships. In addition, fellowships for short-term study in different fields of cooperative work are given by certain countries which are well-known in cooperative achievement, such as Denmark and the Federal Republic of Germany.

Recently, with the establishment in New Delhi, India, of the International Cooperative Alliance Regional Office and Education Centre for South-East Asia, technical assistance has been given in the form of seminars and conferences. With the prospect of establishing a Cooperative School in the country, technical assistance in the form of guidance from experts will be made available shortly by the ICA to the Committee for the Organisation of the Cooperative School, which is nominated by the Ministry of National Development. Preliminary talks on this request have already started between officials of the Ministry and the ICA Education Centre's Director.

Contacts have been recently made with FAO for acquiring a credit and marketing expert and with the Government of Israel to acquire experts in the same field in order to improve management of marketing cooperatives and training methods of cooperative employees.

A six year programme for National Economic Development was launched by the Government on 1 January, 1961. Cooperative development work meanwhile has consisted of cooperative education and training, and an attempt at establishing an overall improvement of the movement in order to receive technical assistance under the national programme.

The Need of the Recipient Countries

Technical assistance from foreign sources is sometimes beset by inefficiency in handling, and lack of consideration for the essential needs

of the recipients. A technical assistance project will be most effective only if problems are sincerely discussed with a view to implementing a certain project most effectively and efficiently. Innovations in recipient countries can be introduced only after intensive study of feasibility and practicability with due regard to special local conditions and backgrounds. Otherwise, time, labour and money, may be spent uselessly without achieving satisfactory results, or the cost of such endeavours may be too high compared with the outcome that can be expected. Resources may be used more profitably if they are put into some other project which previously had appeared rather less attractive. Previous experiences in receiving cooperative technical assistance from foreign countries in Thailand have sometimes met with these problems, and there has been a lack of co-ordination between head office and local agency authorities of the aid-giving countries.

Selection of Participants

Technical assistance fellowship programmes for cooperative officials often have difficulties in finding suitable persons as candidates. Persons considered suitable for candidature sometimes have not enough knowledge of the foreign language, usually English, required as a prerequisite for receiving the fellowships. Moreover, a study fellowship in a foreign country in a specific branch of work will be effective only if the person actually engaged in it and most responsible for its development can be the recipient.

In Thailand, there has not always been efficient procedures for selecting candidates to study in foreign countries. Some available fellowships have been won by persons having only a general knowledge of the work, and rather an indirect responsibility in the jobs, resulting, naturally, in an ineffective end-use of such fellowships.

The Working of the Counterparts

When a foreign technician is sent to work on a certain project, an official of the department concerned is selected as the counterpart to work with the technician. The counterpart is meant to work not only as a liaison but also as an understudy, with the understanding that when the term of the expert expires and he is withdrawn, the counterpart official will be able to take his place and carry on the work. In actual practice, this has not happened and a continuation of the work has often not been realised. We find examples of this short-coming in some of the programmes where work suddenly stopped with the departure of the responsible technician.

Bilateral Agreement versus Multilateral Agreement

When technical aid is given in the form of a bilateral agreement, it tends to concentrate heavily on the initiations of the donor, while at the same time ignoring such similar aids channelled through other sources. Different

procedures and practices in handling official matters may be another hindrance for the recipients to plan their actions in accordance with the time when the aid is released and the technicians are actually available for work with the local counterparts.

If technical aid is given in the form of multilateral agreement it may be more effective because such aid may be pooled with similar aid, channelled through other sources, then re-allocated according to a plan devised and approved by the wishes and needs of the recipients. The Cooperative Movement in Thailand has now reached a stage where multilateral agreements may be needed to make technical assistance more effective.

The Government, through the Ministry of National Development, is aiming, by cooperative training and education, to lay a firm foundation for further expansion of the cooperative movement, as well as for improving technical skills in management and administration. All this requires technical assistance under a better organised and coordinated system.

Backgrounds of the Experts and Their Effective Use

The method of selecting foreign experts is a question open to controversy. Before foreign experts arrive, we generally have little chance to consider approval, because their bio-data as submitted by the offering agencies are very short. In principle, we are free to disapprove any expert considered unsatisfactory, but insofar as normal practice in cooperative work is concerned, there has hardly been a case where a submission was rejected. Therefore it can be said that the bio-data submission is only a formal procedure.

