

# COOPERATIVE MINISTERS CONFERENCE

Sydney, Australia  
08-11 February, 1990



*Darling Harbour - Venue of the Conference*



International Co-operative Alliance  
Regional Office for Asia and the Pacific



# Cooperative Ministers Conference

Sydney, Australia

08-11 February, 1990

## Report

*Editor*

Dr.R.C.Dwivedi

Regional Consultant

J. N. ...  
334564.3  
1990



International Cooperative Alliance

Regional Office for Asia and the Pacific

'Bonow House', 43 Friends Colony (East)

New Delhi 110 065, India.

ICA Library



ICA 30061

## **International Co-operative Alliance**

### ***Regional Office for Asia and the Pacific***

Bonow House', 43 Friends Colony (East)

New Delhi 110 065, India

Tel. : (91)11-6835123

Telefax: (91)11-6835568

Telex : (81)31-75025 DICA IN

Cable : '*Interallia*', New Delhi

### ***Head Office***

15 Route des Morillons

CH-1218 Grand Saconnex

Geneva (Switzerland)

Tel. : (41)22-798-4121

Telefax: (41)22-798-4122

Telex : (45)415620 ICA CH

Cable : '*Interallia*', Geneva.

May, 1990 (500)

---

*Typeset by P.Nair at the ICA Regional Office for Asia and the Pacific, New Delhi, and printed at Power Photocomposers, 21, Ansari Road, Darya Ganj, New Delhi 110 002.*



## FOREWORD

With more than 750,000 number of cooperatives and 660 million individual members, cooperatives are the most widespread and diversified non-governmental organisations in the world. Eighty percent of cooperatives in developing countries come from Asia. The Asian and Pacific Region of International Cooperative Alliance (ICA), covering 19 countries, including large countries like China, India, Soviet Union and Australia account for 440 million members or two-thirds of the ICAs total individual membership of 660 million from 78 countries.

While in Europe, the cooperative movement developed primarily at people's initiative and was dominated by the consumer cooperatives, in most Asian countries, the initiative came from colonial governments in agricultural sector. This changed circumstances of cooperative development in many countries of Asia, considerably changed the culture and outlook of the cooperatives in these countries. Instead of being self-reliant, they looked towards government for guidance and leadership. Colonial governments, while interested in supporting cooperatives, so as to meet the discontent of rural population, did ensure that the cooperative leadership was well respected in the society, but was not anti-establishment. They saw to it that cooperative leadership was either pro-colonial or politically neutral.

The attitude of cooperatives of looking towards the government has not changed materially even after independence in many countries and establishment of their own national governments. The government support increased manifold during the post-independence era and alongwith it the dependence of cooperatives on government. The national governments also continue to pursue the policy of ensuring that the cooperative leadership was in the hands of their own party.

The cooperative movement and the national governments both are interested in improving the living conditions of the

people, particularly people who are below the poverty line and therefore, their working together and supplementing each others efforts is not only desirable but a necessity. In the report of the Secretary-General of the United Nations to the Economic and Social Council in 1987, it has been reported: "It is widely acknowledged that the Government in developing countries has a necessary and useful role to play in promoting the cooperative movement. In many countries, this movement owes its very existence to government support. Without state subsidies, training programmes, legislative support and, in many instances, management personnel, the cooperative movement in many developing countries would have little to show for its efforts.

"While the validity of this generalization is widely acknowledged, it is no less true that government support and control have not been an unmixed blessing. In a number of countries, the Governments have the power to appoint and dismiss cooperative board officials and, in doing so, has undermined their autonomous and democratic character, which is the very hallmark of the cooperative enterprise. Cooperative members have in these situations not only lost control over the management of the organisation but are often required to submit to government controls on the production, pricing and marketing of their products. To some extent, this is offset by subsidized credits and reduced costs for other inputs which lessen the blow of receiving below-market prices. All too often, however, the combined effect of government controls over management and discriminatory pricing policies has been to weaken cooperative autonomy and democracy and undermine the economic underpinnings of the cooperative movement"

While concluding, the report, alongwith others, proposed that member states may wish to (i) strengthen their commitment to cooperatives in a manner consistent with the need to preserve the autonomy and democratic character of those organisations. This will strengthen their capacity to make an effective contribution to overall social and economic development; (ii) reconsider the role and form of government support of cooperatives so that they become a more dynamic and self-reliant factor in the development process; (iii) support efforts to strengthen move-

ment-to-movement activities among cooperatives as an important step in promoting cooperative development... Government in allocating overseas development assistance to national and international organisations, might consider channelling a greater proportion of this aid towards movement-to-movement activities.

The ICAs current official policy for cooperative development was approved by the Central Committee in 1982, following a request by the 27th Congress in Moscow in 1980 that the ICA formulate a policy to assist cooperative development efforts in the Third World. According to this policy, ICA has three basic objectives in its support to cooperative development:

1. The establishment and growth of independent democratic and viable cooperative organisations...capable of serving their members efficiently and contributing to economic growth and social equity....;
2. Strengthening collaboration between cooperative organisations of various types and in different countries, thereby promoting the growth of international solidarity, which is the foundation of a constructive peace;
3. To influence public opinion, national authorities and international organisations in order to stimulate the growth of a favourable atmosphere for cooperation, promoting the enactment of appropriate cooperative legislation and enlist the support of governments and international organisations for the development of cooperative movements.

Most countries of Asia and Pacific region of ICA are dominated by agricultural cooperatives with the exception of Soviet Union and Singapore. In the countries of Asia and the Pacific, governments are closely associated with the cooperatives. They play an important role in promotion, development and working of cooperatives. While on the one hand, it has helped to accelerate the growth of cooperatives as also their activities, in many cases, governments role has gone beyond that of support and guidance, which changes their basic character. However, no one denies the fact either in the government or outside that cooperatives should develop as autonomous, self-reliant institu-

tions and the government and cooperatives are supplementary to each others efforts and they must develop a healthy relationship.

With this objective in view, the ICA had arranged a Consultation of Permanent Secretaries and top cooperative officials in Singapore in 1987 followed by the Cooperative Ministers Conference and Cooperative Trade Exhibition in Sydney, in February, 1990. This publication is the outcome of the final recommendations, background papers, country papers and technical papers presented at the conference. The recommendations of the conference have laid down specific roles expected from the cooperatives, national cooperative organisations, governments, international bodies and ICA. Also the conference has recommended an Action Plan for 1990s. The real success of the Conference will depend on how seriously the recommendations are followed by all concerned. While we in the ICA will try to pursue the recommendations to the best of our ability, we do hope that the governments, national level cooperative organisations and others will also take necessary steps to implement the recommendations of the conference.

In organising the conference and trade exhibition, the Government of Australia, through the Ministry of Primary Industry and Energy and Austrade provided generous financial and organisational support and I would like to express sincere gratitude on behalf of ICA for their cooperation. I would also like to express our gratitude to SCC for providing similar support.

New Delhi  
31 May, 1990

G.K.Sharma  
Regional Director

# COOPERATIVE MINISTERS CONFERENCE

Sydney, Australia

08-11 February, 1990

## CONTENTS

	<i>Page Nos.</i>
Foreword	iii

### I

CONCLUSIONS	1
-------------	---

### II

OPENING SESSION	13	
<b>Welcome</b>	Ray Everingham, Chairman, AAC Australia	15
<b>Greetings</b>	J. Bingham, Lord Mayor of Sydney Australia	19
	A.S. Lozada, Chairman, ICA Regional Council for Asia and the Pacific	21
<b>Fraternal Greetings</b>		
WOCCU	Steve Birt, Representative	25
AARRO	B.C. Gangopadhyay, Sec. General	29
FAO	DHJ Abeyagoonasekera, Sr. Regl. Rural Dev. Officer	35
ILO	Jurgen Von Muralt, Director Sectoral Activities Department	37
<b>Presidential Address</b>		
	Lars Marcus, President, ICA	39

## **Inaugural Address**

Honble John Button, Leader of the Government in the Senate and Minister for Industry, Technology and Commerce, Australia.	41
--	----

## **Appreciation**

G K Sharma, Regional Director ICA ROAP	47
---	----

# **III**

## **COUNTRY STATEMENTS**

Australia	Ray Ison, Dy.Chairman, AAC	51
Bangladesh	Liaquat Ali, Chairman, BJSU	55
China	Honble He Jihai, Vice-Minister of Commerce in charge of Coop Affairs	63
Fiji	Honble V.S.J.Gonelevu, Minister for Primary Industries and Coops	69
Ghana	Honble Kwamena Ahwoi, Secretary of State, Ministry of Local Govt.	73
India	Honble Devi Lal, Dy,Prime Minister and Minister for Agriculture	87
Indonesia	Honble Bustanil Arifin, Minister of Cooperatives	93
Iran	Honble Jabbar Saber Kheyabani, Dy.Minister for Agriculture and Managing Director, CORC	101
Japan	Shiro Asano, Director, Social Betterment Division, Social Welfare Bureau, Min. of Health and Welfare	105
	Mr. Yasuo Gotoh, Head of Japanese Delegation	117
	Mr.Isao Takamura, President, JCCU	123

Malaysia	Honble Tajoi R.Mohd, Ghazali, Dy.Minister, Ministry of National and Rural Development	127
Pakistan	Zeenatullah Khan, Advisor (Cooperatives) Joint Secretary to Government of Pakistan	133
Philippines	Honble Dante G.Barbosa, Under Secretary, Department of Agriculture	141
Singapore	Eric Cheong, Chairman, SNCF	149
Sri Lanka	P.A.Kiriwadeniya, President, NCC	153
Thailand	Honble Udorn Tantisunthorn, Dy.Minister for Agriculture & Coops	157
USSR	Alexander Starych, Vice-President Centrosoyus	161
Vietnam	Vu Luu, Vice-President, Central Council of Vietnam Supply and Marketing Cooperatives	163
<b>International Organisations</b>		
ILO	Jurgen Von Muralt, Director Sectoral Activities Dept.	167
CCA	Robby Tulus, Regional Director for Asia	173
ACCU	Robert Line, Director	179

## IV

### KEYNOTE ADDRESS

Lars Marcus, President, ICA	185
-----------------------------	-----

### AUSTRALIAN RESPONSE

Honble John Kerin, Minister for Primary Industries and Energy Australia	197
---	-----

# V

## Background Paper

### CO-OPERATIVES & GOVERNMENT: COLLABORATIVE STRATEGIES FOR THE DEVELOPMENT OF COOPERATIVES DURING THE 1990s.

Dr.R.C.Dwivedi, Regional  
Consultant, ICA ROAP 207

### COLLABORATIVE STRATEGIES FOR SOCIAL & ECONOMIC DEVELOPMENT

Bruce Thordarson, Director, ICA 255

### COLLABORATIVE STRATEGIES FOR INTERNATIONAL TRADE AND FINANCE

Mr.G.K.Sharma, Regional Director, ICA ROAP 271

# VI

## COOPERATIVES IN PROFILE

<b>Agricultural Trade : Our Position</b>	Mitsugu Horiuchi, President Central Union of Agricultural Cooperatives, Japan	299
<b>Innovations in Cooperation for the 1990s- Trade and Capital</b>	Peter McKinlay, Director of the Centre for Community Initiatives in Wellington, New Zealand	305
<b>Government &amp; the Coop Sector: Partnerships in Sponsoring Self- Regulation, Self- Help and Mutual Assistance Projects with Emerging Economies</b>	James McCall (Australia) Manager of the Australian Association of Cooperatives Development Unit & Chairman of the Worker Enterprise Corporation, Australia	339



<b>Cooperatives: Research, Training and Development</b>	<b>Honble Race Mathews, Chairman of the Victorian Ministerial Advisory Committee on Cooperation, Australia</b>	<b>353</b>
---	--	------------

## **VII**

<b>CONFERENCE PROGRAMME</b>	<b>367</b>
<b>LIST OF PARTICIPANTS</b>	<b>371</b>



# I CONCLUSIONS



## CONCLUSIONS

The Ministers responsible for Cooperative Development and Cooperative Leaders in Asia and the Pacific Region met at Sydney from 8-11 February 1990 and discussed the theme of the Conference, namely, Cooperative-Government Collaborative Strategies for the Development of Cooperatives during the 90s. The Conference made the following declaration, recommendations and observations:

### 1. Declaration

The Conference declares the following:

- |                            |   |
|----------------------------|---|
| <i>Noting</i>              | the constructive development role played by the cooperatives and their healthy and wholesome impact on the communities as a whole in the Asian and the Pacific countries;   |
| <i>Recognizing</i>         | the vast potential of Cooperation as a self-help and mutual-aid movement in transforming economic and social condition of the people for a better and happier society based on democratic and moral values, social justice and peace; |
| <i>Accepting</i>           | the suitability and essentiality of cooperatives as one of the most appropriate agencies for accelerating economic development and social advancement, and in meeting the aspirations of the peoples;                                 |
| <i>Taking into Account</i> | government assistance as an important factor in the development of cooperatives;  |
| <i>Affirms</i>             | governments continuing support :  |
- i. to cooperatives to grow as a vital instrument of socio-economic change through developmental plans and programmes based on self-help and mutual-aid.

- ii. to facilitate their development and functioning of cooperatives in accordance with the ICA Cooperative Principles.

*and further*

- |              |   |
|--------------|---|
| Requests     | the national governments to take necessary steps for the implementation of recommendations of the Conference; and |
| Appreciating | the activities and contribution of the ICA in assisting the governments and cooperatives;                         |
| Solicits     | further continuance of the ICA assistance in all possible ways in the growth of genuine and strong cooperatives;  |

to be known as "**Sydney Cooperative Ministers Conference Declaration 1990**".

## 2. Recommendations

The Conference considered the suggestions made by the Singapore Consultation of the Secretaries of Cooperation and resolves as given below:

### Role of Government

1. The Conference notes that the governments and the cooperative movements have common objectives of improving the socio-economic conditions of the people and national development. They should support each other to achieve these common objectives on the basis of mutual trust, confidence, respect and social justice.
2. Cooperatives by their nature are autonomous institutions. The government should play the role of a facilitator through policy initiatives and should nurse and nurture them to play their full role as peoples organisations. Giving and receiving of assistance - financial, managerial or otherwise - itself is not infringement of autonomy, provided it is done on mutually agreed terms.

3. The Conference suggests that keeping the above principles in view, the government should provide the following support to the cooperative movement :
  - 3.1 incorporation of the role and importance of cooperatives in the Constitutions of the respective countries;
  - 3.2 formulation of national policy in consultation with cooperatives;
  - 3.3 creation/building of environment for cooperatives to play their full role;
  - 3.4 extending support in building a self-reliant strong cooperative sector to supplement the public and private sectors;
  - 3.5 enactment of progressive cooperative law in conformity with Cooperative Principles;
  - 3.6 taking steps for de-officialisation and de-politicisation of cooperatives;
  - 3.7 assisting cooperatives to generate and build their resources;
  - 3.8 assisting cooperatives to build their professional management personnel;
  - 3.9 transfer of functions of audit, inspection, supervision and responsibility for elections etc. to cooperatives;
  - 3.10 promotion of cooperative values/spirit;
  - 3.11 encouraging development of dedicated cooperative leadership from within the movement and giving public recognition to distinguished/dedicated cooperators by conferring appropriate national distinctions and awards for their contributions towards cooperative development;
  - 3.12 strengthening of cooperatives as a system establishing integrated inter-cooperative linkages;
  - 3.13 promotion of democratic participation of members in decision-making;
  - 3.14 supporting cooperative education and training;

- 3.15 supporting the involvement of cooperatives in community development;
- 3.16 providing or arranging financial assistance to cooperatives in the form of soft loans/guarantees, grants and subsidies, tax exemptions etc. in a manner as would not infringe upon the autonomy of cooperatives. Financial aid to cooperatives should be given to the maximum possible extent indirectly and through their federal institutions so as to prevent formation of pseudo cooperatives and abuses;
- 3.17 regarding cooperatives as community institutions and consulting them on matters involving them e.g. fixing the prices of agricultural commodities, manufacture of consumer goods and measures for consumer protection as well as giving due weightage to their views;
- 3.18 involving cooperatives in planning from village upwards for achieving more realistic and committed planning;
- 3.19 discontinuation of the practice of ex-officio holding of elective offices by government officers;
- 3.20 instead of dissolving the entire elected board for any irregularities, erring individual members of the board of directors/office bearers should be brought to book. In the event of inevitability of removal of board, the management should be entrusted to the concerned federal organisation;
- 3.21 encouraging and assisting cooperatives to develop their own key/top management personnel instead of secondary government officers;
- 3.22 introducing curricula on Cooperation in general education courses in schools, colleges and universities; and
- 3.23 ensuring that competition between the public sector and cooperative enterprises is avoided. The working of public sector enterprises should be such as would strengthen the cooperatives.
4. In some countries governments have set up Cooperative Development Corporations to have more flexibility in



assisting cooperative development. Other countries may also study the working of these Corporations to assess desirability of establishing similar institutions in their countries. However, care should be taken that these Corporations do not duplicate the functions of the national cooperative organisations.

5. The Conference is of the opinion that the main strength of the cooperative movement lies in the membership who have the right and the duty to elect competent people to board of directors. In view of this the Conference suggested that it was essential that a massive programme of education of members and their elected leaders should be carried out by cooperative movements and governments should render needed assistance for the purpose.
6. The Conference feels that it is necessary to continue to develop positive attitudes and skills in government personnel to support cooperatives. It was, therefore, essential that adequate programmes of training of government personnel in cooperative concepts, principles, implementation of cooperative law and cooperative operations should be established.
7. The Conference was of the view that there is also need for orientation programmes for top level policy makers to keep them aware of the changing environment and the needs of cooperative movement.

### **Role of National Cooperative Organisations**

8. In regard to role of cooperative organisations at the national level, the Conference makes the following suggestions :
  - 8.1 to evolve continuing dialogue between cooperatives and the government;
  - 8.2 to strengthen training and education of employees, members and leaders of primaries;
  - 8.3 to represent problems of primaries to the government;

- 8.4 to involve intelligentsia in the process of cooperative development;
- 8.5 to undertake supervision and auditing and provide guidance to the members;
- 8.6 to build accountability of elected management and office-bearers;
- 8.7 to develop innovative approaches to face new socio-economic challenges;
- 8.8 to organise orientation programmes for policy-makers and senior government officers;
- 8.9 to promote inter-cooperative trade within the country and at international level;
- 8.10 to project the achievements of cooperatives;
- 8.11 to develop strong links, unity and integration among the cooperatives both vertically and horizontally for building an effective performance-oriented cooperative system;
- 8.12 to formulate and adopt a code of conduct for the office bearers/board of directors to prevent the misuse of cooperatives;
- 8.13 to enhance and monitor from time to time the share of cooperatives in various sectors of the national economy; and
- 8.14 to develop effective and adequate arrangements for conducting on-going research in various aspects of the cooperatives including government/cooperative relationship.

### **Role of International Organisations**

9. The Conference feels and recognizes the need of an arrangement at the international level, having representatives of governments and cooperative movements, and international agencies interested in cooperative development, for dialogue and discussions on matters pertaining to cooperative policies and development, keeping in view the following objects:

- a. to sensitize governments for the need to recognize potential of cooperatives role in various sectors;
  - b. to provide forum for exchange of information;
  - c. to promote Technical Cooperation among Developing Countries (TCDC); and
  - d. to demonstrate and disseminate success stories in regard to innovative interaction between governments and cooperatives.
- 9.1 The Conference suggests a Net Work with secretariat, to begin with, in the FAO Regional Office for Asia and the Pacific at Bangkok with the membership of :
- a. Government Departments/Bureaus for Cooperatives at national level;
  - b. National Cooperative Organisations; and
  - c. National level organisations concerned with cooperative development.
10. The Conference recommends that the ICA ROAP may periodically convene on regular basis meetings of top level policy makers in the government and cooperatives.
11. The Conference suggests that the ICA ROAP, inter-alia, should undertake the following activities :-
- 11.1 conduct studies on impact of cooperatives on economic development, production and pricing;
  - 11.2 carry out a yearly review of cooperative developments in the Asian region for information of and use by the Movements and the Governments;
  - 11.3 expand its cooperative development programme with the assistance of donor agencies. Concerned Ministries of the Governments and national level cooperative movements should be fully kept informed about such programmes; and
  - 11.4 formulate and carry out Exposure Programmes for the cooperative policy makers in the Governments of coun-

tries of the region to acquaint them with the developments and working of cooperatives.

12. The ICA/ICA ROAP can persuade the government to a considerable extent through constant dialogue, and convincing arguments, based on actual facts in the field, etc.
13. The ICA may be increasingly used by the international agencies and the developed countries for channelling of international assistance to countries, as has been done by the Government of Japan.
14. The Conference welcomes and supports the proposal for setting up an Asia-Pacific Centre for Training, Research and Development in Australia and appreciates the positive response of the Australian Federal Minister for Primary Industries and Energy, Honble John Kerin and his assurance that the proposal will be given serious consideration.
15. The Conference takes note of the recommendation of the ICA Committee for Trade and Industry on the arrangement for the promotion of international trade on cooperative to cooperative basis.
16. The Conference recommends that national governments may encourage and support such international cooperative trade.

### **3.Action for 1990s**

1. The Conference recommends that national governments in collaboration with the national cooperative organisations should develop clear perspective for the development of cooperatives in specific areas during the 90s. In the identification of the target groups small farmers, artisans, workers, women and unemployed youth and other down-trodden people should be given special attention.
2. The Conference recommends that the strengthening of cooperative values by building up self-reliant cooperative movements should be given priority during the 90s.

3. The ICA should work out guidelines to evolve a practical system of cooperative-government relationships to combine cooperative values, socio-economic objectives and competitive strength.
4. The ICA should organise national workshops and other relevant activities to take up follow-up action on the above declaration and recommendations in collaboration with national cooperative organisations and national governments.
5. The Conference recommends that the ICA, along with its member organisations and international agencies, should take measures to develop skills and transfer of technology to facilitate cooperative trade.
6. The Conference recommends that the ICA ROAP should organise Asia-Pacific Ministerial Conferences periodically to review the development of cooperatives in the region and to promote regional collaboration.
7. The Conference appreciates the invitation of the Minister of Cooperatives, Government of Indonesia, for hosting the next Conference in Indonesia. The Conference requests the ICA ROAP secretariat to finalise the dates and other arrangements in consultation with Government of Indonesia and the Indonesian National Cooperative Organisation - DEKOPIN.





Opening Session..Dignitaries on the dais



*Participants of the Conference with the Ministers from China (third from left) and Malaysia (fourth from right)*



*A group of ministers alongwith Mr.Devi Lal, Deputy Prime Minister and Minister for Agriculture, Govt. of India, after the luncheon meeting hosted by him.*

# II

## OPENING SESSION





## WELCOME



*Ray Everingham\**

The Australian Association of Cooperatives (AAC) bids you very warm welcome to Australia and to the city of Sydney.

This International Ministerial Conference and Exhibition is particularly significant for the Australian Cooperative Movement. It is the first occasion that ICA has convened an international gathering of cooperators and governments in Australia. It has brought into sharp focus not only the significance of the cooperative sector in Australia, but also the size and strength of the Cooperative Movement internationally.

This Conference has been made possible by the dedicated efforts of many people and on your behalf I extend a very sincere thank you to each and every one of them.

Our appreciation goes also to the Australian Government which has given very tangible support of the Conference and to the major sponsorship generously provided by the New South Wales State Government through the Department of Business and Consumer Affairs. To all other sponsors listed in the programme booklet and to all the exhibitors whose efforts have added an impressive visual dimension to our Conference.

As your hosts at this Conference, it is AAC's wish that you feel welcome and do not hesitate to approach any member of staff with any problems you may have.

---

\* *Chairman, AAC*

It is now two years since my Association established formal links with the ICA. In the short intervening period we have seen a number of exciting developments.

AACs entry into this regional theatre is important to AAC, but so is it important to the strengthening of the region. The regions future is dependent upon an active, involved and participating membership. To its credit ICA has made as one of its objectives, the further development of the Cooperative Movement in the region.

The re-definition of the region, the establishment and membership of the Regional Council and the fostering between member organisations of trade links and a communications network are the key features of this development programme.

We are proud to note that we have present at this Conference some 25 nations which have turned their attention to this question of Cooperation in the 90s.

During the last three days at the meetings of the Committee on Trade and Industry and the Regional Council for Asia and the Pacific, the country reports have indicated there is a variety of social and economic structures in the different countries.

Some of these countries are also experiencing rapid economic and political changes.

One factor common to all our member countries is that there exists a strong cooperative sector. We believe that there is great potential for the further development of this sector.

We hope that as a result of this Conference, the Cooperative Movement will become stronger and play its part in the future of the region.

We, as Australians, look to extending our involvement in this regional development, in particular as citizens of the global cooperative village, to exchange goods and services in the market place.

While not every cooperative has an economic basis for its existence the vast majority do. The future strength of trading cooperatives and their ability to service effectively their mem-

berships is dependant upon expanding the existing commercial relations, particularly between those in the Asian-Pacific countries.

AAC, being of commercial orientation, deals directly with the development of the ICA Cooptrade Project.

This Conference gives testimony to that as indeed does our willingness to work further in expanding our relationships and our mutual understanding.

To our very warm welcome we add, therefore, our sincere wishes for the success of this Conference. May its deliberations be fruitful, may you return home safely and return to visit us again.



## GREETING



*Lord Mayor of Sydney,  
The Rt.Hon.Jeremy Bingham*

On behalf of the citizens of Sydney I welcome you all to our fair city. I would like to extend a special welcome, firstly to our neighbours, the delegates and observers from the Asia Pacific Region: India, Pakistan, China, Japan, Korea, Sri Lanka, Singapore, Philippines, Thailand, Vietnam, Indonesia, Malaysia, Fiji and New Zealand.

Secondly, a special welcome to delegates from further away - Canada, USA, UK, Europe and Africa. You have made a long trip to come here - I am sure that it will be worth it.

You will undoubtedly enjoy your stay in Sydney, we have a beautiful city, and we are deeply proud of it. You will enjoy our setting, our harbour, our friendly people and will find your stay here safe, varied and full of fun.

You may be interested to learn that Sydney is one of the most multi-cultural cities in the world where over 90 languages are spoken.

We derive our ancestry from Europe and are proud of that heritage and take great care to preserve it. I invite you all to visit the Queen Victoria building, our Macquarie Street buildings, and our Town Hall building during your stay. These major landmarks demonstrate our ongoing commitment to upholding our European heritage.

Notwithstanding this, our future undeniably lies with our Asian neighbours. We are indeed fortunate to be in a way, the bridge between Europe and Asia, and look forward to times of mutual prosperity.

Your objectives of strengthening the cooperatives movement both nationally and internationally are particularly appropriate at this time in history.

The Western world continues to feel the unpleasant problems which are a side effect of our capitalist economic system, problems of a widening wealth gap, growing problems of crime, drugs, violence, and the perception that governments have become out of touch with these issues.

The recent political and economic developments in the Soviet Union and Eastern Europe attests to the difficulties which countries employing a communist economic system have encountered.

A new approach to the economic structure of our countries is clearly desirable. Everyone is deserving of a fair go. Every one should be encouraged to contribute, there should exist reward for initiative, enterprise and hard work, individuals need to be responsible for themselves and the community at large.

I believe that the fundamental principals of the cooperatives movement is - in effect - the secret of a successful society - we have much to learn from your Movement.

I thank the International Cooperative Alliance for the opportunity to address this Conference. I invite you to stay as long as you can and see our city, and I wish the Movement the very best of success in the future.

## GREETING



*General A.S. Lozada\**

We feel greatly honoured by your acceptance of our invitation for you to share with us your views and thoughts on the subject, Cooperation for the 90s, of the Ministerial Conference for the Asian-Pacific Region. On behalf of the International Cooperative Alliance (ICA) and its co-sponsors, the Australian Association of Cooperatives and the Federal Government of Australia, we bid you welcome to this Conference.

This occasion provides the world community of cooperatives with the rare opportunity of sitting down with representatives of governments and international organisations to discuss possibilities for social and economic development through cooperatives under desirable working relationship; and work along common lines of action.

The world today faces major economic, social and political changes and challenges as the transformation events in Eastern Europe begin to influence individual nations in western Europe, the Americas, Africa, Asia and the Pacific. The net effect boils down to the opening up of opportunities of the national and international cooperative movements to assume a more active role in the development process. We feel that this would be best achieved through a series of initiatives in the fields of legislation, policy and development programmes. The current transformation events mentioned above serve to focus the high significance

---

*\*Chairman, IVA Regional Council for Asia & Pacific*



of this occasion upon us, the leaders of the national and international cooperative movements and government agencies tasked with coop developments in their respective countries.

Cooperatives in any country have always needed a law that would be appropriate to their nature and character, in the light of their economic philosophy and objectives; and suitable for their operating efficiency and requirements.

A survey of such laws done within the ICA produced a wealth of information regarding the legislation on cooperatives in the countries surveyed. It was the observation of cooperative leaders at the international level that various laws need to be further rationalised so that the cooperative enterprises may be fully recognised as such within the context of national philosophies and objectives; and become the impetus in the development process that is consistent with their autonomy and independence.

It is the intention of the Asian community of cooperatives to develop a model cooperative law. Such a law, where adopted would go a long way in fostering closer collaboration between and among cooperatives in Asia particularly in the fields of international trade, finance, and technology, contributing substantially to the promotion of international understanding and world peace.

To be sure, efforts towards a model cooperative law began sometime ago under the auspices of the ICA. Along this line, we are pleased to draw attention to a new development in Asia in the field of cooperative legislation, and this is the one new happening in the Philippines. Inspired by the installation of a new government, the cooperative movement in the Philippines spearheaded by the Cooperative Union of the Philippines (CUP) and its affiliates and collaborating organisations, succeeded in having cooperatives enshrined in the 1987 Constitution.. After having done this, the CUP again led the drive for the enactment of two major pieces of legislation one of which concerns the creation of a non-restrictive government agency for coop development; and the other provides for a Cooperative Code which

governs the organisation, registration, operation and dissolution of cooperatives. Under this Code, the autonomy and independence of cooperatives is assured. Both measures are expected to be signed by the President of the Philippines shortly.

In several Asian countries, governments are playing important and positive role in cooperative development through healthy partnership and mutual respect. The government role in cooperative development is primarily through financial, technical, fiscal privileges and other types of assistance. Examples of such positive roles are seen in some countries especially in the Far East where government assistance has not impaired the autonomy and democratic character of cooperatives. This trend needs to be strengthened.

Our deliberation in the Conference should also lead to strengthening the role of the International Cooperative Alliance. A strong ICA is of mutual advantage to all our cooperative movements. A specific example is where the Government of Japan has entered into a direct contractual arrangement with the ICA for strengthening cooperative activities in the region through a generous grant for a development project. I sincerely hope that such a recognition will be forthcoming from other governments as well. The ICA which was established in 1895 is the oldest organisation of among international organisations and has 200 national cooperative organisations from 80 countries with a constituency of nearly 500 million. It has a consultative status of the highest category with the United Nations and its Specialised Agencies.

In any case, we welcome your esteemed presence and look forward to a very fruitful Conference and closer collaboration between and among the Asian governments, the international organisations and the cooperatives.



## FRATERNAL GREETING

*Steve Birt, WOCCU*

Fellow cooperators at this landmark Conference of the International Cooperative Alliance, it is an honour and a privilege to have an opportunity to briefly address you today and to convey to you fraternal greetings of fellow cooperators in the Credit Union Movement who are united through the 80 national associations which make up the World Council of Credit Unions.

Savings and Credit Cooperatives, Credit Unions, owe their very existence to the same intrepid pioneers of Rochdale as you and your own cooperatives.

That ICA luminary and legendary pioneer, Henry W. Woolff, wrote extensively on financial cooperatives. He was inspired by the work and the publications of Friedrich Raiffeisen of Germany. In 1893, his book, *Peoples Bank : A Record of Social and Economic Success*, was the first international promotion of our unique, single-purpose cooperative.

As the great horace Plunkett was seeking ways for his inspirational Irish agricultural organisation society to succeed, it was Henry Woolf who convinced him that Cooperative Credit Societies were a critical element.

About the same time, a Canadian, Alphonse Desjardins, began correspondence with Henry Woolf, after he had read his book on cooperative banking. That would within a decade be the inspiration for Desjardins beginning the *caisse populaire* system that is such a monumental success today.

In the United States, Edward Filene considered ways to help workers and the rural poor. During a trip to India, he met William Robert Gourlay, who had been instrumental in the creation of an agricultural banking system in that country. When he returned to the United States, he met with Desjardins and learned from the Canadian experience.

The Australian Movement also saw its birth from this international networking of committed cooperators when our own Kevin Yates visited Canada with the Royal Australian Air Force during the war years and returned with the philosophy being so successfully promoted in that country by Desjardins successors.

It is from this international networking that the worldwide credit union movement has arisen.

The World Council of Credit Unions is an active and committed member of the International Cooperative Alliance. It is our good fortune that we share office space in Geneva, for this enables the World Council to keep abreast of the latest activities and achievements of the ICA and our fellow members.

Today there are more than 71 million Credit Union members being served by nearly 42,000 of our affiliated primary societies in 80 nations. Together their individual members have savings deposits that total US\$ 212 billion and these mobilized resources have enabled members to have access to credit totalling US\$ 160 billion in loans.

The Movement in our beautiful state of New South Wales serves over one million of the 2.7 million Credit Union members in Australia.

Our members are investing their capital in the improvement of the quality of their lives and those of their families. At the same time, these unique, single-purpose financial cooperatives are contributing to the improved economies of thousands of villages, towns and cities in many countries. These are, in most developing economies, grass roots levels of capital involvement that would not find their way into the financial mainstream of most banking systems.

The 2.7 million members of the Australian Credit Union Movement are proud to acknowledge our Movements particular commitment to the formation and support of Credit Unions in the Asia-Pacific region.

Through the Australian Foundation for International Credit Union Development we have provided, or are presently providing, both financial and advisory support to Credit Union Movements in Papua New Guinea, the Philippines, Tonga, Indonesia, Thailand, Hong KONG and Bangladesh.

Although our credit unions are individual, autonomous, self-governed institutions, each has a membership brought together and a common bond, a shared and specific need. They may be farmers, teachers, citizens of a community, or workers in a factory. They are nonetheless joined by a philosophy of sharing and caring and that philosophy extends beyond national boundaries through the Foundations work.

Although we are primarily financial institutions, we are mutually owned, and our investments are in ourselves, with our profits returning to our membership and not to outside, third parties. We are democratic institutions whose primary regulation comes from within.

Our service structures are based upon the same democratic, cooperative operating principles as the credit unions they serve. And they take pride in their ability to respond to member needs.

In closing, I would like to invite all of you, especially those who are from the 80 nations represented through the World Council of Credit Unions, to take time when you return to your homes, to see how Credit Unions and Savings and Credit Cooperatives serve or could serve the people. We welcome your involvement and your interest and we stand ready to work with you cooperatively in the future.

One of the operating principles we share is cooperation among cooperators and cooperatives, and we welcome you to this Conference on behalf of the World Council, its members, and particularly on behalf of the 2.7 million credit union members of Australia. We hope you have a successful and enjoyable Conference.



## FRATERNAL GREETING



*B.C. Gangopadhyay\**

I, in my capacity as the Secretary General of the Afro-Asian Rural Reconstruction Organisation, in short known as AARRO, have great pleasure in attending this important Conference of Cooperative Ministers, organised by the International Cooperative Alliance in this beautiful city of Sydney. The AARRO is an inter-government organisation of the countries of Africa and Asia which was set up in the year 1962 with the objective of providing a forum for mutual consultations, exchange of experiences, collective cooperation, in the task of economic and social development of the rural areas and rural masses. Over the years the organisation has been engaged in this task, through its activities to promote its objectives. Cooperative development has been one of the features of its activities for a long time, and the Central Union of Agricultural Cooperatives (CUAC), Japan, has been one of its members from the beginning. Since the year 1968, AARRO, in collaboration with the CUAC and the Institute for the Development of Agricultural Cooperation in Asia (IDACA), Japan, has been arranging on regular basis a training-cum-seminar which has come to be known as RECA (Research and Education Centre of AARRO) Seminar, on cooperatives and community development. Recently, AARRO, in collaboration with the CUAC, Japan, has also initiated field studies of the various aspects of cooperative movement in some of the AARRO member countries. our organisation has had

---

\* Secretary General, AARRO



also a long association with the International Cooperative Alliance (ICA). Almost from its inception, AARRO has been maintaining collaborative arrangements with the ICA.

Apart from mutual consultations that existed between the two organisations since 1966, two projects one in Nepal and the other in Sri Lanka, were jointly organised by AARRO and the ICA in the year 1969 and subsequently. Later, in the year 1973, a Conference of top-level cooperative leaders of South-East Asia region was organised in Japan, jointly by AARRO, the ICA through its Regional Office and Education Centre for South-East Asia (ICA ROEC) and CUAC. Considering the useful purpose served by the first Conference, a second top level cooperative leaders Conference was jointly organised in Japan in 1983 by AARRO, the ICA ROEC, CUAC, and IDACA, Japan. AARRO has been in touch with the ICA subsequently also, through personal contacts and exchange of publications. I, along with the Director, AARRO, had the pleasure of participating in the Consultation of Permanent Secretaries of Cooperation of Asian countries held at Singapore in June, 1988 which discussed the very relevant topic of role of Government in Promoting Cooperative Development in Asia and has provided the basic input for this Conference. The interest shown by our organisation in this Conference and its long association with ICA are borne out of the deep faith in the important role which cooperatives can play in the socio-economic development of the countries of Asia and Africa, particularly for the rural areas and rural people, to which cause this organisation has been attuned from the beginning and for the promotion of which our organisation has been functioning since its inception. Though the theme of this Conference relates to Asia, it is nevertheless of great relevance to the continent of Africa also, so much so that our organisation has encouraged and promoted the participation of one of our member countries from Africa. I am glad that the Honble Minister from Ghana along with the Registrar of Cooperative Societies, Ghana has made it convenient to attend this Conference. I must congratulate the ICA, in particular, its Regional Office for Asia and the Pacific (ROAP), and the cooperative organisation in Australia as also the Government of

Australia for organising and hosting this Conference, and for the excellent arrangements made.

Cooperative Movement, in its present context, had its beginning in the West and has, through the initiative, efforts and organisational capacity of the people concerned, developed into a massive socio-economic force. The spirit of mutual self-help, and self-reliance, based on the sustained faith in themselves, generated enough momentum to lead to its growth in those countries, sometimes even facing hostility of the governments and other interests. On the other hand, in the Afro-Asian countries, cooperative movement has come about through the policy initiatives and in most cases under the guidance, and supervision of the Government concerned. By and large in these countries, it has not been a spontaneous movement, growing on its own initiative. Cooperative principles have however come to be recognised as desirable and conducive to the welfare of the people and social and economic equity, though those have not actually got reflected in full measure in the cooperative movement in the developing countries of Asia and Africa.

All the developing countries of Asia and Africa have been striving for the welfare and development of their countries, so as to bring about social and economic upliftment of the masses. Most of those countries have emerged from foreign rule in the post war years and have engaged themselves in the urgent, but difficult task of not only improving the standard of living of the people but also ensuring equitable distribution of wealth. It goes without saying that cooperatives with the principles of self-help, initiative and social equity can play an important part in the achievement of this task.

But here the question becomes relevant as to what should be the role of the Government in the development of cooperative movement. It is in this aspect which has to be considered in the light of the experiences of different countries and in the context of the socio-economic background of each country. To our mind, there cannot be and should not be an extreme or uniform stand in this respect. Obviously, in the context of the political and socio-economic history of the countries in Asia and Africa,

there cannot be a complete hands-off policy for the Government. That will be as unrealistic as to conceive of a complete laissez-faire policy, which is non-existent in the economic policy of any Government in the world. At the policy level, in the matter of provision of financial and other incentives and assistance, in progressive encouragement through fiscal measures, in promotion of cooperative education and training, and in overall creation of the proper environment, the Governments have to play an important role. But in the matter of exercise of control and supervision, intervention in cases of mismanagement of cooperatives, what should be the degree of government role is a point on which a view has to be taken, keeping in view the objectives of growth of the movement, and also the socio-economic development process in a country as it proceeds over time.

There is another point which I would like to mention here. In the context of the present day concept of a welfare and egalitarian state, it is no longer possible to limit the objectives of cooperative movement to the economic and social betterment of the members of a cooperative society. In fact, any such narrow view will limit the relevancy of cooperative movement in the present world. The objectives for development of cooperatives should fit into and be in harmony with the overall development objective for the country and it should be the primary duty of the government to ensure that the policy regarding development of cooperatives is integrated with the overall plan and objectives for the development of the country. Thus the usefulness of the cooperatives should be judged not merely by their usefulness for the members, but also for the community as a whole. And in deciding the role of the Government, this aspect has to be kept in mind.