In theory, the stated experience and background of the experts available for cooperative work should support the potential effectiveness of their services in the recipient country. But, in reality, from a technical viewpoint, it can be said that most of the technicians available for cooperative work in Thailand did not possess enough knowledge and experience. Besides, some are rather old which makes them slow and inactive in work. This may be caused by inefficient systems of recruitments and selections or a practice of "party line". Some technicians do not have a correct understanding of their own positions. Instead of acting as "advisers", they prefer to be "directors". Instead of thinking about benefits for the recipients, they only think about prestige or publicity for the donor.

Consequently, only a small number of experts succeed in their cooperative missions. Those who have succeeded are usually the experts who have tried their best to study at close range, and with sympathy and broadmindedness, the local characteristics and conditions of our country and people. They have adapted the general principles and practices of Cooperation and their own experiences at home to suit the local requirements and setting with a less ambitious target in mind. Unfortunately, such successful experts are very few.

Report of the Conference of Cooperation Ministers held in Tokyo, April, 1964

1 Introduction

The important role of cooperative movements in promoting social and economic development in South-East Asian countries is now generally recognised. As most countries in the Region are predominantly agricultural, cooperative organisations are helping farmers to procure finances, market their supplies and obtain consumer goods for household requirements. In several countries, where, as a consequence of land reform measures, there has been an emergence of small holdings, farm production can be augmented by the organisation of cooperative institutions to provide the required services. While an adequate supply of credit is no doubt important, it is effective utilisation of the credit which will help to raise agricultural productivity. A co-ordinated approach by cooperatives to the problems of production, supply, marketing and consumption is also important. Besides agriculture, there are also examples in the Region of successful fishery cooperatives which provide technical facilities to the fishermen and enable them to obtain fair prices.

The rapid pace of urbanisation has brought to the fore problems of rational distribution of consumer goods, and several countries have in hand programmes for the development of consumer cooperatives to ensure proper quality and fair prices to urban dwellers.

Cooperatives are democratic organisations and their successful operation depends upon the intelligent participation of members. This underscores the need for continuous education of members in the principles and techniques of Cooperation, so that the members may be able to exercise

effective control over their own organisations. In addition, training schemes for employees are also necessary so that the movement has the necessary supply of skilled management at its disposal.

In the international context, there is a great need for cooperative trading organisations to undertake increased exports and imports with their counterparts in other countries. Steps must be taken to remove barriers impeding the growth of international cooperative trade, and proper institutional facilities have to be developed to supply market information and proper contact points to the cooperative trading organisations. Another aspect in the field of international cooperative development is the growing importance of technical assistance rendered by one movement to another. Assistance can take various forms: for example, experts from advanced cooperative movements can provide technical knowledge to cooperatives in a developing country; and similarly cooperative movements in advanced countries can supply training facilities to cooperators from developing countries.

The conference also devoted some time to the problems faced by the Western cooperative movements, and an effort was made during the conference discussions to relate experiences from the advanced movements to the problems of South-East Region.

On the basis of the above introduction, the report has been divided into three sections: (i) Cooperation in South-East Asia Today – Role and Problems; (ii) International Cooperative Trade; and (iii) International Cooperative Technical Assistance.

2 Cooperation in South-East Asia Today – Role and Problems

2.1 Role of Cooperatives in Land Reform and Land Utilisation

One of the consequences of land reform is the emergence of small holdings. The cultivator of a small holding will, therefore, benefit from the assistance of a cooperative society providing credit, supplying agricultural requisites, such as fertilisers, insecticides and improved seeds, and marketing his crops. Organisation of cooperatives therefore, should be considered from the earliest stages of government planning, taking into account all social and economic factors. The cooperative role should be well-defined and co-ordinated throughout with all participating agencies; the formation of cooperatives should proceed simultaneously with the implementation of land reforms to avoid the danger of a fall in production due to the absence of facilities for the small holder; and the cooperatives should also assist in the pooling of resources for maximum land utilisation.

The Conference noted that Annexure III to the report of an ILO Meeting of Experts on Agrarian Reform held in Geneva in February 1964 contains conclusions on the role of cooperatives in agrarian reform.

2.2 Supervised Credit with Agricultural Extension Services

In order that credit should be successful, it must be production-oriented and based on the adoption of improved techniques. If there is

close coordination by cooperatives with the government extension agencies the latter may be gradually complemented by cooperative services.

2.3 Linking up Production, Supply, Marketing and Consumption

Marketing of agricultural produce through cooperatives is essential to ensure fair prices to the cultivator and prompt repayment of credit. In countries where the government procures foodgrains, cooperatives could be used extensively to purchase foodgrains on its behalf. Collaboration between producer cooperatives and consumer cooperatives will assist in ensuring a fair price to both cultivator and consumer. In certain cases processing will be a necessary step between marketing and sale to consumer organisations or others. For example, processing may be organised either by producers or by consumers cooperatives, or jointly by the two, and whenever both are potentially interested consultation is desirable.

2.4 Cooperative Finance

It is desirable that cooperatives should try to be self-reliant. They should increase their own resources by all possible means including, if necessary, provision in the bye-laws for augmenting the share capital and/or deposits by the members. Such policies must, however, be made attractive by offering adequate economic incentives through suitable rates of interest and by building up the confidence of the societies' members. In some countries the government or the central financing agencies are assisting the cooperative movement by providing short-term credit needs at concessional rates of interest.

Some additional ways of raising capital are: government contributions to share capital; government loans and issue of debentures subscribed to by the general public and by institutions; and deposits from the public as well as government and semi-government institutions. Share capital contributed by the government, if any, should be retired as soon as the cooperative is viable.

There should be no hesitation in seeking external assistance through international financial sources for such purposes as the import of machinery.

2.5 Role of Government in Cooperative Development

Whereas the voluntary role of the cooperative movement cannot be over-emphasised, in its initial stage it is often necessary for cooperatives to accept government assistance. The government role must be essentially promotional and the necessary guidance and financial assistance should cease as soon as a movement is in a position to handle its own affairs satisfactorily.

Government policy should be directed to securing fair trading conditions and if a government itself enters into the field of trading, preference may be given to cooperatives to execute such operations. The implementation of a fair trading policy requires not only the passing of the requisite laws, but more particularly a proper enforcement of the laws. Any legal

hindrances to the development of the movement, such as area limitation or inability to trade with non-members, should be removed.

To achieve a coordinated approach to cooperative problems, governments should review their policies in order to provide machinery for collaboration between different ministries and departments, and to establish satisfactory means of liaison by organising joint committees.

2.6 Cooperative Education and Training

If the cooperative movement is to develop into a self-supporting and self-reliant democratic movement, it is essential that the members and office-bearers have the necessary education in cooperative ideals and principles. In addition, training will have to be given to the various functionaries employed by government or other supervisory agencies. Once the cooperative idea has been firmly implanted, consideration should be given to the training of staff and management to ensure an efficient operation.

In order to inculcate the spirit of Cooperation in the younger generation, it is necessary to introduce cooperative education in schools by making it a part of the curriculum. International exchange in the field of cooperative education should also be encouraged.

2.7 Joint Ventures between Cooperatives and Private Profit-Making Enterprises

It is noted that some successful joint ventures between cooperatives and private enterprises exist in the Region. However, when such collaboration is attempted, cooperatives should always retain a majority control.

2.8 Member Participation

A general appreciation for cooperative organisation could be promoted by the inclusion of suitable readings in, and some elementary practice of, Cooperation in educational institutions.

Once a person has been enlisted as a member, steps must be taken to encourage him to take active interest in the functioning of his cooperative. First, he has to be informed of the general principles of Cooperation, of the normal working methods of the institution to which he belongs, and of its rules and bye-laws. The quality of status among members especially, and their opportunity and duty to participate in decision-making should be clearly explained. Under good leadership and with a strong tradition of being a well-run, successful institution, the cooperative will find it easy to create the necessary interest for participation and to maintain loyalty within the ranks.