It is not the time for me to go into great details. I have mentioned only a few broad points which are important. There are persons present here who have got long experience in the cooperative movement; there are others who have been holding the reins of government or have played important part in shaping government policies. I have no doubt that the diverse experiences of all and discussion of the matter from various

angles will result in valuable and workable conclusions, to serve as guidelines for the countries in Asia and Africa. I am grateful for the opportunity given to me to address this august gathering, and I earnestly look forward to the deliberations, which will serve as the beacon light in this field of cooperatives, which has been recognised by our organisation, viz. AARRO, as one of the vital instruments for the welfare of the people and rural development.



## FRATERNAL GREETING

*D.H.J. Abeyagoonasekera*

The Singapore Consultation of Secretaries on Role of Government in Promoting Cooperative Development in Asia held in 1988 suggested that the FAO should build a network for cooperative organisations and government for promoting cooperatives. This recommendation has great relevant to FAO.

FAO is the only organisation which is working with emphasis on reducing the cost of production of small farmers. This objective is very close to cooperatives in the developing countries.

The Network will mutually benefit ICA and FAO. Cooperatives have several success stories in India, e.g. milk, cotton, sugar cooperatives, etc. Many countries are seeking information about them. Network can help significantly in the dissemination of such information.

The importance of Network has been well recognised by various country. This is evident from the response FAO has received. 13 countries have already responded. Network will operationalise from June 1990. FAO has a Standing Committee on Cooperatives. ICA has given a new dimension to cooperatives in this region.

---

\* Senior Regional Rural Development Officer, FAO



## FRATERNAL GREETING



*Jurgen Von Muralt*

It gives me great pleasure to represent the International Labour Office (ILO) at this important Conference. I bring you the cordial greetings and best wishes of the Director General of the ILO, Mr. Michel Hansenne. He felt greatly honoured that he had been invited to deliver the key-note address at your Conference and he very much regrets that he was unable to accept this challenging assignment. His duties in connection with the forthcoming Session of the ILOs Governing Body have held him back in Geneva. He wishes you fruitful deliberations and a successful outcome of the Conference. He has asked me to attend on his behalf and represent the ILO. This is not only a great honour for me but indeed a pleasure since it provides the opportunity to meet with many old friends (from the time when I serviced the region as Cooperative Officer out of Bangkok) and to become acquainted or better acquainted with our Australian hosts.

As many of you will know, the ILO has given particular importance to cooperatives right from its inception. As early as 1920, a cooperative unit has been set up in the ILO which has become the centre point in the United Nations family for the promotion of cooperatives and a supporter of cooperative development all over the world.

In fact, the ILO has been founded on the very principles which stood at the beginning of the cooperative ideas. Also the

---

\* Director, Sectoral Activities Department, ILO



ILO can claim a man like Robert Ower among its spiritual fathers.

Unlike the United Nations, the ILO is not a purely inter-governmental organisation but is made up of governments and employers and workers. It has therefore also direct access to those who normally make up cooperative membership.

I am looking forward to have with many of you an exchange of views and ideas about the status of cooperatives in your respective countries and discuss ways in which we might be able to help in your endeavours. Tomorrow I shall be able to explain in some more details our work for cooperative development.

I think it was very opportune to convene this Conference and the ICA should be congratulated for having taken this initiative. Cooperatives in the 90s are facing great challenges. In order to be able to face those challenges they have to develop into strong and independent business organisations which decide over their own affairs without undue government interference. This to discuss is certainly one of the important tasks of this Conference.

It remains only to thank the Australian Association of Cooperatives for having organised the Conference and provided me perfect facilities. Many thanks to all who have contributed to this.

## PRESIDENTIAL ADDRESS



*Lars Marcus\**

I extend a warm welcome to your Excellencies for accepting our invitation to attend this Conference. I have been looking for this even anxiously, ever since I had heard about the recommendations of the Singapore Consultation of the Permanent Secretaries of Cooperatives in Asia held in 1988. This is the first Conference of Cooperative Ministers in this part of the world. We had, of course, organised Ministerial Conferences in Africa.

Recently, the ICA Central Committee had met for the first time in Asia in New Delhi. Our experience there was very encouraging. The next ICA Congress will be held in Japan in 1992 again for the first time in Asia. These are significant developments. I think the future of cooperatives lies in Asia and the Pacific.

We are meeting at a time when swift political changes are taking place in Eastern Europe. It is difficult to predict their impact on cooperatives.

The governments have important responsibilities in regard to development of cooperatives in this region. The purpose of our meeting here is to develop understanding between government and cooperatives. Both government and cooperatives have to learn from each other. I will speak more about it in my key-note address. I have come to Australia for the first time. I will know about cooperatives here.

---

*\* President, ICA*

I see that lot of preparatory work has been done for this Conference and Exhibition. I appreciate the efforts of our host Australian Association of Cooperatives and the Government of Australia in making arrangements. I thank them. Let us hope this Conference will make valuable contribution towards strengthening cooperatives in this region.

## INAUGURAL ADDRESS



*Senator The Hon. John Button*

The Prime Minister has asked me to welcome you on behalf of the Australian Government to this Ministerial Conference and exhibition. He regrets that he is unable to welcome you personally but extends his best wishes for an enjoyable and productive Conference.

Cooperatives are not a new form of commercial activity - the first cooperatives were formed in Babylon around 1750 BC. In Australia the history of cooperatives is not quite so long, they have been operating for nearly 150 years. The International Cooperative Alliance itself is now approaching its centenary.

Cooperatives, both in Australia and overseas, have a long and distinguished tradition covering a wide spectrum of economic and human activity including large financial institutions, agricultural marketing bodies, retailing, child care, sporting organisations and purchasing groups.

In many countries represented here today, cooperatives are a very significant economic force.

In 1987, for example, there were more than 30,000 registered cooperatives in Indonesia, and some 2,500 in Thailand. As a group, cooperatives based in the Asia Pacific represent 60% of the membership of the International Cooperative Alliance.

---

*\* Leader of the Government in the Senate and Minister for Industry, Technology and Commerce, on behalf of the Prime Minister.*

In Australia, cooperatives cannot claim to carry a comparable degree of economic clout. Nevertheless there are 6,000 coops in Australia with 6 million members. They sell products and services worth \$16 billion a year across a wide range of industries and activities.

This Conference aims to focus on strategies to promote the development of cooperatives into the next century, and in particular through increasing regional and international trade and cooperation.

Australia of course is no stranger to conferences held to further regional trade and cooperation. In November last year, we hosted the inaugural meeting on Asia Pacific Economic Cooperation. At the initiative of Prime Minister Hawke, Ministers from 12 major economies of the region met in an unprecedented, vital experiment in regional consultation - both an expression of the dynamism of our region and a tangible demonstration of our commitment to see what more we can do to enhance our prosperity.

Since 1980, trade in goods across the Pacific has surpassed that of the Atlantic. The Asia Pacific region now provides around 44% of global output. Some 65% of that regional output is traded within the region.

From an Australian perspective, the Asia Pacific region accounted for 67% of our total trade in 1988.

Such statistics provide the impetus, if any were needed, for further cooperation and consultation in regional conferences such as this which focus on the dynamic nature of the region and which ask how best to encourage the development of the region as a whole.

For all these reasons, the Australian Government was pleased to provide financial support to assist the running of this Conference.

Cooperatives of course pride themselves on being special - on having qualities of organisation and purpose that differentiate them from the other economic players in national and

regional economics. The success of the cooperative movement in so many and such varied endeavours is due to a number of fundamental factors. One is the active participation of members in determining the cooperatives conduct.

In this regard, cooperatives are quite similar to democratic governments - that is, cooperatives are administered by persons elected by members and accountable to them. This feature of cooperative behaviour is enshrined as one of the six international cooperative principles.

Another reason for cooperative success - another unique feature in which coops are right to take pride - is that they are composed of members who come together to further their individual welfare through the welfare of the group as a whole. That is, they embody a philosophy of self-help that makes a positive contribution to society as a whole.

That is a philosophy that is in a real sense at the heart of the economic reform policies of the Australian Government.

Australians, by working together through consensus, can achieve greater individual and national prosperity than they achieve by confrontation. Indeed, it goes further than that - in a country of 17 million people operating in the global economy much can be achieved by positive collaboration between firms and institutions, between governments and the private sector.

So, in a real sense, we should strive to be members of one big cooperative - Australia.

In the same way, the Asia-Pacific economies are - where they adhere to the practice of fair trade and a shared commitment to achieve prosperity - all members of a region-wide cooperative endeavour.

The policies of the Government of which I am a Minister, rather, have the long term goal of changing the economic framework Australia inherited as a result of nearly 30 years of relative introspection and complacency.

One of the policies that the Government has pursued as a matter of priority, and one of our major achievements, is the

transformation of Australia from a closeted, protected and introspective economy to one that is efficient, outward looking and internationally competitive.

Our record of micro-economic reform has not been equalled in any other period of our history. The process of reform and change is, however, not yet complete and will need to be ongoing in our rapidly changing world.

And the framework we are putting in place ensures social equity in the impact of consequences from change and sustainable viability for those operating within it.

The reforms we have instituted have covered a wide range of areas.

We have floated the dollar and removed most foreign investment regulation, introduced dividend imputation and a 39% company tax rate, decreased protection so that by 1992 most tariffs will be set at a maximum of 10 or 15 per cent and moved towards deregulating the airlines, telecommunications and oil marketing.

We also undertook far-reaching financial deregulation, part of which enabled Australian building society and credit union cooperatives to meet increased competition from other financial institutions and to provide better services for members.

As we move into the last decade of this century, we are undertaking other initiatives that will directly benefit cooperatives (we are working with the State governments to remove barriers, no matter how small, to interstate trade and commerce and to standardize, in a deregulatory fashion, the provisions governing the formation and operation of cooperatives).

As I said before, cooperatives have an important role to play both for this country and for the region as a whole. But like other business structures, cooperatives need to recognize the stark realities of doing business. That means understanding the importance of such factors as technological change, product development and marketing.

Too often in the past, Australian cooperatives like other Australian businesses have made the same old products, in the same old way and expected the world to beat a path to their door. When this happens, it is not surprising that buyers look elsewhere.

To fully realise their potential, cooperatives have to develop the attitudes and expertise of other successful trading enterprises.

Let me add that I was interested to hear about the proposal being pushed by Race Mathews for the establishment of an Asia-Pacific Centre for Cooperatives Research, Training and Development. This proposal is receiving some consideration. Certainly, if cooperatives are to continue to grow and to serve their members, leaders will need the best possible training and access to management skills.

One underlying rationale for this kind of programme of reform is simply that greater exposure to international trade represents the single most effective means of improving the efficiency of the domestic economy.

In tandem with our domestic policy, we are firm in our support for liberalized world trade in international forums such as the GATT. In fact, Australia together with its colleagues in the Cairns Group of fair traders in the agricultural area, is playing a major part in the current Uruguay Round of multilateral trade negotiations. Australia's stance on agriculture is not isolated. Across the board in issues before the GATT Uruguay Round we are seeking reduction and eventual elimination of trade distorting practices.

Success in these objectives will be of direct benefit to all. The opportunity for international trade in many of the goods and services your organisations provide or purchase will be significantly enhanced. Even those few cooperatives who do not participate in trade, directly or indirectly, will still benefit as a result of the resulting increases in the efficiency of the domestic economy.



Aside from GATT considerations, this Conference offers the opportunity for you to discuss the scope for increased trade on a cooperative to cooperative basis or cooperative to non-cooperative basis. Many Australian cooperatives in particular have not yet realized the full potential they possess as entities in international trade.

Our objective is to build on the regions successful development based on free trade and to further mesh our economy into the region. This will benefit our economy but it will also benefit all the other economies of the region. To put it another way, it is the win-win solution that cooperatives are also based on.

This Conference will provide the opportunity to share and exchange ideas. My hope is that the Conference will promote the type of outward looking approach that will ensure growth and prosperity for cooperatives as they reap the opportunities for trade within the region.

On behalf of the Australian Government I am pleased to welcome you and may I wish you the best of success in opening new doors in international trade.

## APPRECIATION



G.K.Sharma\*

It is my privilege to propose a hearty vote of thanks to the Chief Guest, Honble John Button, who has been kind enough to inaugurate this Conference which is being held for the first time in Asia and Pacific Region. We feel encouraged by your presence, your kind words and the support you have assured to ICA.

We feel encouraged by the excellent response which we have got particularly from Your Excellencies and the governments of the region. I am conscious of the fact that Your Excellencies have heavy engagements in your countries but you accepted our invitation and made it possible to participate in the Conference. I extend grateful thanks to you on my own behalf, on behalf of the ICA and the host of the Conference, AAC. We have many senior officers responsible for cooperative development present here and I extend my thanks to them also. The response and presence of cooperative leaders from so many countries establishes further the unity of purpose and collaborative approach of government and the cooperatives. I offer my sincere thanks to the representatives of cooperatives.

It is a historical fact that the governments in this Region not only have very close association with cooperatives, but in many cases they have promoted, they have nurtured, they have supported and very often supervise the cooperatives. While in many cases the cooperatives stand on their own and operate as autonomous democratic institutions, in many others, it is not so.

---

\* *Regional Director for Asia and the Pacific, ICA*

Cooperatives should play and could play an important role in fulfilling the socio-economic objectives of the governments but they should not lose in the process their basic character. This would be one of the challenges for cooperative development in the coming decade. A clear distinction needs to be made between cooperatives, government corporations and private companies and their functioning. Without having a clear understanding about the objectives and philosophy of cooperatives, they could often turn into either government agencies or private companies. To maintain a genuine character of cooperatives is a task which will need continuous efforts. This Conference I hope could be a step in this direction.

AAC, the joint host to the Conference, has taken pains to organise and make arrangements for this Conference. We are obliged to them sincerely. I would also like to extend my sincere thanks to AARRO, its Secretary General, Mr. B.C. Gangopadhyay, Director, Mr. Jurgen Von Muralt and his colleagues from ILO; Mr. D.H.J. Abeyagoonasekera from FAO; delegates from CCA and CIDB from Canada, NCBA USA and others for their participation. Last, but not the least, I would thank Mr. Lars Marcus, President and Mr. Bruce Thordarson, Director of ICA, respectively for making it possible to be with us.

I thank all the special invitees, particularly Excellencies from Africa and Pacific. At the end I wish all the distinguished delegates a purposeful and pleasant stay.



*Mr. Ahwoi Kwamena, Minister of Local Government, Ghana presenting a souvenir to Mr. Devi Lal*



*Mr. Devi Lal, Dy. Prime Minister of India (L) with Mr. Lars Marcus, President, ICA (R) and Mr. G.K. Sharma, Regional Director (M) having consultations during the Conference*



*Mr. John Kerin, Minister for Primary Industries & Energy, Australia visits the Exhibition*



# III

## COUNTRY STATEMENTS



## Delegates and participants from Australia



*Hon'ble John Kerin  
Minister for Primary  
Industries & Energy*



*Senator John Button*



*Lord Mayor of Sydney*



*Mr. Ray Everingham  
Chairman, AAC*



*Mr. Ray Ison  
Deputy Chairman, AAC*



*Mr. Geoff Ayres  
General Manager, AAC*



*Mr. R. Mathimugan  
Special Advisor, ICA/AAC*





## AUSTRALIA



*Ray Ison\**

AACs momentum continued to gain pace with increasing membership, activities and collaborative arrangements with governments as well as the international cooperative sector. They could be listed as follows :

- 1.1 AACs membership development in Victoria and New South Wales resulted in new members.
- 1.2 A new division was opened in the State of Queensland.
- 2.1 AAC held a successful conference end of July 1989 addressed by the Minister of Primary Industries and Energy, John Kerin, who elaborated on the continuing effort of the Federal Government to have uniform cooperative laws throughout the States. Mr. Kerin also assured AAC of the Governments continuing support and interest in the cooperative sector.

Political leaders of the other parties also participated expressing their commitment to the cooperative sector. ICAs Regional Director and Representatives also addressed the Conference.

- 2.2 AAC continues to take up issues related to tax exemption with the Federal Government.

---

\* *Deputy Chairman, Australian Association of Cooperatives*

2.3 At the States level, AAC continues to hold discussion with the NSW and Victorian Governments over legislative changes.

The new legislative act on cooperatives in Victoria is awaiting passage through the State Parliament. Copies of the draft were sent to ICA for their information and comment, if any.

3.1 In the area of development, significant collaborative efforts were effected with the NSW Government, which enhanced the role of the AAC.

3.2 The NSW Government transferred the Worker Enterprise Corporation to the AAC CDU to manage and promote cooperative development in the State.

3.3 The State Government also came to an arrangement with the AAC to establish a cooperative to run a country hospital in Yeoval.

3.4 The AAC was instrumental in negotiating the establishment of a cooperative to take over the marketing activities of the Egg Producers Statutory Marketing Board.

3.5 At the international level, the collaboration with cooperatives was hoisted by :

(a) The mutual benefit and support agreement with the Fiji Cooperative Union Limited with an immediate result, namely, the establishment of Fiji Australia Cooperative Consumer Store in Sydney with produce imported from Fiji.

(b) The programmes of the International Relations Department in the areas of COOPTRADE development and promotion activities in Asia Pacific.

(c) Exchange programmes and trade delegation visits to and from Asia Pacific countries.

4.1 In the context of development support and assistance to the ICAs development, AAC has joined the Australian Federation of Credit Unions Limited, the International Cooperative Alliance and the Chairman of the Victorian Ministerial Advisory Committee on Cooperation to initiate the estab-

lishment of an Asian Pacific Centre for Cooperative Research Training and Development with the support to be requested from the Federal and State Governments. This will be one of the most significant advances to be made by the ICA in its cooperative development programmes.

It is of great interest to all members of the Asia Pacific as the services will be directed to them.

- 5.1 In conclusion, and particularly with respect to cooperative trade, AAC would like to make the following recommendation :

That individual cooperative, national cooperative movements and their governments respond in a positive and timely fashion to initiatives promoted by ICA for the further development of international cooperative trade.



## Delegates and participants from Bangladesh



*Alhaj Liaquat Ali  
Chairman, BJSU*



*Mr. Mohd. Shahidullah  
Gen. Secretary, BJSU*



## BANGLADESH



*Liaquat Ali\**

Kindly accept fraternal greetings and cooperative brotherhood from eight million cooperators of Bangladesh and National Cooperative Union of Bangladesh. I deem it a great privilege for me to have the opportunity of addressing this august forum of Cooperative Ministerial Conference of Asia and the Pacific and make a country statement on behalf of Bangladesh.

The Honble Minister, Ministry of Local Government, Rural Development and Cooperatives, due to his preoccupations with important assignments could not attend this conference in spite of his keen desire and interest to avail this august forum of official and non-official cooperators.

Country papers from Bangladesh on Role of Government in Promoting Cooperative Development as published in ICA publication 1989 (Ref pages 146-168) already circulated to you precisely indicate an over-view of the needs of cooperative movement of Bangladesh.

### **Bangladesh in brief**

Bangladesh is deltaic land which is mostly flat and alluvial situated at the north-eastern part of South Asia. It comprises an area of 143,998 sq.km and has a population of over 110 million.

---

\* *Chairman, Bangladesh Jatiya Samabaya Union (BJSU)*



It has 68,000 villages where more than 90% of its people live and depend on agriculture for their livelihood. Bangladesh is one of the least developing countries confronted with problems of population boom, highest rate of illiteracy, poverty, unemployment, shortage of capital and above all, faces constant food deficit. Bangladesh is striving for over all economic development, specially for improvement in the living condition and standard of its vast rural people.

### **Present Trends and Development of the Coop Movement in Bangladesh**

I am representing a Movement which could be termed as offspring of the Government initiative, since 1904, in different times and in different ways, to channel production credit to the poor grower farmers. The Movement had been a movement of government domination and rural agricultural credit financing confronted with problems of vagaries of nature and adverse effects of hegemonies of the international marketing intelligence and mercantile oriented national policies and strategies very often to the detriment of the growers/producers who are again consumers living in sub-human conditions. The present government decided to develop cooperative as autonomous self-managed and self-reliant organisations.

I would, however, make a venture to apprise you all in brief the recent trends and developments of cooperative movement in the country and submit before you all an indent of needs of cooperative movement of Bangladesh in 90s so that developed nations and cooperative movements of Asia and the Pacific region can tag a point in their overseas development programme specially for the least developing countries of this region, emphasizing the necessity and importance of development of National Cooperative Union and apex system equipping them with needed infrastructure and physical facilities and to guide and supply appropriate support and services to usher viable and autonomous cooperative movement in Bangladesh.

## Profile of Cooperatives in Bangladesh

The Bangladesh Jatiya Samabaya Union (BJSU) is the supreme federal body of the entire cooperative movement of Bangladesh. There are 21 national level cooperative organisations with 1106 central societies and 128,636 primary societies and individual membership of about 8 million.

The performance of the cooperatives in Bangladesh during 1987-88 and 1988-89 are given below:

<i>Particulars</i>	<i>Y e a r s</i>		<i>Trend</i>
	<i>1988</i>	<i>1989</i>	
Share capital	730.4	835.2	Increasing
Savings	928.2	1,026.3	
Reserve fund	489.7	548.1	Declining
Loan received	20,953.7	23,077.5	
Loan invested	20,626.2	23,008.7	
Loan collected	15,866.1	15,345.7	
Loan repaid	15,932.4	13,297.7	
Assets	7,110.6	6,321.5	

The BJSU and the government have been working to activate the process of amalgamation to reduce the number and make the primary and secondary cooperatives larger and stronger.

### Cooperative-Government Collaboration

**Constitutional Recognition of the Cooperatives :** The Government of Bangladesh believe that the improvement of living conditions and standards of its majority population below poverty level in the rural areas depends to a great extent on increasing production, creation of income generating activities, organisation of local resources to augment human development through concerted peoples participation. The Constitution of Bangla-

desh has therefore very rightly recognised the cooperative ownership vis-a-vis public and private sector as the second important national economic sector.

*National Cooperative Council* : The government in order to fulfil its constitutional obligation to promote, protect and develop cooperatives for balanced economic growth and ensuring active involvement and participation of the people specially poorer segment in the national development process in an organised cooperative institutional discipline formed a National Cooperative Council in 1988 to formulate policy and action plans for the cooperatives.

*National Cooperative Policy declaration by Government* : The National Cooperative Council has formulated and finalised a National Cooperative Policy in collaboration with the National Cooperative Union of Bangladesh and members of the Council. The Honble President of Peoples Republic of Bangladesh who is the Chief Patron of the Council has been kind enough to approve the policy and the Government has declared a National Cooperative Policy in December 1989. The National Cooperative Policy declared by the Government has given a new dimension for guiding, promoting and streamlining cooperative on a sound footing through peoples participation and management with strict adherence to the internationally accepted cooperative principles with special emphasis on a spirit of self-help, self-management and self-reliance.

*The Government Attitude* : The Government intends to develop cooperative as an autonomous organisation through National Cooperative Union of Bangladesh and its existing countrywide network by providing all out support and services and developing national cooperative infrastructure and physical facilities for information, education, motivation, training, research, extension, evaluation, planning and programming.

*National Committee* : The Honble President of the Peoples Republic of Bangladesh has been pleased to ask the National Cooperative Council to formulate need based development project proposals for promotion and development of cooperatives as strong and self-reliant enterprises. The National Coop-

erative Council has been authorized to work as National Committee for formulating national development project profiles for the cooperatives. The BJSU has its representation in the Committee.

*Fourth Five Year Plan (1990-91 to 1994-95)* : The Fourth Five-Year National Development Plan will begin from 1st July 1990. In order to indent and articulate the development needs of the Cooperative Movement in Bangladesh, the Ministry of LGRD and Cooperatives and National Cooperative Union of Bangladesh are working in close collaboration and mutual interactions to make situation study and identify problems and prospects and frame national policies and strategies for development of cooperatives with involvement and participation of National Cooperative Union, official and non-official cooperators, government agencies and institutions and people from various segments of the population, those who matter and concern the Government of Bangladesh. The Additional Secretary, Ministry of LGRD and Cooperatives (RD & Cooperative Division), Registrar of Cooperative Societies, Director General, Bangladesh Rural Development Board (BRDB), officials of Cooperative Department and BRDB and also representatives of professional executives of the National Cooperative Union and apex cooperative organisations held a meeting in this regard at the office of the National Cooperative Union of Bangladesh on 28th January 1990 in this direction. National Cooperative Union of Bangladesh also has organised a National Consultative Forum with representatives of all apex cooperative organisations to study recent trends, problems and needs for development. The National Cooperative Union of Bangladesh consider it as a significant dimension of Government for ensuring active participation and involvement of the Cooperative Movement in the national development process.

*An Indent for Development for 90s* : The BJSU has prepared a tentative development project profiles for 90s for its own (enclosed in Appendix-1). The BJSU has also drafted development project profiles for apex cooperatives (enclosed in Appendix-II). Developed nations and movements in their assistance programme for Bangladesh may consider any one of them.

*Conclusion* : Bangladesh has a cooperative network upto grass-roots level and strong apex system with potential leadership and manpower but cannot forge ahead due to lack of need-based resources. The developed nations and cooperative movements of this region may kindly extend helpful hand to provide consultancy services for situation study for restructuring, reorganisation of the Cooperative Movement in different sectors of our national economy under BJSU - government collaborative strategies for 90s. ICA in particular and also inter-governmental agencies and inter-nongovernmental organisations working in Asia and the Pacific region, if kindly respond to the needs of the Cooperative Movement of Bangladesh, as indicated above, may lead the Cooperative Movement of Bangladesh to success.

## APPENDIX-I

### Development project profiles under preparation

<i>Taka in Million</i>				
<i>S.No</i>	<i>Title of project</i>	<i>Total Cost</i>	<i>Capital</i>	<i>Grant in Aid</i>
1.	Development of marginal farmers of cooperatives.	500	450	50
2.	Coop publications in Bengali & publication of coop books and technical journals.	150	100	50
3.	Establishment of national coop complex at Bojoy Nagar Road.	200	150	50
4.	Basic literacy programmes for illiterate members of cooperative societies.	50	20	30
5.	Development of cooperative manpower & skills and human resources.	100	50	50
6.	Organisation&development of rural coop housing.	1,100	800	300
7.	Programmes for exchange visits, study tours, training of coop leaders professionals & technical personnel.	60	10	50
8.	Production of films & video on cooperation for display among members.	100	75	25
9.	Establishment of BJSU Planning & Consultancy Centre.	200	100	100
10.	Programme for introduction of insurance services for members, employees and workers of coops.	500	300	200
11.	Establishment of telex, fax, and computerised electronic secretarial service centre for apex cooperatives and central coop societies.	1,000	250	7

## APPENDIX-II

*Taka in Million*

<i>S.No</i>	<i>Title</i>	<i>Total Cost</i>
i.	Establishment of National Cooperative Management Training Centre.	7.8
ii.	Development of fishery coop industries.	10.0
iii.	Development of weavers & industrial coops.	25.0
iv.	Development of sugarcane growers coops.	15.0
v.	Development of coop credit & Banking services.	60.0
vi.	Development of coop dairy societies and industries.	50.0
vii.	Development of women and handicraft cooperatives.	15.0
viii.	Development of cooperative marketing.	50.0
ix.	Development of cooperative consumers supply and services.	50.0
x.	Development of cooperative jute growers.	25.0
xi.	Promotion and development of cooperative printing and publication.	25.0
xii.	Development of cooperative tourism.	15.0

**Delegates and Participants from the Peoples  
Republic of China**



*Hon'ble He Jihai,  
Vice Minister of Commerce  
in charge of Coop Affairs*



*Mr. Yang Deshou  
Secretary General, ACFSMC*





## CHINA



*He Jihai\**

First of all, I would like to express our heartfelt thanks to our host, the Australian Government and the Australian Association of Cooperatives Limited, for the arrangements they have made for the Conference and the hospitality they have extended to all of us.

This Conference of government ministers and cooperative leaders held by the ICA ROAP is of great importance. It contributes a lot to the improvement of mutual understandings and cooperation among the countries in the Asian and Pacific Region and to the development of their national economy and the cooperative course. Therefore, I wish a great success to this Conference.

Mr. President, please allow me to take this opportunity to share with our distinguished delegates some information about the Chinese Cooperative Movement and the government attitude towards it.

China, as known to all, is a big agricultural country, with 80% of its population living in the rural areas. The situation of our agricultural production determines the development of our national economy. Thus, since the founding of the new China in 1949, the Chinese government has been taking it as the fundamental national strategy to develop agricultural production and

---

\* *Vice Minister of Commerce, In-charge of Cooperative Affairs.*

rebuild new rural areas. It encouraged the forming of cooperatives of various types to increase agro-productivity, resume and develop production and improve peoples living standard. Through 40 years of efforts, our countryside has seen significant developments. The output of grain, cotton meat, aquatic product and some other major agricultural and sideline products rank the 1st or 2nd in the world. On only 7% of the worlds cultivated land, a quarter of the worlds population is fed.

In our country, the cooperatives play a great role in developing agricultural production and improving the rural areas. The Chinese government also have been actively supporting the cooperatives. In the early days of the new China, the state gave cooperatives such a lot of preferences and help in terms of state loans, prices, commodity supply and personnel training that the cooperatives got to grow healthily and rapidly. So far, all across the country, there are 320,000 primary cooperatives, 140 million member-households, 740,000 supply and marketing outlets, 30,000 industrial enterprises in Chinese cooperatives which have between them an asset of over RMB 45 billion yuan and an annual supply and marketing turnover as high as RMB 220 billion yuan. The Cooperative Movement is undoubtedly considered as an important part of our national economy. Cooperatives are characterized by having plenty of outlets covering a large business scope, flexibility in business operation and having blood-and-fresh ties with members. The Chinese governments basic policy towards cooperatives at the present time, is just to bring all these cooperative characteristics into full play, to encourage cooperatives to be actively involved in market competition, to develop all types of horizontal economic collaboration, to satisfy to the maximum members increasing needs and to promote the development and prosperity of a planned commodity economy.

The experience of the past years have proved that whilst cooperatives cannot develop without governments support, the government should not take all the cooperative things into its own hands but ought to let cooperatives operate freely under the state law.

According to the present economic situation of our country, the government put forward the following requirements to the cooperatives:

- i. Cooperative workers should adopt the idea of being loyal to members. This is the strength source to guarantee a strong position of the Cooperative Movement. Now, the Chinese supply and marketing cooperatives have widely adopted the systems of member congress, election of leaders and advertising for managers for the purpose of respecting members choices and satisfying members reasonable requirements to the maximum. Cooperatives are required to be open to members in terms of the financial affairs and business activities and are subject to the necessary supervision of the government. In general, all these are aimed at strengthening mass participation in cooperative organisations, improving democracy in cooperative management and increasing flexibility in cooperative operation so as to make members more active and voluntary in cooperative management and more attracted to cooperatives.
- ii. Cooperative workers must acquire the idea of serving the agricultural production. The Chinese supply and marketing cooperatives lay their work stress mainly on serving the farmers in the rural areas and they are responsible largely for coordinating, guiding and supporting production to steadily raise rural productivity and farm yield, and lessen the farmers blindness and risks in their production. Now, the Chinese government strongly promotes and encourages cooperatives to establish various systems to serve the rural commercialized production development, to secure material supply, provide technical guidance and product processing and marketing service. This has been proved in practice to be a very important way, under the present circumstances in China to promote maximal farm operation, improve commercialized production, ensure better income for the farmers and steadily develop productivity.

- iii. Cooperatives are encouraged to develop agricultural products processing business. China abounds with agricultural and native produces. To develop processing industry, particularly initial processing in the production area is quite necessary. On one hand, this local processing business can reduce loss occurred in the long distance transportation, on the other, it can increase the value of the product, bringing more income to farmer members. Meanwhile, it provides a solution for the surplus labourers in the countryside by drawing some farmers into industrial production. With so many benefits, this business is mostly welcomed by the farmer members. So far, the Chinese supply and marketing cooperatives have established 30,000 different kinds of processing enterprises, with an annual turnover totalling RMB 17 billion yuan.
- iv. Cooperatives should be actively involved in education and training of managerial personnel. Our practice indicates whether a cooperative is successful or not depends to a great extent upon the managerial ability of the cooperative leaders. Therefore, it is very important to strengthen education and training and to raise personnel quality. Through 40 years efforts, the Chinese supply and marketing cooperatives have set up 1,500 different education institutions, among which, there are 12 colleges with 4-year-schooling-period, students totalling 3,200; 84 technical schools with 2-year-schooling-period, students totalling 25,000; and 1,488 short-term training courses, trainees totalling 120,000. A complete education system has been generally set up in the cooperatives.

Mr. President, shortly before, the 5th plenary session of the 13th Central Committee of the Communist Party of China was convened. It seriously summarized the achievements brought about by the reform and open policy adopted in the past ten years, studied the present economic situation and the guiding policy for further reforms; and it clearly indicated that the work priorities for the next 3 years should be given to improving economic circumstances, rectifying economic order deepening the

overall reform and curbing the inflation, the main tasks being to control the scope of capital construction, cut down the increase of consumption capital, readjust the production structure, improve the business management and raise the business efficiency so as to achieve the balance between the overall social supply and demand. All the measures we take are aimed at providing a more favourable social and economic environment for the reform of economic system and more effective implementation of the policy of reform and opening to the outside world. Opening to the outside world and having more international cooperation instituted in the past will not be changed. Moreover, we will further expand our economic and trade exchanges with the outside world as before, and actively make use of foreign funds and develop economic cooperation within the bounds of our might. In this regard, the Chinese government will continue supporting cooperatives to develop economic, technological and trade cooperations and good-will exchanges with cooperatives abroad on the basis of equality and mutual-benefit. Our government very much appreciates the ICAs efforts for strengthening the cooperation among cooperatives.



## Delegates and participants from Fiji



*Hon'ble V.S.J. Gonelevu,  
Minister for Primary  
Industries & Coops*



*Mr. K.B. Matalau  
Chairman, Fiji Coop  
Union*



*Mr. A.P. Sharma  
Director and Registrar  
of Coops*





## FIJI



*V.S.J. Gonelevu\**

It is indeed a great honour and pleasure for me to present my country at this Conference of the Ministers responsible for cooperative development in the Asia-Pacific Region.

I would like to congratulate the conveners of this Conference, the International Cooperative Alliance and the hosts the Australian Association of Cooperatives for their initiative. I believe this Conference will be the first of its kind under the banner of Cooperation for the 90s.

We are very fortunate to be associated with the International Cooperative Alliance, the world body of the Cooperative Movement. The Fiji Cooperative Union Limited, an apex organisation of 989 cooperative societies in Fiji, is affiliated to the ICA.

Some 30,000 families in Fiji are involved either directly or indirectly with the Cooperative Movement.

The cooperative development in Fiji began in 1947 when the first Cooperative Act was passed in the then Legislative Council. Subsequently, copra marketing and consumer cooperatives evolved as dual functional units to serve the rural population. In the early stages of cooperative development in Fiji, the capabilities of the local persons involved were limited by the total lack of any prior involvement in or familiarity with cooperative structure.

---

\* *Minister for Primary Industries & Cooperatives.*

In 1955 the Fiji Government Department of Cooperatives was set up with the primary function to actively promote the establishment and development of cooperatives in Fiji. This was a reflection of government recognition of the positive role cooperatives are able to play in the economy of the nation not only in harnessing and effective use of the collective resources of the rural population but also as a vehicle for the redistribution of wealth to the poorer sector of the economy. During the same period training of the administrative personnel began to gain importance. Such training concentrated on the very technical aspects such as the interpretation of the Cooperative Societies Act, supervision of cooperatives, proper and accurate recording of transactions, etc.

Over the years the Cooperative Movement steadily grew in size and functions. There were 110 registered cooperatives in 1958, 1,129 in 1974 and 989 in 1990.

The cooperative system came to be recognised as an important tool for the involvement of the rural sector in modern commercial activities.

The Department of Cooperatives is responsible for the formulation of policies pertaining to cooperative development, laying down of strategies for the promotion and establishment of cooperatives and the monitoring of their implementation.

The Government has emphasised over the years the importance of developing the cooperative structure and network as an important machinery to facilitate rural development and to involve the rural traditional sector in the mainstream of economic development.

Cooperative Movement in Fiji is regarded as part of the private sector owned and controlled by the members.

There are a number of countries that offer very specific training courses covering different aspects of cooperative organisation and development. In Fiji my Ministry has a training division which concentrates on providing non-formal education to the Cooperative Movement. Beyond this stage we seek

international aid in terms of experts and conduct higher level courses for the middle and senior level staff of the Ministry.

Countries and organisations that have assisted in this area include United Kingdom, Israel, Netherlands, Australia, India, Japan, the ICA and the ILO.

In the more recent years we have seconded a number of Co-operative Officers to larger cooperative societies to gain the experience of working in cooperative enterprises.

Recent emphasis has been the promotion, establishment and operations of rural income generating cooperative societies.

I firmly believe that problems faced by cooperatives in South-East Asia and the Pacific are similar. Some of our constraints are:

- The Ministry in spite of its dedication and enthusiasm to develop a strong and successful Movement is restricted by the limited operating funds and other resources allocated to it each year.
- Cooperative development is a rather specialised area of the wider commercial field in the economy. In Fijian context it is more than business management and organisation because it involves the traditional rural sector which has little knowledge and experience of commercial practices and which is bound by a value system which at times conflicts with the norms of proper business operational rules and procedures.
- Since the Cooperative Act was enacted in 1947, when Fiji was still a colony, it is out of date because of the drastic changes that have come about over the last four decades. The Cooperative Act was enacted from the Cooperative Act of British India in 1903. Our Cooperative Act needs to be revised and amendments brought in line with the current situation and needs.

We are seriously considering the transfer of some of the development functions from the public administration to the na-

tional apex of the Cooperative Movement. This could include training for the members within the Cooperative Movement and supervision and control of the operations at the lower level of structure of the Cooperative Movement.

I take this opportunity to make some suggestions and recommendations to be considered by this forum :-

- That the recommendations of the 1984 report on Round Table Conference on Cooperative Trade in the Pacific which was held in Fiji, be followed up by the ICA Committee on Consumer Affairs.
- That the formation of the Pacific Islands Cooperative Federation be pursued.
- That the review of the cooperative legislation in the Pacific countries be undertaken together with a study in cooperative education and training.
- That there is need to deepen regional cooperative collaboration in Asia and Pacific to enhance regional cooperation among cooperatives.

It is with great interest that I will follow this Conference and I wish you all good luck and every success in your very important task.

## Delegates and participants from Ghana



*Hon'ble Ahwoi Kwamena  
Secretary of State,  
Ministry of Local Govt.*



*Mr. Robert Buachie Aphram  
Registrar of Coops*



## GHANA



*Kwamena Ahwoi\**

### Introduction

It would be fair and accurate to say that the Cooperative Movement in Ghana today is very much alive and kicking, virile and active. It is one of the main vehicles for rural development, and my Government is dedicated to making it a very efficient vehicle. Within the context of the ruling PNDCs decentralization policy, cooperatives have a very decisive role to play in decision-making both at the district and the sub-district level.

The process of getting decision-making to the grassroots began with the promulgation of a new Local Government Law in late 1988 under which key Government Departments have been hived off Central Government Departments and Ministries and made into Departments of the recently established District Assemblies. A National Development Planning Commission has been established to coordinate planning at the national level by using bottom-up approach in contrast with the previous top-down planning policy. At the district level, mobile district planning teams have been established to coordinate all district development plans, including cooperative development plans.

The excitement and challenges of the new local government and planning system offer opportunities to the Cooperative Movement such as has not existed before.

\* *Secretary of State, Ministry of Local Government.*



## Background

In Ghana official support for the promotion of cooperatives dates back to 1928, when the colonial government mooted the idea of cooperatives to promote rural agriculture especially in the cocoa industry. The Ghana seven-year development plan (1963-70) which was to lay the foundation for a socialist economy was designed To promote to the maximum the development of the state and the cooperative sectors and to ensure that the growth rate of the public and the cooperative sectors of our economy would exceed the growth in the private sector.

The Government of Ghana believes strongly in the International Labour Organisation recommendation 127, popularly known as Cooperative (developing countries) Recommendation of 1966, which urges the governments of developing countries to promote cooperatives in their countries to ensure quick socio-economic and cultural change.

The governments policy on cooperatives is to establish a financially self-reliant and effective Cooperative Movement which is capable of bringing about improvements in the socio-economic conditions of its members and their environment, and also positively contributing towards the achievement of national goals and objectives. This policy on cooperatives is guided by the ILO recommendation 127, and forms the basis for the cooperative reactivation programme which was started in 1987. This programme has been embarked upon as part of the governments economic recovery programme relating to the cooperative sector. It is aimed at reactivating moribund societies and to strengthen the already active societies so as to form a strong cooperative sector which can contribute to creation of employment to absorb some of the excess labour force created as a result of the structural adjustment programme in the public sector, and also serve as a vanguard for the rural industrialization process.