Where, on account of long distances between local branches or large size of a cooperative, active participation of individuals is rendered difficult, local group meetings at which fuller participation would be usual, followed by representative participation at higher levels, may be promoted as a supplement to direct participation of members at all levels.

Keeping members informed, and stimulating their interest in the several services rendered by the society, must be a normal practice of management

The quality of service and the "selling effort" of the management can alone build firm loyalty among members. In this respect, the record of countries, such as Japan and Korea, is very encouraging. This result has been helped, apart from the efficiency of operation, by the variety of social and community activities in which cooperatives in these countries help their members. The overall social impact of a cooperative society on the living needs of its members is a great factor in keeping them interested in their society.

As soon as possible, and wherever appropriate, women should be encouraged to take part in the affairs of cooperative societies. In this connection, it is noted that quality as well as quantity of participation is important and even a small number of interested persons may be very helpful.

2.9 Prospects of Collaboration between Consumer and Producer Cooperatives

The functions of production and consumption may often be combined into one institution, such as a cooperative dairy distributing its own supplies directly to consumers, or a consumer society having its own production units. But where production and consumption are the functions of separate cooperatives, their mutual collaboration is more a matter of appreciation of mutual advantage in particular situations, than of evolving a general pattern which may be advantageous in all cases. Collaboration would appear to be most essential between the higher or central organisations of the two types. If a long-term agreement, subject to common scrutiny and administration, were to be established between appropriate producer and consumer organisations, it might result in consumer societies taking advantage of bulk purchase on fair terms and collecting and selling agencies of producers having access to a large and constant demand. It should, however, be realised that such collaboration is bound to have more the nature of an inter-institutional agreement, than of an integrated institution. At the same time, however, the operations of cooperative financing agencies are also likely to be facilitated by such firm agreements among members for exchange of goods and services.

2.10 Remuneration of Elected Directors, Committee Members and Management

Management, when sufficiently qualified, must be given adequate payment and power to act. Where executive duties are carried out by elected members of boards and committees, and where the financial position of the cooperative justifies remuneration, suitable payment may be made until such time as a paid official is trained and appointed for the work. In some cases payment to elected members of boards and committees may be necessary to retain their full-time attendance to the affairs of the society in addition to the paid staff. However, the tradition of honorary service of members has a high social and organisational value and hasty steps should not be taken to turn membership of functional bodies in cooperatives into a professional service. The financial position of many

cooperatives would not justify a salaried or a remunerated group of elected office-bearers.

2.11 Some Factors which may Contribute to the Success of Consumer Cooperatives in South-East Asia

In most countries of the Region the average individual purchase is so small, and the types of goods supplied so diverse, that any elaborately organised system of retailing such goods is likely to be uneconomic, especially in competition with a class of small dealers who are accustomed to rendering personalised services on very elastic terms. On the other hand, the supply of producer needs to farmers, and of selected consumer goods which they are in the habit of purchasing in bulk at stated periods, can be most appropriately arranged by agricultural cooperatives, as is done in several countries. It is not necessary in many cases to set up both consumer cooperatives and agricultural cooperatives in rural areas, as the latter may function as consumer cooperatives in rural areas to supply production materials and consumer goods.

In urban areas, where goods are scarce and prices high, a real need exists for organised cooperative distribution among the middle class and poorer consumers. For this purpose, it is necessary to have wholesale as well as primary cooperative units of distribution, or a combination of both into a single cooperative. To render this possible on a long-term basis, well-trained cooperative leaders must be sufficiently active to spread cooperative education among prospective members. In the initial stages these efforts must receive sufficient encouragement from financing and administrative institutions to ensure development to a stage of self-sustaining growth. Efforts on all sides will have to be sustained if lasting results are to be obtained.

In some highly-populated urban centres, genuine consumer cooperatives at primary and wholesale stages, catering to the growing needs of members for essential food articles, should be promoted with guaranteed adequate financial support and progressive management. Together with improvements in member education and cooperative organisation, such efforts have every chance to succeed, and will help in further promoting the movement for consumer stores in other areas. Experience of Japanese consumer societies, which aim at meeting as many economic and social needs of their members as possible, is a good example of success.

A constant study of methods employed by competitors is necessary and when structural changes in cooperatives become desirable, information should be disseminated to members to create a favourable climate for acceptance of the changes.

If a government makes use of consumer cooperatives or extends certain privileges to them, care should be exercised in removing such privileges which may be detrimental to the whole operation of the societies. The remarks already made under paragraph 2.5 with regard to government's role regarding the activities of cooperatives are of particular importance in the field of consumer cooperation, as also is the enforcement of laws which provide for the standardisation of weights and measures, hygiene regulations and taxation.

3 International Cooperative Trade

3.1 Some Barriers to the Growth of International Cooperative Trade and Possible Cooperative Action for their Elimination:

The structural weakness of national cooperative movements makes it difficult for them to participate in international cooperative trade. This may necessitate in some cases the establishment of national organisations to undertake this specific task and in some others the reorganisation of existing agencies such as national marketing federations.

In any event such organisations would require sufficient specially trained staff at different levels. Although some of this staff may possibly be attracted, through adequate remuneration, from existing organisations, the idea of inaugurating a management training programme has definite support among different movements in the Region. National cooperative organisations would also need improvement in making available knowledge on different aspects of cooperative trade to the membership of the movement. This would have to come from an intensive education programme.

Further barriers which militate against international cooperative trade are discriminatory regulations emanating from government, such as foreign exchange control, taxation, quotas and duties. Such restrictions are mainly the result of government policy in the context of economic conditions in the different countries. Though it may be difficult to overcome these barriers, it would, however, be possible for national cooperative movements, within the confines of existing trade practices, to carve out for themselves a larger share of international trade. This would necessitate a careful study of trade patterns by the various national apex organisations. Furthermore, governments should be induced to take appropriate measures to encourage movement of trade through cooperative channels.

The absence of proper grading, quality control and standardisation, especially in the case of primary produce and semi-processed items for export, also acts as a barrier to the growth of international cooperative trade. To overcome this, the national apex organisation would have to carry out intensive extension work on the control of commodities produced by member societies and also take measures for ensuring their quality.

Lack of marketing information from advanced countries sometimes restrains trade development also. The ICA Regional Office endeavours to discover sources of information in answer to individual enquiries until such time as this problem will be considered by a suitable trade conference. In some cases, lack of experience in a developing country in organising successful cooperatives may be removed if advanced countries can devise means for passing cooperative information on to the developing movements. This need is especially felt in the field of processing.

In the selection of trade partners, other things being equal, priority should be given to cooperative organisations by both sides.

3.2 A Cooperative Trade Conference for South-East Asia

It is considered that the possibilities for cooperative trading beyond national boundaries are sufficiently feasible to warrant holding a special

meeting to study the problem. It was felt, however, that considerable preliminary work would be necessary to make such a conference meaningful. Since the necessary data available to the various national movements on trade practices of countries of the Region and on consumer demands from advanced countries in other regions was insufficient, the International Cooperative Alliance Regional Office has undertaken to provide this information as a preliminary to the conference.

Representation at a trade conference might be drawn from the following sources:

- a ICA member organisations in South-East Asia interested in international trade;
- b representatives of the respective governments both in the cooperative sphere and in the sphere of trade;
- c representatives from international bodies which are interested in the promotion of international trade, particularly ECAFE; and
- d representatives of ICA member organisations in the more advanced countries outside South-East Asia which have an interest in the trade of this Region.

Some topics for the agenda for this conference might be:

- a past and present structure of export and import trade in the different countries in the Region;
- b feasibility of extending cooperative trade;
- c the national organisations that would need to be created in some countries to undertake international cooperative trade;
- d the staffing of such national organisations;
- e organisational arrangements for making market intelligence available;
- f study of government regulations which hamper international cooperative trade; and
- g the possibility of whether an organisation on the lines of the Scandinavian Cooperative Wholesale Society could be organised for this Region, and if so, how.