Because of the governments commitment to the cooperative system, it has designated the fourth sector of the national economy as the cooperative sector. Since it assumed office in

1981, the PNDC has gradually shifted emphasis from consumer-oriented cooperatives to production-oriented cooperatives as part of its efforts to ensure quick economic recovery under its Economic Recovery Programmes. This is a marked departure from its predecessor regime which put emphasis on consumer cooperatives to the detriment of production cooperatives.

It is a revitalization of an old policy based on the realization that the farmers could not make any progress in food production unless they had credit; and they could not have this credit on an individual basis. Therefore, the only course open is to organise the farmers to pool their resources for development. The first cooperatives were therefore organised among cocoa farmers, who produced the countrys main foreign exchange earner. They were at first solely concerned with marketing of farmers produce, but they eventually took on additional functions of thrift and credit.

Frank Stockdale, a British expert who visited the country in 1936 to review the development of the Cooperative Movement, thought that the cooperatives which had started had a wide social and educational value which had not been fully appreciated by the public, and that the Movement was designed to introduce to the farmers of Ghana business methods both with regard to the handling of their crops and the proceeds realized therefrom, and also to banking. It could thus be seen that right from the onset, cooperatives were perceived as instruments for rural transformation.

In order to stimulate their further development, the colonial government formally gave the cooperatives legal recognition by passing the first Cooperative Societies Ordinance in 1931. This ordinance was replaced by another one in 1937 which took into account the experience gained in the country in cooperative development between 1928 and 1936. The 1937 ordinance has been replaced by the Cooperative Societies Decree No.252 of 1968, which is the current law on cooperatives in Ghana.

The establishment of a Department of Cooperatives in 1944 placed the promotion of cooperatives in the hands of specialists, and this gave new impetus to cooperative development. Hith-

erto cooperative development had been in the hands of personnel of the then Department of Agriculture. The cooperative idea quickly spread to other economic activities such as thrift and loan, consumers and banking. The Ghana Cooperative Marketing Association was registered in 1944, as an apex organisation. The Ghana Cooperative Bank was also registered in 1946 and the Cooperative Wholesale Establishment formed in 1948 to take care of the consumer societies. In 1951, the Alliance of Ghana Cooperatives was formed as the national apex organisation and the mouthpiece of cooperatives. It joined the International Cooperative Alliance in 1953. The development of cooperatives reached its climax in 1961. By this time, the cooperatives had attained their full stature with a broad base of village-level primary societies linked together at district and regional levels into Unions. The Unions, in turn, were linked up at the national level to form National Associations. These national associations were also linked up to form the Alliance of Ghana Cooperatives. The consumer cooperative system received a big boost from 1974 to 1981, when the country was suffering from shortages of basic commodities such as soap and drugs. As a result, the cooperative consumer system was adopted by the government to distribute the scarce commodities in the system. The policy of the government at that time to rely heavily on the promotion of consumer cooperatives greatly affected the growth of the more-advantageous production-oriented cooperative system.

## Recovery

As part of the Economic Recovery Programme started in 1983, the government has adopted measures to improve the performance of the cooperative sector of the national economy.

It believes that in an economy such as Ghana's, where small-scale farmers predominate, the adoption of the cooperative method to ensure higher productivity in agriculture and the improvement of the living conditions of the farmers, cannot be over-emphasised. The PNDC gave the necessary support and assistance towards the formation of the Ghana Federation of

Agricultural Cooperatives (GHAFACOOOPS) in 1983 to bring all the splinter-groups of small-scale farmers organisations under one umbrella to ensure increased agricultural production.

Following the unimpressive performance of the GHAFACOOOPS, and in conformity with the PNDCs policy of participatory democracy, a National Committee has been formed to consult the farmers to determine what sort of organisation they prefer that will enable them to achieve their aspirations.

A number of committees of enquiry has been set to look into problematic sectors of the Cooperative Movement with the view to remedying the situation and rejuvenating them.

In 1987, the Government appointed a Task Force to critically examine the cooperatives and offer recommendations aimed at revitalizing the cooperative sector. Based on the recommendations of the Task Force, a Cooperative Reactivation Programme has been prepared and is being implemented. It is currently the official document of the government to promote a viable and effective cooperative system in the country.

The Task Force observed that inadequate cooperative education is the main drawback to attempts being made to promote cooperatives. As a result, the programme is basically educational in content. It seeks to rekindle the interest of all cooperators and the general public and to conscientize them to the new role and functions that the cooperatives are expected to play within the Economic Recovery Programme.

The thrust of activities under the Programme is being focussed on an integrated cooperative education programme using radio, television, the other mass media and both formal and informal cooperative teaching techniques.

Under the programme, it is expected to bring about a new cooperative consciousness among members through active member participation in the affairs of their societies. It is also to rekindle interest in cooperatives among the public so that people will form and join cooperatives as a way of pursuing their socio-economic interests. It is also to create new cooperative structures such as the Mobisquad cooperatives. Lastly it is to

strengthen the already registered societies through amalgamation, adoption of more functions by cooperatives, and liquidation of inactive and unrecoverable cooperatives. In order to realise the potentials of cooperatives in national development, the cooperatives in Ghana have been categorized into four main sectors and as at 31st December 1989, 10,585 societies have been registered and grouped as follows :-

- Agricultural cooperatives : 5,097
- Financial cooperatives : 451
- Service cooperatives : 3,087
- Industrial cooperatives : 1,950

#### *Agricultural cooperatives*

The operations of agricultural cooperatives have shifted completely from the purely marketing societies of the early 20th century to activities in food production, fisheries, poultry and livestock, food processing and production of industrial crops such as cotton, oil palm, sugarcane and tobacco. More and more societies are also venturing into the production of non-traditional export crops such as pepper, ginger and pineapples. Small-holder farmers predominate this sector with average farm sizes of about two hectares.

#### *Industrial cooperatives*

Industrial cooperatives are engaged in such diverse activities as bakeries, housing, tailoring, soap manufacturing, textile manufacturing, charcoal production, and diamond and gold winning. The most predominant activity in the industrial sector, however, is in the area of distillation of the local gin called Akpeteshie. Distillers societies can be found in most villages in the forest areas of Ghana. At present there are 985 registered distillers cooperatives, using simple methods of distillation. However, the distillers association, the National Apex Organisation, has set up a distillery which will further distil and refine the drink before it is put on the market when it becomes

operational. The local gin is the most popular drink in the rural areas and its distillation offers employment and steady incomes to a sizeable number of rural dwellers. It must be said that the cooperative distillers societies dictate the pace of rural industrialization.

Housing cooperatives form another important element in the industrial sector of the Cooperative Movement. There are 180 housing cooperatives spread all over the country. The housing cooperatives are helping in the solution of the housing problems of rural dwellers. The operation of housing cooperatives is a collaborative effort between the Department of Cooperatives and the Department of Rural Housing and Cottage Industries under the Ministry of Local Government.

Under this scheme, all the members need to do is to contribute an initial amount equivalent to 10% of the cost of the housing project. A flat interest rate of 10% is charged on the cost, and repayment is spread over a period ranging from 10 to 25 years. At the moment, the Department of Rural Housing and Cottage Industries is implementing an Improved Local Building Material and Rural Shelter Rehabilitation Project whose aim is to teach rural people to produce improved building materials from local resources, to rehabilitate existing houses with the improved material, and to solve the serious erosion affecting rural housing. The project encourages the formation of cooperatives to learn the skills. It is being funded under the Programme of Actions to Mitigate the Social Costs of Adjustment (PAMSCAD) which is a component of the countrys structural adjustment programme.

Textile manufacturing is also an important rural industry where cooperatives operate. Cloth weaving, using hand looms, is a popular rural occupation. Cooperatives registered in this area produce an amazing variety and quality of cloth. Batik and tie and dye are also popular trades. Kente weaving is a particularly lucrative rural industry. There are also artisanal societies as well as societies in handicrafts - such as pottery, basket weaving, carpentry and masonry.

### *Service cooperatives*

The predominant activity in the service sector of the cooperative movement is the consumer cooperatives, of which there are 3,035 registered societies. The cooperative consumer societies enjoyed a boom in the late seventies when the country was hit by widespread shortages of basic consumer goods. With the improvement in the economy and the present government policy on cooperatives, the pace of their growth is slow.

Farmers and fishermen cooperative service centres have been set up in some areas to take over the functions of the consumer societies and in addition to act as collecting points for produce. By this it is hoped to resolve difficulties of marketing. It is also hoped that from their operations, these service centres will generate resources for rural development. At the moment, the Department of Cooperatives is collaborating with Technoserve, a United States - based non-governmental organisation, to implement a World Bank sponsored project to develop service centres in the upper west region of the country.

Transport cooperatives also form a major element in the service sector. Their operations help to ease the transportation problems facing rural dwellers. They assist the government in the area of revenue collection by acting as agents of the Internal Revenue Service in the collection of daily income tax from commercial drivers. There are various societies for sellers of cooked meals and farm produce. One society worthy of mention in this sector is the Cooperative Pharmaceutical Society which imports pharmaceutical products in bulk for distribution to its members who are spread throughout the country.

### *Financial cooperatives*

Financial cooperatives are less numerous and yet are so vital. There is a Cooperative Bank with several branches all over the country and offering banking services to especially cooperators in the rural areas. There is also a Cooperative Insurance Society whose activities, however, have not been satisfactory so far because of low capitalisation. The third component of

financial cooperatives is the Credit Union. There are at present 408 credit unions. Some of these credit unions, notably the St. Peters Cooperative Credit Union at Kumasi, the University of Ghana Agricultural Research Station Credit Union at Kade, the Railway Union Mutual Assistance Society at Takoradi, Our Lady of Fatima Cooperative Credit Union at Sampa and the St. Josephs Cooperative Credit Union at Wa have savings of several million cedis. It must be noted that the churches are very active in the promotion of credit unions in rural areas. The credit unions complement the banks in assisting small-scale farmers with short-term loans. At present the Ghana Cooperative Credit Unions Association is implementing a rural credit union for women scheme financed by the Canadian Cooperative Association.

### *Womens cooperatives*

Another area that effort is being focussed on is womens cooperatives. A womens cooperative unit within the Department of Cooperatives has been established to deal with the peculiar problems associated with the development of womens cooperatives. This unit works in close collaboration with the National Council of Women and Development and the 31st December womens movement to identify areas within the cooperatives where women could be engaged in income generating ventures. These two organisations have many pre-cooperatives which are being converted to cooperatives. Womens cooperatives are registered in such fields as fish smoking and marketing, gari processing, oil extraction, sheanut picking, soap making and legumes and vegetable farming. A notable example of womens cooperatives is the Diare Womens Cooperative Food Farming Society in the northern region. This society started as a mutual assistance society which supported members at funerals and marriage and child-naming ceremonies. With the help of the Amasachina Self-Help Development Association, a local NGO dedicated to promoting rural development through self-help, these women, numbering 60, have now ventured into areas traditionally reserved for men in that part of the country and by that have broken taboos. The society is currently engaged in a 60



acre agro-forestry project. While its economic successes may not be spectacular, the society may still be considered a success story from the point of view of consciousness-awakening, changing attitudes and mentalities and serving as a reference for what women could do in society.

### *Pre-cooperatives*

To hasten the pace of growth of cooperatives, the Government has made good use of pre-cooperative institutions. Some traditional institutions have been modified and converted to cooperatives. The government launched a programme to form Nnobia cooperatives or cooperative development communities in 1973. The Nnobia cooperatives were based on the traditional form of Cooperation involving group action and mutual help. The word Nnobia means mutual assistance in weeding. It is an expression of solidarity to the members of the traditional society. Under the scheme, groups of people within rural communities have to form multi-purpose cooperatives with strong agricultural base. The resources mainly coming from agriculture were to be used to provide social amenities for the community. The scheme, however, could not work because of the huge financial outlay that was needed but which the government could not afford.

Although the original Nnobia concept was still-born, it nevertheless, acted as a catalyst for the formation of the Ghana National Reconstruction Corps (GNRC) in 1976. It was conceived with the objective of stemming the flow of school leavers from the rural areas into the urban centres by offering them meaningful employment in their own areas as settlement farmers. The scheme was soon found to be a drain on governments resources as the rate of return did not match the investment in terms of personal emoluments for the staff and equipment. The settlement farms were therefore dissolved. However, in order that the equipment should not go to waste and the need to have a new organisation which would not rely on annual budgetary allocations, the government thought that the GNRC farms should be turned into cooperatives to be called National Agri-

cultural Cooperatives (NACOL). By December 1989, 61 of these had been duly registered. Many of these are performing quite admirably.

Susu is a traditional savings institution, whereby people within a locality save and distribute among themselves in turns periodically. This traditional institution has been modified by blending some of its traditional characteristics with credit union habits and registered as susu collectors cooperative societies. Under this system, members of the society, known as susu collectors, go round to collect daily savings from the customers who are mainly market-women and deposit the money with the society. At the end of the month they go round to reimburse the savings to the customers and deduct daily savings of each customer as their fees.

A new form of rural organisation known as the Mobisquad, an acronym for mobilized volunteer squad, under the National Mobilisation Programme was started in 1984. This was an organisation set up by the PNDC to mobilize idle human and other resources for immediate utilization in revamping those areas of the countrys economy which were badly hit by the natural and man-made disasters of 1982-83, that is drought, bush fires, general famine and the unexpected deportation of some one million Ghanaians from neighbouring Nigeria. The Mobisquads were composed mainly of young farmers and village artisans in the rural areas. The mobisquads idea became synonymous with a fiercely burning and wildly spreading self-help drive among rural dwellers. The volunteers went into inaccessible areas to evacuate locked-up cocoa and coffee and into remote hamlets and villages either to distribute food and medical supplies to people faced with starvation or assist rural dwellers to build schools, clinics and public places of convenience.

By 1987, the disasters had been brought under control and the economy had been restored to a fair measure of sanity as a result of gains achieved under the Economic Recovery Programme. The PNDC found it necessary to change strategies from crisis management to creating permanent structures that would continue the good work. The Mobisquads were therefore

converted into cooperatives to boost food production and improve living conditions in the rural areas. By their conversion, they offered self-employment and therefore have contributed to the solution of rural unemployment problem. As at December 1989, there were 77 registered Mobisquads cooperatives in existence, mainly in the agricultural sector. They are engaged in activities including production of firewood and charcoal, wood processing, cassava (gari) processing, food production, blacksmithing and burnt brick manufacturing. Generally, about 30% of the membership of the Mobisquads is made up of women. Most members fall within the 20-40 years age range.

### **New agents**

The government launched the Economic Recovery Programme in 1983 to reverse more than a decade of national economic decline and to correct imbalances to ensure increasing productivity out of which the needs of the people could be adequately met. The programme has chalked a number of successes and has put the economy once again on the growth path. The effect of economic hardship especially on the poor and vulnerable groups such as farmers in the short-run is great.

The government has therefore put in place new structures to hasten the pace of economy recovery especially in the rural sector. The Programme of Actions to Mitigate the Social Cost of Adjustment (PAMSCAD) has been designed to address the needs of these vulnerable groups who are in a precarious condition due to the adjustment programme following the earlier period of economic decline. The programme gives financial support to community initiative programmes and employment generation projects. The programme has been assisting cooperatives especially in the rural sector.

Under the small-scale credit line, agricultural rehabilitation credit for peasant farmers, and enhancing opportunities for women in development programmes, the PAMSCAD is extending credit facilities to small-scale industrialists and farmers and other groups such as cooperatives.

## Conclusion

From the foregoing, it can be seen that the Ghana Cooperative Movement has played an active part in the economic recovery programme especially in the rural sector. They have demonstrated their potential to mobilize resources in rural areas. They have developed from a response to the need to secure improvements to the quality of cocoa meant for export, to performing more complex economic activities such as insurance, banking and wholesaling. The PNDCs Cooperative Reactivation Programme is a clear manifestation of its commitment to the ideals of cooperation as instrument for socio-economic and cultural change especially in the rural sector. This is the reason why it has developed new strategies such as the PAMSCAD and created new structures such as the National Board for Small Scale Industries to give the necessary support to the cooperatives. The government will continue in this direction since it is its policy to give all the necessary support to the informal sector of the national economy of which cooperatives form a part. The government is determined to achieve its long-term objective of developing a viable and self-sustaining Cooperative Movement capable of bringing about socio-economic changes. This is to be achieved through the collaborative strategy in cooperative development involving the Government, non-governmental organisations, and the cooperators themselves.



## Delegates and participants from India



*Hon'ble Devi Lal  
Deputy Prime Minister  
& Minister for Agriculture*



*Mr. Dilip Singh Bhuria  
President, NCUI*



*Mr. S.K. Mishra  
Secretary, Dept.  
of Agri. & Cooperation*



*Mr. K.K. Deepak  
Officer on Spl. Duty  
Dept. of Agri. &  
Cooperation*



*Mr. J.N.L. Srivastava  
Joint Secretary (Credit)  
Dept. of Agri. & Coop*



*Mr. Harshbardhan  
PS to Dy. Prime Minister*



*Mr. K.H. Patil  
Chairman, CICOPA &  
President Coop Spg.  
Mills Federation*



*Mr. M.M. Vyas  
Chairman, ICA Reg Commit-  
tee on Coop Finance  
& General Manager, Gujarat  
State Coop Bank*



*Mr. B.D. Sharma  
Executive Director, NCUI*



## INDIA



*Devi Lal\**

At the outset, may I convey the greetings of the Government of India and of all the cooperators from India to this august body. I am grateful to the Government of Australia and to the Australian Cooperative Movement for the warm welcome extended to me and to the members of my delegation.

Indian Cooperative Movement has a long history. Cooperation has been the basic ethos of Indian culture. Our ancient scriptures and the enunciations of the founding fathers of modern India have chalked out the path of the socio-economic development through cooperation. Vasudhaivkutumbkam i.e. whole world is one family is our motto. The father of our nation, Mahatma Gandhi, adopted cooperation with the good and non-cooperation with the evil as the main instrument for fighting the colonial rule and its exploitation. It is now legend that this approach not only succeeded in India but had its beneficial effect throughout the world.

After independence, we adopted democratic socialism as our goal embodying the noble values of democracy, equality, equity, secularism and non-exploitative society. The methodology of economic planning adopted during our post-independence era recognised cooperation as an effective instrument for the socio-economic development of the people, particularly,

---

\* Deputy Prime Minister and Minister for Agriculture.



those belonging to the weaker section of the community. Since majority of our population live in rural areas and is dependent on agriculture, the developmental efforts of the Government focus on agriculture through a synthesis of adopting the technological advancements and the organisational structure in the form of cooperatives.

The total number of cooperatives in India in 1950-51 was just about 180,000 with a membership of less than 14 million. The Indian Cooperative Movement today is the largest in the world with about 350,000 societies and a membership of 150 million. The cooperatives have built up a strong infrastructure in important sectors of the economy like agriculture, credit, marketing, processing, dairy, housing hand looms and consumer goods, etc.

Cooperatives account for over 50% of the total institutional credit for agriculture. The farm credit disbursed by cooperatives rose from Rs.240 million in 1950-51 to over Rs.54 billion in 1988-89. Cooperatives distribute 3.5 million tonnes of nutrients, or a third of fertilizers used by farmers in the country. The value of agricultural produce marketed by cooperatives increased from Rs.47 million in 1950-51 to nearly Rs.54 billion in 1988-89.

The growth of cooperative sugar industry is yet another important component of agro-processing industry in the country. There are 211 cooperative sugar factories in the country with over 1.8 million farmers as members. These factories accounted for hardly 1% of national sugar production in 1955-56 whereas in 1987-88 they produced 5.2 million tonnes of sugar, i.e. 58% of the national sugar production. In the area of cotton spinning, there are 104 cooperative spinning mills in the country accounting for 20% of the total spindleage capacity in the country.

With a view to attain self-sufficiency in edible oil and also to help oilseed growers, a number of programmes involving cooperatives in growing oilseeds and processing production are under way. Two giant fertiliser plants in the cooperative sector manufacture nearly 1.9 million tonnes of nutrients annually accounting for 21% of the total indigenous nitrogenous and phosphate fertiliser production in the country.

Another major development is the dairy cooperatives on the well known Anand Pattern, linking the primary dairy producers in the villages to the urban consumers through modern farmer-owned rural and city dairies. There are over 56,000 dairy cooperatives in the country with a membership of nearly 6 million. These cooperatives handle 6.8 million litres milk per day.

The Government of India have also been providing financial support to the cooperatives directly as well as through its parastatal organisations, namely, the National Bank for Agricultural and Rural Development, the National Cooperative Development Corporation, and the National Dairy Development Board. Whilst the direct assistance to the cooperatives by the government is in the shape of share capital contribution, loans and also, to a small extent, grants towards capital and revenue expenditure, the parastatal organisations provide the facility of investment finance and refinance.

The Government also provides financial support for the training and education of the personnel working in the cooperatives. There is a National Council for Cooperative Training located in the National Cooperative Union of India, consisting of National Institute of Cooperative Management for senior personnel, 18 Cooperative Training Colleges for middle-level personnel and nearly 90 Cooperative Training Centre for junior level personnel.

In spite of such significant progress, cooperative sector also encounters a number of difficulties to compete in a mixed economy. Although primary membership constitute the real strength of cooperative system, primary level societies continue to be weak. Similarly, in the context of efficiency in the management, I feel much remains to be done to equip the cooperative organisations with enlightened membership, efficient professional managers and modern management technology. Without the professional management, the serviceability of cooperatives, which is a pre-requisite for securing the loyalty of members, cannot be ensured. In the absence of efficiency and serviceability, the democratic character of the Movement itself

will be affected. This aspect of cooperative enterprise should, therefore, receive the highest consideration of the policy makers.

The Regional Consultation on Role of Government in Development of Cooperatives organised by ICA in 1988 had also emphasised this aspect. The Consultation had therefore, emphasised for bringing about democratization and professionalisation in the cooperative management by suitably modifying the cooperative laws for ensuring democratic functioning of cooperative institutions. I am happy to inform you that Government of India have noted the recommendations for implementing them so that the cooperatives in India may flourish in accordance with the cooperative philosophy and the national goals. In India we have already taken a few steps in this direction. An Expert Committee has examined the Indian Cooperative Laws and has made a number of recommendations to ensure management of cooperatives in accordance with the principles and philosophy of cooperation. Similarly, government is helping cooperatives to build up professionally trained manpower and enlightened membership through comprehensive cooperative education and training programme.

When we talk about cooperation in 1990s or futurology of cooperatives, we should have a clear perspective of needs of national development and the areas in which cooperatives can be increasingly involved. In spite of great deal of economic development throughout the world, larger population of the world is suffering from grinding poverty. The statistics speaks that although developing countries account for 74% of the world population, they share only 21% of world income. The World Bank predicts that in 2000 AD, 600 millions will still remain in absolute poverty situation. Such a state of affairs compounded with economic and technological colonialism presents a very dismal picture for the mankind in the coming decade. We should not think in terms of narrow national interest but in the interest of the whole world, which is still beset with the problems of hunger and poverty. Small farmers, artisans, workers, women and the unemployed youth, therefore, have to be

main target groups of cooperatives in 1990s particularly in developing countries.

Closely related with the issue of poverty alleviation is the issue of flow of developmental resources and technology from the developed countries to the developing and under-developed countries. It has been experienced that in spite of universal acceptance of need for creating a new international economic order by creating conducive global environment for the development of the poorer countries, attitude of these countries having command over resources and technology continues to be negative one. Another dimension of the problem is the concentration of developmental technology and resources with the multi-national corporations whose main aim is to profiteer more than to ensure development of the beneficiary countries. The instrument of economic integration, which is emerging at regional level, is being used more as an instrument of protectionism than an instrument of equitable distribution of resources and technology for overall development of the society. Viewed in the context of this global situation, cooperative organisations can play a very important role in evolving equitable system of development. Cooperatives, being users organisations, ensure unhindered flow of the benefits of their services and activities directly to the users, and thus save the people from the middlemen and the exploiters. Cooperatives system, therefore, should be increasingly used in channelization of international assistance to the under-developed countries.

I would even suggest that international agencies and the developed countries should use International Cooperative Alliance and national level cooperative organisations to route their assistance to the developing countries. This will not only help in creating an effective world cooperative system but would also ensure a better utilization of international assistance. Another area of priority for cooperative development in 1990s should be the strengthening of cooperative values by building up self-reliant cooperative movement.

Experience has shown that although with the support of government assistance, cooperatives have grown commercially,

the cooperative values of democracy, equity, education have been relegated into the background and commercialism is overshadowing the cooperative content. It is high time that co-operators of the world and the national governments introspect and evolve a practical system of their relationships so that cooperation as a system radiates with combined glow of cooperative values, profitability and cooperative strength. International Cooperative Alliance as the world cooperative leader should work out practicable guidelines in this direction so that cooperation emerges as a vital system for the development of mankind.

In conclusion, I record my appreciation of the ICA for convening this Conference at a very opportune time. May I assure you that Government of India and Indian Cooperative Movement would continue to extend its wholehearted support to implement the Sydney declaration which has been placed for consideration of this Conference.

## Delegates and participants from Indonesia



*Hon'ble Bustanil Anfin  
Minister of Cooperatives*



## INDONESIA



*Bustanil Arifin\**

### Introduction

First of all, I wish to thank the Regional Director of ICA Regional Office, Mr. Sharma; the Minister for Primary Industries and Energy, Australia, Honble John Kerin, MP; and the Australian Association of Cooperatives, our host organisation, for inviting us to this great city of Sydney to attend a most important event, this Conference of Government Ministers and Cooperative Leaders of the Asia-Pacific region.

Certainly, this Conference under the banner of Cooperation for the 90s is most significant and very timely for all of us in the region. We all know that in spite of the harsh international economic condition of the 80s, the region of Asia-Pacific has managed well to emerge as a powerful force in the world economy. Some of the countries in the region have even been recognised as economic miracles, while a few others have been successful in transforming themselves into newly industrialized economies followed on the heels by their neighbour countries.

It is generally conceded that this strong surge of economic growth has been achieved largely because of various governments economic policies and strategies in the respective countries which resulted in export led developments due to greater competitiveness of the economy in the world market.

*\* Minister of Cooperatives.*



The robust growth in the largest part of the Asia-Pacific region, however, has also raised questions of widening and more pronounced differences between the more successful economies and the less successful ones. Internally, that is to say within each one individual country, the strong surge of the economy has also caused concern for the future of the so called economically weak segments of the society, which seem to be lagging behind.

We should not forget that in the eye of a number of prominent economists, the 1980s were a last decade for most developing countries and a period that was mired in crises and tragedy. Therefore, we may say, we should be grateful that the Asia-Pacific region has been rather blessed by economic stability and even progress.

But again, in each one individual country, the economic success may not be evenly distributed among the various layers of the society. We observe, for instance, that in many of the developing countries, the combined power of the rising national and trans-national big businesses may eventually dwarf the activities and potentials of the informal and the small business sector (and most probably that of the cooperative sector also), creating a glaring inconsistency with the concept of social equity as well as the ideals of the cooperative movement.

What I would like to set out here is that in many of the countries of the Asia-Pacific region, and in the developing economies in particular, rapid economic growth and successes have always been associated with solid governments policies and strategies. In any case, the success was certainly not without governments role in economic development. Therefore, if government development policies are supportive to the big business in the modern sector, then I would contend that the informal sector as well as the cooperative sector is equally eligible for governments promotional efforts and support.

In the case of Indonesia, the countrys constitution mandated the cooperative sector as one of the main pillars of the national economy.

## **The Indonesian Constitution of 1945 and the Cooperatives**

The Constitution of the Republic of Indonesia is usually referred to as the 1945 Constitution. Partly, this is due to the fact that the Constitution was drafted and adopted in 1945 when the Republic was established, but also because it bears the spirit and vitality of the Indonesian struggle for independence as well as of the era and sphere in which the Constitution was shaped which was substantially inspired by Indonesias spirit of unity, common goal and democracy built upon Indonesias age-old social concept of gotong-royong (mutual endeavour) and the states ideology of Panchsila.

Thanks to this deep-seated belief in gotong-royong together with the foresightedness of the founding fathers of the Republic, the cooperative has been explicitly stated in the Constitution.

Article 33 of the 1945 Constitution stipulates that The economy shall be organised as a common endeavour based upon the democratic principles of family hood. It is further stated that This article deals with the foundation of economic democracy. That the form of business enterprise which is suitable (within the system of economic democracy) is the cooperatives.

President Suharto of Indonesia, an ardent supporter of the cooperative ideals, stressed in his State Address of 15th August 1981 the following:

It is obvious that all of us especially the Government are fully committed to and responsible for carrying out the development of the economic system as stipulated in article 33 of the 1945 Constitution. We should bear in our mind that article 33 is contained in a chapter entitled Social Welfare. This means that the economic activities of the state and the public, as well as economic development in general must be aimed at advancing the social well-being of the whole Indonesian people.

The economic system that we are aspiring at must be a system in conformity with the implementation of article 33 of the Constitution. Since we are determined to materialize the eco-

conomic system laid down in article 33 of the Constitution, we are therefore all called upon to promote cooperatives. In the long run, the cooperatives must become the main pillar of our national economy.

Thus, in conformity with the 1945 Constitution the Indonesian Government is fully committed to the development of the cooperative movement.

This is, however, not to imply that the cooperatives in Indonesia have always an easy path to follow. On the contrary, the period of the first two decades after independence was certainly an extremely critical time in the history of Indonesia. It was a period filled with war and struggle, with the shaping of the political structure of the country and with economic up and downs.

Only after 1965 has the Indonesian economy been able to be put in a series of established Five Year Development Plans. Cooperative development then became an integral part of the development efforts. The two first Five Year Development Plans became a period of vivid cooperative revival.

Then came the period of the Third Five Year Plan of 1979-1983. This was an exceptionally good time for both the national economy and cooperatives. It started, on the one hand with the introduction of the Village Unit Cooperatives, a new concept of rural cooperatives and on the other hand with the installation of the new institution of Junior Minister for Cooperatives. Within the short period of the Third Five Year Plan cooperatives progressed in an unusually fast pace.

The speedy growth, however, was subsequently abruptly cut by the world recession induced slow downs in the national economy. The world recession and the oil slump of the 80s have forced the Indonesian Government to resort to drastic economic reforms.

In the early years of the Fourth Five Year Plan the volume of business of the cooperatives fell down sharply, presumably due to the decline in governments subsidies in food production and easy loans to the farmers. These setbacks, evidently, consti-

tuted a blessing in disguise, namely, the cut in easy loans has forced the cooperatives to build up their own national cooperative bank as the primary source of finance for the cooperatives. This helped the cooperatives to recover again to enter this closing decade of the century with regained growth momentum.

At present the number of cooperatives in Indonesia is over 34,000 and may reach 48,000 by the year 2000. In terms of cooperative members, I was told that the largest membership of the ICA are from India with almost 150 millions, followed by China with 130 millions. The number of cooperative members in Indonesia is now more than 26 millions. By now, Japan may have 20 millions cooperative members.

## **Resilience of the Indonesian Economy**

Meanwhile, the Indonesian economy has shown remarkable resilience, at the turn of the decade, after having fallen into serious depression in the aftermath of the collapse of oil prices in the early and the middle of 1980s. This economic renaissance has been achieved through a series of economic package policies directed toward a more and more open economy.

But the same policy also opens the door for large multinational corporations to enter into the economic scene and pave the way for national enterprises to rapidly grow into formidable business conglomerates.

This sudden and astounding rapid growth of those giant business groupings in the country makes the cooperatives look like running at the same place.

## **Linkages System between Cooperatives and Non-Cooperative Enterprises and Inter-Cooperative Cooperation**

The new development in the Indonesian economy, namely, (i) the change from the traditional dominance of the oil export into that of the non-oil commodity export, (ii) the unprecedented spurt of the manufacturing industry, (iii) the rapid expanding private sector, and (iv) the growing strength of big

business groupings, is the rewarding result of governments economic development policies.

Since the proper role of government is to foster economic welfare of the whole society, the government therefore should take policy measures which secure the equitable distribution of development efforts and gains from development. That is to say, the government should formulate policies in favour of the informal as well as the cooperative sector. This means providing greater opportunities for economic participation by the economically weak masses of the population.

To that end, the government may construct linkage systems between small-scale and large-scale enterprises, between cooperatives and non-cooperative economic undertakings.

For this reason, President Suharto of Indonesia in his state address of early January 1990, among others, appealed to the private sector that to the cooperative sector be allotted upto 25% of the share of their corporation.

The Indonesian experience shows that closer cooperation between the cooperative and the private sector will not harm inter-cooperative cooperation.

## Conclusion

In conclusion may I state again that:

- i. Entering the critical decade of 1990s the Asia-Pacific region was fortunate to experience economic stability and growth. The economic progress in the region has been, to a large part, the result of governments role in economic development.
- ii. In Indonesia, Governments role in economic development has boosted tremendously the national economy causing favourable structural changes in the economy and the rapid growth of large business groupings (so called conglomerates).

- iii. The sudden spurt of the private sector, however, has shadowed the growth in the cooperative sector as well as of the small-scale business sector.
- iv. To prevent the emergence of a gap between the modern sector and the economically weak segments of the economy the Government does all efforts to link up cooperatives and small-scale enterprises with big business groupings.
- v. Inter-cooperative cooperation has been encouraged to strengthen the economic position of the cooperative sector.

It is, therefore, my hope that this Conference may find ways (or better yet foster the will) that lead to closer cooperation among the countries in the Asia-Pacific region, to closer cooperation between the government and the cooperative movement, as well as an over-growing inter-cooperative cooperation among the countries of the region.

**Table 1 : Number of Cooperative Members as Percentage of the Number of Total Population by Groups of Countries.**

---

<i>No.</i>	<i>Countries</i>	<i>Local population</i>
1.	Denmark, Finland, Iceland	40%
2.	UK, Austria, Israel	25%
3.	Canada, Ireland, Sweden	20%
4.	Japan, Indonesia	14.7%
5.	Italy, USA	10%
6.	World average	10%

---

*Source: Charles G. Enriquez, Cooperatives in the Third World Development, Coady International Institute, Antigonish, Canada, 1986. Indonesia, Japan (1988), other countries (1986).*

**Table 2 : Number of Viable Cooperatives, Indonesia 1927-1987 and Projection for 1997.**

---

	1927	1937	1947	1957	1967	1977	1987	1997
No.of Coops	1*	410	1314	1859	12879	19430	30446	48073

---

\* *Formal registration.*

## Delegates and participants from Iran



*Hon'ble Jabbar Saber  
Kheyabani  
Dy. Minister for Agriculture*



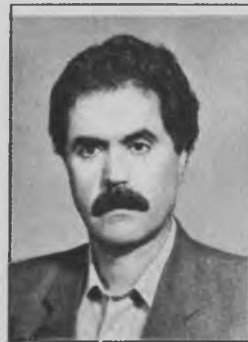
*Mr. Mehdi Mahdavi  
Dy. Managing Director  
Central Orgn. for Rural  
Coops*



*Mr. Dariush Mati  
CORC*



*Mr. Mohd. Reza Bankian Tabrizi  
Dy. Managing Director  
Central Orgn. for Rural Coops*



*Mr. Mashaalah Ayazi  
CORC*





## IRAN



*Jabbar Saber Kheyabany\**

Before 1953 cooperatives in Iran did not have any specific regulation and only commerce law had indicated a few articles about cooperatives. These articles were in relation to consumer and production cooperatives. A few years later, after world war-II, cooperatives gradually started expanding and in 1953 the Government passed the first law which made clear the role of Government in cooperatives. This law was amended in 1955. Therefore, cooperative societies in Iran have a record of activity about half a century, which has had a faster trend during one-fourth of a century.

During the first years, establishment of cooperative societies formed the main activities, and attention was paid to the quantities upto ten years ago. In the era of Islamic Revolution and in the Constitution of the Islamic Republic of Iran, articles 43 & 44 and some notes of the other relevant articles of the said Constitution specified the place of the cooperative societies in economic and social activities of the country. As the first step for expansion of cooperative societies, it is worthwhile mentioning that the cooperative societies had not such a place up to that time, although the Act of Cooperative Societies of Iran, which was separated from the Iranian Commercial Code for the first time, was approved in 1953 and its defects were amended by passing supplementary Acts in 1955 and 1971, but such an explicitness did not exist in the Constitution of the country

\* *Deputy Minister for Agriculture and Managing Director, Central Organisation for Rural Cooperatives of Iran*

before the Islamic Revolution.

When the place of cooperative societies was specified in the Constitution, in addition to expansion of cooperative societies in rural areas, from quality and quantity point of view, which had a more expanded activity, the cooperative societies were expanded in urban areas rapidly and were received by the people who had common and reciprocal requirements in connection with consumption, housing and manufacturing. Furthermore, attention was paid to the new activities in connection with production cooperatives, having attracted people holding little capital and without a useful job who had work power, and the agricultural production cooperatives, for taking advantage of farming lands of unknown owners, wastelands and pastures. Fishermens cooperative societies in the coastal regions in the north and south of the country were formed newly and tribes cooperative societies were covered under a coordinated protection and supervision. Finally, from two years ago (1988) for putting into operation and exploitation of the mines and rendering technical, commercial and consulting aids to those who are directly involved in this activity, a new organisation has undertaken coordination and supervision of these cooperative companies. In other words it can be said that three new organisations have been formed and are active for directing, and protecting the new activities of the cooperative societies in addition to the cooperative organisations and units formed previously. The articles of the new constitution have been very effective in formation of these three organisations.

At present (February 1990), eight organisations and departments of public sector which are under supervision of six different ministries, have undertaken leading of and supervision on cooperative societies and each, on the basis of their duties, help the expansion of the activity of the cooperative societies from quality and quantity point of view. As the last point it should be mentioned that the Act of Cooperation which was under study in a Special Committee in the Islamic Parliament was approved in the late 1989 and was sent to Negahban Council the Higher Authority for confirmation and final study. In the above said Act while the policy and manners of the activities of the cooperative

societies have been specified, some articles have been allocated for formation of the new ministry of cooperation. It is hoped that by carrying out the new act, all the cooperative activities of the country, while being coordinated, enter to a stage of quality expansion which is suitable for the recent years.

The present cooperative organisations and departments which in fact play the role of a governmental assistant for the cooperative societies, in addition to general helps and assistance play an important role in special cases such as establishment of technical warehouses, cold-houses, manufacturing workshops and factories, repair and maintenance centres of agricultural tools and technical equipments which the cooperative companies cannot carry out such activities financially and technically by themselves. For example, about 735 technical warehouses with a capacity of 655,350 tons were built in rural cooperative companies during the last two decades and have been made available to the rural cooperative companies. Some of these warehouses have been built only with the special aids of the government and some have been built with participation of rural cooperative unions and societies. These warehouses are in addition to the ones that cooperative societies have built by using their own financial sources. In rural cooperative societies which is the largest cooperative network in the country, loans with low interest, agricultural tools and equipments such as tractor, combine, poison-sprayer have also been made available to the rural cooperative societies at the lowest price. Furthermore, different types of chemical fertilizers, pesticides and bred seeds are delivered to rural cooperative companies and unions with subsidy. In other sections such as urban, workers, manufacturing, fishermen, tribes and mines cooperative companies while the consumption requirements of their members are supplied the main professional tools and equipments required by the said cooperatives are provided and delivered to them at the lowest possible price.

It is necessary to mention the activity of cooperation training centres for quality improvement of the cooperative societies. At present there is one training centre in Tehran for urban cooperatives and three cooperation training centres have been estab-

lished in the centre of three different provinces for rural cooperatives network during the past two years, and have begun their activity. The lands and equipment required by these centres have been provided by the Government. Nine other cooperative training centres are being established in the centres of other provinces which are at different stages of completion. The directors, inspectors, accountants, sellers and members of rural and agricultural cooperative societies are trained annually according to the programmes regulated. Most of their residence and training expenses are covered by the source of appropriation of the Government. From the beginning of the three training centres in the provinces, March 1990, it is supposed that 100 clever and young trainees, among the personnel occupied and other volunteers to be trained in Orumiyeh and Ahwaz centres for two years for leading and supervising the rural cooperative companies. The two year training will be equivalent to university studies and will lead to an associate degree. This decision which is for increase of the applied proficiency of the man power involved in cooperative affairs is in addition to the university education at B.A level which at present is being presented in Tehran University and Allameh Tabatabaee University which train some experts for the cooperative societies annually.