3.3 International Trade Discussion

National cooperative organisations should keep their governments informed of their requirements for international trading. Government representatives need to be adequately briefed for any international meetings, such as the annual intra-regional trade consultations held under the auspices of the United Nations ECAFE. Confined to the member countries of ECAFE within the Region, these consultations normally take place on a bilateral basis between interested countries and are of a confidential nature.

4 International Cooperative Technical Assistance

The Conference heard the statements of representatives of the UN agencies on the very considerable cooperative technical assistance being rendered by them to the developing countries in South-East Asia. The views of the cooperatives themselves on international cooperative technical

assistance and the part to be played by them in this field were then thoroughly discussed with the following conclusions.

4.1 The Procedure of Continuous Assessment of a Project from Inception to Completion

In all technical assistance activities there is need for assessment of the various projects at all stages. To begin with, technical assistance projects must be preceded by feasibility studies to determine the need for the project, its scope, requirements in terms of personnel and resources. It is necessary to ensure that formulation of project-requests is clear and based upon a realistic appraisal of the actual situation. The responsibility for feasibility studies rests with the organisation which seeks assistance. It should be noted, however, that in most of the South-East Asian countries the national government will have to be consulted in order that proposed schemes may be properly fitted into the total amount of technical assistance available to the country. In order to achieve the best possible results from feasibility studies and also to ensure coordination, it is desirable that a committee of experts is set up to advise aid-seeking cooperative organisations. Such a committee should have on it both non-governmental and governmental persons and may also include representatives of international cooperative organisations and/or other external agencies which could be helpful in assessing requirements. In some cases, it might be necessary for the aid-giving agency to provide expertise even at the feasibility study stage to examine in detail the various aspects which are relevant to the eventual implementation of each project.

During the implementation of a project a procedure must be developed which allows for close contacts between the aid-giving organisation, the technical assistance experts from abroad engaged in the project, their counterparts from the aid-receiving organisation itself and the national government. This pre-supposes the setting up of a comprehensive co-ordinating body under whose auspices such a machinery could be developed. It is noted that unnecessary waste of time, money and personnel may be the result if assessment is made only *after* the completion of a project. If, on the other hand, assessment is developed as a normal, integral function at each stage of implementation, changes may be introduced in the course of the work to improve the end results of the projects.

On completion of the project, careful and honest evaluation must be undertaken. It is important that such evaluation is not influenced by various considerations extraneous to the project itself but centres entirely upon the merits of the project.

4.2 A Better Machinery for Developing Contacts between Aid-giving and Aid-receiving Cooperative Movements

The need for close contacts between aid-giving and aid-receiving cooperative movements arises not only from the practical considerations discussed above. It is required in order that the nature and magnitude of cooperative problems in developing countries may be more clearly understood by those organisations offering technical assistance. It seems clear that the desirable contacts between aid-giving and aid-receiving

organisations can be made considerably more effective if coordinating bodies are established by the cooperative movements seeking technical assistance. The functions of such agencies would naturally include the collection of data and information relevant to the cooperative situation in developing countries. It should be pointed out that in the absence of an effective system to guarantee a continuous flow of information between the two parties involved, there is a risk that needed technical assistance may not be extended, and that assistance offered and extended may not be directed to those areas where it would be most required.

It might be added in this connection that the activities now carried on by the various cooperative movements in the advanced countries, to increase the knowledge of problems in developing countries among their membership, should be increasingly based upon effective communication with cooperative organisations in developing countries. The information disseminated by the developed movements must accurately portray the nature and magnitude of cooperative problems in the developing countries.

When foreign experts are required, it is obvious that selecting personnel with a recent experience in the Region is of great advantage. Where such recent local experience does not apply, care must be given to proper orientation of the expert within the Region before he starts on the project, no matter how complete has been his preparation before he arrives. In addition to technical competence, experts should be thoroughly familiar with the ideological significance of the cooperative movement.

The role of the ICA and its Regional Office in providing liaison between cooperative movements in developed and developing countries is of fundamental importance since movements from both sides collaborate within the Alliance. The resources in terms of money and personnel needed by the ICA to perform this task efficiently must be given top priority and cooperatives should be encouraged to use the offices of the Alliance increasingly for the purpose of liaison.