The point about expansion of cooperative societies is a quarterly bulletin for the directors and employees of the rural cooperative societies and others who are interested. This bulletin provides specially information and analysis of cooperative societies for the above-said people and let them know about the special views and especially work of the cooperative societies. This bulletin which is published under the name of Quarterly Bulletin of Rural and Agricultural Cooperation explains the experiences and successes of cooperative societies in different countries, to the Iranian readers which are received through ICA publications. Rayfazin Institute and other cooperative organisations have translated into Persian. Cooperative organisations and departments in Iran also play their important role, each in the scope of its duties and functions, by issuing publications and bulletins on different occasions.

## Delegates and participants from Japan



*Mr. Mitsugu Horuchi  
President, CUAC*



*Mr. Isao Takamura  
President, JCCU*



*Mr. Shiro Asano  
Director, Social Betterment Div.  
Social Welfare Bureau  
Ministry of Health & Welfare*



*Mr. Masao Ohya  
Executive Director, JCCU*



*Mr. Shunji Tsuboi  
President, Cooptrade  
Japan*



*Mr. Yoshitada Nakaoka  
General Manager, Int'l Dept  
CUAC*



*Mr. Shiro Futagami  
Managing Director, IDACA*



*Mrs. Yasuko Abe  
Secretary, Int'l Dept  
CUAC*



## JAPAN



*Shiro Asano\**

As a government official representing the Japanese Government I would like to describe briefly some of the features of Japanese cooperatives with special emphasis on consumers cooperatives. For further information, you may refer to the paper circulated this morning.

Before getting into the topic, let me explain jurisdictional structure of governmental bodies involved in cooperatives. Several governmental agencies are responsible for the administration and regulation of cooperatives. Agricultural cooperatives fall under the jurisdiction of Ministry of Agriculture, Fisheries and Forestry. Ministry of Health and Welfare to which I belong is in charge of consumers, housing, insurance and health service cooperatives. And Ministry of International Trade and Industry takes care of other types of business cooperatives.

Speaking of consumers cooperatives, responsibility for their administration and regulation is shared between the national government and local government. Prefectures, 47 of them in Japan, are in charge of authorizing the establishment of individual consumers coops and administration of those coops after establishment. Ministry of Health and Welfare deals with consumers coops whose membership covers residents or organisations covering more than two prefectures and is responsible for giving

---

\* *Director, Social Betterment Division, Social Welfare Bureau, Ministry of Health and Welfare*



general guidance to prefectural governments for administering consumer coops. Japanese Consumers Cooperative Union (JCCU) is the national organisation of more than 700 consumers coops. The Ministry of Health and Welfare is working in close and friendly relationship with JCCU.

The history of Japanese consumers coops is a history of competition with other private retailers. Consumers coops have been confronted with severe criticism from outsiders including politicians who are backed by retailers. The most recent antagonistic movement has been observed about three years ago. Several LDP (Liberal Democratic Party) members representing retailers interest have urged that the use of consumers coops outlets for purchasing commodities by non-members be strictly prohibited, proper restriction be imposed on advertisement of coops merchandise, certain procedures be adopted before the opening of new consumers coops shops in order to provide concerned retailers an opportunity for discussion and generous tax concessions given to consumers coops be reviewed.

Giving considerations for these issues, tax legislation was amended to the effect that the three largest consumers coops should pay more tax, starting from 1989, and an amendment act was proposed to the diet late last year.

Some LDP members still tend to consider consumers coops as opponents or intruders against other retailers and even as politically radical organisations. Our office appears to stand on politically sensitive situation but we believe that an important role of government is to convince people of the importance and usefulness of consumers coops and to get rid of misunderstanding concerning coops activities.

Before closing my remarks, I would like to point out that there are new fields of activities recently developed by consumers coops which government has been trying to encourage.

Firstly, about 20 coops at present have their welfare programmes for the elderly, physically handicapped and other people who need assistance. Such service programmes include meals services, home assistance and friendly visits. Though the num-

ber of consumers coops involved in these activities service areas covered by them and measures provided are limited, such activities are widely welcomed and wanted. Considering the fact that consumers coops are under the jurisdiction of Ministry of Health and Welfare, there is much room for future advancement of this field of activities.

Secondly, Japanese consumers coops are known to have started so called direct purchasing scheme from producers of agricultural and fishery products and this scheme has become popular not only among consumers coops but also among super markets and other retailers. This scheme enables consumers to buy both inexpensive and fresh products on one hand, and leads to revitalization of rural areas. In the process of these activities, consumers coops keep close cooperation with agricultural cooperatives. Both types of cooperatives have benefitted mutually from this experience. Concentration of population, industry and capital, i.e. big cities, has been a serious problem in Japan. Revitalization of rural areas would be an effective counter-measure.

You may be wondering why I am speaking on behalf of the Japanese Government again, after a gentleman representing the Japanese Government has already made a speech on Japanese cooperatives. But, the gentleman talked mostly about agricultural cooperatives and I am going to speak about consumers cooperatives.

ICA Congress is planned to be held in Tokyo in 1992 and we are looking forward to receiving you in Tokyo. We hope you will have an opportunity to see what are strong points and weak point about Japanese consumers cooperatives.

### **The Present Status of the Cooperatives**

The consumer cooperative is a voluntary organisation which aims economically and culturally to improve the quality of life through the mutual help of its members. The coop is engaged in a wide variety of businesses including consumer goods retailing, insurance business, the utilization of its facilities, and the activities for the betterment of the daily and cultural aspects of

peoples life. These are undertaken as part of the consumer movement.

The number of coop members and the size of its operation have grown remarkably in recent years. As of the end of March 1985, there were 1,318 coops with 28,370,000 members and a turnover of Yen 1.8 trillion.

The driving force of the recent growth of the consumer coop is coops in the cities that are organised by urban local residents to primarily conduct retail business. These entities grew in full swing in the decade after 1965. The Japanese economy achieved a splendidly high growth during this period and the nations standard of living improved considerably. Accompanying these developments, were unprecedented levels of pollution and the inflation of prices, and as consumers became concerned about these issues they began to call for safer, more reasonably priced products. The rampant inflation and commodities shortages caused by the oil crises and economic recession made consumers reexamine their lifestyles and take more initiative to protect consumer interests.

These fundamental changes in consumer awareness created demand for safer and less expensive merchandise which, coupled with the efforts of those involved in the coops, have fueled the rapid growth of urban consumer coops.

During the last several years, coops have engaged in an increasing array of social service activities including welfare programmes for the elderly, creating jobs for housewives, and organising sporting and cultural events.

In this way, coops have been growing steadily to meet the needs and demands of consumers who seek not only safe, healthy, and reasonably priced products, but also participation in society and contacts with others, with the joint buying system as the pillar of the Cooperative Movement.

According to such rapid growth of cooperatives, its scale has been expanding in recent years. Among those coops involved in retailing, 17 had membership in excess of 100,000 as of the end

of March 1985 (including coops starting retail business, primarily involved in the insurance business).

Viewed in this light, the coop as a whole has a prominent and recognised position in society. Nonetheless, there is an overwhelming number of small to medium sized coops, not a few of which are performing poorly. Activity pattern and sizes vary greatly among coops, and these differences have been widening.

### **Problems Facing the Coop**

Some coops have found that undertaking large-scale operations can increase the effectiveness of coop activities and result in greater benefits for their members. On the other hand, large-scale coops become too for democratic management and also cause friction sometimes with local medium and small scale private retailers.

**Democratic management :** As the size of a coop expands, economic benefits to coop members increase, but the organisation itself becomes complex. Thus, its management is likely to be handled by selected experts. It has been said that ties between members are weakening and the profit of the operation sometimes overrides the demands of members. The coop operates on the principle of one member one vote system. There is a general (delegate) assembly, decision by the majority rule. Those systems for democratic management sometimes do not work well, so some coops have endeavoured to promote small-group activities among members in order to reflect the opinions of their members in the management as much as possible. Nevertheless, the coop is now asked to find a way to secure the democratic way of management.

**Friction with small and mid-scale retailers :** Throughout its history, the coop has experienced some friction with small and medium retailers when opening of new stores and so on. Such friction has appeared recently as coops have grown in size and spread from urban to rural areas.

Compared to the 30% of the retail market share held by private supermarkets and department stores, the 2% by coops is

extremely small. Be that as it may, coops are prone to experience friction with local retailers where a large number of coop members exist or where retailers are dependent upon sales of fresh foodstuff, which is so to say the centerpiece of coop retailing. Moreover, small retailers which are not currently affected by the coops might be said to be concerned about the impact of future expansion of the coop movement.

Some medium and small sized retailers feel unequal that the coops are given unfair competitive advantages when opening new outlets and paying taxes. As the slower economic growth pattern is taking root, smaller retailers are not faring well. It is not an easy task for them to find a way out of their current difficulties, and their frustration is generating occasional friction with coops.

## **An Ideal Coop**

### *Basic issues confronting the coop*

The operation scale of the coop : The expansion of the coop operations should be welcomed for a number of reasons. For instance, it realizes smoother undertaking of coop activities and helps maximize benefits to members. On the other hand, expansion attracts members who are not genuinely interested in the activities of the coop but, at the same time, large membership is generally at odds with democratic management.

Thus, some observe that there should be a yardstick that determines an appropriate scale of coop operation in which the opinion of each member is reflected to some extent. It is, however, extremely difficult both theoretically and practically to set such a clear cut standard for the size of the coop. In view of the fundamental objective of the coop as a consumer movement, the focus of any evaluation of a coop should not be the size of operation but whether or not it is run as a democratic entity and the members are acting on their own initiative. The scale problem should therefore be dealt with in the context of through implementation of the democratic way of management, as described in the following section.

Improved transportation, development of media and information systems, and the growth of urban areas have expanded peoples living sphere beyond the local level. Given this fact, it is not proper to reduce coops business districts which are currently confined in the prefectural area.

Through implementation of democratic management : Being an organisation designed to promote mutual help between members it is the coops basic principle to operate democratically with the participation of its members. Sustaining this management method is the basis for the sound development of the coop.

Democratic management is supposed to be legally guaranteed by the systems like one member one vote, a general (delegate) assembly which is the highest decision-making body, decision by majority, etc. It is likely, however, that these principles will be reduced to substanceless formalities as coops expand, as business areas become more specialised, and as an increasing number of women, who were originally coop activists, enter the work force.

In this context, the following points provide a guideline for discussions regarding the practical maintenance of democratic management:

In view of maintaining a democratic way of management, a fixed number of delegates to the general delegate assembly according to the number of members should be set, and the rights and responsibilities of the board members should be clarified.

In addition to the general (delegate) assembly for decision-making, smaller groups, district organizations, specialised committees on various subjects should be instituted. By transferring authority as much as possible to these sub-organisations, the mechanism of management through the opinion and initiative of members should be strengthened. In view of the fact that most coop members are housewives and they are the ones effectively conducting most activities, it is desirable that women be given opportunities to play

active roles as board members and the staff in order to accurately reflect the opinion of members in coop management.

Educational activities should be increased in order to enhance the awareness of coop members about the role of coop as a consumer movement and to train board members and the staff to practise the democratic way of management. Democratic coop management can be achieved effectively in conjunction with the disclosure and improved auditing systems which will be explained later. It is also of extreme importance to resolve various problems and issues relating to the above two systems in order to attain democratic management.

### *The issue of non-member utilization*

Among the problems pertaining to friction between coops and small and medium size retailers, the issue of non-member utilization is pointed out.

The crux of the problem is whether or not non-members should be allowed to use coop outlets to purchase goods. If non-members are allowed to use coop stores either freely or with some restrictions, the raison detre of coops, i.e. a mutual-help organisation, will be blurred. It will thus be difficult to distinguish between the coops and the commercial retail business.

If this is the case, it can reasonably be argued that the coop and private retailers should be treated equally and compete under same conditions.

In principle, non-members should not be allowed to use coop facilities because coop activities are undertaken to mutually help its members (including families sharing the household budget). It is, however, unreasonable to rigorously apply this rule to isolated island areas or remote places where a coop outlet is the only available facility for non-members. These cases and other special conditions should be treated as exceptions to the principle.

If non-members are given free access to coop facilities, it will undermine the coops image as a mutual-help organisation undertaking its business operations as part of the consumer movement. Meanwhile, the coop may be inclined to seek augmentation of economic profits by winning more customers. It is feared that the coops mission would be lost under such conditions.

So long as the utilization of coop facilities is limited to its members, it is fundamentally distinguishable from the commercial retail business. This is what allows coops to be treated differently, within reasonable limits, than commercial retailers with respect to store opening, tax regulations, etc.

Coop itself is strongly urged to take the initiative to prevent the non-member utilization. To this end, the coop should take the following measures rigorously, while administrative guidance should also be strengthened as necessary.

- Thorough notification at the store front : Each and every coop store should put up a signboard in a place easily visible notifying that the facility can be used only by coop members and their families. In large-scale outlets, in-shop public address announcements to that effect should be made as occasion demands.
- Presentation of members certificate : When it is difficult to judge whether or not the person is a member or a family member, she/he should be asked to present her/his members certificate for confirmation. As a future step, it is necessary to examine ways to confirm the membership more easily by introducing, for instance, a magnetic certificate card system.

## **Ideal coop activities**

### *The coop as a consumer movement body*

What distinguishes the coop from other consumers groups is its status as a legal entity that engages in various business operations including joint buying as part of the consumer movement efforts.



Once such business activities are initiated, however, coop board members and the staff are liable to be preoccupied primarily with the management of their businesses as they find themselves in a fiercely competitive situation. Under such circumstances, it is feared that the starting point of the consumer movement will be neglected, and various other member activities will be given lower priority. It should not be forgotten that coops business operations are after all part of the consumer movement and are not intended to generate profits. Excessive preoccupation with business operations should therefore be strictly reprovod.

As a consumer movement, the coop may engage in the following activities in order to promote the interests of the consumer: activities to provide safer, better-quality goods; to stabilise or to lower prices; to remedy product misrepresentations and inappropriate consumer transactions; to streamline distribution; and to improve the quality of life by eliminating waste and extravagance. What will be particularly demanded of the coop from now on is activities to swiftly provide accurate information to consumers about products based on merchandise tests, etc. and daily life-related advice.

The coop is also expected to make an active contribution to the local community to improve the socio-economic aspects of life through concerted efforts of members, board members and the staff while upgrading education on coop and several issues on consumer life.

### *Staging a wide range of life culture activities*

Coop activities centre on the retail business of consumer goods through their stores and joint buying system. But, it is hoped that the coop will also conduct a wide range of other activities according to the opinion of its members. They include welfare activities for the elderly, activities for sound growth of youth, sports and cultural events, and environmental protection.

As Japan becomes a rapidly aging society, welfare assistance to the elderly will be of great importance. As a community, vol-

untary mutual-help organisation, the coop is expected to play an important role in this area especially.

### *Enrichment of the quality of coop business operations*

Coop activities are non-profit mutual assistance efforts on the basis of the initiative of the members genuinely interested in consumer movement. Viewed in this light, the quantitative expansion of its business activities is not necessarily an appropriate measure of its achievements. Excessive emphasis on quantitative enlargement is, in fact, incompatible with the intended purposes of the coop. It would even create a barrier in generating understanding of the consumer regarding the coop as a consumer movement and would unnecessarily prevent them from participating in its activities on their own initiative.

Rather than seeking for a greater quantitative expansion, the coop should strive to upgrade the quality of its services as a mutual-help organisation in order to meet various demands of its members.

### *Social responsibility and cooperation with small and medium- sized retailers*

The coop is strongly urged to be aware of its role and accept responsibility commensurate with its scale and the impact it exerts socially and economically. In this context, it is hoped that the coop will participate in activating cities, extend help to development of local industries, cooperative with agricultural, fishery coops, etc. These will help protect the interests of the consumer, develop the local economy, and contribute to mutual understanding between the coop and small and medium retailers and producers.

Through joint efforts with small and medium retailers, for instance, by jointly staging events, issuing common cards, utilizing common parking lots, or by accommodating such retailers in its facilities as tenants, the coop is expected to make efforts to establish supplementary and cooperative relationship with small and medium sized retailers for the harmonious business devel-

opment. As constituent members of the same local community, the coop and these retailers should not stand in opposition. Instead they should endeavour to establish order with respect to competition and cooperation and avoid friction as much as possible.

*Towards a consumer coop open to everyone to join*

Initially, the coop started as a movement of small number of people. Because of this nature, even today the coop is sometimes viewed as a closed organisation. But, it is originally a movement open to all consumers. By conforming to the purposes of the coop, the coop should conduct its operations in such a way that will not cause misunderstandings of this kind.

## JAPAN

*Yasuo Gotoh\**

It is indeed an honour for me to be given an opportunity to attend this important Conference on behalf of the Japanese Ministry of Agriculture, Forestry and Fisheries which oversees cooperative organisations in agriculture, forestry and fisheries. It also gives me a great pleasure, as a member state of Asia and the Pacific Region, to be able to have close and cordial exchange of opinion with the distinguished delegates.

At the outset, I would like to congratulate Your Excellency, Mr. John Kerin, from the bottom of my heart, for your unanimous election as Chairman to the ICA Regional Ministerial Conference for Asia and the Pacific. I am fully convinced that this session will yield fruitful results under your able guidance.

I should also like to express my gratitude to all of the staff of the Australian Association of Cooperatives for their devotional efforts in preparing this session.

The cooperative movements in Asia and the Pacific countries have been established one after the other after the latter half of the 19th century.

The movements have been developed to the extent that now more than 50% of members who constitute the ICA belong to this region.

---

\* Former Vice-Minister, Ministry of Agriculture, Forestry and Fisheries.

Today I deem it extremely significant that both government officers and cooperative leaders are going to report on the cooperative experiences and various situations in each respective country as well as to deliberate upon common tasks such as fundamental values of cooperative movement and common strategy to the effect that socio-economic status of the people who are concerned with cooperative development efforts be enhanced.

Here, on this occasion, it is my pleasure to introduce to you as a reference the Japanese experiences about the roles of agricultural cooperatives which they played for democratization of farming villages, improvement of agricultural productivity and for upliftment of socio-economic status of Japanese farmers and also the roles of the government for the support of agricultural cooperative movement in this connection.

Japanese farmers have gone through a great turning point in the year 1945. Before 1945, mostly, many farmers were landless tenant farmers. In the following year, the agrarian reform was implemented and tenant farmers came to possess their own farmland. Also, coupled with the agrarian reform, Agricultural Cooperative Society Law which positions autonomy and mutual help as bases was enacted in 1947. Since then, many agricultural cooperative societies were established at every corner of Japan. However, these new born agricultural cooperative societies shortly went into collapse due to rapid decline of economy by the deflation policy which was taken to stop inflation in the post-war period and poor management on the part of agricultural cooperative societies. To tide over such situations, the Government of Japan strongly took measures to support agricultural cooperative movement for its revitalization. Through such experiences, the government acknowledged needs for reinforcement of organisational and business bases of agricultural cooperatives by promoting amalgamation of primary societies.

For this purpose, the government enacted a special law in 1961, thereby contributing greatly to promoting amalgamation of agricultural cooperatives through providing subsidies for investment of facilities of amalgamated society and giving prefer-

ential tax measures. At present, only preferential tax measures are given to merged society and the amalgamation programme is still going on. As a result, the number of primary societies were reduced from 12,000 in 1950 to less than 3,900 in 1988 and management scale in these societies were expanded and the number of members reached 8.3 million.

In addition to these policies, the government has directly and positively evolved various policies such as price stabilization measures for agricultural products in the field of agricultural production, improvement of agricultural structure (investment or improvement of physical and material bases for agricultural production), providing institutional loans with long-term at low interests for promoting modernization in agricultural production, thereby strengthening a constitution of agriculture.

As to how the government is involved in agricultural cooperative affairs, basically it as its policy fully respects autonomous efforts by agricultural cooperative organisations. However, agricultural cooperatives in Japan are undertaking, credit business and mutual insurance business which have a public character. Therefore, for ensuring sound operation of business in agricultural cooperatives, the government is supervising agricultural cooperatives in accordance with law and ordinances within a limit of necessity.

Agricultural cooperatives in Japan are providing various services to the members such as guidance for agricultural techniques and farm management, supply of agricultural inputs or consumer goods, marketing agricultural products, savings, deposits and loaning whose sources of funds is savings, joint operation and management of agricultural production and medical care activities to protect health of farmers. Thus agricultural cooperatives in Japan are largely contributing to enhancement of farmers status and development of farming villages. However, recently trends of urbanization of rural community and part-time farming progressed. While on the other hand, consumption of rice has sharply decreased caused by a change of diet habits of the Japanese people. Japanese farmers are being faced with various problems such as farm management scale of our

farmers being small and increase of agricultural income and reduction of production costs being very difficult.

Moreover, honestly speaking, it is a fact that in the midst of increasing roles of Japan in international society, Japan is called upon to open its market for agricultural products from overseas countries. Both agricultural cooperatives and farmers in Japan are thus confronted with the severer trials which they have not experienced in the past.

Japan depends for its food supply on overseas countries to a large extent. Viewed from calorie intake base, self-sufficiency rate is 49% which is the lowest among the advanced countries.

As Japan has had bitter experiences of food crisis in the past, the people has strong interest in securing foods from world markets in a constant and stable manners. To that end, they are convinced that at least basic food-stuffs must be produced within the domestic country.

On the basic recognition that the roles and missions of agricultural cooperatives are increasingly gaining its importance, the government of Japan should like to further provide necessary supports in assuring safety of food supply, developing agriculture as well as enhancing status of farmers. But as agricultural cooperatives are to be run autonomously on their own wills, I would like to emphasize that this is the fundamental factor responsible for the development of farmers organisations.

Harmonious development of international economic community is crucial in order to realise the sustainable prosperity in the world because we are under the situation that inter-dependent relations among countries has been much closer. My country has been actively participating in the international effort to assist developing countries in their economic development. Japanese Official Development Assistance has been progressively expanded. Presently, Japan is making full efforts to accomplish steadily the 4th medium target on Official Development Assistance, whose main content is to endeavour in increasing the performed total amount of ODA during 5 years from 1988 to 1992 to the amount of more than 50 billion dollars. In this context, the sector of agriculture, forestry and fisheries has

become an important field, because it is the key industry promoting the self-support development of economic society in developing countries. It will be one of the possible means to solve the global-wide environmental problems. In its implementation, Asia and Pacific region is geographically considered important.

I am deeply pleased that although Asia and the Pacific region had been the center of world food issues, however, recently many countries in this region have achieved self-sufficiency in major grain. On the other hand, some countries are still under chronic food shortage. Also, FAO reports that 400 million of undernourished people, which is equivalent to 60% of those people in the world, live in this region. Although the field of food and agriculture in this region has accomplished brilliant progress, there are still many problems to be solved such as unemployment, poverty and low agricultural productivity in the rural area. In order to solve these problems and improve nutritional intake of the people, it is very surely important to promote cooperative relations among farms and diversification in agriculture. It is fresh in our memory that agricultural diversification became the major item of the agenda at the FAO Regional Conference for Asia and the Pacific, which was held two years ago. From this view point, in order for farmers to run a healthy agriculture, strong guidance and support such as farming plan for farmers, loaning of fund for agricultural farming, collective purchase of production material and collective sale of agricultural products are necessary. Cooperative association is the most suitable organisation, which is the mutual aid organisation based on the cooperative spirit of farmers, to carry out the mentioned guidance and support.

In the light of the importance of the role that cooperative association will play in the development, Japan not only contributes the fund to the training project for agricultural cooperatives and for fisheries cooperatives, which ICA implements, but also carries out acceptance of trainees and other assistance for promotion of human resources development for the people concerned. Also, Japan provides technical cooperation for promotion of agricultural cooperatives in Thailand. In this fashion, Japan has been supporting independent development



efforts by cooperatives and will positively promote bilateral cooperation and multilateral cooperation of utilizing the expertise and technology of international organisations from now on.

ICA will attain the memorable 100th year since its foundation in the coming year of 1995. It is the reason why today ICA has developed as the largest non-governmental organisation in the world despite geographical, historical and social-economic differences among individual countries. The reason for this success is that the cooperatives has been on the basis of self-help and cooperative spirit, and the organization of grass-root level which purses the establishment of just and social economic order. For the sake of the continued development of cooperatives in Asia and the Pacific region, continuous support in policy and finance by the governments is necessary. In that case, it is important to respect and rear the self-support and cooperatives spirit.

I hope that the secretariat of Asia and the Pacific region for ICA will make efforts to solve problems which cooperatives in this region have, by its experience and expertise over long period until now.

To all of you participating here, The ICA Congress will be held in Tokyo in 1992 as the first Congress in the Asian region. I will wait for your arrival to Japan and welcome you from the bottom of my heart.

## JAPAN



*Isao Takamura\**

### **Time to Review Our Way of Life and Consumer Cooperatives**

Two centuries, since the Industrial Revolution of the late 18 century, have seen a constant increase in the wealth of humanity, led by a continuous development of science and technology. However, during recent times, it is clearly seen that the pre-established harmony by an invisible hand assumed by Adam Smith does not work very well, if at all it works. This has resulted in the rise of many unpredictable problems that cannot be solved simply by invoking the principle of a free market mechanism, and this has driven the capitalist economy into a serious state of crisis - i.e. ranging from a shameful waste of natural resources, an extensive spread of environmental pollution and destruction, a widening gap between the industrialized and developing countries, and domestically too, deepening conflicts between urban and rural citizens. On the other hand, the socialist countries in eastern Europe, after their dramatic changes at the end of last year, are groping for a new effective economic system.

In view of the global difficulties besetting the human race, it is my hope that the cooperative principle of voluntary activity, mutual assistance, and cooperation will become the prevailing spirit of a new, worldwide social system in the next century.

*\* President, Japanese Consumers Cooperative Union.*



## Delegates and participants from Malaysia



*Hon'ble Dato Tajol Rosli  
Mohd. Ghazali, Dy. Minister,  
National & Rural Development*



*Dato Ismail Mansor  
Secretary General, Ministry  
of National & Rural Dev.*



*Haji Mahymud Yusof  
Dy. Director General  
Dep of Coop Development*



*Mr. Sulaiman Daud  
Executive Director, Natred Sdn.  
Bhd., Cooptrade*



## MALAYSIA



*Tajol Rosli Mohd. Ghazali\**

### Background and history

The introduction of cooperatives in the Peninsular of Malaysia in 1922 (then known as Malaya) by the colonial government was primarily for the purpose of combatting indebtedness among wage-earners - especially the government employees. The initial response was rather poor, with only 11 societies registered in the first year. Only after 1927 did it spread out to most of Federated Malaya States. By 1941 there were 307 societies with a membership of over 94,000 people. By then it has spread to the rural areas as well, among the paddy-planters and rubber tappers. Cooperatives were mostly of the credit or thrift and loan type and also consumer cooperatives.

The steady growth was interrupted by the 2nd world war. Most of societies records were destroyed or lost. Reorganisation took sometime. In 1948 the government promulgated the Cooperative Societies Ordinance. Previously cooperatives were registered under the Cooperative Societies Enactment of the various states. In the 60s saw the rapid expansion of the movement and the introduction of the multi-purpose type of **cooperative** societies, as compared to the single or uni-function previously.

---

\* Deputy Minister, Ministry of National & Rural Development.

The 70s saw some societies, not only going into big business, but also buying into/over companies. This prompted the government to amend the Cooperative Societies Act which enables cooperative to have subsidiaries. People from the corporate sector started to come into cooperatives, not to promote the interest of the cooperatives; but to avail themselves of the resources of the cooperative societies and to promote their own interests or companies. Finally it resulted in what was known as the Cooperative Fiasco in the mid-1980s. Although only 25 cooperatives were involved from over 3,000 societies, but it affected over one million people with funds or deposits over M\$ 4.5 billion.

These cooperatives deposited their money in the various banks. When there was a run in one cooperatives, it quickly spread to the others. The cooperatives then had to make heavy withdrawals from all their banks. The government finally had to step in before the situation developed into a loss of confidence in the total banking system of the country, because the banks and its branches also found it difficult to meet the sudden withdrawals. The government had to guarantee the safety of the peoples deposits - dollar for dollar - because most of the cooperatives have incurred heavy losses. Some of these cooperatives have since been placed under receivership. It was found that the people who run these cooperatives were people from the corporate sector with a few companies of their own but with very little knowledge of the concept and practice of cooperatives. Because of their social standing they got themselves elected in the cooperatives.

### **The future of cooperatives in Malaysia**

The Dy. Prime Minister, who is also the Minister for National and Rural Development in charge of cooperatives, has declared 1990 as the year of research and planning for the future of the Cooperative Movement. A proper study of not only the movement but also the laws governing cooperatives is being undertaken. Besides trying to plug some of the loopholes in the law which enables outsiders manipulating the cooperatives it

is also intended to make the members more responsible towards their own organisation. If, for example, at present cooperatives have to get approval of the Registrar before they can invest their funds or borrow funds from outside, in future all they have to do is to get the approval of their members.

There are now more than 3,500 cooperative societies in Malaysia with a membership of almost 3.5 million people and a paid-up capital or more the M\$ 1.5 billion with total assets worth more M\$ 8 billion. In terms of figures this may sound quite high but the total impact or contribution of the Cooperative Movement to the economy of the country is still small.

The most significant contribution probably is in the field of credit of which in 1989 more than M\$ 800 million was given out by the Cooperative Movement as loans. The total turnover of the consumer cooperative was only around M\$ 200 million. These two activities were concentrated mostly in the urban areas. In agriculture and other rural-based activities the volume is much smaller.

In its efforts to increase income of the rural people - to bring it to a level of, say 80% of the income of the urban population, the government plans to modernize the economy of the traditional villages from subsistence farming to a commercial farmer. Uneconomic holdings will be amalgamated and managed by cooperatives. Small and medium scale industries will be introduced (according to the availability of raw materials) to provide employment to those displaced farmers. Where available, new government lands in the surrounding areas will be opened up to enable each farmer to have an economic holding. All government agencies involved in rural work/development will be coordinated. In this respect the Ministry of National and Rural Development has identified 644 centres to be developed starting from the 6th Malaysia Plan, beginning 1991 (to be known as Rural Development Centres - RDCs).

The village people involved in this scheme will be organised into a cooperative society in each RDC. This scheme may also involve the resettlement of some of the people that are scattered in the new RDC where modern facilities and amenities are to be



provided. They will have a say in the management of their day-to-day affairs through their cooperative.

From the studies carried out, as stated in para above, the Cooperative Movement can plan better for the future - which way to go and in what fields it should expand. The government hopes to encourage the expansion of the consumers as well as the housing cooperatives. Everybody is a consumer and everybody needs a house. If the Cooperative Movement can succeed in these two fields, it will help the Government a great deal in its efforts to give a better life to the people.

### **Government involvement in cooperative**

The Malaysian Government encourages the formation of cooperatives. We believe in the democratic way of life and cooperative, through its principle of democratic control, teaches the people to solve their problems democratically. Even before a cooperative is registered the officers of the Department of Cooperative Development (DCD) make sure that the founder members understand these principles. After registration they continue to attend meetings of cooperatives to make sure that the meetings are conducted properly.

The cooperative concept of self-help and mutual help is in line with out Governments efforts to make each farmer/producer self-reliant. The cooperative can assist each and every farmer/producer to be a commercial farmer or producer. Towards this end the government is prepared to assist cooperatives in every way possible.

Special preference may be given to cooperatives that wishes to venture into housing and/or consumer activities, especially for the building of low-cost houses and/or opening up a mini-market/ supermarket. Cooperatives may be given land as the site for the housing project, and/or soft loans for bridging or for revolving capital in the case of a consumer activity.

## **International cooperative trade**

The Malaysian Government fully supports this venture. Two commodities are produced in large quantities by cooperators in our country, i.e. rubber and palm oil.

More than 100,000 rubber small-holders are organised into 62 cooperative societies. Last year they produced and marketed more than 65,000 M tons of rubber smoke sheet (RSS). Besides trade, these cooperatives are also prepared to go into joint-ventures, especially in processing rubber into finished products, or latex into concentrates, etc. The activities of these cooperatives are coordinated by RISDA (Rubber Industry Small-holders Development Authority).

Another government agency, FELCRA (Federal Land Consolidation and Rehabilitation Authority) has under its wing 65 cooperative societies with more than 13,000 members. FELCRA rehabilitates land that have been given to the people by the various state governments. FELCRA comes in and develops the land and organizes the owners of the lands into a cooperative society. When the cooperative is ready to take over, FELCRA withdraws and the people manage the lands themselves. Last year these cooperatives produced and marketed 22,000 M. tons of rubber and 53,000 M. tons of crude palm oil (CPO).

The cooperatives under RISDA has formed a federation called NARSCO (National Rubber Small Holders Cooperative) and those under FELCRA has a federation called KPFB (Koperasi Peserta FELCRA Berhad or Felcra Participants Cooperative Society Limited). These federations supply all the inputs required by their members and also market their produce - including processing. Any proposal of trade or joint ventures can be put forward to these two authorities.

These is also a big potential in joint venture projects for the growing/processing of tropical fruits and other agricultural products. Individual farmers have penetrated the middle east as well as the European markets with their star fruits, guava, bananas, etc. But cooperatives are yet to follow suit. They lack the

necessary know-how, expertise and capital. There is no lack of suitable land for growing/farming.

## Closing

The Malaysian Government is committed to the promotion of cooperatives. In a country that practices free economy the strongest always wins. For those who are not so strong or not so well to do, the cooperative is the best alternative for them. Through the spirit of self-help and mutual-help they can overcome all obstacles that come their way - although sometimes the Government too has to come to their assistance. Active collaboration among cooperatives of different countries should also be encouraged.

**Delegate from Pakistan**



*Mr. Zeenatullah Khan  
Adgvisor. (Coops)  
Jt. Secretary to Govt.  
of Pakistan*



## PAKISTAN



*Zeenatullah Khan\**

It is indeed a great honour as well as a challenge to me to address this august galaxy of Asian and Pacific Cooperative Ministers, high ranking officers and distinguished cooperators as a solitary soul on behalf of my country.

In fact His Excellency Dr. Mahboob-ur Rehman Khan, our Minister of State for Food, Agriculture and Cooperatives was designated by Mohtarma Banazir Bhutto, Prime Minister of Pakistan to lead a two man delegation and the Honble Minister had a confirmed programme to fly from Pakistan on the 8th February 1990 so as to reach Sydney by 10.30 am on 10th February. Unfortunately I have lost complete contact with our capital, Islamabad since the 6th February when I started my journey for Sydney from Islamabad. I only wish our Minister of State safe and sound.

In my humble capacity as the Advisor for Cooperatives to the Pakistan Ministry of Food, Agriculture and Cooperatives, I have been involved in the on-going exercises for the improvement of cooperative structure in Pakistan and coordination with the four provinces of Pakistan in the area of cooperatives. As such, in the absence of our Honble Minister I shall endeavour to say something about our cooperative sector.

---

*\* Advisor (Cooperatives), Joint Secretary to Government of Pakistan, Ministry of Food, Agriculture and Cooperatives.*

It is my privilege to bring the fraternal greetings and best wishes of the government and people of Pakistan for all the distinguished delegates of this Conference.

I would also like to convey our appreciation to the International Cooperative Alliance and the Government of Australia for making splendid arrangements for this Conference and extending to us great hospitality.

The theme of this Conference Cooperation for the 90s is of vital importance as the Conference will provide us an opportunity to discuss strategies and formulate guidelines for cooperative development in 90s.

Government of Pakistan have full faith in the potentialities of cooperatives as an instrument of socio-economic change and as a catalyst in uplifting the standard of living of economically weaker sections of the community. We believe that government can assist the cooperatives in its efforts to eradicate poverty, eliminate unemployment, weed out social injustices and bridge the gap between haves and have-nots and thus lead to balanced community development and social stability.

Cooperative Movement is peoples own Movement. No other social approach to the solution of human problems is as close to the principles of Islam as the cooperative efforts of the people. The distinctive feature of the Cooperative Movement lies in its emphasis on equality of man with man through the exercise of the cardinal principles of democracy. The dignity of man is translated into action through Cooperative Movement by establishing the rights of an individual vis-a-vis other members of the society. Cooperatives are useful in each and every field whether social or economic in nature.

The significant contribution of cooperatives to the transformation and modernization of agriculture in Pakistans predominantly agriculture economy is well recognised. The need for cooperatives is greater in developing countries with low production and productivity in agriculture. No government, more so a democratic one, can afford to ignore agriculture and the rural poor. Our governments efforts therefore, are for increasing

agricultural production and productivity and ensuring that the gains of increased production accrue to the farmers. It is for this reason that the government seeks the help of cooperatives to reach inputs to the farmers for increasing production and productivity and provide post-harvest facilities for increasing income.

Agriculture is the mainstay of Pakistans economy which accounts for over 23% of Gross Domestic Product (GDP), employs about 50% of the labour force and fetches about 70% of export earnings including processed agricultural products. Although its share in GDP has declined over the years due to diversification of our resources towards industry and infrastructure, agriculture continues to remain the most important sector of the economy providing livelihood to over 70% of the rural population.

Our agricultural policy aims at the development of multi-dimensional aspects of the agriculture sector. It envisages not only the timely and quality supply of essential inputs for improving the productivity of land and increasing agricultural production but also pooling of land to minimize the effects of fragmentation of small farm land so as to prepare grounds for large scale mechanized farming.

Since the present government is committed to the economic and social uplift of the rural poor and reposes full confidence in their ability to organise cooperative efforts, for their own good, it is giving due importance to the cooperative sector and taking all possible steps to strengthen the cooperative movement in the country.

People of rural areas suffer from wide spread illiteracy, abject poverty and acute sense of deprivation. Fragmentation of land holdings, obsolete and backward agricultural practices and lack of capital and leadership have further exacerbated the situation. These maladies have cumulatively obstructed the cooperative development in the rural areas.

Cooperative movement is an important vehicle for self-reliance of small farmers and persons of small means. There is



a limit to what government can do for the people but there is no limit to what people can do for themselves. Although agriculture is the back-bone of our national economy, majority of our farmers are persons of small means who are unable to apply modern technology in farming due to their meagre resources. This dictates the need for cooperation and collective action. Accordingly the farmers have formed cooperative societies through which they take credit and utilise it for applying modern and mechanized techniques for securing both better yields and production. Fully conscious of the adverse effects of these hindrances on rural and agricultural development, government of Pakistan is assiduously endeavouring to eradicate them through a well concerted and organised strategy and policy instruments. The government of Pakistan has orientated the development thrust towards rural uplift. All basic amenities of life such as drinking water, electricity, health facilities, educational facilities, and agricultural and rural infrastructure are being extended to the rural population through recently launched Peoples Programme in accord with the manifesto of Pakistan Peoples Party.

Cooperative Movement in Pakistan shares its history with India. In 1904 when India, Pakistan and Bangladesh were all parts of the undivided British India, the then British government introduced the first Cooperative Act 1904. That law was primarily enacted to relieve the Indian and Pakistan farmers from rural indebtedness. In 1912 when more provincial autonomy was delegated to provinces, the Cooperative Societies Act 1912 was promulgated for the province of Punjab. This was further amended and replaced by a more comprehensive law in 1919 relevant to present day province of Punjab. So much about Punjab which is one of the four provinces of Pakistan. The other provinces are Sindh, North West Frontier Province and Baluchistan. Sindh was first part of the province of Bombay of the undivided India. Till the time when Sindh was carved out as a separate province the Bombay Cooperative Societies Act 1925 applied to this province. However, even after the creation of the province of Sindh the new province opted to continue to be

governed by the Bombay Cooperative Societies Act 1925 then renamed as Sindh Cooperative Societies Act 1925. The NWFP Province continued with the Act of 1912. In 1947 when India and Pakistan attained independence from the British Raj in the respective territories, the present day four provinces of Pakistan were working with different Acts of Laws in each province. The province of Baluchistan which is the largest province, area-wise, of Pakistan is mostly arid and with rocky terrain with minimal population. Ironically the largest province of Pakistan has very low density of population. This can be gauged from the fact that the entire population of Baluchistan has the population equal to our largest city of Karachi. This province has a unique socio-economic system of administration through tribal-sardars. Actually Baluchistan has marginal receptivity to cooperative philosophy.

After independence, in 1955 following six years constitutional reforms modern Pakistan was declared as one unit, then called West Pakistan with its capital at Lahore apart from Karachi which continued to be the capital of the Federation of Pakistan. With the amalgamation of the erstwhile four provinces into one unit the necessity to have one single law regulating registration, audit, inspection, elections, management problems and settlement of disputes of cooperative societies was felt. It was then decided in 1965 to replace all the earlier cooperative laws relevant to the four provinces individually by the Sindh Cooperative Societies Act 1925. The constitutional history of Pakistan has unfortunately been erratic. Time took a full circle and a stage had come when the one unit of West Pakistan was dissolved in 1969 that led to re-emergence of the old four provinces of the Punjab, Sindh, North West Frontier Province and Baluchistan. However, all the four provinces opted to continue to be governed by the same Cooperative Societies Act 1925. Since cooperatives is a provincial subject under the Constitution of Pakistan, now each province has been amending the 1925 Act suiting its local conditions. But the old 1925 Act, by and large, maintains the old characteristics with minimal variations here and there.

Cooperative societies in Pakistan are regulated directly by the Registrars of Cooperative Societies appointed by each province for its territory. Under each Registrar there is a Joint Registrar in each Division and a Deputy Registrar in each District. There are Circle Registrars in each Tahsil. This cooperative hierarchy is consulted for policy formulation purposes by a Cooperative Department or Ministry in each province. Punjab, being the largest province, population and resources-wise has a full-fledged Cooperative Department headed by a Provincial Minister for Cooperatives. The smaller provinces control cooperatives by combining the activity with other areas of activities. For instance, cooperatives is a part of Labour Department in the Government of NWFP and part of Agricultural and Rural Development in the province of Sindh and so forth.

To train the officials of Cooperative Departments we have two Cooperative Colleges - one for Punjab in Faisalabad and the other in Peshawar for the NWFP. There are separate training institutions for the other two provinces. Cooperation is also taught as a part of curricular of B.Sc and M.Sc (Agriculture) classes at the Agricultural University of Faisalabad and Agricultural University of Peshawar and Agricultural University of Tandojam (Sindh).

Thus on the official side there is no dearth of institutional indoctrination and training on the philosophy of cooperation. Unfortunately, however, though there are cooperative unions incorporated by cooperative societies themselves, not much enthusiasm is evident. The cooperators have not made any impact in self-education on the principles and spirit of cooperative movement and much remains to be done on the non-government part of the movement.

At present there are a total of 56,142 cooperative societies in the country out of which 35,762 (or 63.69%) are agricultural credit cooperative societies, 487 tube well cooperative societies, 331 farming cooperative societies and 138 marketing cooperative societies, 53 fishermen cooperative societies, 1,670 indus-

trial cooperative societies and 1,124 women cooperative societies, besides numerous housing societies. The total working capital is estimated as Rs.838 million and the total membership of the societies is 3 million out of our population of 100 million.

Cooperatives are playing an increasingly important role in the socio-economic development of the country in general and agriculture in particular.

There are about 40 multi-unit cooperative societies which are registered to function on all - Pakistan or national basis. These include an insurance cooperative which is a federation of primary cooperative societies. Another multi-unit cooperative is engaged in procurement and supply of agricultural inputs such as fertiliser, pesticides and agricultural implements. There is a railway employees thrift and credit society and numerous housing societies.

Recently a new dimension in cooperatives has been added. Some highly qualified and motivated by service to the ailing masses medical doctors serving as expatriates in western and middle-eastern countries have formed a medical development cooperative society by making generous contribution to the share capital of the society in foreign exchange for establishing small static and mobile hospitals predominantly in rural areas. Because of constraints on national resources by mutually competing non-development activities delivery of a minimum health package is still a far cry in Pakistan. The medical cooperative society holds both the promises and prospects to the ailing masses, particularly in rural areas.

To organise the cooperative credit structure in the country and to give it a substantial economic support the Federal Bank of Cooperatives was established in 1977. This is the principal institution for meeting the credit requirements of farmers, particularly small farmers through provincial cooperative banks and multi-unit cooperative societies. The system is working successfully all over the country in providing credit at the grass-root level. Subsidized credit is disbursed through cooperative network to the farmers. Cooperative credit, however, covers nearly 20% of the overall credit disbursed to the agricultural sector

through nationalised commercial banks and the Agricultural Development Bank in Pakistan.

During 1988-89 the Federal Bank for cooperatives has disbursed a total credit of an amount of Rs.2,730.69 million out of which Rs.2,638 million was short-term loan and Rs.92.69 million was as medium-term loan.

At the instance of the Asian Development Bank, the Government of Pakistan has agreed to an in-depth study of cooperative credit system in Pakistan with particular reference to agriculture and to identify the built-in-weaknesses of cooperative system and make recommendations for its reform. The study is almost complete and it is hoped that on receipt of the report of the consultants some effective improvements will, hopefully, be carried out in the cooperative system in Pakistan.

Cooperative institutions are running very well in every walk of life in several developing and developed countries. In Pakistan cooperatives have done a good job in the field of agriculture but there is a need to expand its scope to all spheres so that along with public and private sectors it could play an equally important role in the socio-economic development of the country.

I believe that Asian and Pacific countries can learn a lot from each other by sharing their experiences in respect of cooperative development. They can exchange cooperative experts and arrange training facilities for cooperators and officials of cooperative ministries/departments with the financial assistance of donor agencies. We are gratified to learn that the FAO and ICA are already working to establish a forum aimed at bringing together cooperators of Asian and Pacific countries to provide an excellent opportunity to them to share successful experiences of member countries in the areas of cooperatives.

I am confident that this Conference will develop useful recommendations and discover new ways and means for cooperative development in 1990s. With these words, may I conclude with my sincere wish and hope that this Conference will be a great success and set a land mark in the history of cooperatives.

## Delegate and participants from the Philippines



*Hon'ble Dante Barbosa  
Under Secretary  
Dept. of Agriculture*



*Mr. Glicerio E. Lorejo  
President, CUP*



*Gen. A. S. Lozada  
Secretary General, CUP*



*Mr. Joseph Francia  
Asstt. Director  
Bureau of Agri. Coop Dev.*



## PHILIPPINES



*Dante Q. Barbosa* \*

### Introduction

Experience in many developing and developed nations have proven that one of the most effective strategies to attain economic growth and equitable distribution of income and wealth is through cooperatives. By their nature, purpose, ideology and operating cooperatives promote harmony in society by narrowing the gap between the rich and the poor. Cooperatives are means toward greater growth and more humane and democratic societies. They involve a large number of people in development and the sharing of the nations material wealth or developmental benefits.

Historically, cooperatives were viewed by the government as voluntary and self-help organisations suitable of securing economies of scale in providing business and other services to limited resource farmers and individuals. They were also viewed as organisations that provide employment, improve income distribution and establish market prices by promoting private sector competition. They were thus used primarily as instruments for (a) improving the economic, social and cultural situations of people with limited means; (b) increasing personal and national capital resources by encouraging thrift, sound use of credit, and adoption of improved agricultural techniques; (c) increasing

---

\* *Under Secretary, Department of Agriculture.*



income and employment by further utilization of available resources, and of upgrading social conditions and providing supplementary community and social services in the rural areas.

During the past regime, the government made cooperatives the corner stone of growth and development in the rural areas. With the issuance of Presidential Decree No.175 the State adopted the basic policy of fostering the growth and development of cooperatives as a means of increasing the income and purchasing power of the low income sector of the population in order to attain a more equitable distribution of income and wealth.

Under the new dispensation, the role of cooperatives as vital instruments for attaining social and economic reforms was made more prominent. Section 15 of Article XII of the Philippine Constitution provides that Congress shall create an agency to promote the viability and growth of cooperatives as instruments for social justice and economic development. The enabling law giving substance to this constitutional mandate had been passed by Congress.

However, the Department of Agriculture (DA) who is responsible for promoting the growth and viability of cooperatives in the countryside, adopted the policy that leaves the basic responsibility for the development of cooperatives to the private sector, with the government assuming a secondary role.

### **The present cooperative system**

The most significant attempt, and the boldest so far, to establish a cooperative system integrating production, financing and marketing is the Cooperative Development Programme of 1973. The programme was implemented in three stages:

- i. The Samahang Nasyon (Village Association) Programme.
- ii. The Area Marketing Cooperative and Rural Bank Programme.
- iii. The Integration Programme.

*The Samahang Nayon Programme* : The Samahang Nayong (SN) is the rural base of the cooperative system. The SN is a village association of small farmers, mainly beneficiaries of the agrarian reform programme of 1972. The SN is considered a pre-cooperative and has four basic purposes:

- i. To serve as education process for leadership and membership development;
- ii. To serve as channel for the delivery of basic support services to the farmers such as extension, agricultural credit, production inputs and as assembly point for marketable produce;
- iii. To serve as savings arm and base for the establishment of marketing and financing cooperatives; and
- iv. To help facilitate agrarian reform by guaranteeing land amortization of farmer beneficiaries.

On the education process, the members were given basic lessons on cooperatives, the role of the SN in agrarian reform, some technology lessons and elementary management for a span of one year. This was followed by leadership training and more advanced management lessons.

As a saving arm, two funds were established in the Samahang Nayon, one is Barangay Savings Fund (BSF) and the other is the Barangay Guarantee Fund (BGF). The BSF is raised by contributing 5% of a members production loan. The BGF is raised by contributing one cavan of paddy (paddy) per hectare per harvest or its equivalent in other crops or case.

## **The Area Marketing Coop and the Coop Rural Bank**

The Area Marketing Cooperative (AMC) is designed as the marketing arm of the SNs. It is a federation of SNs at the provincial level. The SNs organised the AMC utilizing part of their BGF for the initial capitalisation. For an AMC to be registered, it needs a minimum paid-up capital of Pesos 100,000. The AMC provides input requirements of the members through the SNs and it markets the produce of the farmers, utilizing the SNs as processing centres of farmers produce.

There are also some area marketing cooperatives at the municipal level which are organised in places which cannot be reached or served by the provincial AMC.

The Cooperative Rural Bank (CRB) is designed as the financing arm of the SNs and their members. Organised on a provincial level, the CRB is capitalised by the SNs utilizing their BSF. The initial capital of the CRB which is usually Pesos one million is matched Peso for Peso by the government. In addition, the Land Bank of the Philippines has provided each CRB with another Pesos one million as special equity.

The CRB extends production loans to farmers through the SN. It also provides facility loans to SNs. The membership of the CRB is not limited to SNs. It has accepted membership of other primary cooperatives such as credit unions, consumer cooperatives, producers cooperatives and other types of cooperatives. At this point, the triangular cooperatives system at the provincial level is complete.

*Integration programme* : The second half of the 1970s was characterized by the organisation of cooperatives at the secondary and national levels. The SNs were organised into non-business federations at the municipal, provincial, regional and national levels.

## **Financial Support**

To augment their native capital, cooperatives were assisted financially.

- i. The Cooperative Development Loan Fund (CDLF). This was created under Presidential Decree No.175 and serves as source of loanable funds for cooperatives and as guarantee for loans granted to cooperatives. Funded by the government, the CDLF had, as of December 1986, granted Pesos 188 million to 442 cooperatives.
- ii. The Cooperative Marketing Project (CMP). The CMP is the creation of a bilateral agreement between the Philippine government and the USAID in 1970 to improve and develop

the cooperative marketing structure of the Philippines by providing AMCs with financing and managerial training. USAID provided \$6 million and the Philippine Government \$6.7 million for the period 1981 to 1986, a total of Pesos 49.8 million was granted to 33 organisations.

### **Major Problems of Agricultural Cooperatives**

- i. As a rural base of the agricultural cooperative system, the SN is no longer responsive to the requirements of cooperative growth. The savings programme is at a stand still. Only 13% of SNs are operating. The SN cannot give the services it was designed to give to farmer-members.
- ii. On cooperative financing, the withdrawal of the Cooperative Development Loan Fund and the funds of the Cooperative Marketing Project has left agricultural cooperatives with no financing support. Only a few of the agricultural cooperatives have access to banking institutions due to the latter's stiff requirements.

Cooperative Rural Banks which are supposed to supply credit needs of farmers and agricultural cooperatives have very limited resources. The Land Bank of the Philippines has a cooperative lending programme but this is quite limited. In 1988, the Land Bank was able to lend to only 25% of agricultural cooperatives a total amount of Pesos 65 million.

- iii. Agricultural marketing cooperatives are still very weak.
- iv. Cooperative education and training in the agricultural cooperative movement is practically nil. This is so because the movement is very weak and has neither the capability nor resources to undertake this vital activity. The Bureau of Agricultural Cooperatives Development under Department of Agriculture in this endeavour.
- v. Government has assumed a secondary role in the formation and growth of agricultural cooperatives. This is left to the private sector.

The government activities to support cooperative development are:

- i. Training of trainers from the cooperative sector so that these can be utilised as promoters, trainers and organizers of cooperatives.
- ii. At the grass roots levels training for the management and office bearers of primary cooperatives and their cooperative rural banks.
- iii. Building and strengthening the audit and supervision capability of the cooperative movement. Government auditors regularly inspect the books of the cooperatives. Promote financing of cooperatives through the Land Bank of the Philippines and the guarantee institutions.

### **Recommendations to strengthen the Agricultural Coop System**

- On the grass roots level, viable SNs should now be graduated into primary multipurpose cooperatives with assistance from CRBs and AMCs. Weak SNs can be merged to form a more economically viable primary cooperative. This will now become the base of the agricultural cooperative system.
- Cooperative education and training as well as cooperative management training and staff development should be given emphasis. These should be spearheaded by the cooperative movement itself and supported by the government.
- The audit capability of the cooperative movement should be strengthened so that the cooperatives will not depend on government for audit.

May I conclude, by quoting President Corazan Aquino, who, before leaders of the Cooperative Movement, both public and private sector, last Monday, 5th February had declared:

Today, however, there is a call for the active participation of our people in aspects of our national life beyond the political

realm. We seek an all out grass-roots involvement as we translate our political gains into economic benefits. Our people must be in the forefront of the war we wage against poverty.

But we know only too well that unless our people are organised, their participation in the war against poverty would have little impact. Our peoples resources must be pooled, their strength bound together in a common vision. Only then can they muster the utility our country needs to confront our age-old enemies - deprivation and want.

This is where the cooperative movement comes in. In our quest for viable peoples organisations which would allow our masses to take part in our economic development effort, cooperatives have supplied the answer.

Furthermore, I see cooperativism as a democratic response. Cooperatives provide our people - even the poor in the countryside - with an experience and participatory decision-making. Cooperatives have therefore become a vehicle for grass roots democracy; people sharing in the decision; people sharing in the responsibility and accountability.

Today, therefore, it is my honour to lead our nation in recognizing the growing role of cooperatives in the political and socio-economic life of our country. We bestow on these peoples organisations the status of partners in nation-building.



## Delegates and participants from Singapore



*Mr. Eric Cheong*  
*Chairman, SNCF*



*Mr. A. A. David*  
*General Secretary, SNCF*





## SINGAPORE



*Eric Cheong\**

### **Brief Background**

Our national movement started with the enactment of legislation by the colonial government of the day some 65 years ago. This initiative was taken to provide the proper framework for the establishment of cooperative societies to help alleviate the financial needs of the working population.

Since then, the movement has progressed steadily, and, especially over the last 25 years of Singapore's independence as a Republic, the cooperative movement has grown exponentially, with significant involvement by the labour unions.

The movement took another major step forward in 1980 when the apex organisation, the Singapore National Cooperative Federation was formed. This development provided the impetus for a more focussed and long ranging strategy for the cooperative movement, both on the national as well as at the international levels.

### **International Cooperation**

It is perhaps opportune, at this major gathering of cooperative and government leaders, to review the extent of international cooperation among cooperative movements. It is my view

---

\* *Chairman, Singapore National Cooperative Federation Ltd.*

that while efforts have been made to promote cooperative trade and ventures both regionally and internationally, much remains to be done in these areas.

This effort can be enhanced through the further relaxation of trade barriers, whether of a tariff or non-tariff nature, among countries concerned. Singapore, as one of the most consistent supporter of free trade is already the only country in Asia, besides Brunei, with the least tariff restrictions. Once barriers are reduced and trade becomes freer can special groups such as the cooperatives actively engage in and benefit from greater international cooperation in trade and joint ventures.

### **Current Cooperative Development in Singapore**

Permit me now to discuss the current status of cooperative development efforts in Singapore.

Under the auspices of the Singapore National Cooperative Federation, the Singapore Movement, has over the recent years, set its focus on the development of special purpose cooperative projects to cater to the needs of the rapidly changing socio-economic environment in the country in the 1990s.

Since the significant involvement of the National Trades Union Congress, in the early 1980s, through the inception of major consumer (supermarkets), transport (taxi) and insurance cooperatives, other cooperative sectors have also initiated special focus projects to address specific needs.

These were the formation in 1984 of a specialised cooperative venture to provide a wide range of security and related services, the Premier Security Cooperative Society Limited, and in 1988 the formation of a computer training school, the Premier Computer Cooperative Limited, focussing on computer education for cooperative members and the general public. A more recent development last year was the formation of the Premier Travel Cooperative to cater to the travel needs of members as well as the general public. 1989 also saw more cooperative development work being encouraged which resulted in the registrations of the Industrial and Services Cooperative Society (ISCOS) to cater to the training and employment needs of ex-

inmates of penal and drug rehabilitative centres; the State Inn Foods Cooperative Society, which runs a successful ethnic gourmet restaurant, and the Le Meridian Singapore Cooperative Thrift and Loan Society, which caters to the needs of the employees of the Meridian Hotel.

Further SNCF development work on the formation of the League of Credit Cooperatives in Singapore received support through the election of a 13-man protem committee to oversee its formation. Expert international assistance is currently being sought in this on-going effort.

In the area of cooperative education/development for youth, efforts in this area have recently borne fruit in the formation and registration of several new school/junior college cooperative societies.

In addition, new areas for study into the formation of special focus cooperatives include senior citizens homes and related services, child care centres (with a few actively under planning/development at present), tutorial groups etc. These are natural developmental projects catering to the fast changing urbanized society in Singapore.

## **The Future**

Cooperatives have an important role to play in the economic well being of their members and the socio-economic development of the country. The new Cooperative Societies Act, a departure from the restrictive old Act, provides a sound legal basis for the development of cooperatives in Singapore. The apex organisation (SNCF) will continue to coordinate the activities of cooperatives by providing centralized services to ensure the positive growth and widening of the areas of activities. The long-term results will be to foster the spirit of self-help and to create group consciousness and social cohesion. The SNCF will continue to play an active role in promoting cooperative development in the years ahead and also in creating greater awareness among members and the general public of the services provided by cooperatives to members, in particular, and to fellow citizens in general.



## Delegates and participants from Sri Lanka



*Mr. P. A. Kiriwadeniya*  
*President, NCC*



*Mr. M. G. S. Silva*  
*General Secretary, NCC*



## SRI LANKA



*P.A. Kirwandeniya*\*

I am addressing you in the absence of the Honble Minister for Agriculture, Food and Cooperatives in Sri Lanka, who is unable to be present here today due to unavoidable circumstances. I bring with me good wishes from the Honble Minister and greetings from the cooperators in Sri Lanka and the good will of the National Cooperative Council of Sri Lanka. Let me take this opportunity to briefly outline to you the present structure of the Cooperative Movement in Sri Lanka and the current trends and aspirations.

### Structure

The Cooperative Movement in Sri Lanka which is nearly 80 years of age is a three-tiered structure, namely, the primary and secondary societies and the apex unions. There are 7,813 primaries consisting of about 48 different types of societies. 282 of these are multipurpose cooperative societies, 5,885 are thrift and credit societies and 1,646 are of various other types. There are 7 apex unions for consumer, fisheries, thrift and credit, industries, marketing, coconut and rubber producers. The total membership is approximately 34 million with a total work force of approximately 80,000 employees serving more than 7 million people, mainly from the less affluent section of the society.

There is a Registrar and a Commissioner for Cooperative Development with provincial and district offices. There is a



Ministry for Agriculture, Food and Cooperatives and a separate State Minister for cooperatives.

The umbrella organisation covering the membership of almost all societies, the National Cooperative Council of Sri Lanka (NCC) was established in 1972 as the national ideological apex body coordinating activities of the Movement nationally and internationally.

## **Present Trends and Development**

With the intention of strengthening the NCC to be a dynamic and effective national organisation, the structure of the NCC was changed, and its by-law amended in keeping with the government policy of decentralization of state administration and devolution of powers. There are 27 cooperative districts in the country, and in each district the NCC has a District Cooperative Council, which are becoming more autonomous and independent after the restructuring, while still continuing to be closely linked to the NCC through membership. All apex unions too are members of the NCC.

Restructuring of the NCC has caused a change in its attitudes and activities too. From being an ideological apex body it is now venturing into the business sphere. At present we are conducting five profit making business ventures, a printing press, an architectural unit, in insurance agency, cooperative banking services unit and publicity and information unit. New advisory services in cooperative law and taxation are envisaged in the near future.

The Cooperative Movement in Sri Lanka was established in 1911 by the Government as a useful source for implementing activities concerning primarily the rural masses. The Government still continues to control the activities of the Movement. Absence of a National Cooperative Plan or planned policies for the development of the cooperatives or their human resources are great hindrances for the establishment of an independent and free movement.

The NCC has taken the initiative to link closer the liaison of the Movement with the state sector. A National Cooperative Development Plan has been drafted and negotiations are being made to request the Ministry of Cooperatives to include it in the coming budget.

The present cooperative law enacted in 1972 is to be amended to suit the present trends of the socio-economic development of the country. To free the cooperatives from the controlling powers of the government, the amendments seek to provide facility for greater member participation, incorporate Cooperative Principles in the managerial activities and reduce powers now vested on the Registrar and Commissioner. The responsibilities of the Department and the NCC are to be sorted out and the consensus of the societies funded by the state is to be sought when cooperative funds are appropriated.

Decisions have been taken to amend the eligibility of office bearers of cooperative boards, so that at least two years experience is considered an essential requirement to be elected to the Board of an apex body.

The poverty alleviation programme of the Government Janasaviya is being launched through the media of cooperatives. The NCC has taken steps to assist in this programme through the net work of district cooperative councils and regional training centres.

The thrift and credit societies are closely collaborating with the Government on the million houses programme, the rural integration programmes, the rehabilitation of slum dwellers in the cities and development of small farmers in the country.

A consumer apex union was recently established at the initiation of the NCC. Monthly meetings of all apex unions are coordinated by the NCC to maintain liaison within the apex unions.

The Cooperative Movement in Sri Lanka through the NCC is maneuvering closer collaboration with the Government, while gradually building up a strong, viable, free and independent Movement in Sri Lanka.



## Delegates and participants from Thailand



*Hon'ble Udorn Tantisunthorn  
Dy. Minister of Agriculture &  
Coops*



*Mr. Anucha Chintakanond  
Chief Advisor to the  
Deputy Minister for Agri. &  
Coops*



*Col. Surin Cholpraserd  
Chairman, CLT*



*Mr. Anan Chamnankit  
Director General  
Coop Auditing Dept*



## THAILAND



*Udom Tantisunthorn\**

I am honoured to have this opportunity to speak to this gathering of distinguished delegates on the development and evolution of the cooperative system in Thailand. But first of all I feel compelled to thank the organizers of this ICA Conference for organising such a significant meeting enabling us to exchange information and strengthen our cooperative efforts as well as (to thank) the Government of Australia and New South Wales for the hospitality and warmth extended to us all.

The cooperative was just introduced in Thailand in 1916 some 74 years ago in the form of a small village cooperative when the Government became concerned with increasingly deteriorating economic and social conditions of farmers who consisted the majority of the population. The Government decided to use the cooperative as a means to improve the standard of living of small farmers who were indebted due to unstable and insufficient income from paddy production and hence losing their land ownership.

Unfortunately, the development of the cooperative cannot be claimed to have been a complete success. Progress was continuous but somewhat slow due to the lack of sufficient understanding amongst the people. However, certain types of coop-

---

\* *Deputy Minister of Agriculture and Cooperatives, Ministry of Agriculture and Cooperatives.*

eratives have prospered and grown in numbers, such as the thrift, credit and savings cooperative numbering 771 with over one million member families and more than 1,370 million US dollars in operating funds. Unlike some other types of cooperatives, the thrift, credit and savings cooperative arose through the felt needs of the people (themselves) which included government officials and teachers.

Today there are 6 major types of cooperatives, namely, agricultural cooperatives, land settlement cooperatives, fisheries cooperatives, consumer cooperatives, service cooperatives and thrift and credit cooperatives numbering almost 3,000 with 2.8 million family members and total business transactions amounting to a little over 2 billion US dollars.

The cooperatives in Thailand are vertically organised in a three tier system, namely, the primary cooperative, the provincial federation and the national federation.

Earlier I mentioned that insufficient understanding amongst the people retarded the growth of the cooperative movement. I should now also add that bureaucratic requirements and controls, though with good intentions, was another factor. Hence, the emergence of farmer groupings which were formed by those wishing to avoid the stringent bureaucratic requirements and those wishing (more) management flexibility. Often these farmer groupings later evolved into proper cooperatives after more experience and know-how had been acquired.

The Government of Thailand believes that cooperatives will enable farmers to help each other in increasing production and quality as well as reduce their marketing problems. Hence, the cooperative has been adopted as a strategic tool in our national economic and social development plan to reduce poverty and uplift the standard of living of the poor.

We must admit that the objectives of the cooperative are noble, but the establishment of a successful cooperative system is a difficult task. Much depends upon the socio-economic conditions of the country. The production, credit and marketing linkage programme for rice for example has the objective to

link production and marketing activities into one integrated system as well as to improve the loan repayment performance of cooperatives by closely linking paddy collection with repayment.

Under this programme, we are asking our farmers to be not only producers but also to acquire a degree of management capability. And one must admit that real expertise in both areas would be out of reach in this present world of highly specialised and inter-dependent economy and society. Somehow, a proper balance must be struck.

We have recognised that low education levels of cooperative members and inadequate training of cooperative officers are factors contributing to the slow progress of the cooperative movement in Thailand and have included subjects on cooperation in the school curricula starting from elementary schools upto university some of which have a department of cooperatives. Practical activities such as cooperative stores and thrift and credit cooperatives have also been established in schools and universities.

Again, in order to improve the efficiency and strength of the cooperative, the government also assists in providing credit and disseminates information on commodity prices and market conditions.

I would like to note that the cooperative system is consistent with the principle of assisting people to assist themselves, an important principle in the science of development and to foster esprit de corps. One might add, moreover, that the cooperative system is consistent with the strengthening and promotion of joint participation and democracy:

I hasten to add that we also recognize that sometimes the cooperative grouping has been utilised by certain members as their political base. It is important that cooperatives not become political bases and tools if their efficiency and original objectives are to be retained. However, I personally believe that the people are clever enough not to be utilised and fooled.

In order to impress upon you the significance of cooperatives even further, I would like to mention our dairy coopera-



tives which have contributed to the changing of consumption habits of the Thai population. As a result, we who formerly consumed very little milk and dairy products, have increased our intake to the extent that we now have to import milk.

As time is running short, I should end my statement by saying that I fully endorse the proposal to encourage and support cooperatives to enter into direct import and export activities. For besides enabling farmers to increase their earning capacities, the integration of production and marketing activities will greatly enhance efficiency and reduce oversupply or shortage problems, promoting not only a more stable and secure domestic economy but also a more stable and secure international economy to the benefit of mankind.

**Delegate from USSR**



*Mr. Alexander Starych  
Vice President, Centrosoyuz*



## U.S.S.R



*Alexander Starych\**

If we listen to cooperators, they seem to say that Government was not doing enough for cooperatives. This Conference is to bring out optimum guidelines for the benefit of both that is the cooperatives and the Government.

Each movement has its own difficulties. In Soviet Union CENTROSOYUS has a long history of 100 years. It has 60 million members. Its main activities are in rural areas, where 50% population lives. At all stages of cooperative movement, cooperative principles and ideology are preserved. Under the new leaders, cooperative movement is achieving greater support.

We convince the Government not to have any Ministry or Department to supervise cooperatives. Government is just to support cooperatives financially.

There are three main areas of collaboration between Government and Cooperatives:

- i. Beneficial Taxation Policy for Cooperatives. The Tax collected from Cooperatives is to be channelled back to them for development.
- ii. Credit to cooperatives should be improved.

---

\* Vice President, CENTROSOYUS

iii. Wider access to cooperatives for production.

There are certain recent developments which are important. CENTROSOYUS has representation in the highest legislative body. There are 40 deputies in the Parliament. This has further improved cooperative-Government relationship.

Many new cooperatives are being set up in USSR e.g. medical and agricultural cooperatives.

Cooperatives should not ask for any assistance from Governments. Cooperatives should function that the Government recognizes their importance and need.

A new cooperative law was recently enacted to govern cooperatives.

Cooperative education and training is very important for the efficient functioning of cooperatives. There are difficulties in personnel training. Government officials also need education.

**Delegate from Vietnam**



*Mr. Vu Luu  
Vice President  
Central Council of Vietnam  
supply & Mktg. Cooperatives*



## VIETNAM



*Vu Luu\**

It is the great honour for the delegation of Central Council Vietnam Supply and Marketing Cooperatives to take part in the Ministerial Conference. On behalf of our delegation I would like to inform you about some actual problems of Vietnamese Cooperative Movement.

The Central Council of Vietnam Supply and Marketing Cooperatives is the mass social economic organisation of working people in our country. Its activities are based on the principles of democracy, voluntary and encouraged, supported, protected by the State.

The Central Council was founded in 1955. Now a days it has 20 million individual membership, that means one third of the whole population in the country. Almost 35 years on its way of developing and construction Supply and Marketing Cooperatives have passed through many difficulties and hardships of 30 years prolonged war with almost destroyed technical - material basis. However, in the war period Supply and Marketing Cooperatives played a very important role in supply of consumer goods for the peasants, in development of agriculture and had great merit in improving of the life standards of working people.

Vietnamese Government highly appreciates the role of Supply and Marketing Cooperatives in its national economy and

---

\* Vice President, Central Council of Vietnam Supply and Marketing Cooperatives.



in solving of many social problems, especially the problem of unemployment.

Last years many decisions and instructions had been given by the Government to all local authorities regarding the activities of cooperatives. The Government always tries to create favourable conditions for expanding and strengthening the main Cooperative Principles, such as democracy and self-determination, voluntary and non-interfering into their own affairs.

Now a days the new political thinking is bringing new changes in social-economic life of Vietnam. The open policy of Vietnam now is drawing a great attention of foreign investors. The Central Council of Vietnam Supply and Marketing Cooperatives would like to establish its international relations with all cooperative organisations - members of ICA in trade, joint venture with foreign investment on the mutual benefit basis.

We consider that ICA and its ROAP have to play the most important role of linking tie in development of bilateral and multilateral relations among its members.

Dear colleagues, you are welcome to Vietnam. We will do our best for the future collaboration between our cooperative organizations.



*A view of the farewell dinner*



*A view of the cultural programme by a cooperative cultural society*



*Mr.Lars Marcus, President, ICA presenting a souvenir to Mr.John Kerin, Australian Minister for Primary Industries & Energy Mr.G.K.Sharma (L) looks on*



**STATEMENTS OF  
INTERNATIONAL ORGANISATIONS**



## Delegates from International Organisations



*Mr. B.C. Gangopadhyay  
Secretary General, AARRO*



*Mr. T.R. Puri  
Director, AARRO*



*Mr. Jurgen Von Muralt  
Director, Sectoral Activities Development, ILO*



*Mr. Ejvind Mogensen  
Advisor on Cooperatives  
Coop HRD, ILO*



*Mr. Robby Tulus  
Regional Director for Asia  
CCA*



*Dr. James Lowe  
Manager, Trade and  
Agriculture, CCA*



*Mr. Johan Jordan  
Executive Secretary, Coop Insurance  
Dev. Bureau, Canada*



*Mr. Sultan Reza  
Director, South Asian Programmes  
National Coop Business Assn, USA*



## INTERNATIONAL LABOUR OFFICE

*Jurgen Von Muralt\**

In my statement at the opening session yesterday I had the occasion to refer briefly to the historical bonds which link the cooperative movement and the ILO. We have very much in common but I don't want to elaborate on this matter in the short time available. Instead, I would like to describe how the ILO is trying to assist cooperatives in the Asian and Pacific Region. I think it is not exaggerated to say that there is hardly an Asian developing country where the ILO, has in the past, not actively helped to build up cooperative structures or undertaken cooperative education and training.

At this very moment ILO experts are active in several countries in the region in assisting government institutions and cooperative organisations in their development efforts. We have such activities not only at the national level but also on a regional basis. With me here is Mr. Mogensen who is the responsible expert for such a regional project entitled : Asian Regional Project for Cooperative Development through Training, Personnel and Organisational Policies. This is the successor project to the one which yesterday was extensively referred to by Mr. Race Mathews. As he pointed out, the original project had formulated a number of recommendations and suggestions which inspired us to further develop our work in this field for the

---

\* *Director, Sectoral Activities Department, ILO, Geneva.*



benefit of the cooperatives in the countries involved. The present project has held, or is to hold, seminars in 10 countries of the region with the purpose to adopt appropriate policies.

We have carefully registered the views and opinions expressed at these meetings and have come to the conclusion that one important requirement of the cooperatives in Asia and the Pacific is to build up their own business consultancy services. We are standing ready to assist in this respect. Two large-scale projects in Indonesia and the Philippines are soon to start to do what I described yesterday as helping cooperatives to develop into self-sustaining business organisations.

But also at the regional level we have given thought to the follow-up to the original ILO Norway project by proposing to establish a pool of expertise at the regional level which would be available to the different cooperative organisations and institutions at their request. We have still to sort out the question of funding this activity. We are exploring funding possibilities with UNDP under their regional programme and in this connection will circulate the proposal among the countries concerned in order to have your comments. These new types of projects indicate quite a healthy development of the cooperatives during recent years.

If one compares the nature of the activities we are now a days called upon to undertake with those of, say, 15 years ago, one has a measure of the growing strength and maturity of the cooperative movements in the different countries. While originally the emphasis of the ILO assistance in the cooperative field was on general education and training and institution building, we are now mostly helping in the specialised training of managers, of the building up consultancy units serving cooperatives and the like. This is particularly the case in Asia. One of the principal instruments in the ILOs training efforts for cooperative managers has over the years been the MATCOM project. I do not need to stress that I was very pleased by the favourable comments made on this project yesterday by Mr. Mathews.

MATCOM stands for Materials and Techniques for Cooperative Management Training. There is hardly a country represented here where MATCOM methods and manuals are not being utilised. The material exists in 38 languages and is being used, to a various degree, in over 60 countries, the basis for cooperative management training. In India, for example, extensive use is being made of MATCOM material. In many countries, National Liaison Officers have been appointed by cooperative organizations or training institutions which play a useful role in testing, adapting and introducing the material. Often they are assisted by Junior ILO experts in their duties. These liaison officers are essential in linking the project with the cooperative training centres.

During its 12 years of existence MATCOM has been operating as a global project. Although the material developed has been adapted to the specific needs of the different countries, it was now felt that the project could be further decentralized in order to be able to respond even better to the regional particularities. Thus, we are planning to develop within the next two years a component which would be considered as an Asian MATCOM and we hope that it will then be still easier to support the cooperatives in the region through specialised management training. In order to be able to put the cooperatives on a sound business basis, one of the basic requirements is the availability of well trained managers.

Among the specific objectives of this Conference is the task to formulate guidelines for creating a favourable environment for stimulating speedy and healthy growth of cooperatives. This is an objective to which the ILO subscribes fully. In many conferences and meetings, the sometimes difficult external conditions, including undue interference by government agencies, have been described as a main reason for certain weaknesses and failure of cooperatives. This was clearly the view of the ILO African Regional Conference which in late 1988 discussed in detail the situation of cooperatives in that region and called for a deofficialisation of cooperatives. While we already had this

discussion on the situation of cooperatives in Africa, it is quite a long time ago that cooperatives have been on the agenda of a major ILO conference in Asia, apart from the seminar-type of meetings. Therefore, your deliberations are so important for us, too.

Mr. Thordarson mentioned this morning a seminar on donor support for the promotion of cooperatives in developing countries organised by the World Bank which we also attended. This meeting also considered that the general policy framework determined to a large extent the potential for cooperative development. In recognition of this problem the ILO had launched already some time ago a major study on creating a favourable climate for cooperatives. We have started with a series of case and country studies in Africa but will expand the study to the Asian region, as soon as possible. We shall certainly need the cooperation of all cooperative administrations and organisations represented here in carrying out this study. Again, the support of such a unit as proposed by Mr. Mathews would be invaluable help.

In connection with the favourable environment, I must refer to the ILO Recommendation No.127 concerning the Role of Cooperative in the Economic and Social Development of Developing Countries which already in 1966 has described to a certain extent the conditions under which cooperatives can develop and has clearly defined the limits of state intervention in cooperative affairs.

One cannot have both, a strong, self-reliant cooperative movement based on membership support and run by the members themselves and, at the same time, consider them as the prolonged arm of governmental services or worse, tamper with their internal administrations and external business relations.

With the financial help of a number of donor countries and that of UNDP, we have been able to assist in the development of cooperatives in the region and we stand ready to continue to do so since we feel that cooperatives constitute excellent institutions through which the less privileged strata of the population

can promote their economic and social situation on the basis of mutual self-help.

I am glad to say that we have excellent relations with ICA at headquarters and in the regions and we are committed to strengthen and intensify our cooperation also at the operational level.

Apart from the fact that we are just a few 100 meters apart, our two headquarters I mean, we both are members of COPAC, the Committee for the Promotion and Advancement of Cooperatives. This institution which the ILO is chairing at this moment will have a major training conference in the Philippines in October. I hope that many of you will be able to attend as observers.

We have listened with great attention to what was said by the different delegations. Since we are in the Pacific region we have taken particular note of the remarks made by the Honourable Minister from Fiji. Nearly 20 years ago we helped in the field of cooperative training. Sensitive of the particular needs of the smaller island states we have prepared a proposal to assist them through various means including in the field of legislation. We are actively searching for funds to provide this assistance.

I think the time allotted to me is over and I should like to close my statement by saying how pleased we are of having the opportunity to attend this Conference which I am sure will help to advance the case of cooperatives in the region.

Many thanks and we are looking forward to be associated again with the Ministerial Conference in Indonesia in 1992.



## CANADIAN COOPERATIVE ASSOCIATION



*Robby Tulus\**

I wish to thank the organizers, ICA and AAC, to have permitted me the opportunity to introduce and share with you the Canadian Cooperative Association. Since Dr. James Lowe and myself are here as CCA representatives from the International Affairs Department, I feel privileged to describe to you briefly the Canadian Cooperative Association, and subsequently highlight some of the international development work CCA is currently undertaking, including the development strategy CCA is currently pursuing in the Asian region.

### **The Canadian Cooperative Association**

The Canadian Cooperative Association is the national association of English speaking cooperative organisations. It was created in 1987 through the amalgamation of the Cooperative College of Canada and the Cooperative Union of Canada and its mandate is to enhance and support the development of a united, growing, and influential cooperative movement.

The membership of the CCA consists largely of regional and provincial cooperative and credit union organisations which, in turn, are owned by autonomous local cooperatives and credit unions. In the fall of 1989 the CCA had 33 members. The services provided are grouped under the departmental headings

---

\* *Regional Director for Asia, CCA, Canada*

of Education and Development, Policy and Political Affairs, Research, and International Affairs. All of the CCAs departments are headquartered in Ottawa following the relocation of the Research and Education departments from Saskatoon at the end of September 1989. CCA membership is composed of a variety of sectors, such as, supply and marketing, financial coops, coop trust, fisheries, agricultural marketing, grain handling, dairy, energy, housing, services and health cooperatives.

### **International Cooperative Development**

The CCA carries out its international mandate on behalf of the cooperative constituency it represents. When the CCA works to support cooperative organisations in the developing world, it does so with the backing of more than 8 million Canadians. The International Affairs Department mandate is as follows:

- \* To improve social and economic conditions in the developing world by assisting in the development of viable, member-owned and controlled cooperative enterprises.
- \* To ensure the continuing commitment of CCAs members to international development and to enhance public and Canadian movement awareness of the role of Canada and Canadian cooperatives in international development.
- \* To facilitate mutually beneficial trade and commercial cooperation between our developing world partners and Canadian cooperatives.
- \* To ensure, through efficient and effective management, high quality programming on a full cost recovery basis.
- \* To bring an international perspective to the Canadian cooperative movement.

To meet its objectives, CCA uses several techniques including revolving loans, grants for capital expenditures and operations, training and assistance in cooperative management and democratic practice, and country or regional studies designed to help Third World cooperative organisations collectively examine their own needs and aspirations. It is the belief of Canadas

cooperative sector that this kind of institutional development will, in the long-term, help these organisations become self-sufficient, autonomous structures that will be key instruments of economic and social development in their countries. The CCA involves its Canadian constituency in its overseas activities through a development education programme, fund-raising, and the involvement of people from Canadian cooperatives in providing technical assistance. CCA is also committed to integrate women in development (WID) activities as well as environmental impact into its programming efforts.

### **Development Education**

To be successful, the CCAs international development activities depend heavily on the support and involvement of cooperators from across Canada. But if Canadians are to be involved, they must first be informed. An important part of the International Affairs Department mandate is development education - helping Canadians know and understand the complexities of the developing world and the very real need for Canadian assistance to those countries that are staggering under a burden of poverty.