4.3 Training and Visits beyond National Boundaries

With regard to training programmes and study visits abroad, ways and means must be found to make such activities useful to the developing cooperative movements. Suggestions for improvement would include a more careful selection of trainees, an accurate description of the training programmes and study tours, a follow-up assessment upon the return of the trainees to their own cooperative movements and the promise of suitable positions for the trainees after completion of their foreign studies.

Probably the most effective use of facilities offered by the advanced Cooperative movements can be made by sending persons for training who are policy-making executives of South-East Asian Cooperative Movements. Nevertheless, specialists from lower levels may also be sent with advantage. Care must be taken in all cases to ensure that the result of the trainee's study abroad is not lost to the movement. Improvement of selection procedures is also connected to the *description* of the training programme offered. It is important to explain the exact nature of the programme, the level of the participants expected, etc.

Study visits and training programmes abroad should enable students to understand the historical process of cooperative development leading up to the present cooperative situation. If the training programme centres on *specific* aspects of cooperative development it will help the aid-receiving organisations to find the trainees most likely to benefit from foreign studies.

With the ICA and its Regional Office as a liaison body, it should be possible to achieve better co-ordination of the various cooperative training programmes and study tours which are now being offered, in order to enable trainees to study in those countries where specific achievements in their fields of interest have been made.

5 Comments at the Plenary Session

At the final plenary session, when comments were invited from the various national delegates, the delegates concurred with the views contained in the report. The additional comments made at this session are given below:

5.1 First, it was felt that there was a need for overall planning in the field of Cooperation in the various countries of the Region. After a careful analysis of the needs within those sectors where cooperatives have a contribution to make, the growth and development of the cooperative movement should be planned.

5.2 A second point related to the problem of widespread natural calamities which occur from time to time in the Region. Such calamities if not properly counteracted, might knock the bottom out of the development efforts made by the cooperative movements. It was suggested that in case of natural disasters, institutional assistance, such as the creation of a Rehabilitation Fund, should prove helpful.

5.3 Finally, the importance of cooperative education was underscored and it was pointed out that programmes of continuous education, using the most effective techniques available should be evolved for creating a conscious and articulate membership which in turn would ensure a stable and developing cooperative movement.

The International Cooperative Alliance

The International Cooperative Alliance (ICA) founded in 1895, is the only world organisation of Voluntary Cooperative Movements. Comprising 139 organisations in 58 countries, and representing a total membership of nearly 214.3 million, the ICA seeks to promote a non-profit system of production and trade, based upon voluntary and mutual self-help and organised in the interests of the whole community. The Headquarters of the ICA are in London.

Regional Office, S.E. Asia

The Regional Office which was set up along with the Education Centre in 1960 is an extension of the ICA Secretariat in London. Its over-all function is to aid in the implementation of ICA policy, especially as it relates to the promotion of Cooperation in South-East Asia. The goal of these activities is to help Cooperative Organisations to achieve such stability and strength that they will become increasingly able to perform their vital role as self-governing independent strongholds of democracy in their countries.

The Regional Office also undertakes research, facilitates the flow of technical assistance and tries to collaborate with other international agencies working in the field of Cooperation which grow from the general objectives of the Regional Office. The Regional Office also undertakes research on various aspects of the working of Movements in the South-East Asian Region.

Education Centre

The Education Centre of the International Cooperative Alliance functions for countries of the South-East Asian Region. Its main objective is to supplement the educational work of South-East Asian Cooperative Movements. Another important aspect of the working of the Education Centre is

to facilitate the exchange of improved knowledge, experience and techniques, with regard to working of Cooperative Organisations among countries of the Region and between Cooperative Movements of the Region and the well-established Movements in other parts of the world. The Education Centre arranges courses and conferences, publishes literature, and sponsors research on various aspects of the Cooperative Movement.

ICA Publications

Review of International Cooperation (Bi-monthly), Agricultural Cooperative Bulletin (monthly), Consumer Affairs Bulletin (monthly), Cooperative News Service (monthly).

Another ICA publication is:

'COOPERATIVE LEADERSHIP IN SOUTH EAST ASIA'.

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