The idea is to draw Canadians closer to their cooperative counterparts in the far reaches of the developing world, either through first-hand exposure or through relevant information collected by the CCA and presented through various media. The result is awareness, participation, and very real linkages between cooperative people in Canada and the developing world.

### **Support**

CCA receives financial support for its international programme from the Canadian International Development Agency (CIDA) through a multi-year block fund arrangement with the Institutional Cooperation and Development Services Division, and on a programme or project basis from CIDA bilateral branches. In addition, CCA receives donations from individuals and cooperative organisations through the Cooperative Development Foundation. As well, a substantial amount of in-kind support is provided in the form of service to projects by person-



nel of CCA member organisations. The backing of the Canadian cooperative sector gives CCA access to high calibre technical assistance specific to the cooperative development being undertaken, at little or no cost.

CCA works closely with a number of other Canadian organisations involved in international development, including its Quebec counterparts, la Societe de developpement international Desjardins (SDID) and la Societe de cooperation pour le developpement international (SOCODEVI). CCA is closely associated with Rooftops Canada Foundation, a development organisation based in the Canadian cooperative housing movement, Cody International Institute, and the Canadian Council for International Cooperation.

### **Worldwide Connections**

As a member of the worldwide cooperative movement, CCA makes every effort to coordinate its activities with other cooperative organisations around the globe. A close working relationship exists with the World Council of Credit Unions (WOCCU), the International Cooperative Alliance (ICA), the Cooperative Insurance Development Bureau (CIDB), and the Committee for the Promotion and Advancement of Cooperatives (COPAC). Close ties are also maintained with regional organisations in the developing world including credit union confederations in Asia, Africa, Latin America and the Caribbean.

### **CCA Strategy in Asia**

CCA is aware that a number of development strategies suffer the same universal view which produced the problem, i.e. the idea that private enterprises in current liberalized and deregulated environments will by itself promote the growth and development of peoples economy. A fundamental change is thus warranted to make strategies more relevant and responsive. Hence we must recognize the realities and diverse economic systems within which cooperatives subsist, and allow these cooperatives to find its own genuine symbiosis with the economic systems.

On that basis, there are four key strategies adopted by CCAs performance development in Asia:

- i. Development of genuine Partnership between CCA and its coop partners overseas to ensure reciprocity, hence to experience development on both sides. This eliminates the conventional donor-recipient relationships.
- ii. Development of Self Reliance, so that all partners become more independent in their pursuit of self-sufficiency and self-determination. This entails participatory planning and implementation of a long-range plan.
- iii. Development of viable Networks, to ensure that networks are pursued both on a north-south as well as on south-south basis in our global interdependent coop community.
- iv. Development of Entrepreneurship, to bring about capacities among partners is generating more skills in meeting the demands of the commercial sector.

Last but not least, I wish to express our grateful thanks to ICA and the organizers for this special opportunity and wish you all a great success.



## ASIAN CONFEDERATION OF CREDIT UNIONS

*Robert Lin*\*

On behalf of Asian Confederation of Credit Unions (ACCU) I would like to take this opportunity to express our gratitude to ICA, the Australian Government and Australian Association of Cooperatives for inviting ACCU to send a delegate to participate in this Conference. We would like to give special thanks to Australian Confederation of Credit Unions. To quote Mr. Thordarson yesterday Australia has a very strong credit union movement which can play an important role in assisting development in the Asia-Pacific region. It not only can play, but did play and is still playing right now and will be playing an important role in the future. Let me quote Australian Credit Unions review 1989, Overseas Development on page 9. In 1971 the Australian Foundation for International Credit Union Development was established to assist the development of credit unions throughout the world, particularly in South-East Asia and the South-Pacific. The Foundations main objective is to provide the people of less developed countries with educational and technical assistance in establishing credit unions as vehicles for raising their standard of living through cooperative endeavour. The Foundation works closely with the World Council of Credit Unions and the Asian Confederation of Credit Unions to identify those areas in which assistance is most needed. In the past year it has identified and supported a diverse range of

---

\* *Director, ACCU*

overseas projects which included the provision of funds to enable a specialist in credit union training to assist credit unions in Oceanic and Papua New Guinea, the provision of funds to finance the attendance of a Third World representative at the Women in Cooperative Credit Seminar in Israel, the provision of funds for the rehabilitation of the flood-torn credit union movement in Bangladesh, the provision of funds for the appointment of vital support staff to the Tonga Credit Union League, and the purchase of office equipment for the Credit Union Coordination of North Sumatra in Indonesia and the audio-visual equipment for the Hong Kong Credit Union League. In addition to the grants made to these national movements, the Foundation also made financial contributions to the World-wide Foundation for Credit Unions which is administered by the World Council of Credit Unions and the Asian Confederation of Credit Unions. The generous contribution of the Australian Confederation of Credit Unions is strengthening the credit union movement all over the world to achieve social and economic development, especially in the Asia-pacific region. For this, Asian Confederation of Credit Unions is deeply grateful to you. Right now the World Council of Credit Unions and the Asian Confederation of Credit Unions are working closely to convince various countries to organise credit unions as the most appropriate credit institutions for meeting the financial needs of the nations farmers development programmes are being explored in Burma and China. An office has been set up in Hong Kong especially for China. The Vietnamese delegate showed great interest in the work of ACCU too.

In addition to these pioneering efforts, the World Council of Credit Unions also contributes significantly to economic and social development programmes in countries already served by credit unions. Working closely with the governments concerned and ACCU, it is helping credit union national bodies to manage such major projects as the administration of a loan programme to fund the construction of one million houses in Sri Lanka and the revitalization of credit cooperatives in the Philippines. Again the Australian Confederation of Credit Unions has played its part through the World Council of Credit Unions. Let me stop

praising and thanking Australia for the time being in order to talk about ACCU's mission.

It is our mission to promote and strengthen credit unions and similar cooperative financial organisations so as to enable them to fulfil their potential as effective instruments for the socio-economic development of the people in Asia. Both WOCCU and ACCU seek to achieve the above mission not just by assisting their members organise, expand, improve and integrate credit unions but also related financial cooperatives. It is the new trend and emphasis that ACCU works in collaboration with other related financial cooperatives or even other cooperative movements. Two years ago, ACCU organised a seminar in Tokyo with Japanese Labour Cooperatives. They have more than 12 million members, nearly five times of ours. Next month there will be a meeting for some leaders of cooperatives in north-east Asia, including leaders from ACCU members and Japanese consumer coop leaders.

ACCU represents the interests of the Asian Credit Union Movement before the general public, government entities, public and private international organisations, cooperative institutions and other appropriate groups. To achieve our mission, ACCU needs the support of its members, the governments and international organisations. To develop cooperative movements in Asia and Pacific region, ACCU members, the governments and international organisations concerned can get full support from ACCU because ACCU serves to identify, develop and effectively use available human and institutional resources and to promote the interchange of these resources for the benefit of the credit union and ACCU facilitates technical and financial services essential to the establishment, stability, growth and unity of credit unions in the region. Just to illustrate how ACCU works in collaboration with the governments concerned, I will give two examples. ACCU tries to seek legislative support from the governments concerned and yet they need our technical assistance such as getting Credit Union laws in other countries and experts recommended and funded by WOCCU. ACCU promotes credit union development and growth, encourages as well as provides forum for the exchange of ideas and informa-

tion. Some Credit Union leaders or staff cannot go abroad to attend conferences or seminars without exit permit. ACCU needs the support of the governments concerned to issue passports and exit permit. In return, ACCU can help members to get visa from the governments concerned for their Credit Union leaders and staff. Again, we need the government support for granting the visa.

In conclusion, I want to give you an illustration to show how difficult our task is, but it is not mission impossible. At Gala Dinner last night, I sat with one Filipino, one Thai, three Malaysian and four Japanese cooperative leaders. I had to explain what ACCU means, where our headquarter is because none of them were Credit Union members. After all, in Asia there is not even one Credit Union member out of 1000 people, in the case of Japan not one out of 10,000. Near the end of our dinner, I was invited by a lady who was a total stranger to the next table. All of a sudden, all of them at that table became familiar friends. All of them are Australian Credit Union people, Mr. and Mrs. McIntyre, both are General Managers of different successful Credit Unions and Chairperson, Vice Chairperson of different national Credit Union organisations and Mr. Mckenzi, the Chairperson of one of the largest Credit Unions in Australia and other board members and their wives.

In Australia, one out of 7 persons; in America, one out of 4 and in Canada, one out of 3 is a Credit Union member. Some ACCU members, like Korea and Taiwan used to be receiving help from Canada, America and Australia. Now they are learning to give because as St. Paul said as a matter of equality your abundance at the present time should supply their want, so that their abundance may supply your want, that there may be equality. As it is written, he who gathered much had nothing over, and he who gathered little had no lack. Thank you for your kind attention.

# IV

KEYNOTE ADDRESS  
AUSTRALIAN RESPONSE





## KEY NOTE ADDRESS



*Lars Marcus\**

For more than a year, I have heard about this conference. From far away I learnt about the Consultation which took place in Singapore last year. I knew about the efforts of our Regional Office in New Delhi. I was informed about the enthusiasm of our local member, the Australian Association of Cooperatives. I heard of the generous support it got from the Federal Government as well as from the Government of New South Wales.

Today, standing in front of this distinguished audience, invited to deliver a keynote speech, I am honoured and challenged. Your theme - Cooperation for the 90s - Collaborative Strategies between Cooperatives and Government - has become an even hotter theme than when it was presented. Some major changes have taken place in the world during the last six months and their final consequences are still to be seen.

It is obvious to me that what you can and should achieve here is a deeper understanding of how cooperatives can contribute to the economic but also the social welfare of their members - and by that also to the welfare of nations. My challenge is to bring a contribution to this understanding. Let me then as a take-off say a few words about this part of the world - the Pacific Rim - as I see it, being a European and an outsider.

---

\* *President, International Co-operative Alliance*

Recently the Central Committee of the International Cooperative Alliance met in New Delhi, for the first time in its history, which dates back to 1895, its membership gathered in Asia. It was actually about time.

In my opening remarks then I mentioned that more than half of our 600 million registered cooperators live in this region. No-where else is cooperative expansion at present so fast, though I find Latin America moving at almost the same pace, and I stated more as a fact that the global centre of cooperatives seems to move away from Europe.

This being said I had some interesting reactions but not so much from Europeans as from part of the membership assembled here today.

What I had said seemed to confirm a victory, seemed to prove superior strength and to offer a straight road to success. OK - be proud if you feel like it but do not deceive yourselves. I have said it on other occasions and there are good reasons to repeat it here : success is never given once and for all. It has to be fought for and achieved again and again. Success is safer if it is built on quality performance than on quantity.

I believe I am just as proud of your cooperative progress as anybody else in this audience and convinced of the important role you can play in the future but on one condition which you must accept. A thorough analysis of future weaknesses is necessary. Only you can do it in detail - for me it is necessary to be very general when giving you a few examples. I hope you will excuse me for choosing some of the bigger countries. From a European horizon your problems then look like this.

Among your market economics, the Japanese is by far the strongest. Its cooperatives share this position. At the same time we know that agricultural production in this country is under severe outside attacks and working under political conditions that may not last for ever. At the same time the enormous and fast growth of Japanese Consumer Cooperatives is equally created by special conditions. The competing retail system is temporarily certainly lagging behind and the number of women

restricting their work to domestic duties will certainly diminish. This will make a major change to JCCU.

Being an admirer of Japanese cooperative achievements, I also see their problems.

Then let us turn to mainland Asia. In the socialist economies of the USSR, P.R of North Korea and P.R. of China cooperatives are given a role inside economies planned by the state. In the USSR the political leadership has announced that their solutions have not proved to be successful. Elements of market economy with individual incentives are accepted and may be also favoured. We know that P.R. of China has equally tried to bring more dynamics into economic life.

When changes like this take place, and I believe they will, existing cooperatives find themselves in a complicated situation. For years they have served inside the system, become part of it, and got used to it. It is true that their performance has been built on decisions by democratic institutions but in a period of change, members seem to forget the past or even worse try to forget it.

Let me take the example of Polish cooperatives. They have altogether 14 million members. They form a tradition of more than one hundred years. They represent a large accumulated capital created by member savings and invested in industries, warehouses and many other productive factors.

When the new government came last fall into power it advocated an immediate change-over to a market economy of a capitalist type. As a part of their programme, they proposed to Parliament that all cooperative central organisations should be dissolved by January 1st this year.

Why this proposal? How could influential trade-union people advocate a sale of cooperative property to foreign interests and deprive cooperatives of their competitive strength? There are certainly several answers to this but at least one caused self-criticism among the co-operative leadership. We did not appreciate the future correctly, they said. By being part of the system, we tried to serve the members, they said. We should

rather have served the members, because only then we would have been able to give our best to the national economy.

A variety of this long-term problem of cooperatives is offered by India and countries where support to cooperatives has become part of their development strategies.

No cooperator could object to such a worthy policy but results often frighten and are generally not what was originally expected. To me this has been most easily seen in some one-party political systems in Africa. As soon as their cooperatives turned successful, they were considered interesting for various purposes besides the original to serve the economy of the members. They were turned into a section of the party. They were made responsible for schools, health and roads. They were used as platforms for elections to Parliament. The result has again and again been the same. They did not serve the purpose given to them by the only authority they should have, the members. They thus suffered severely or went bankrupt or out of business.

Turning back to Asian realities, you do not see such extremes, but you know as well as I do that what is good can easily become the enemy of what would be the best.

A Cooperative Ministry with the set target to promote cooperation has to be very observing and skilled while performing its duties. It represents both knowledge and material resources. It has to act like a parent and see to it that the child can make it all alone.

There will always and in all situations remain a risk that the technical elite underestimates common sense also within an illiterate membership. At the same time Government offices are not specialists on business - and cooperatives have to be. Government are spenders - cooperatives have to be earners.

When Mr. Rajiv Gandhi addressed the ICA membership in October last, he underlined risks of bureaucracy and misuse of cooperatives by politicians. He spoke of his own country but this is by far a general problem and not restricted to any form of cooperatives or to any part of the world.

Now, being in Australia for the first time and with little direct earlier contact with my membership here, I tried to get some information. In this way, I came to read about how some of your cooperatives had been turned into private enterprises of the kind you find on the stock market. And I believe you have an ongoing discussion about raiders, about what is cooperative and thus about cooperative legislation. In this discussion, some people probably claim that capitalism is more efficient, that cooperatives offer a creeping form of socialism or that cooperatives should have only one subject - to earn money for their members.

Such a discussion is not unfamiliar to cooperators elsewhere, especially not to those who live in the DECD countries. We are both individuals and members of collectives. Many things we have to do or prefer to do alone. Other things we have to do or prefer to do together.

You can organise a society on togetherness but never exclude the fact that rights for the individual have to be reserved. One such model is the socialist alternative.

You can also organise a society with a higher degree of freedom for the individual. You then speak of liberal and capitalist models. Cooperatives operate in both systems but are not part of any of them. We represent values and principles of our own.

Cooperatives are capitalist in the sense that they try to improve the individual economy of their members. They are not capitalist in the sense that they operate on behalf of a collective and on the basis of democratic principles. They allow discussions in long-term and short-term perspectives. The collective offers control functions. Individuals may cheat but it is more difficult for a cooperative. Individuals may pollute and run away while cooperatives have to continue their business where members are. Cooperators do not escape to tax havens, as you might have observed. And cooperators build a future economic heritage in the same fashion as nations. A cooperative can be dissolved of course and its assets can be shared by the members, unless rules and laws say something else.

In my own consumer cooperative, with which I have been associated since the late 1920s, we pay a dividend when there is a profit, we pay interest on share capital at the Bank of Sweden discount rate plus two per cent, but we would only pay back the nominal share capital if the society was to be dissolved. What then remains should be assigned for a social purpose on which the final general assembly has to decide.

It has to be understood that today a capitalist trend is characterizing national economies. Many of the socialist economies have found that earlier expectations of economic progress have not been fulfilled. A discussion on a better model for the future community is developing once again and much is at stake.

Personally I find, as I grow older, that it has many advantages to accept the dynamics in economy that individuals can bring about. I do not believe in cooperatives as a solution to all economic problems. But a few things in the present state of human affairs frighten most people.

How comes that we find more and more of real poverty in countries growing richer and richer? How comes that their statistics provide ever increasing numbers of an alphabets? How comes that the environment has become a major concern of rich countries and that vast areas of our planet already are so polluted that human life is made impossible or has become seriously threatened? How comes that our younger generations either are protesting against society or decline to take part in it, being passive or even worse drop out from drugs and other strange examples of human culture?

I can imagine that a time will come when politicians find that the price to be paid by society for economies too much based on the individual initiative will be too high and this model as outmoded as reformers in Western and Central Europe today look upon the model they have worked inside for more than half a century.

Greed is a primitive basic instinct in human beings. Narrow-sighted people are to be found in all cooperatives. It was just that

you in Australia have experienced some recent unpleasant examples. All of us have to be aware of the risk.

Having listened to me so far, you have noticed that I am repeatedly making reference to cooperatives and conditions outside this region. From this, let me call it ICA perspective. I also want to draw your attention to two other problems equally relevant to many other organisations.

The first one is the increase of the world population. The second one is the problem of nationalities and peace.

By principle and tradition, cooperatives offer membership to all and do not accept discrimination on the grounds of race, creed, nationality or in any other way that disregards the equal value of human beings. Cooperatives, caring for their membership and creating transnational links between peoples, have proved to be a promotion of peace. While other global organisations - both governmental and non-governmental - have failed to survive, the ICA itself has existed uninterruptedly for nearly a century.

Looking upon our world today, you can experience the increase in migration movements. Soon another billion of our kind will share our destiny. Already one billion people are lacking jobs necessary for survival.

Many of them live or will start their lives in your region. Here the population is often more dense than elsewhere. The risks are evident. Frictions between nations, racial unrest, protectionism - many things may threaten. Problems will prove extremely difficult to solve. The responsibility is global but you will certainly have your share, being a melting-pot of hitherto unknown dimensions.

Cooperatives here as well as in other parts of the world have to respond to this situation and be prepared for it. It is a question of attitude but also of practical work, of information and organisation. Yes, cooperatives have to offer a moral dimension, because it will be in the interest of their members and preserve peace.



With this remark, I have come to the end of the first and major part of my address. I have given an outsiders view of the situation of cooperatives in the Pacific Rim. When continuing, I will be even more general in my presentation. Or may be I should say personal, since I will give you some of my thoughts on the situation of cooperatives in our International Alliance.

Most of you, of course, know that the ICA was and is dominated by Europe and consumers. They once formed it there. They still are its strongest financiers if you go by continents. They are the major contributors to the structure of regional offices. It all started 25 years ago when Mauritz Bonow, the then President, made his own government finance the building of the ICA House in New Delhi. Later on similar houses were opened in Tanzania, the Ivory Coast and Costa Rica. In April this year, we will increase their number by creating the presence of the ICA in Argentina, to serve also Chile, Uruguay and Paraguay where new political conditions for cooperative development have been given.

The meaning of all this has been to strengthen young movements by making them learn from the experiences of others and to bring them know-how from the outside world by identifying projects for donors.

Our headquarters in Geneva, Switzerland, is actually less staffed than some of our R.Os. The number is only 15 and this may lead to the conclusion that the ICA carries on a very limited activity. This is wrong because it practices self-aid. Members collaborate only to a minor extent inside out structure. They are by no means subject to top steering.

To give you a good example from many available, I will tell you of my own movement, the Consumer Cooperative Union and Wholesale Society, KF, in Sweden.

As early as in 1917, we formed a partnership with the Danes, Norwegians and Finns. As food buyer with offices in Italy, Spain, Santos and San Francisco it developed into one of the biggest actors on the world markets. As a further result, you have seen

Inter-Coop develop and with increasing participation also of JCCU among others.

But such originally inter-Scandinavian contacts were not restricted to joint actions. It has developed into a partnership in almost every field. Our lawyers, marketing people, store developers, CFOs, journalists, personnel managers, headmasters, test kitcheners and many, many more know each other as partners. They meet maybe once or twice a year but maintain almost constant contact by phone.

Inside the ICA bankers, insurers, farmers, fishermen, consumers, tenants, workers, travel organizers, researchers, librarians and headmasters meet through specialised organisations. This is taking place both on a global level and on a regional level.

Why then are cooperators not satisfied with just taking part in the usual structure of business - the International Chamber of Commerce, branch internationals, Rotary, Lions and Freemasons, or in political lobbying groups on the national level? Why have they actually inscribed collaboration between cooperatives as a fundamental principle?

Cooperatives have to depend their identity. They are under severe ideological pressure from the dominating competitors in the market economy. They are equally threatened by Governments looking at cooperatives both as equals to profit-oriented enterprises and as something from which you can demand more and also can interfere with - especially if the cooperatives once have been given some development advantages or have become indebted to governments, for instance through the planned economy.

In this situation, cooperatives have come to look upon the ICA to the bastion of their fundamental ideas, to the defence of what makes them different. They need partners and then they regard other cooperatives as members of the family, and the only one to be trusted, if you ever can trust anyone in business. The family name is ICA. When accepted as an ICA member, a cooperative becomes legitimate.

You, of course, are well aware of the principles of cooperatives:

- Membership shall be voluntary and available;
- Members shall run the movement in a democratic fashion
- one member, one vote;
- Limited interest on share capital, if any;
- Dividend from economic results;
- Education for members, officers and employees; and
- Co-operation between co-operatives.

These principles have been adopted to all kinds of cooperatives but were originally established to serve a consumer cooperative in the Midlands of U.K. almost one and a half century ago.

At recent discussions in the ICA many members have witnessed the fact that these principles are stretched further than might be healthy for cooperative identity. Not only in Australia some cooperators have fallen for the temptations of a change-over to capitalism. I can point at such different situations as mutual cooperative insurance in the DECD group, as well as the results of perestroika in some Comecon countries.

The deliberations on this in the ICA have not yet been concluded but at present the line of development to be followed can be explained in the following way.

From the beginning - in the early industrialized society - a few things were so self-evident that it was not necessary to include them in the principles. They sort of formed the basis, or the cultural climate, of the movement.

Cooperative Societies then were small groups of people, who had to stick together, had to trust each other and, of course, were ready to participate and share the responsibility for their own enterprise. It was a question of a better life - or maybe even of survival.

More than a century later, this spirit may no longer be possible to recall but to understand it gives an answer to the

question whether cooperatives - as some people seem to judge - are only an economic entity or also have some other dimensions through which economic performance has become more efficient. This better-alternative-performance is then somewhat contrary to the present way of economic thinking but could also mark a more clear alternative to the evident weaknesses of capitalism, which necessitate government corrections all the time. I then think of environmental protection, of consumer protection, of cheating on taxes and of many other fields where the prevailing forms of economic life seem to develop against the interests of citizens. And legislation is always worse than self-correction from a moral based on honesty.

This is why we have agreed to start a search for our basic values. In a first attempt and in order to make them as easy to understand for cooperators as their principles we have focused on four: democracy, participation, honesty and caring. Just now a world-wide research effort is taking place. All our specialised organisations will be engaged. All regions are approached. Results will be shown in 1992. The full ICA Congress will then for the first time in its history meet in Asia, on the invitation of Japanese cooperatives. A request to all governments from their national ICA members to bring about a UN year of cooperatives in 1995 has also met with a wide support. It would then coincide not only with the presentation of the modern philosophy behind cooperatives but also with the centennial of the ICA itself.

You are for sure as well aware as myself of the diversity of cooperative enterprises. In fact our motto is unity through diversity.

In the beginning of my speech, I pointed to this by giving examples of our problems in different fields - the DECD, the Comecon and the Third World.

I would, however, be misunderstood if you took me for a pessimist about the future of cooperatives. I have also indicated the kind of alternative they represent and we are engaged in making it even more clear than at present, when cooperative expansion is so evident, not least in the Asian Pacific region.

Also to a realistic observer or activist, a vision is necessary. I challenge you. At present the USSR, one of the two super powers, has started to reform its economy. The central planning in detail of a huge economy has proved not to be efficient. My bet is that the USA in a not too distant future will find that its role in the global economy also will change and not only that other huge markets will be formed but also that the economy of profit will turn out to be as inefficient as the state socialist one.

To me, cooperatives have never been the only answer. I believe in pluralism. But I certainly also believe in a stronger role for cooperatives.

Gradually more and more people will find that they can cooperate and that they will have to engage themselves. You will never get what you want for nothing.

Many of your cooperatives will be able to answer to this development but remember that some also will fail and die. Only those which understand their membership and are prepared to work hard, compete by efficiency and never get satisfied with achievements will be allowed to live for ever.

## AUSTRALIAN RESPONSE



*John Kerin\**

I am very happy to be able to speak at this Conference at the invitation of the International Cooperative Alliance. Australia's active involvement in the ICA has only occurred in recent years and we are pleased that the AAC has been able to host this important Ministerial Conference.

I would like to make clear that my involvement in this Conference is not merely the result of any formal responsibility as an Australian Minister with a portfolio in which cooperatives have an important role. I am here as a strong supporter of cooperatives.

The particular strengths of cooperatives as vehicles for economic and social development, are well documented and familiar to this audience. For me, a major reason for their appeal is their participative ownership, their democratic structure and their use of capital for mutual rather than individual benefit. Also of great importance is the principle adopted by the ICA that cooperatives should interact with each other at local, national and international levels. This Conference is a reflection of international cooperation and I am sure that benefits will result from what we can learn from each other this week and from the contracts and friendships that will be made or cemented.

---

\* Minister for Primary Industries and Energy, Government of Australia

In his speech to the annual general meeting of the Australian Association last year, my Parliamentary colleague, Neil OKeefe, referred to people all over the world looking for alternatives in the management of their economies. He referred to the two key models that have evolved over the last hundred years or so - the private capital market and the totally regulated market through State ownership. He suggested that both models have effectively failed ordinary people and that cooperatives provide a middle way for socially responsible private ownership of wealth and socially responsible determination of peoples ac]e ownership.

Since those early days, the Australian cooperative sector has grown to where it is involved in a wide range of business and community activities. Finance cooperatives include the permanent building societies, credit unions and cooperative housing societies. Cooperatives are well represented in entertainment and recreation through cooperative licensed clubs, sporting and social clubs and community radio stations. In the community services sector, cooperatives are active in child care centres, services to migrants and in Aboriginal advancement. Trading cooperatives include worker cooperatives, wholesale providers of fuel, fertilizers and machinery to rural communities and cooperatives of taxi owners.

In the primary industry sector, in which I have a particular interest, cooperatives account for significant or major market shares in such industries as fisheries, fruit and vegetables, cotton, rice, sugar, dairy and honey. By pooling their resources to form cooperatives, farmers have formed efficient marketing, processing and distribution systems for their products. Ownership and control of these systems by the farmers gives them a much stronger countervailing bargaining power in dealing with buyers of their products than they would have as individuals. Co-operative action also enables farmers to supply the large amounts of uniformly graded products required by todays large buyers.

Success stories in the rural sector include the Western Australian fishing cooperatives at Fremantle and Geraldton which over the years have developed good markets for rock lobsters in

Japan, the USA, Europe, Hong Kong, Singapore and Taiwan. Increased sales have been achieved by marketing lobsters which meet the exacting requirements of their clients. By 1988 the two cooperatives accounted for total exports of some \$ 100 million.

Since its establishment in 1962, the Namoi Cotton Cooperative has developed to a position where its members produce some 530,000 bales, representing 40% of Australian cotton production. The cooperative has been successful in increasing sales in the competitive export market by adapting to end-user requirements through custom ginning, varietal segregation and guaranteeing supplies to buyers for a year ahead.

Similarly, the Rice-growers Cooperative of NSW has expanded Australia's rice exports by developing a market niche for high quality product with over 85% of exports branded as Sun-white Rice. It endeavours to obtain a price premium for quality packaging, strict quality control and reliable storage and distribution arrangements.

Further opportunities for the establishment of cooperatives are likely to arise as governments draw back from direct involvement in marketing through statutory authorities. An example of this already happening occurred last year in New South Wales with the formation of a marketing cooperative by egg producers following the decision of the New South Wales Government to end statutory marketing. More than 90% of the States egg producers have joined the cooperative, accounting for more than 75% of egg production. The formation of the cooperative is seen as protecting smaller producers from being undercut by the large players and being taken over by them. We will be hearing more about this development this afternoon from Jim McCall of the AAC. It is my view, however, that across all Australia's primary industries, much more could be done to build on the domestic strengths of the cooperative movement and put greater efforts into expanding export sales. Certainly, Australia can learn from the successes of cooperatives elsewhere including those of Europe, North America and Japan.



The Australian Association of Cooperatives, members of Australian cooperatives and government all have an important role in bringing this about.

It is pleasing, therefore, to see that over the past few years the AAC has become increasingly involved with trade promotion activities with and on behalf of its members. Memorandums of Understanding and protocol agreements have been agreed and/or proposed between the AAC and cooperative organisations in China, Fiji, India, the USSR and Vietnam. The association has also established Trade Representation offices in Malaysia and the Philippines. Additionally, AAC Trade Missions have been arranged where trading opportunities have been identified in the USSR and Eastern Europe, Thailand, China and the Philippines.

Of further significance is the agreement achieved between the AAC and ICA under which the ICA, with AAC assistance, will maintain an office in Australia. I am particularly interested in the AACs involvement in work to conclude a Cooperative Trade Pact between cooperative sectors in the Asia Pacific region. Agreement of such a pact would certainly open up exciting trade opportunities within the region and I am sure we will hear more on this issue as the Conference proceeds. Peter McKinley in his paper this afternoon refers to interesting examples of where the gains available from trade can be shared by both producers and consumers in the importing country and producers in the exporting country. This can be achieved by direct discussions by the parties concerned, building on the goodwill which cooperators have towards each other. The Australian Association of Cooperatives is also actively assisting the development of a stronger Australian cooperative sector through:

- acting as a focal point for the representation of the interests of cooperatives to the Government and the community;
- providing a commercial banking and insurance brooking service for members; and
- providing training and legal services on a fee for service basis.

Consistent with the accepted international cooperative principles, membership of Australian Cooperatives is voluntary and available without artificial restriction. Australian cooperatives are also democratic institutions and their administrators are accountable to members.

While Australian cooperatives are free from government control, government has an important role in encouraging and facilitating their development.

Australia has a federal structure of democratic government and the States and Territories are responsible for the registration, administration and supervision of cooperatives. Delegates will hear more about programmes of State Governments to assist cooperatives at sessions of the national conference over the next two days.

Against that background, I would like to outline some of the actions by which the Australian Government is assisting development of the cooperative sector. In recognition of the importance of this Conference, the Government is providing significant financial support to both the Conference and Trade Exhibition. This contribution represents a significant Government commitment in the current tight fiscal environment.

The Government is assisting the trade related activities of the Australian Association by funding through the Export Market Development Grants Scheme, under which the Association is an approved body.

The Government is also providing assistance to the export efforts of cooperatives through the Innovative Agricultural Marketing Programme (IAMP) and the Marketing Skills Programme.

Under the IAMP, \$ 20 million is being provided over five years to assist people with innovative ideas in the production, processing and marketing of rural products. These grants are available to all sectors of the economy, not just cooperatives. Assistance under the programme to cooperatives includes a grant to a wool growers cooperative, Carpet Wool Marketers, which is bringing higher returns to growers by turning lower

grade wools into a higher quality blend for milling. Last week I was pleased to present Carpet Wool Marketers with the inaugural Agricultural Marketing Award for innovation as the most successful of all the projects assisted by the programme.

A fruit marketing cooperative is also receiving a grant to help develop an export programme for high quality avocados and low chill stone fruit using innovative storage and transport methods. A successful outcome to this project would provide a model for other cooperatives in coordinating production and marketing to ensure a regular supply of high quality product which meets the requirements of importers.

A grant has also been made to a fishermens cooperative to help develop a market in Japan for butterfly-style fellated school whiting. The Marketing Skills Programme aims at upgrading export marketing skills in the agriculture, timber and fisheries industries with a Government contribution of \$5 million over three years. A significant part of the initial activity of this programme has related directly to cooperatives.

Funding of some \$ 300,000 has been provided to establish last year a Centre for Cooperative Studies at the Gold Coast College of Advanced Education. The Centre aims to provide a research, consultancy and educational service for agricultural cooperatives in relation to both domestic and export activities.

The Centre will publish informative papers on areas of interest for agricultural cooperatives and papers have already been prepared on directors responsibilities and taxation issues. The Centre will also provide advice on investment in new products and facilities and training and strategy development for export marketing.

I note that Mr. Race Mathews later today will be outlining a proposal for an Asia-Pacific Centre for Cooperatives Research Training and Development. I believe that this proposal warrants serious consideration because it has the potential to increase significantly the strengths of cooperative sector in Australia and the region. Certainly, the demand for the services of

the Gold Coast Centre by agricultural cooperatives illustrates the need for the wider provision of such services.

A Centre of excellence for marketing has also been established under the Marketing Skills Programme at the Australian International Business Centre, University of Queensland. Initial work is being undertaken with avocado growers, including cooperatives, in developing a strategy for increased sales to Europe.

A further area in which the Australian Commonwealth Government has had an important role is in moves to achieve more consistent cooperatives legislation between the Australian States.

Most Australian business structures operate on an Australian-wide basis at some stage and many operate internationally. The effectiveness of Australian cooperatives, including their effectiveness in the international arena, has been reduced by variations between States in the legislation under which they operate. This has put cooperatives at a disadvantage to the proprietary sector which operates under a uniform companies code.

In order to overcome this disadvantage, I have sponsored through the Australian Agricultural Council, a Council which I chair of Commonwealth and State Agricultural Ministers, the development of a strategy to achieve more consistent legislation between the States.

A key part of the strategy is the involvement of State Ministers with responsibility for cooperatives who in most States are the Attorney General. The Attorneys are meeting in Adelaide next month and will be considering what further action can be taken. Certainly the major reviews of cooperatives legislation which have been undertaken in Victoria and New South Wales present a very favourable climate for progress.

Before closing I would like to expand on two matters which the Prime Ministers opening speech touched on this morning - the GATT trade negotiations and Australias proposals for Asia Pacific Economic Cooperation, both of considerable relevance to the theme of this Conference.

The Agricultural negotiations taking place within the current Uruguay Round of Multilateral Trade Negotiations provide an historic opportunity to address the agricultural support and protection policies which distort international trade in agriculture. Australia's involvement in these negotiations is based on a belief that market forces, rather than governments, should determine production, consumption and trade flows in agricultural products.

Australia, and its Cairns Group colleagues, have therefore been active in promoting trade liberalizing reforms in agricultural support and protection. The recently tabled Cairns Group proposal on agricultural reform is, we believe, a pragmatic document which contains all the elements required to achieve a fairer and more equitable global trading environment for agricultural products.

There is considerable pressure for reform of agricultural trade and participants have recognised that a satisfactory outcome in agriculture is crucial to the success of the Round as a whole.

The costs of failure are too great to contemplate. The smaller developing countries already burdened with debt will suffer, but all countries will face restricted trade opportunities and lower welfare.

The goal of substantially improved international competition and a liberal trading system is well worthwhile, and enhanced world economic growth will mean improved welfare for all. Simply, the size of the pie is greatly increased. We all share a common interest in striving for a more liberalized trading system.

To some, it is tempting to think of agriculture as special. It is not. The so-called special nature of agriculture has been a handy excuse for those countries seeking free trade in products of export interest to them, mainly manufactures, while continuing to support their agricultural producers, thereby denying the benefits of free trade to efficient producers of agricultural products. We understand that the issue of food security is of

concern to some participants. However, it is possible to ensure food security without resort to measures which distort trade.

The time is ripe for agricultural policy reform as the more buoyant commodity prices of recent times can provide a buffer against the impact of exposure to market forces. Although markets for agricultural products have improved and stocks have fallen, this is largely because of drought in the US. There have been some positive steps taken but there have also been backward steps as well. We still have a long way to go.

At the Asia Pacific Economic Cooperation (APEC) Ministerial meeting in Canberra last November Ministers gave strong and unequivocal reaffirmation of the commitment of regional economies to open multilateral trade liberalisation and a successful outcome to the Uruguay Round. Ministers agreed to meet again in Singapore in mid-1990 and the Republic of Korea in 1991 and a clear momentum emerged to carry forward the process of developing greater economic cooperation in the region.

The four broad areas to constitute the basis for APEC work programme are economic studies; trade liberalisation; cooperation on investment, technology transfer and human resource development; and cooperation in specific sectors. APEC will also enable the region to project more effectively in other economic forums.

We see APEC as encouraging Australians to look to ways to link up with the social and economic patterns of the region. The inter-action of Australian cooperatives with cooperatives of the Asia-Pacific is a practical example of how such linkages can be developed.

I have today outlined my views on the valuable role which cooperatives can play in social and economic development. Australian cooperatives have achieved much over the past 150 years but their potential is considerably greater. Achievement of this potential is being assisted by the leadership role which the AAC has provided since its establishment only a few years ago. Government also has an important role in facilitating develop-

ment of the sector and I have referred to activities which the Australian Government has initiated. You will be hearing more about the activities of Australia's State Governments.

One way of focussing on the social and economic contributions of Australian cooperatives would be to set aside a day each year as Australian Cooperative Day, as occurs in other countries around the world. I see considerable merit in the idea as an initiative of the AAC.

Once again let me say on behalf of Australian cooperatives that we are very pleased to be able to host this important Ministerial Conference. I hope that the success of this event will lead to regular meetings of regional cooperative ministers and cooperative leaders.

I see the Conference as recognition of the efforts which the AAC has put into developing links with the cooperative sectors of the region and a turning point in the development of a more international outlook by Australian cooperatives. I am sure that we have a lot to learn from each other and look forward to formal and informal discussions over the next few days.

# V

**COOPERATIVES AND  
GOVERNMENT:  
COLLABORATIVE STRATEGIES  
FOR THE DEVELOPMENT  
OF COOPERATIVES  
DURING THE 1990S**





## Background Paper

# COOPERATION FOR 90S



*Dr.R.C.Dwivedi\**

### 1. About the Paper

1.1 In this paper an attempt has been made to present very precisely an overview of the role and situation of the Cooperative Movement in the Asian countries; assess its potentialities to accelerate their socio-economic transformation and development; and also thereby to suggest certain measures for its furtherance.

1.2 The Paper is outcome of and based mainly on the discussions and conclusions of the Consultation of permanent secretaries of Cooperation of Asian countries held at Singapore in June 1988 on Role of Government in Promoting Cooperative Development in Asia and ICA Congress reports. It does not contain any statistical data, as the same have been furnished in the document of the above Consultation, which has already been provided in the published form under the same caption (Role of Government in Promoting Cooperative Development in Asia, giving comprehensive information about Australia, Bangladesh, China, India, Indonesia, Japan, Democratic Republic of Korea, Republic of Korea, Malaysia, Pakistan, Philippines, Singapore, Sri Lanka, and Thailand. Further, the paper

---

\* *Regional Consultant, ICA ROAP*

has been designed to cover and analyze only such aspects and issues as would be necessary to take certain broad and basic policy decisions relating to Cooperative-Government collaboration, for national and international adoption.

1.3 The Paper makes certain suggestions based primarily on the suggestions made by the Singapore Consultation for discussions and facilitating in arriving policy decisions

## **2. Asian Scenario : Diversities and Similarities**

2.1 The Asian Region presents a somewhat dismal economic situation, compared to highly industrialized countries of the world. Asia has nearly 59% of the total worlds population but only nearly 14% of worlds income, whereas North America has nearly 5.5% of the world population, but 40% of the world income. The Asian countries have great racial, social, cultural and geographical diversities among themselves. Their economic development is at various levels of progress. There are countries like Japan and Australia, which are highly industrialized and have a very high standard of living, while most of other countries belong to the group of developing countries, having low living standard. Singapore is a highly commercialized country. The commercial tariffs, customs duties, licensing system, national trade policies etc., isolate each country commercially. There is no commercial harmony among the countries of the Asian Region.

2.2 The similarities, however, outnumber the diversities and variations among majority of the countries of Asia. Since late 40s, the process of decolonization set in in the Asian Region. All the countries which were under the alien rule became politically independent one after another. This aroused new hopes and social, political and economic aspirations among the peoples of these countries. There is wide awakening among the general masses and all-pervasive feeling that political independence would be an illusion without socio-economic emancipation, end of exploitation, a minimum required standard of living, opportunities to all without distinction of caste, creed, religion etc. Common to developing countries is the growing consciousness

among the people about the difference between the rich and the poor.

2.3 Apart from the common aspirations of the peoples of Asian countries, the problems of these countries, particularly those of the developing ones, are also common. Poverty is the biggest common problem. All the developing countries of this region have a sizeable class of landless peasantry and small and marginal farmers. The small agriculturists are agricultural labourers also in developing countries of Asia, who work during the greater part of the year on the land of big farmers. This group (the landless labourers and small farmers) lives under abject poverty. The economic structure of most countries is basically agricultural. The productivity of land is low due to traditional methods of cultivation, absence of supportive infrastructure and other reasons. The situation of agriculture in Japan and Australia is different being highly mechanized. Every country is trying to expand their industrial base.

2.4 There is a high rate of population growth, what is called population explosion with all its concomitant consequences. This has caused the problems of great under-nourishment. The problem of unemployment; in some countries a large working force is idle completely or partly. There is growing urbanization with its accompanying effects viz. housing problem, growth of slums, social evils, supply of essential commodities etc. The exodus of talents and educated people from villages to towns and cities, due to lack of employment opportunities, basic amenities and facilities in the countryside is becoming larger everyday.

2.5 A major part of the population of the Asian countries consists of the age group below thirty, (called the younger generation), because of lower longevity of life in the absence of medical facilities, nutrition and growing health hazards. This group provides the base to the population pyramid in all the countries of Asia. This group calls for greater and immediate attention both by the government and older generation for giving them proper motivation, direction and employment avenues. There is growing social tension in which the youth have been trapped. This tension has taken international dimensions, posing new chal-

allenges and problems globally, viz. the problem of terrorism which was unknown in the past. Political and social unrest characterizes several countries of this Region.

2.6 Another common aspect is the spread of multi-national corporations in countries of Asia, during the last four decades or so, motivated by rapidly-growing markets, surge to circumvent tariff barriers, differential labour and material costs, tax differentials, savings in transport costs, more flexible exchange control, etc. While many multi-national firms bring distinct economic benefits to their host countries in terms of capital, technological know-how and management expertise, they also bring in their operational methods and process which are detrimental to the interest of the host countries. How to encounter the challenges posed by them is a problem.

2.7 A transformation is taking place in the Asian countries, which is simultaneously technical, industrial, commercial, social educational and cultural. In other words, peoples of Asian countries are living in one of the big transformation periods of their history. Races of men, who for generations or for centuries have remained set in their traditional ways, have now awakened and are anxious to move forward to something, which they consider better, happier and more secure. The urge is for more political and economic freedom, better economic life. Traditional social customs by which people have lived are changing fast. The values have tremendously changed, which have effected peoples outlook, professional structures, social relationship, etc. Materialism and monetary considerations have the tendency to overweigh other aspects, generally.

2.8 In all the countries, the nature of governments have also undergone a change. Their functions are no more limited to maintain law and order, security of people, run administration and collect revenue. They are basically now Welfare States, far more concerned with the socio-economic life of the people. All policies and programmes are developmental in nature and approach, so that peoples welfare would increase. Any government which fails to increase peoples general and economic welfare carried the risk to get voted out of power. Therefore, it

is political strategy to do everything possible to enhance the existing economic level of people. Further, each country's Government want economic decentralization.

The above common identities provide possibilities for united and common approaches in various fields and directions through cooperatives.

### **3. Cooperatives in Asia**

#### **Period of 1900-1990**

3.1 Cooperatives had been started in the later part of the 19th century in several countries of Asia. A chronological development of the Cooperation in Asian countries has been given in the first chapter of the publication *Role of Government in Promoting Cooperatives in Asia*. It is not necessary to repeat the same here. Its position has changed considerably since its creation and the early years of its history. It may be said that this period (1900-1990) has been a period of clearer vision and organisation for Cooperation in this region. Each country, in its socio-economic setting, has developed its own model of cooperatives both in the agricultural and non-agricultural sectors and for rural and urban areas, with varied experience, areas of emphasis, specialisation, and achievements.

#### **Diversified Growth**

3.2 Cooperatives have emerged as an important segment or sector of economy in most countries. Being convinced of its merits, values and effectiveness, Cooperation in some countries has been given a high political status by providing in their Constitutions for its development. Cooperation occupies important place in the national economic development plans, particularly for agricultural development, and small-scale industries. It is interesting to note that in each country certain cooperatives outshine others. For instance, Australia has appreciable success in the field of cooperative credit union movement, housing cooperatives, and lately in the area of international

trade. Bangladesh has the well-known Comilla Project. China is developing its own model of integration by setting up industries in the rural areas through agricultural cooperatives and recycling of waste products. India has various types of rural cooperatives, such as, service cooperatives, large-sized cooperatives, large-sized multipurpose societies, multipurpose cooperatives, artisans cooperatives, dairy cooperatives etc. There are giant fertilizer manufacturing cooperatives, modern cooperative sugar factories, spinning mills and other diversified large-sized cooperatives which have their own models and achievements. There is unique public undertaking, the National Cooperative Development Corporation, which supports the development of cooperatives in a massive way, financially and technically. The Central Bank of the country - the Reserve Bank of India - has been playing a vital role in the promotion of cooperatives which perhaps has no parallel elsewhere. Another institution has been set up, the National Bank for Agriculture and Rural Development, to be responsible, inter-alia, for supporting cooperatives. A number of large-sized individual cooperatives have developed their own models of extension work and developmental education. In Indonesia, the KUD is another model for serving the village community. Japan has its own diversified pattern of agricultural cooperatives, consumer cooperatives, university cooperatives, forestry and fisheries cooperatives, coupled with its own management model. So is the case with the Republic of Korea, with success in the field of agriculture, fisheries and livestock cooperative sectors. Malaysia has a network of school cooperatives and successful insurance cooperatives. In Pakistan, farming cooperative movement was launched. The Philippines has a unique institution of pre-cooperatives and a pattern of cooperative development through training and education, having a movement-based cooperative centre at various places with affiliation to NATCCO. There are private cooperatives and government-aided cooperatives. In Sri Lanka, the multipurpose cooperatives have played a significant role, particularly in taking up of distribution of consumer articles. There was also a scheme called Coop link-up scheme which had its own approach and experience. In Singapore, trade unions are actively involved in measures taken for modernizing

workers and consumers cooperatives. Thailand has established successfully rural credit and urban consumer cooperatives. Each country has its own Government-Cooperative relationship pattern. These are only a few examples to stress the point that the cooperatives within the Asian region can mutually learn a good deal from each other to expand and strengthen themselves. It is necessary to develop a mechanism and system to build effective liaison and relationship and more so among the cooperatives in the Asian Region. Some countries have established bilateral cooperative-to-cooperative relations, but that is only on adhoc basis and not as part of international cooperative approach and integration.

### **Common Features**

3.3 Development of Cooperation has reached very different stages in the various countries. In several countries cooperatives have firm foundation, while in others the roots are yet to go deep into the soil to get strengthened. Many of them have also been exploited by vested interests. However, there are certain common features and trends among the cooperatives in Asian countries. Briefly, these are :

- Cooperatives have the recognition as a vital instrument/organisation to promote self-help activities/programmes and social welfare.
- Agricultural cooperatives have key role in production, marketing and processing.
- Governments support cooperatives as a policy.
- Cooperatives contribute towards food-buffer-stocks and act as channels for distribution.
- Cooperatives are being diversified to cover as much of economic and social services as possible.
- Reorganization of cooperatives through amalgamation or merger of smaller units has been undertaken to set up economically viable units. However, the methods of amalgamation have differed from country to country.



- Cooperative Principles, as adopted by the International Cooperative Alliance - the world body of cooperatives - have been accepted, in principle, in all the countries. However, there is deviation in practice in some countries.
- Cooperatives are being assigned, particularly in the developing countries of the region, programmes of assisting the poverty-stricken and weaker sections of the society.
- Cooperatives are being developed as community institutions, i.e. to serve the community as a whole, rather than to confine their activities and benefits to members only.
- Greater emphasis is being laid in all the countries to motivate, prepare and involve larger number of youth and women in cooperatives.
- Each country has separate law(s) to govern the administration of cooperatives.
- Cooperatives have adopted, in principle, to form federal organizational pattern.
- Increasing importance is being given to human resource development through various educational and training activities/programmes for members, leaders, employees etc, with variation in the structural arrangement.
- There is increasing realization to develop cooperatives as self-reliant institutions.
- There is emerging consciousness and urge of recognition of Asian Cooperative Movement as an entity.
- State being a political institution and having involvement in and responsibility towards over-all socio-economic development in the country, its political considerations and decisions have increasing influence on cooperatives.
- There is growing urge, emphasis and trend to adopt and assimilate technological developments so as to improve the operational and service efficiency of the organisation.

## **Impact**

3.4 Cooperation has recognizably and demonstrably established its potentialities as an agency and instrument of socio-

economic change and development in various ways. It has ushered in an agricultural revolution in several countries, created self-employment, eliminated usury and indebtedness, mobilized human and material resources at the grass-root level, increased the production capacity of the peasant farmers, gave the producers a fair return for their labour, promoted rural industrialization, assisted in checking price-rise by providing household necessities of quality and at reasonable prices, improved health and living conditions, reduced exploitation by middlemen, increased agricultural and industrial production, promoted thrift and savings which improved individual and national economy, and brought about similar other economic gains to the community in general and members of cooperatives in particular. It has played an important role in the transformation of structural set-ups. It is now an inseparable link of the economic and social systems of Asian countries. Socially, cooperatives have introduced democratic values at the lowest level, fostering sense of self-confidence in the people, broadened their outlook, synthesized individual and community interests etc.

### **The Grey Areas of Cooperatives**

3.5 The difficulties and problems of cooperatives differ from country to country due to obvious reasons. However, there are certain common grey areas, which may be identified briefly as follows :

- While it is accepted that Cooperation is a popular peoples movement, it lacks the characteristics of a member's movement in Asian countries due to dominance of Government and lack of peoples felt-need and initiative. Hence Cooperation has yet to become a mass socio-economic force directed and managed by the people themselves.
- Cooperative Principles have been recognised and accepted in all the countries in principle, but in practice they are being violated by several countries which dilutes the cooperative character of the organisation.

- With the exception of Japan and Australia, the fundamental elements of Cooperation, viz., self-reliance, freedom of decision-making and action etc. are operationally weak.
- There is general apathy of members towards their cooperatives due to which member-participation is not source of strength to the organisation.
- Managerial efficiency of cooperatives is not high enough, which reduces their competitiveness in the market vis-a-vis their rivals in the private sector.
- In spite of the emphasis on human resource development, the activities and cooperative education and training programmes do not meet the requirements.
- The kind of environment needed for the growth of genuine cooperatives is much wanting.
- The commercial considerations have subdued the basic values of Cooperation, with the consequence that its character, approach, functioning and outlook have much changed towards profitability and profits, which has become measure and yardstick to assess and evaluate the extent of success of cooperatives.

When grey areas have been identified, it is necessary to take measures to remove them.

### **Task for 1990s**

3.6 This being the last decade of the present century, it is necessary to review and evaluate development of cooperatives and identify its green and grey areas to design projections for the next century. The 27th ICA Congress had discussed a special paper on Cooperatives in the year 2000. The resolution adopted after the discussions, inter-alia, suggested that highest priority should be given to the following :

- i. "the development of agricultural cooperatives including agricultural producer cooperatives among small farmers, particularly in developing countries, with a view to in-

creasing food production and raising the real incomes of primary producers;

- ii. "the promotion of industrial cooperatives and the conversion of existing industrial enterprises to the cooperative form or organisation so as to contribute to : an increase in incentive and productivity; a reduction in unemployment; an improvement in industrial relations and the development of a policy for a more equitable distribution of incomes;
- iii. "the further development of consumers cooperatives in such a way as to emphasise the features which distinguish them most clearly from private traders and sustaining their independence and effective democratic control by members; and
- iv. "the creation of clusters of specialised cooperatives or a single multi-purpose society, especially in urban areas, in such a way as to provide a broad range of economic and social services: housing, credit, banking, insurance, restaurants, industrial enterprises, medical services, tourism, recreation, etc. within the scope of a single neighbourhood cooperative".

3.7 In some countries exercise has been initiated to assess the present state of cooperatives vis-a-vis the national needs of the future so that cooperatives may be prepared to take the necessary steps to re-orient themselves. Such exercises should be undertaken in all the countries in a systematic and scientific manner.

#### 4. Essentiality of Cooperatives in Asia

4.1 In view of the present socio-economic situation and problems of Asian countries, as mentioned earlier, and in view of the achievements and impact of cooperatives on the socio-economic life of the people, the relevance and essentiality of accelerating expansion, diversification and development of cooperation in the Asian region becomes clear.

4.2 Massive efforts are needed to enhance the economic growth rate, launch rural industrialization, create more gainful jobs and job opportunities, build financial, technical and servicing infrastructure, establish efficient transport and communication systems, alleviate poverty, ensure a minimum standard of living, provide needed health and medical services, enable people a reasonable dwelling unit, etc. on the economic side, check the exodus of youth from the villages and land, remove illiteracy, arrange adult education and information, protect environment, spread social education, promote and preserve peace, on the social side. There is some degree of urgency to meet the above requirements in view of the peoples impatience to lead a better life, healthy living surroundings and basic amenities. The Government has also to check monetary inflation and price rise, which would be possible only when production of goods and services increases and savings are motivated and channelized to productive use.

4.3 Government alone cannot solve these problems and meet peoples growing requirements. Peoples voluntary and active participation in the developmental efforts is most imperative. There is no alternative to it. Government solicits peoples participation and also extends assistance to them.

4.4 Government exercises two options to involve people and support them, viz. one, by giving direct financial and technical assistance to individuals through Government Departments and agencies and the other to channelize the assistance through voluntarily organised groups of individuals. Whether initiative for such group formation comes from the people themselves or the Government is a different matter. The experience is that in the former pattern of assistance there is every possibility and chance of misuse of the assistance by the individuals, because of lack of supervision and having no accountability. The utilization of assistance is most subjective and individualistic. In the case of organised group there is better supervision and element of accountability.

4.5 In the organised group patterns, cooperative form is the best and most popular through which efforts of State and indi-

viduals both could be involved in the implementation of developmental activities. Through federal structure, the message of development can be communicated down to the individuals even in the remotest areas and State can get feed-back of the reactions and problems from the grass-root level to national level. Through cooperatives, the meagre resources of marginal and small farmers, landless labour, and others, apart from the better off people, could be pooled to become viable and usable which could not be possible otherwise as individual in isolation. There is vast scope and feasibility to mop up and make non-usable money, materials and manpower resources effectively usable through cooperatives. It is a form which can involve every one in the society to be its strength and get strength from it. Young, old, men, women all would become a force to energize and making it a vibrant force. There is vast horizon for cooperative development in Asia as a whole.

4.6 Cooperation also suits to the cultural heritage of Asian countries. Joint family system, mutual obligation to meet the village or community problems, mutual help in meeting the family obligations of individuals, like marriage, all social obligations with collective participation reflect the cooperative nature of the peoples of different countries of Asia.

4.7 Cooperation is also necessary to shun violence, reduce internal and international tensions, which may be caused by economic and political reasons. The world needs today a new society based on higher values, fellow feelings, tolerance for each others faiths and beliefs, mutuality, fraternity, etc. People do not like, rather they condemn cold wars as forcefully as war itself. All the efforts put forth to raise the material and moral standard of human life can be frustrated by international conflicts and tensions. The present situation is characterized with unrest and distrust. Cooperatives should mobilize public opinion and pressures for promotion and maintenance of peace. In a wider sense even poverty is also violence as it causes sufferings and agony, suppresses feelings and kills conscience.

4.8 In short, Cooperation has an indispensable role to play in economic and social development of Asian Region.

4.9 The antagonists of Cooperation may argue that given the freedom the private enterprises may deliver the goods and serve the people more efficiently than the cooperatives, as they (private enterprises) function on different footing. In fact, the very nature and objects of the two (Cooperation and private business) are different. By reason of its character and nature of an economic movement working in the interest of the people as a whole, Cooperation is inherently obliged to utilise its position in such a manner that it would not be to the detriment of national economic life as a whole. The more cooperation comes to comprise the nation as a whole, the more does its structure agree with that of entire nation in respect of political and social inclinations. For a private businessman there may be a conflict between his private economic interest and the good of the vast population. During economic crises, Cooperation comes to the rescue of both the producers and the consumers, whereas the private enterprises attempt to capitalise the crisis for their own advantage at the cost of the people. Cooperation extends its beneficent activities from the poorest of the most well-to-do sections of the community. It reconciles the conflicting interests of consumers and producers. All people can improve their standard of living by cooperation.

4.10 The merits of cooperative programme is based on reality and adherence to that programme will not bring about violent changes or sufferings; but, on the contrary, will improve the standard of life of the people which will gradually be achieved by bringing into play the best factors.

### **Direction of Growth**

4.11 The question is as to what should be the direction of co-operative development. Organisation of cooperative societies is not an end in itself. It is a means to change the psychology of the individual from depending upon government for promoting and protecting individuals interest and solving his problems to that of peoples own initiative and efforts. The whole national psychology should change and Cooperation should become ultimately the basic thinking of people and activity of the country. It

should become all pervasive phenomenon covering not only economic life but also political and social areas. The direction should also be to build a moral or ethical individual and a harmonious society. This direction is not a poetic imagination but a practical and realizeable object. Never in the past orientation of moral values was so intensely needed as today. The Cooperation is to achieve a synthesis of economic, moral and democratic values.

## **5. Measures Necessary**

5.1 In order to accelerate the growth of cooperatives and achieve the object, it is necessary to take certain measures effectively. Among others, the following aspects would need greater emphasis and action both by the cooperatives and the Government:

### **National Policy on Cooperation**

5.2 It is necessary that there should be a National Policy on Cooperation defining clearly the role and status of Cooperation in the national economic development and national economy. It is not feasible to formulate uniform contents of such policy for adoption by all the Asian countries for the reason of variations. For instance the objects of cooperative development are not the same in all the countries (see page 54 of the document *Role of Government in Promoting Cooperative Development in Asia*). But the frame-work or design may be uniform, i.e. the policy should clearly define role and status of Cooperation in the national economic development and national economy, object of cooperative development, structural set up of cooperative movement, support pattern to cooperatives, etc. The National Policy on Cooperation should be finalized in consultation with and consent of the national cooperative organisations.

### **Implementation of National Policy on Cooperation**

For effective implementation of the policy to achieve the objects the following measures should be taken:

5.3 *Building of conducive environment* : It is necessary that there should be in the country favourable or conducive social,



political and economic environment. Without it cooperative development will not be fast enough. Government should assist in the creation of suitable environment. Governments conviction and confidence in Cooperation should reflect in various socio-economic policies, legislations, administrative decisions, policy of preferences and concessions to cooperatives, declarations and statements by national authorities, recognition to dedicated cooperators, etc.

5.4 *Publicity* : As a logical corollary of the above, the people should be acquainted thoroughly with the contents of the policy, so that they clearly understand what its implementation would mean to them in terms of socio-economic gains. This should be done both by the Government and the Cooperative Movement at various levels. Multi-linguistic countries should get the policy translated in all the concerned languages. Widest publicity of the policy should be the very vital step towards implementation of the policy.

5.5 *Conducive Legislation* : Every country in the Asian Region has independent cooperative laws to govern cooperatives and to provide them with special status. There is a lot of variation in their approach, nature and contents. Some provide wide powers to the Government to control and interfere in the working of cooperatives (for details see pp.59-60,93-100 of the document Role of Government in Promoting Cooperative Development in Asia).

5.5.1 Cooperative legislations administer and govern socio-economic institutions of the people, for the people and by the people. It is to deal with their sentiments and aspirations. Hence its approach and nature should be in conformity with this fact. Several countries cooperative laws do not reflect this vital aspect. It is necessary to change the laws drastically to make them cooperative ideals and philosophy-oriented.

5.5.2 While variations may be inevitable, the laws on cooperatives should have the following common approach, features and contents :

- a. Cooperation is a self-help and mutual-aid movement, essentially moral and human welfare-oriented. The laws

should reflect this characteristic of Cooperation.

- b. Cooperatives are to function on the basis of Cooperative Principles. The cooperative legislation should be formulated in conformity with them. The laws should be positive and strengthen the democratic values;
- c. Approach of legislation should be to entrust responsibilities for planning, implementation, management, inter-cooperative integration etc, to cooperatives themselves, rather than placing them in the Government;
- d. The aim of cooperative legislation should be to facilitate and support building of a complete cooperative system of economy. It is necessary, therefore, to define the roles and obligations of each level of cooperative structure;
- e. The legislation should incorporate the following ICA definition of a cooperative society and Cooperative Principles to bring about uniformity and clarity of these concepts.

### **Definition of a Cooperative**

Any associations of persons, or of societies, shall be recognised as a cooperative society, provided that it has for its object the economic and social betterment of its members by means of the exploitation of an enterprise based upon mutual aid, and that it conforms to the Cooperative Principles, as established by the Rochdale Pioneers and as formulated by the ICA.

### **Cooperative Principles**

The following Cooperative Principles should be incorporated in the cooperative legislation:

- i. "Membership of a cooperative society shall be voluntary and available, without artificial restriction or any social, political, racial or religious discrimination, to all persons who can make use of its services and are willing to accept the responsibilities of membership.
- ii. Cooperative societies are democratic organisations. Their affairs shall be administered by persons elected or appointed in a manner agreed by the members and accountable to them. Members of primary societies shall enjoy

equal rights of voting (one member, one vote) and participation in decisions affecting their societies. In other than primary societies the administration shall be conducted on a democratic basis in a suitable form.

- iii. Share capital shall only receive a strictly limited rate of interest, if any.
- iv. The economic results, arising out of the operations of a society belong to the members of that society and shall be distributed in such a manner as would avoid one member gaining at the expenses of others.

This may be done by decision of the members as follows :

- by provision for development of the business of the co-operative;
  - by provision of common services; or
  - by distribution among the members in proportion to their transactions with the society.
- v. All cooperative societies shall make provision for the education of their members, officers and employees, and of the general public, in the principles and techniques of cooperation, both economic and democratic.
  - vi. All cooperative organisations, in order to best serve the interest of their members and their communities shall actively cooperate in every practical way with other cooperatives at local, national and international levels, having their aim the achievement of unity of action by co-operators throughout the world".
  - f. The legislation should provide freedom for formulation of cooperative by-laws within the broad framework of the legislation.
  - g. Finally the legislation should be simple and exact in expression, not open to different interpretations, but it should have enough flexibility to provide for local variations and conditions in different parts of the same country.

5.6 Safe-guarding democratic functioning : Democratic functioning is the most characteristic feature and essentiality of cooperative form of organisation. To promote, preserve and protect it, following measures should be adopted, among others :

- i. At the primary society level members should be provided with maximum opportunities for their active participation in the affairs and activities of cooperatives.
- ii. To ensure smooth working of the entire cooperative structure from local to national level, division and demarcation of tasks and responsibilities should be clearly defined through respective by-laws.
- iii. An effective system of feed-back from members in regard to working, activities and policies of their society should be built up, using the modern methods of communication and consultation.
- iv. Emphasis should be laid on creating enlightened membership through various techniques.
- v. Members of managing committee should be given orientation in acquiring necessary knowledge of making policy decisions and performing control over the organisation in the interest of the organisation and develop psychology of working together.
- vi. For smooth working of the democratic set up, the elected management and paid executives should have well-defined responsibilities and refrain from trying to interfere in each others sphere of work, responsibilities and authority.
- vii. There should be encouraged greater participation of women and youth in the activities of cooperatives to inculcate in them the democratic values.
- viii. Both the elected leaders and service personnel should be acquainted with and exposed to the successful examples and experiences of democratic working within and outside the country.

- ix. Dissolution of the elected board of directors should not be resorted to. Instead action should be taken against the erring individual members of the board.
- x. Elections in the cooperatives should be held when due. To ensure that they are free and fair, there should be no political or outside interference.

**5.7 *Diversification*** : In most countries Cooperation has played a role mainly in the field of credit, agriculture and consumer goods distributive trade. The coverage of other activities has not been as high as to influence and make dent in the situation. It should diversify itself and make inroads in non-traditional areas such as rural industrialization, rural electrification, national and international tourism, environmental protection and social forestry, student cooperatives, cooperative educational institutions, health and medical services, care of the aged, provision of community services, activities for greater involvement of youth and women, etc. The initiative should be taken by the people themselves and cooperative and social leaders, while government should encourage and extend needed support, if necessary, preserving the cooperative character of the organisation. The aim of the diversification should be to cover the life in its totality not only of the individual members of the society, but the whole family.

**5.8 *Self-Reliance*** : Cooperation is essentially a self-help concept. Without self-help or depending on outside resources for capital formation and managerial personnel, it loses its essence and endangers its independence. It is undeniable as a principle and has been proved by experience that wherever work is founded on borrowed money from outside, government or other sources, the cooperative societies risk their autonomy. Each society and the cooperative structure as a whole should plan for and undertake measures to build internal financial resources. The very first requirement in this direction is building peoples and more so member's faith by means of cooperative society's conduct, dealings with people, its services and projection of objects. The Government should extend its support to coopera-

tives in their efforts to make themselves self-reliant rather than extending perpetual assistance. Governments financial and other assistance should be only at the initial stage. During this period the society should build its own resources.

However, the self-help concept should be understood in right perspective in Asian situation, particularly the situation prevailing in the developing countries, where large number of people live in gross poverty and have practically nothing to save or even to subscribe one small value share in a cooperative. In such a situation the insistence on self-reliance would be a myth and unpracticable to adhere to. Outside financial resources would be inevitable and unavoidable. But this must not cripple the peoples initiative. Outside borrowing/assistance could be desirable, but it should be for a short period. People must understand and accept it; and make efforts to stand on their own by pooling their resources in the cooperative. This realization should be promoted and developed that cooperation means self-help and outside borrowing only when unavoidable. This realization would go a long way in creating self-confidence and social cohesion and the presently-prevailing psychology of depending upon government especially in developing countries would change.

**5.9 Structural Reforms :** In order to be a strong countervailing factor and force against the exploiting elements and agencies in the competitive market, there should be achieved such reforms in the structure of cooperatives as will make possible further rationalisation on the cost side, thereby maintaining and increasing the competitive power of cooperation in the markets of the individual countries and making the cooperative sector as a whole more efficient.

In the structural reforms, greatest emphasis and attention should be given to the primary cooperatives, as it is they which serve the individual members. Their activities benefit the members. If they are strong and efficient, the entire movement would grow. A federal structure both vertical and horizontal would be necessary to form a cooperative economic system on permanent basis. Each unit should be inter-linked with other units and should function organically. The functions, obligations and re-

sponsibilities of each towards the other should be well and distinctly defined for smooth working of the structure as a system. It is to be re-emphasised that structural reforms and new organisations be so carried out that the character of cooperative undertakings as self-governing democratic organisations is preserved and strengthened and the cooperative's fundamental social and economic goals are kept intact.

With a view to reducing the cost of production/ services, to strengthening the cooperatives as a whole and improving overall efficiency, existing structure of cooperatives should be studied by experts, so as to identify the problems and introduce reforms.

The following should be kept in view:

- The working of each sector as also that of the entire cooperative structure as a whole should be such as to continuously strengthen the primary/local cooperatives which form the base and foundation of the entire cooperative edifice. Strong primaries will preserve democracy and provide strength to higher levels.
- The structural growth of cooperatives should aim at forming both horizontal and vertical federations for forging the principle of cooperation among cooperatives.
- There should be forged inter-cooperative organisational and commercial links between various kinds of cooperatives, so that a system develops and works. Cooperation among cooperatives should be kept in view in strengthening the structure of cooperatives.

In several countries, governments decided to restructure and reorganize the cooperatives and force the decision. This is against cooperative philosophy and spirit. In case government feels the need of reorganisation and there is nothing wrong in that, it should convince the cooperatives and final decision should be taken only with their voluntary consent.

5.10 *Promotion of Efficiency* : Inefficiency is a matter of vital concern in both the developed and the developing countries. It damages the image of Cooperation as a form of economic enter-

prise, diminishes peoples faith and makes it difficult to achieve the objectives. There are cumulative factors that cause inefficiency. These factors should be identified in each country and they should be removed. It is sometimes argued that the democratic element, which is inherent in Cooperation, causes inefficiency. It is a wrong notion. In fact real democratic functioning of cooperatives promotes efficiency and democratic values in cooperatives can live and manifest by constantly seeking the great measure of efficiency. Democratic values and efficiency are the two sides of a coin. But it should be real and not pseudo democracy. There should be complete freedom to operate according to the Cooperative Principles. The experience world over is that where cooperatives enjoyed freedom they developed remarkably and operated efficiently; whereas where restrictions were imposed the growth has been sluggish and operations inefficient. Efficiency must be given top priority in any programme of strengthening the cooperatives.

#### 5.10.1 *Tests of Efficiency*

What are the tests of efficiency and effectiveness of a cooperative enterprise and the entire cooperative structure? The component of the test are :

- Improvement in the economic condition of the individual members;
- Building of constant and purposeful contacts between the members and the society through providing information about the society and meeting the needs of members so as to motivate the members to establish contact with society;
- Promotion of social cohesion among the members;
- Democratic decision-making;
- Providing timely service in required quantum at reasonable price, which should not be higher than market price;
- Comparable results with private enterprises, working in similar conditions;
- Building of internal financial and managerial resources;
- Economic viability;



- Perpetual building of leadership of the enterprise and enlightened membership.
- Extent of professionalisation of management; and
- Development of on-going system of performance and result evaluation and future planning.

Efforts should be made to achieve successfully the efficiency tests. Government should extend its support and assistance that functional efficiency of a cooperative increases. This support, however, should be in conformity with the independence of cooperative.

*5.11 Adoption of Technology* : Availing of the technological innovations and developments is a must for cooperatives in order to reduce cost of production and services, increase their competitiveness, produce and distribute quality goods. Cooperatives themselves should develop suitable mechanics to absorb technological innovations to be more efficient and productive, more particularly in the fields of agriculture, cottage industries and handicrafts, fisheries development, improvement in the management etc. All these need adoption of fast developing technological revolution, which is taking place in the developed world. Cooperation should not only try to keep pace with but also earnestly strive to take lead in technical advancement. The more important cooperation becomes as a factor of economic power in different countries, the more important it is to foster in it a feeling of technical progressiveness in all the fields. Government should facilitate adoption of technology by the cooperatives

*5.12 Apolitical approach* : It is crucial and essential that while there should be political commitment by the State to develop Cooperation, there should not be political approach to it. Cooperation is a concept having ideological base, economic objects and social direction. It is not a political movement. Political commitment will strengthen it, while political approach will weaken it, encourage inter-political group rivalry and disintegrate the social fabric. The approach should be such that it integrates all political shades and foster faith and confidence in all

political groups in favour of Cooperation. The working of cooperatives should also be such that it does not encourage political groupings, although they may support the party that support and advocate for cooperative development. Supporting a party is different from giving discriminating treatment to individual members on political basis. In the former case cooperatives may get political strength, but in the later situation, the reaction may be political antagonisation of individual, which would not be in the interest of cooperatives. The approach should be cautious, but clear and straightforward, treating all members equally. Politics divides and does not unite, hence there should be no politicisation of cooperatives.

*5.13 Human Resource Development* : Cooperation would succeed to the extent people have the knowledge and understanding of its philosophy, ideals, object, potentialities, working methods, federal relationship, legal governance, limitations, etc. With a view to constantly developing human resource for the cooperatives, the following measures should be taken :

- i. A system of education of members, potential members and members of managing committee should be evolved as an integral and essential part of the cooperatives.
- ii. Institutional arrangement for training of employees of all categories should be built up.
- iii. The contents of education and training programmes for various categories of people and personnel should be carefully drawn to meet their requirements. They should, inter-alia, be motivational, situation-oriented and need-based.
- iv. In order to acquaint the younger generation with Cooperation and develop interest in it, Cooperation should form a part of the syllabi in all the educational institutions - schools, colleges, universities, training institutions, etc.
- v. Along with theoretical knowledge, practical experience should also be made possible by setting up student cooperative stores, managed by students themselves.

- vi. Special educational programmes should be designed and properly executed for the youth and women who are outside educational institutions. For this group, possibilities and procedures of organising cooperatives should be adequately emphasised.
- vii. To make educational and training programmes more effective and interesting, modern methods and media of communication should be adopted.
- viii. Each cooperative society should develop its own regular education programme for its members and allocate sufficient funds for such educational programmes.
- ix. In countries where there is high degree of illiteracy, functional literacy programme should be integrated with cooperative education programmes.
- x. The training institutions should be able to provide consultancy and advisory services to the cooperatives in their respective areas.
- xi. The training institutions should design simple and field-oriented consultancy training programme for cooperative managers at various levels.
- xii. The cooperative organisations should come forward to cover costs of training institutions.
- xiii. Each country has set up cooperative training institutions. They should be improved by providing with greater facilities and technical skills in collaboration with specialised national and international organisations.
- xiv. The educational programmes should create faith and commitment of people in high moral and fundamental values of Cooperation.

The national cooperative movement should seek assistance and collaboration of the international organisations and agencies to strengthen their education and training arrangement, but it should not depend for long-term on external aid and assistance. Government should enable the Cooperative Sector to

build the necessary institutional arrangement at various levels for developing required human resource. Manpower planning should be adopted.

5.14 *Peace* : For economic development, social and political peace is a must, as said earlier. Policies and actions of the Government and voluntary organisations, including cooperatives, should be such as they do not provoke, people to react violently or resort to agitations.

The above measures are by no means a complete package. But they are the minimum to develop a genuine character of co-operatives and give a philip to their growth.

## 6. Cooperative-Government Collaborative Strategies

6.1 Collaboration of government in the cooperative development has emerged substantially in the developing countries during the last two decades or so. The situation in most of the Asian countries necessitates cooperative-government collaborative strategies to make Cooperation all pervasive, an effective instrument of change and to accelerate economic development. Governments in the Asian region support cooperatives as a matter of policy. In the developing countries, however, Governments in their own interest develop cooperatives, because it is most suitable popular agency in which people themselves are participatively involved, to implement State policies and programmes. On the other hand cooperatives in the situation that is in the developing countries, cannot spread and grow fast without the States financial assistance; because, as mentioned earlier, a large section of the society does not have capacity to save and invest in cooperatives. Cooperatives that aim to improve the conditions of the poor will need special attention and assistance from the Government but the assistance must be without the political and bureaucratic strings. It is in the interest of cooperative development to avail of finances and facilities from the State and establish harmonious relationship with it, without compromising, of course, on matters and issues relating to their cooperative character, ideals and principles. In short, it is in the mutual interest of both the cooperatives and the Gov-

ernment to collaborate with each other for the larger cause of economic development, peoples socio-economic and ethical emancipation and social and political peace. History of Cooperation of most of the countries of Asia proves that cooperatives did not succeed on an appropriate scale in these countries without the initiative and support of the Government.

6.2 It may be restated, however, that collaborative strategies to be evolved mutually by the Governments and the national cooperatives is inevitable, at least, in the developing countries of Asia as the situation stands at present. The areas for collaborative strategies may broadly be identified as follows :

- i. Formulation of national cooperative policy defining the objects of cooperative development and role of cooperation in national economy;
- ii. Formulation of a proper legislation for cooperatives;
- iii. Building of proper environment for cooperatives to grow and to play their full role independently;
- iv. Practical application of Cooperative Principles;
- v. Formulation of cooperative development programmes;
- vi. Human resource development including education in Cooperation and cooperative training and education;
- vii. Creation of supportive infrastructure;
- viii. Transfer of technology;
- ix. Building of information system;
- x. Implementation of various cooperative development programmes;
- xi. Promotion and development of research in Cooperation;
- xii. Evaluation of impact of cooperatives and analysis of the results, through field research;
- xiii. Promotion of cooperative values/spirit; and
- xiv. Promotion of industrial peace in cooperatives.

The above are crucial areas for which cooperative-Government collaboration would be necessary to achieve the object of making Cooperation an efficient all-pervasive socio-economic

instrument and organizational form in the real sense.

6.3 It is neither necessary nor easy to evolve one set or common pattern of cooperative-government collaboration for all the countries in the Region or even for all cooperatives in a country. It would depend upon several factors, e.g. the condition of general economy, the stage of development of Cooperation, areas of priority in a country, the social and economic conditions of the majority of population, existence of supportive infrastructure, availability of managerial talents, leadership, etc. However, government should give due priority to Cooperation in its general policies and programmes and assist it to become a strong, efficient and powerful factor and force in the country to serve the community.

6.4 In some countries of Asia, national efforts have been initiated to evolve cooperative-government collaboration. Different models are emerging, e.g.:

- i. Government have set up independent Corporations as public undertaking to promote and assist cooperative development.
- ii. Public Corporations have been set up for the development of specific cooperative activities.
- iii. Government becomes a partner in the cooperatives by contributing towards its share capital. e.g. dairy.
- iv. Joint ventures are set up with the collaboration of government and cooperatives, the government holding majority shares.
- v. Joint-Consultation has been evolved by setting up cooperative consultative bodies having representation of cooperatives and government.
- vi. Government extends financial support through the Central Bank of the country or by setting a national bank for financing cooperatives.

6.4.1 An in-depth study of each model in different countries should be made for comparison of effectiveness. In a number of countries, government is represented on the cooperative institutions as is provided in the law, but cooperatives have no representation in government bodies. There should be pro-

vided representation of cooperatives on government bodies/agencies which deal with formulation and implementation of economic and social policies, in all the countries of Asia.

6.5 At the same time, it has been observed that in some countries of Asia the liberty of cooperatives has been curtailed a good deal, which has changed the character of cooperatives, due to governments involvement in the cooperatives (for details see pp. 75-83 & 88-93 of the document Role of Government in Promoting Cooperative Development in Asia).

6.6 The Government-Cooperative collaboration should be evolved on the basis of certain principles, such as :

- i. It would not erode the autonomous/democratic character of cooperatives.
- ii. Government itself would not shoulder the responsibility of developing or managing cooperatives. It would only support the peoples efforts.
- iii. It would operate only with the consent of cooperative concerned.

6.6.1 It is to be stressed that Government should encourage cooperatives to stand on their own feet, to make their own decisions and abide by the consequences of those decisions, even if the development of Cooperation may be slow in this process. But that would be steady and sure to succeed. If they are sheltered too much, they will not learn what responsibility means. Governments policy, legislative, administrative, financial and technical support should lead to making cooperatives independent as soon as possible.

## 7. International Cooperation

7.1 Cooperation has covered practically the entire world since its birth in 1844 (in Toad Lane near Manchester in England). There is no other organised economic phenomenon which embraces countries of various kinds of political and economic shades and systems. It is the unique merit of Cooperation that under every system it gets meritorious recognition and application. Every system and soil claims its suitability. Cooperation is

value in itself. It is virtuous and hence universal. This makes possible to establish an international cooperative economy based on the principle of equality, non-exploitation of either parties i.e. exporters or importers, elimination of intermediary agencies, etc. It makes feasible to build a global technical and financial system to provide knowledge and resources from advanced movements to the developing movements. Just as an integrated approach is necessary within a country, so also is needed at the international level. The concept and philosophy of mutual help is to be extended to international horizon. This is what the ICA Principle Cooperation among Cooperatives at local, national and international level calls for. International cooperation envisages several advantages and developments :

- i. It would enable mutual utilization of experience and research (success as well as failures) for the success of cooperatives in different countries, just as each local unit in a country can make use of experiences of other units within the country. Thus risks and costs involved in experiments could be saved;
- ii. An information system could be evolved and built for serving the cooperatives, which is intensely needed;
- iii. As mentioned earlier, middlemen would be eliminated which take away a lions share. This would benefit the consumers and producers in the contracting countries;
- iv. Global integration through Cooperation would promote international understanding and appreciation of each others view point, which would promote international peace, which is essential for economic progress and prosperity and protection to humanity.
- v. Ultimately Cooperation will lead to transformation of world economy from an economy of strife to an economy of mutual aid.

7.2 It is in the larger interest of the humanity as a whole that Cooperation should be strengthened at the international level.

7.3 *International Cooperative Trade* : International trade on cooperative basis is a measure of extent of cooperation among



cooperatives at international level. At present bulk of foreign trade is in the hands of profit-making sector in the Asian countries. With the exception of Japan, Singapore, Republic of Korea and Australia the export-oriented commodities in most of the countries of Asia are more or less common, viz. agricultural commodities. In India the situation is changing fast in the wake of its industrialization. It now exports a number of non-traditional items such as engineering goods, chemicals, ornaments, precious stones, etc.

7.3.1 The share of cooperatives in the developing countries in foreign trade is negligible. Some countries have started exporting agricultural products like onion, rice, fish products etc. In most cases only one party is cooperative. It is very rare, with exception of Japan to certain extent, where both the parties - exporters and importers - are cooperatives. The developed cooperative movements should encourage and establish commercial/trade relationship with the counterparts in the developing countries. Towards this end, the following steps will be necessary :

- i. Commodities surveys, market demands, etc. should be surveyed from time to time for a more realistic approach towards cooperative to cooperative foreign trade.
- ii. The foreign trade restrictions, systems and government policy of exports and imports, etc. should be studied.
- iii. The potential cooperative organisations should be identified in each country for establishing trade links.
- iv. It may be emphasised, however, that strengthening of domestic cooperative trade is absolutely essential to aim at developing foreign trade cooperatively. It is inconceivable to establish international cooperative trade with no or weak cooperative trading at home. Only efficient, well conceived domestic cooperative trade would have chances of success at international level.
- v. The areas of possibilities of setting of joint ventures of cooperatives should be studied including the attitude and approach of the government.

7.3.2 International cooperative trade leads to several advantages, such as :

- i. It is the most effective means of cementing fraternal ties among national cooperative organisations and the unity of the international cooperative movement;
- ii. It constitutes an important contribution to the cause of international cooperation.
- iii. It promotes the easing of economic difficulties and contributes to the creation of the necessary atmosphere of mutual understanding and confidence in relations among nations and States, to the strengthening of universal peace.
- iv. It facilitates transfer of technology.
- v. It meets the challenges of multi-national corporations.
- vi. The widening and strengthening of trade cooperation among national cooperative organisations of all countries in the world will constitute a considerable contribution to the improvement of living standards of the population, the expansion of cooperative production, the increase in employment and reduction of high prices;
- vii. It will facilitate the activities of cooperative organisations both in finding necessary commodities and selling their products.

7.3.3 The ICA under its Coop Trade Project had compiled valuable information in regard to cooperatives having potential for international trade in various countries of Asia. The cooperatives of Asian and other countries should make use of this Coop Trade Directory.

As there is a separate paper on this subject the analysis is left here.

*7.4 International Finance* : Another aspect/area at international level is to find out the possibility of building a sound and viable International Cooperative Financing System within the Asian region, which may finance the cooperatives at a low interest rate. Finance - adequate and timely - is a vital matter of

concern and requirement for accelerating development of Cooperation within a country and at international level. At present some finance is provided as loan or donation on adhoc basis, if certain conditions laid down by the financing agency are met. The need is to build a cooperative financing international institutionalized system as such on which the cooperatives of any country in Asia may bank upon for developmental finance. In the present international financing agencies like the World Bank or Asian Development Bank cooperatives do not find a priority place, which limits the growth of cooperatives. An in-depth study of the feasibility and desirability of setting of Asian International Cooperative Financing Institution should be made at the earliest, so that if agreed to, steps may be taken for its organisation. It will be a great source of financial strength to be generated beginning with the new century.

*7.5 Technical Assistance* : Another aspect of international cooperation is extending of technical assistance to cooperatives in the developing countries by the developed movements and countries. Presently this assistance flows in through UN agencies like ILO, FAO, etc; by individual countries on the basis of bilateral agreements and International Cooperative Alliance and other voluntary agencies on project basis. Various factors and considerations are taken into account in offering technical assistance. The present approach is that the FAO, ILO, etc. assess what is desirable for the developing countries by way of technical assistance. The problem of assistance has to be approached in a different manner. The requirements in the form of help, advice and guidance should be made by the individual countries rather than by the donor agencies. Whether the requirements can be made and in what shape and manner is a different matter, but the needs and priorities are best known to the country itself. Here again, the technical assistance should be so provided that the recipient country in the stipulated period of technical assistance develops its own resources and becomes self-reliant in that particular aspect. If this is not ensured, the entire effort and investment goes futile after the technical assistance discontinues after agreed period of time. Technical assistance from any source cannot continue to infinity. Many projects collapsed

after discontinuance of international technical assistance. They seem to have the object of obtaining technical assistance only and nothing beyond. Before technical assistance project is finalised by the two parties, the long-term developmental object of the project and certainty of its continuation and if possible multiplication should be definitely ascertained.

7.5.1 Under the ICA-UNDP (TCDC) Programme, the ICA ROAP has compiled a Regional Compendium on the basis of information furnished by national cooperatives of the Asian region - what are their requirements and what assistance they can offer to their counterparts in other developing countries of the region. ICA ROAP has taken initiative and approach in the right direction which, however, can further be developed. This can be made a basis for conducting a detailed and comprehensive survey of the Asian Region as a whole. All donor agencies should make valuable use of this document. All technical assistance should be need-oriented. The varied methods employed under technical assistance have to be varied according to the particular object in view and the circumstances of particular country or groups of countries.

7.6 In promoting international cooperation, government cooperative collaboration will be as necessary, as within a country. External political, economic, cultural relations, development of trade or building an international financing system depend to a very great extent upon the attitude and policies of the government, which takes into account several factors in the matter of relations with external agencies. Without the commitment of the government cooperatives of a country just cannot join the international main stream of Cooperation. Governments trade and tariff policy, licensing system, etc. would much effect the prospects of cooperatives. Similarly, government may or may not allow cooperatives to join a foreign financing agency, whether cooperative or not, because that would involve question of foreign exchange.

7.7 *Regional Integration* : The common problems, dangers and aspirations bring the individual together, so also the nations. A trend has emerged to attempt regional integration. It is not

merely a question of geography, though perhaps founded on that, but more important it is the desire to meet the problems and aspirations jointly and unitedly that this approach has set in. In this region ASEAN and SAARC are examples. The object is to evolve a system of mutual help and common strategy for development and common problems. There is need to follow this approach in the cooperative field as well. There is already a sub-regional organisation of ASEAN countries' cooperatives. Its impact on development of cooperatives in various countries should be studied. There is vast scope for the Asian cooperatives to foster regional integration. Such integration is not to segregate themselves from the global stream of Cooperation, but to strengthen themselves and thereby provide greater strength, in turn, for global integration of Cooperation in a more effective way. There is not only scope, but also possibility, feasibility, desirability and need of such cooperative integration of Asian countries. This region has distinctly Cooperation at three stages of its development in various countries, viz. (i) highly developed (ii) fairly developed, and (iii) least developed. The regional integration should accelerate development of cooperatives, where they are not so developed in the true spirit and approach of the philosophy of Cooperation. This will lead to economic, social, cultural and political gains, to the advantage of all the countries.

7.8 It may be emphasised that international cooperation, whether global or regional, will have to be based, as a French cooperator said at the 15th ICA Congress on the three tenets of liberty, equality and fraternity. Liberty, because human progress is to give, each day, to each and all, a freer expression to their thoughts and acts. Equality, because all men should be on the same level of opportunity and might. And fraternity, because there can be no justice if the heart remains indifferent. Regional cooperative integration of Asia proving its instrumentality and effectiveness for economic development and peace, will have far reaching impact in other regions which need such integration.

7.9 The above discussion on international cooperation is not deviation from the main subject of government cooperative collaborative strategies. The developing countries of Asia, as they constitute the majority group, have inseparable relation-

ship and links, with the government. International cooperation is much needed, in view of limited resources vis-a-vis vast needs, to make Cooperation an effective instrument of change and development. This is an area where cooperatives and governments have to join together to achieve the national object.

**7.10** *Role of ICA and ICA ROAP*: Founded in 1895 the ICA, the world organisation of cooperatives, and recognised world over and by the UN as spokesman of the World Cooperative Movement, and its arm Regional Office for Asia and the Pacific set up in New Delhi in 1960, have great role and responsibility in evolving government cooperative collaborative strategies for cooperative development, and promoting international cooperation. The object of ICA as defined in its Standing Rules is the establishment and growth of independent democratic and viable cooperative organisations, in which men and women participate on equal terms. These organisations must be capable of serving their members efficiently and contributing to economic growth and social equity in their respective communities and/or countries. In view of this, ICA has to protect, promote and strengthen the basic character and nature of cooperatives. In developing countries, where government-cooperative relationship is a sensitive and controversial subject, the task of ICA becomes more difficult, challenging and imperative. It has to carefully, cautiously, but certainly, perform this obligation and responsibility.

**7.11** The experience and assessment of ICAs presence in Asia is that it helped in the process of development of cooperatives, improving the managerial and functional efficiency, creating need for human resource development, enlightened membership and skilled personnel. It has also influenced to considerable extent thinking approach and opinion of the governments in the region in regard to nature of cooperative legislation. The activities of ICA ROAP have brought the cooperators of different countries of Asia nearer to each other leading to mutually understanding achievements and problems of cooperatives.

**7.12** The ICA has been able to bring all the Movements in the

Region to one platform through the ICA Regional Council. This was, an important development that all the developing cooperatives in the Region were able to discuss their problems and achievements and suggest to the Alliance the methods and techniques of providing technical and professional support to the needy. Over the period of time, the ICA was able to develop several programmes which were of great value to cooperatives. Some of these have been : harmonizing relationships between the governments and the movements; propagating diversification of cooperative activities; strengthening management capacities of the movement through various training programmes, e.g. the ICA-Japan courses in Strengthening Management of Agricultural Cooperatives in the region; specific courses organised by Institute For the Development of Agricultural Cooperation in Asia (IDACA), undertaking a variety of studies, more specifically on Cooperative Legislation; developing and demonstrating techniques of conducting perspective planning exercises for the individual movements, e.g. these exercises have been carried out in Malaysia, Philippines, Thailand and Indonesia; developing horizontal programmes of technical assistance and mutual collaboration e.g. Programme in Cooperatives with the assistance of the UNDP-TCDC (UN Technical Cooperation Among Developing Countries) under which needs and capabilities of the developing movements are being identified and documented; emphasizing the importance and significance of the Principles of Cooperation by suggesting to the governments that these principles be incorporated in the cooperative laws; carrying out the work of development, exchange of experience under the Cooperative Development Decade; establishing active and high-level contacts with governments and movements through Ministers Conferences, Top-Level Leaders Meetings, Regional Consultations, etc.; emphasizing the need for the increased participation of women and youth in the organisational and economic functions of cooperatives as was done through special projects in Sri Lanka and India; demonstrating the techniques of involving women in operating consumer cooperatives and developing methods and techniques of income-generating activities, through various projects, e.g. Canadian-supported project for study on Women in Fishery Co-

operatives and SCC sponsored project in Sri Lanka and India; promoting the concept of consumer cooperatives and developing various models for consumers stores by conducting studies and facilitating exchange of experience within the region and outside the region - significant of these being greater management-oriented contacts with the Swedish consumer cooperatives and recently with the Japanese consumer cooperatives; improving the professional delivery capacities of cooperative trainers and extension workers in the region; developing and operating field level national human resource development and member education projects, e.g. Field Project in Indore in India, and Teachers Training Project in Sri Lanka; providing technical assistance programmes e.g. Dairy Project in Pune, Maharashtra in India; promoting the concept of inter-cooperative trade, promoting exchange of cooperators, teachers, leaders within and outside the region under various programmes, e.g. Bonow Scholarship Programme, Teachers Exchange Programme, international meetings, etc.

7.13 All along, the efforts of the ICA Regional Office have been to create proper environment for a growth of the genuine cooperatives by providing technical assistance programme and by encouraging the spirit of the Cooperative Principle Cooperation among Cooperatives.

7.14 ICA ROAP should take initiative to further strengthen Government-Cooperative relationship on the basis of Cooperative Principles and also international cooperation. Inter-alia, it may take the following steps, as suggested by the Evaluation Team on ICA ROAP in 1985:

- i. With 30 years of experience, knowledge and understanding of problems of the Government-Cooperative relationship, ICA ROAP should bring out Dos and Dons of Government-Cooperative relationship. It should define the limits beyond which the governments should not step in influencing the movement.
- ii. Activities for creating awareness and understanding about the financial independence of cooperatives to ensure autonomy of the movement.



- iii. ROAP should compile an Autonomy Index defining precisely the set of conditions under which the government should withdraw its control and allow the movement to function as freely as possible and get the consent of the cooperatives and views of the governments of Asian countries. The Autonomy Index may include such elements as - the level of management efficiency, leadership, dedication and competence, projections of projects, coverage, membership, acceptance of cooperatives by the community, etc.

7.15 Execution of the above functions and responsibilities will change the very face of Cooperatives, and serve the people better and more effectively.

To sum up, to harness the potential of Cooperation an integrated outlook and approach is needed in which all the parties the national cooperatives, national governments, ICA and other international organizations should be actively involved, but preserving the cooperative character of each unit and the entire cooperative structure.

## **8. Recommendations of the Singapore Consultation of Permanent Secretaries of Cooperation on Role of Government in Promoting Cooperative Development in Asia**

8.1 The Consultation of Secretaries of Cooperation of Asian countries, convened by the ICA ROAP in June 1988 at Singapore on the subject Role of Government in Promoting Cooperative Development made the following suggestions for Government-Cooperative collaboration:

### **Role of Government**

- a. "The Consultation noted that the governments and the cooperative movements have common objectives of improving the socio-economic conditions of the people and national development. They should support each other to achieve these common objectives on the basis of mutual

trust, confidence, respect and social justice.

- b. "Cooperatives by their nature are autonomous institutions. The government should play the role of a facilitator through policy initiatives and should nurse and nurture them to play their full role as peoples organisations. Giving and receiving of assistance - financial, managerial or otherwise - itself is not infringement of autonomy provided it is done on mutually agreed terms.
- c. "It was suggested that keeping the above principles in view, the government should provide the following support to the cooperative movement :
  - "incorporation of the role and importance of cooperatives in the Constitutions of the respective countries;
  - "formulation of national policy in consultation with cooperatives;
  - "creation/building of environment for cooperatives to play their full role;
  - "extending support in building a self-reliant strong cooperative sector to supplement the public and private sectors;
  - "enactment of progressive cooperative law in conformity with Cooperative Principles;
  - "taking steps for de-officialisation and de-politicisation of cooperatives;
  - "assisting cooperatives to generate and build their resources;
  - "assisting cooperatives to build their professional management personnel;
  - "transfer of functions of audit, inspection, supervision and responsibility for elections etc. to cooperatives;
  - "promotion of cooperative values/spirit;
  - "encouraging development of dedicated cooperative lead-

ership from within the movement and giving public recognition to distinguished/dedicated cooperators by conferring appropriate national distinctions and awards for their contributions towards cooperative development;

- "strengthening of cooperatives as a system establishing integrated inter-cooperative linkages;
- "promotion of democratic participation of members in decision-making;
- "supporting cooperative education and training;
- "supporting the involvement of cooperatives in community development;
- "providing or arranging financial assistance to cooperatives in the form of soft loans/guarantees, grants and subsidies, tax exemptions etc. in a manner as would not infringe upon the autonomy of cooperatives. Financial aid to cooperatives should be given to the maximum possible extent indirectly and through their federal institutions so as to prevent formation of pseudo cooperatives and abuses;
- "regarding cooperatives as community institutions and consulting them on matters involving them e.g. fixing the prices of agricultural commodities, manufacture of consumer goods and measures for consumer protection as well as giving due weightage to their views;
- "involving cooperatives in planning from village upwards for achieving more realistic and committed planning;
- "discontinuation of the practice of ex-officio holding of elective offices by government officers;
- "instead of dissolving the entire elected board for any irregularities, erring individual members of the board of directors/office bearers should be brought to book. In the event of inevitability of removal of board, the management should be entrusted to the concerned federal organisation;
- "encouraging and assisting cooperatives to develop their

own key/top management personnel instead of secondary government officers;

- "introducing curricula on Cooperation in general education courses in schools, colleges and universities; and
  - "ensuring that competition between the public sector and cooperative enterprises is avoided. The working of public sector enterprises should be such as would strengthen the cooperatives.
- d. "In some countries governments have set up Cooperative Development Corporations to have more flexibility in assisting cooperative development. Other countries may also study the working of these Corporations to assess desirability of establishing similar institutions in their countries. However, care should be taken that these Corporations do not duplicate the functions of the national cooperative organisations.

The Consultation was of the opinion that the main strength of the cooperative movement lies in the membership who have the right and the duty to elect competent people to board of directors. In view of this the Consultation suggested that it was essential that a massive programme of education of members and their elected leaders should be carried out by cooperative movements and governments should render needed assistance for the purpose.

The Consultation was of the opinion that an important requirement for building facilitating environment was change in the attitude of government personnel. The Consultation felt that it was necessary to develop positive attitudes and skills in government personnel to support cooperatives. It was, therefore, essential in cooperative concepts, principles, implementation of essential that adequate programmes of training of government personnel in cooperative concepts, principles, implementation of cooperative law and cooperative operations should be established.

The Consultation was of the view that there is also need for orientation programmes for top level policy makers to keep

them aware of the changing environment and the needs of cooperative movement.

### **Role of National Cooperative Organisations**

8.2 In regard to role of cooperative organisations at the national level, the Consultation made the following suggestions :

- "to evolve continuing dialogue between cooperatives and the government;
- "to strengthen training and education of employees, members and leaders of primaries;
- "to represent problems of primaries of the government;
- "to involve intelligentsia in the process of cooperative development;
- "to undertake supervision and auditing and provide guidance to the members;
  
- "to develop innovative approaches to face new socio-economic challenges;
- "to organise orientation programmes for policy-makers and senior government officers;
- "to promote inter-cooperative trade within the country and at international level;
- "to project the achievements of cooperatives;
- "to develop strong links, unity and integration among the cooperatives both vertically and horizontally for building an effective performance-oriented cooperative system;
- "to formulate and adopt a code of conduct for the office bearers/board of directors to prevent the misuse of cooperatives;
- "to enhance and monitor from time to time the share of cooperatives in various sectors of the national economy; and
- "to develop effective and adequate arrangements for conducting on-going research in various aspects of the coop-

eratives including government/cooperative relationship.

### **Role of International Organisations**

The Consultation felt the need of an arrangement at the international level, among representatives of governments and cooperative movements, and international agencies interested in cooperative development, for dialogue and discussions on matters pertaining to cooperative policies and development.

The Secretaries Consultation felt the need of an arrangement at the international level, among representatives of governments and cooperative movements, and international agencies interested in cooperative development, for dialogue and discussions on matters pertaining to cooperative policies and development, keeping in view the following objects:

- "to sensitize governments for the need to recognize potential of cooperatives role in various sectors;
- "to provide forum for exchange of information;
  
- "to promote TCDC; and
- "to demonstrate and disseminate success stories in regard to innovative interaction between governments and cooperatives.

The Consultation suggested a Net Work with secretariat, to begin with, in the FAO Regional Office for Asia and the Pacific at Bangkok with the membership of :

- "Government Departments/Bureaus for Cooperatives at national level;
- "National Cooperative Organisations; and
- "National level organisations concerned with cooperative development

The Consultation suggested that the ICA ROAP may periodically convene on regular basis meetings of top level policy makers in the government and cooperative leaders. The Con-

sultation suggested that the ICA ROAP, inter-alia, should undertake the following activities:

- "conduct studies on impact of cooperatives on economic development, production and pricing;
- "carry out a yearly review of cooperative developments in the Asian region for information of and use by the Movements and the Governments;
- "expand its cooperative development programme with the assistance of donor agencies. Concerned Ministries of the Governments and national level cooperative movements should be fully kept informed about such programmes; and
- "formulate and carry out Exposure Programmes for the cooperative policy makers in the Governments of countries of the region to acquaint them with the developments and working of cooperatives

The ICA/ICA ROAP can exert its influence over the government to a considerable extent through constant dialogue, convincing arguments based on actual facts in the field, etc.

Obviously, the approach and object of the Consultation in making the above suggestions was to develop collaborative relationship between government and cooperatives, so that Cooperation gets strengthened as peoples popular activity. Government supporting it without diluting its basic nature and character.

# COLLABORATIVE STRATEGIES FOR SOCIAL AND ECONOMIC DEVELOPMENT



*Bruce Thordarson\**

## Introduction

First of all, I would like to say that it is a privilege for me to initiate discussion on such an important subject. I do not propose to present a scholarly or comprehensive paper outlining the various facets of this interesting and challenging subject on which considerable material exists and on which ICA, independently or in collaboration with UN agencies, has organised seminars and symposia. The latest global seminar on the Role of Government in Promotion of the Cooperative Movements in Developing Countries was held in Moscow in May 1987, by the United Nations Centre for Social Development and Humanitarian Affairs with the active collaboration of the ICA and Centrosoyuz, the Central Union of Consumers Cooperatives of the USSR. For this conference itself, excellent material has been produced based on research and the Regional Consultation in Singapore, and with senior government officers and cooperative leaders. You have with you an exhaustive publication, an outcome of the Regional Consultation, describing both the regional and country situations along with well considered conclusions; the background paper specially prepared for this conference; and the report on the study on Facilitation of Effective Cooperative Legislation in Selected Countries of Asia.

*\* Director, International Cooperative Alliance*



Hence, my approach in this paper, is a modest one, that of outlining briefly cooperatives relevance for social and economic development, how cooperatives can be strengthened and made more effective, and what collaborative strategies and activities may be developed between the governments on the one hand, and the cooperative movements on the other, for strengthening cooperatives in order to achieve social and economic development in the Asia-Pacific region.

My remarks will be broad and general. Time does not permit me to deal with the considerable diversity which exists within the region.

Before I proceed, I would like to state that this conference is an excellent example of collaborative work between the ICA, the host organisation, namely, the Australian Association of Cooperatives and the Federal Government of Australia in the preparatory and organisational work. Internationally, we have received valuable collaborative support for the research and technical preparatory work from the Swedish Cooperative Centre and the Canadian Cooperative Association who are both backed up by their respective government technical assistance programmes. It is my hope that the collaboration manifested here by the presence of the honourable ministers and senior government officers and cooperative leaders will be intensified in the 1990s, both at the regional and national level. On behalf of the ICA, I would like to offer the technical services of our Asia Pacific Regional Office to help in the challenging task of giving practical shape to the conference recommendations in the national context, and for further intensifying regional collaboration.

## **Cooperatives and Social and Economic Development**

I presented a detailed paper, *Global Review of the Role of Cooperatives in Economic and Social Development*, at the Moscow Seminar referred to earlier. There was a general consensus at that seminar that despite certain limitations and failures within the movement, cooperatives represent a very potent organisational form of involving people in bringing about improvements in their social and economic situation. In the

developing countries the world over, governments regard cooperatives as an important instrument of development. From modest beginnings in the middle of the 19th century, cooperatives have formed themselves into the truly global movement you have today. The Asia Pacific region accounts for more than 50% of the 600 million individual members represented in the Alliance. It is not necessary for me to labour the point at this gathering that cooperatives have great potential to make a significant contribution to national development and to improving the social and economic conditions of disadvantaged groups and others of modest means.

Based on an excellent report *Cooperatives in the Year 2000* presented by Alex Laidlaw to the ICA Congress in 1980, and discussions thereon, the ICA, in 1982 formulated a Policy for Cooperative Development. The aim of this policy is the establishment and growth of independent democratic and viable cooperative organisations in which men and women can participate on equal terms. The policy calls for enlisting the support of governments and international organisations for the development of cooperative movements. The policy goes on to outline the areas in which cooperatives have great scope for development, and the priorities for action that should be followed for achieving sound cooperative development.

Based on my own experiences while working with movements in the Asia-Pacific region, I would like to offer some observations regarding areas in which cooperatives are needed and where they have great potential.

Most developing countries in the Asia Pacific region are still predominantly agricultural. Agricultural cooperatives have a great role to play in achieving food security, in diversifying production to market-oriented crops, in developing marketing outlets and in value addition through agro-processing. There are several examples of successful cooperative ventures. The KUDs in Indonesia, the coconut producers cooperatives in Sri Lanka, cooperative dairy development in India, the multi-purpose cooperatives in Japan and Korea hold out pointers towards the vast horizons for cooperative endeavour. The growth of agricul-

tural cooperatives through their accent on quality could also make an important contribution to raising the nutritional and health standards of the people. In several countries in Asia the penetration of cooperatives is as low as 15-25 per cent of eligible farmers, and the market share of agricultural cooperatives is small.

A close link between production, processing and marketing needs to be developed in order that the producer gets benefits resulting from all three stages. Further, well coordinated/ integrated structures need to be established so that the cooperative system can effectively compete in the market place.

Capital is an important requirement for sustaining and accelerating development. During the last 20 to 30 years the important role of savings in development has been increasingly recognised. It is increasingly recognised in development circles that a satisfactory growth rate can be obtained only through the mobilisation of domestic resources, and that the capacity of poor people to save has often been underestimated. Many of the problems of government-operated credit programmes have resulted from the separation of the savings and credit functions and the over-emphasis on the latter. The credit unions, developed on the concept propagated by the World Council of Credit Unions, have an excellent track record in mobilising savings, in keeping delinquency loan repayment to very low levels and in remaining free of direct control by, or dependency upon, government. Thrift savings therefore need to be greatly encouraged. While on this subject, may I state that Australia has a very strong credit union movement which can play an important role in assisting development in the Asia-Pacific region.

The development of insurance cooperatives has not received the attention it deserves. Apart from providing low cost insurance facilities, insurance cooperatives alongside cooperative credit institutions, can generate the much needed capital for cooperative development. Malaysia, Singapore, Japan and the Republic of Korea have developed successful cooperative insurance organisations/activities. Accident insurance services, provided by the National Cooperative Fisheries Federation of India

in collaboration with the Public Sector Insurance Corporation, have been the principal reason for a large number of fishermen joining fishery cooperatives and their increased loyalty to the cooperative. The Cooperative Insurance Development Bureau, in collaboration with ICA Regional Office and ICA development partners, has formulated a regional project for development of cooperative insurance in the Asia Pacific region. I hope governments of the region will give needed legislative and policy support for facilitating growth of cooperative insurance.

The repaid growth of urbanisation in all Asian countries and the resultant problems of urbanisation call for development of cooperatives in the fields of consumer, housing, industrial and services of various kinds. In all these areas cooperatives have made limited progress.

Another emerging problem is unemployment, especially among youth. Persistent unemployment has led to the growth of industrial or worker cooperatives in some industrialised countries. The experience of Tanzania has shown that the required investment to secure employment for a single worker in a cooperative is lower than in a regular enterprise. The cooperative potential needs to be harnessed not merely to tackle the problem of unemployment but also to ensure social stability, for frustrated youth can cause volcanic damage to the social structure.

The disadvantaged groups: women, fishermen, poor people, handicapped persons. Cooperatives with the support of well-designed state policies and assistance can play an important role in ameliorating the conditions of disadvantaged groups. Women constitute half the population and lack of adequate participation by this vast human resource in development seriously limits economic growth. Experience in developing countries has shown that where women actively participate in activities such as consumer, industrial, and thrift and credit cooperatives, the performance of these cooperatives has greatly improved along-side the considerable improvement in the incomes and living standards of the member households.

The list is not exhaustive. It is only indicative of certain priority areas. To quote Alex Laidlaw - There is something universal in the concept of cooperation that responds to human needs everywhere. We should allow people to experiment and innovate in applying the cooperative concept to new fields. For example, the Indian Farmers Fertiliser Cooperative is pioneering social forestry and thus is making a contribution to environmental improvement and making the country greener.

## The Cooperative Concept

I see from the conference background paper that cooperative laws in several countries of Asia have incorporated principles of cooperation. This is a very welcome development and a great improvement over the situation in the past. However, one hears complaints that government interference does not allow cooperatives to function properly, that excessive government control has led members and the general public to believe that cooperatives are governmental institutions, that excessive government assistance kills members initiative and self-reliance, that in several instances government actually manages the cooperatives either, by directly appointing government officers as managers, or through remote control. It is therefore necessary that the cooperative concept is clearly understood and that all development efforts, whether by governments, apex organisations of cooperatives or other development bodies, are so directed that cooperatives are promoted and developed in accordance with the universally accepted cooperative concept.

I would draw your attention to the definition of a cooperative and the Cooperative Principles which are given on pages 21-23 of the conference background paper. In addition I would like to emphasise the following salient features of a cooperative organisation, which could be of guidance to external agencies in formulating their policies and plans for promoting cooperative development.

- i. Cooperation is basically a voluntary activity on the part of members forming a cooperative. Compulsion and force

do not advance the spirit of cooperation; on the contrary, it has the reverse effect.

- ii. Cooperative organisation is based on the values of self-help and mutual help. External assistance would be welcome but both the quantum and the manner of giving such assistance should be such as would foster these values. Excessive assistance can destroy the spirit of self-reliance, individual self respect and dignity which are sought to be built up through the cooperatives; it can damage, as it has done in many cases, the operations and growth of the cooperative.
- iii. The cooperative is operated on a democratic basis. The members have the supreme authority over the affairs of the cooperative. They elect the Board of Directors who formulate policies, appoint the General Manager, review results and remain accountable to the general assembly of members for the operations of the cooperative. External agencies may provide guidance, training and other services. But they should never dilute or take away the basic rights of the elected board to be responsible for the management of the society or for that matter, the rights of the general assembly of members to be the arbiters of the destiny of the cooperative.

Problems have arisen when the state wants to use the cooperative as an instrument for operating government schemes such as those for distribution of agricultural inputs, consumer goods, marketing agricultural produce and in general for promoting economic and social development as part of national development plans. Such decisions by the government should be of benefit to cooperatives. However, in actual practice decisions for cooperatives to carry out such functions are often taken by governments without full consultation with, or the agreement of, cooperative management and members.

Often unrealistic targets are fixed; cooperatives are loaded with responsibilities far beyond their capacities; they are given uneconomic margins; cooperatives are issued orders to do this or to do that as operators of government schemes. I endorse the suggestion of the Singapore Consultant that cooperatives may

be entrusted with certain tasks/business by the government on mutually agreed terms. Then they should be left free to carry out their part of the contract.

Next, there is the question of state regulation and control. Cooperative leaders have no quarrel with the situation where they must be generally governed by the same laws and regulations that apply to other private or public sector businesses. What causes problems is the often excessive state help which generates pseudo cooperatives and inhibits the values of self-reliance. Problems are also caused on account of excessive regulation of, and control by, the state over cooperative managements. I do not want to offer any prescription in this regard, but would like to emphasise that the questions of state help, state regulation and state control require close examination in each country from the point of view of fostering cooperatives based on the cooperative concept as universally understood and the essential features of cooperatives which I mentioned above. The ICA would be glad to be a partner in these dialogues, if required. In this connection I would like to place before you the revealing experience we had in our member education project in one country in Asia. We found that government development programmes and schemes had mostly accumulated and got stuck at the district level. When the member education project activated the members and managing committees of local cooperatives, they provided a channel for the flow of government schemes, funds and extension services for the intended beneficiaries in the villages. The result was a remarkable development in agricultural production, marketing and processing and an upsurge in peoples activity. Cooperatives then became, truly, partners with the government in the development process. We want such cooperative-government partnership in development for the benefit of the ordinary farmer, the craftsman, the fisherman, the consumer and similar other groups of people.

### **Strengthening Cooperatives**

Based on extensive discussions within various ICA forums, and our Cooperative Development Policy, I would suggest the

following major strategies for promoting and strengthening co-operatives on sound lines.

i. *Organising effective programmes of member education and member participation.*

The enlightened and active members are the bedrock of the cooperative edifice. There is more awareness and interest in building up this activity in developing countries than in the industrialised countries of the West. The excellent member participation programmes of the Japanese Movement are models worth emulating by cooperatives everywhere.

ii. *Leadership development programmes*

It is the leaders who provide vision, inspiration, guidance, policy and direction to cooperatives. Special programmes targeted at the potential groups from which leaders may emerge and at those already in leadership positions, elected or employed, are needed if the movement is to have a steady supply of leaders.

iii. *Sound personnel policies and professional management*

A serious deficiency in cooperatives, in developing countries, is lack of sound personnel policies which would attract and retain competent people and provide arenas for their growth. The work place environment and working conditions must be such as would bring about strong commitment of employees to the cooperative philosophy, cooperative methods of work and the organisations in which they work. As cooperatives grow in size and diversify their activity, the need for professional people is felt. The elected boards of directors would need to confine their work to setting objectives, formulating policies, reviewing results, deciding on employing the Chief Executive and senior personnel and leaving the tasks of actual running of the cooperative to the Chief Executive and professional staff.



Comprehensive personnel policies should be established by larger and federal organisations setting our recruitment procedures, competitive compensation standards, job security and career development provisions.

iv. *Participation of women and youth*

The importance of this question has already been emphasised earlier.

For success to be achieved in all the above four areas an effective programme of cooperative education and training is essential. The movement must accord the highest priority to human resource planning and development.

v. *Development towards self-reliance*

vi. *Promoting cooperative democracy*

The above two issues have been dealt with earlier.

vii. *Strengthening cooperative structures, especially at the national level*

While national cooperative organisations have been functioning for several years in most countries of Asia, their effectiveness needs to be enhanced. In several countries they need to build up stronger links with their affiliates, build up adequately their own financial resources, acquire professional personnel of high calibre, and provide dynamic leadership and functional support to their affiliates. The present weak status of some national cooperative bodies may be an effect of the strong role played by governments in cooperative development.

viii. *Developing cooperative financial systems*

Adequate financial resources would have to be mobilised for mounting development projects in various areas mentioned in an earlier section. Credit was one of the first activities undertaken by cooperatives in most countries.

However, despite nearly 60-80 years of work in this vital area, there is an absence of national cooperative banks/ financial institutions in several countries of Asia.

This again may be an outcome of the government policies to provide financial aid either directly or through central banks, or specially established credit and banking institutions. The same applies to the absence of cooperative insurance organisations in several countries.

ix. *Technology*

Cooperative movements have been articulate with regard to human resource development, the need for financial resources etc., but they have generally not paid enough attention to technology. One hardly hears any discussion on this question in cooperative circles.

Technology is the motivating power towards progress. The choice of appropriate technology is vital in achieving progress which is in consonance with the human values of the cooperative movements and the needs of environmental protection.

The rapid technological advances in the modes of production in agriculture and fisheries; distributive trades, and service industries; financial markets; electronics, computerisation and information systems compel us to examine closely our own structures and systems to ensure that we are not behind and that we are able to cope with the newly emerging competitive environment, nationally and globally.

## **Collaborative Strategies**

The modern state with its many ramifications touches upon the lives of individuals and institutions in a variety of ways, through laws, regulations, policies, plans, infrastructure facilities and social services. In every country private enterprise is very vocal and organises effectively its government relations programmes to influence government policies. The cooperative

movements in the industrialised countries have until recently neglected this important area of activity, possibly because of the belief in the principle of political neutrality. It also reflects a lack of appreciation of the difference between political and partisan activity.

In the developing countries, where governments play a predominant role in cooperative development, dialogue between cooperative movements and governments is absolutely vital.

As has been stated earlier, there is a fundamental compatibility of interests between cooperative movements and governments since the activities of both are designed to serve broad public interests as opposed to narrow selfish purposes. Hence the need for both parties to devise collaborative strategies and mechanisms to achieve the end objectives of social and economic development for ordinary people.

I would like to list the following areas for collaborative work.

i. *Creating a favourable environment*

The government should create an environment which is conducive to the growth of genuine and sound cooperative organisations. There are three areas of action in this regard.

(a) **Cooperative legislation**

Cooperative laws are far too detailed and comprehensive. They need to be simplified. Numerous provisions which hamper the decision-making freedom of cooperative managements should be done away with. I would suggest that the report of the ICA sponsored study on the subject be carefully studied. I hope that the conference will give guidelines in this regard on the basis of which further work may be done at the national level.

(b) **Enunciation of policies promoting cooperative autonomy and democracy in cooperatives**

Such policies should reduce the role of the government cooperative departments to that of dealing with purely

legal of supervisory matters such as registration, regulations to check dishonesty and frauds, and liquidation. The developmental or promotional functions should be progressively transferred to national cooperative organisations according to an agreed national strategy.

**(c) Establishing equitable economic policies**

Governments should give equal scope to cooperatives vis-a-vis private enterprise. Entry to any areas of economic activity should not be barred because of lack of precedents. For example it was an uphill task for the first cooperative sugar factory in India and the first cooperative rural bank in the Philippines to get a licence, because they were the preserves of private enterprise. However, now they represent the strongest elements in the cooperative sectors in their respective countries.

Multinationals are active in agri-business in several Asian countries. Unless the governments provide substantial policy, administrative and financial support to farmers cooperatives, the multinationals could take away the cream of farmers production efforts. Dairy industry in Sri Lanka and Thailand present good lessons in this regard.

**ii. *Human resource development (HRD)***

Cooperative education is an important cooperative principle because it is so central to cooperative philosophy. In cooperatives human resources are not only a means to development; they are also the *raison detre* of cooperatives formation. The cooperative movement therefore accords the highest priority to cooperative education and to HRD. The resources within the cooperatives, however, are not enough to develop effective HRD programmes for various target groups which include members, board members, employees, women and youth. Governmental assistance to cooperative education programmes is well deserved on various counts; the most important being that it would bring about enhanced consciousness and skills in people of limited means, that it would strengthen coop-

eratives which in turn would enhance the welfare of its members and that it could be a long-term investment in human resource at only partial cost - the other part being met by the cooperatives themselves.

### iii. *Finance*

Lack of capital is one of the most important obstacles to the inability of cooperatives to render efficient services or to undertake projects such as agro-processing requiring large capital investment. The Royal Commission on the Cooperative Movement in Sri Lanka, in its report in 1970, states the following examples of state aid that has helped develop strong cooperatives to the enormous benefit of farmers and the national economy: the establishment of rural electrification cooperatives in the 1930s which brought electric power to over 90% of the rural homes in the USA; agricultural cooperative credit system in the USA; and the cooperative sugar factories in India which now produce more than 60% of sugar in the country. Another example of well designed state support resulting in the remarkable development of agricultural cooperatives is to be found in the Republic of Korea.

There are three ways in which governments can help in providing capital and financial resources to cooperatives: (a) by direct long-term loans and working capital funds directly, or through special institutions, at differential rates of interest; (b) by helping to develop a cooperative financial network. The need at present in several countries is to allow the formation of national cooperative banks and credit union systems; and (c) allowing the establishment of cooperative insurance organisations.

Cooperatives for their own part must stimulate and mobilise savings of members. The experience of credit unions in Sri Lanka and agricultural cooperatives in the Republic of Korea are fine examples of what can be achieved by competent management through well-designed programmes. It must be stressed that in the long run full cooperative

autonomy cannot be accomplished without financial autonomy.

iv. *Partnership in planning and plan implementation*

Cooperatives are assigned important roles in national development plans. However, these plans are generally formulated by governmental planning bodies with limited consultation with national cooperative organisations. The development experience round the world suggests that this top-down approach has failed to produce the desired results. It is felt that for planning to succeed, especially in the case of cooperatives, peoples participation in the planning process is vital. Hence I suggest that governmental planning bodies and national cooperative organisations (NCOs) should jointly plan cooperative development programmes. The NCOs should formulate the plans at the local cooperative level and then amalgamate them at the district, provincial and national level. Members of cooperatives should be involved in the formulation of local cooperative plans to make them realistic and need-based.

Planning in the agricultural and consumer cooperative sectors in Japan are outstanding examples of member participation in the cooperative business planning. That probably is the secret of the success and steady growth of agricultural and consumer cooperatives in Japan. Even the need for specific changes in cooperative legislation is expressed by national cooperative organisations in Japan and some advanced cooperative movements. The governments give full weight to these requests and recommendations; quite often the new cooperative laws are drafted in the offices of national cooperative organisations.

Thus there is a strong case for establishing national cooperative development councils for collaborative work between the governments and the cooperative movements for joint policy formulation, planning and evaluating results.

Cooperatives for their part should integrate their structures and utilise their network to channel development schemes, funds, and extension services to the grass-roots, for which they are eminently suited.

v. *Strengthening national cooperative organisations*

I have already mentioned the need for strengthening national cooperative organisations. Cooperation in Asia is 70-80 years old in several countries. It is no longer in its infancy. It is time the government passed on almost all developmental functions to the movement itself. Let the movement grow on the basis of its own capability.

The national organisations for their part should formulate a long-term vision and strategy to realise the vision; re-structure, if need be, to be the true representatives of their affiliates; generate internal resources and employ professional staff.

## Collaboration at the Regional Level

The Regional Consultation in Singapore felt that there was a need for an arrangement at the international level, among representatives of governments and cooperative movements and international agencies, for dialogue and discussions on matters pertaining to cooperative policies and development. It suggested the establishment of a network under the auspices of the FAO and the ICA.

The second suggestions made by the Consultation was the need for periodic meetings of top level policy makers in the government and cooperative leaders.

I would wholeheartedly commend both these suggestions to the Conference and would like to add that the ICA would be glad to be of service in these endeavours, should the Conference decide positively on these suggestions.

# COLLABORATIVE STRATEGIES FOR INTERNATIONAL TRADE AND FINANCE



*G.K.Sharma\**

Yesterday Mr. Thordarson, Director of ICA had spoken to you on Government and Cooperatives collaborative strategies for social and economic development. Today's theme relates to International Cooperative Trade.

This paper is structured in three parts. The first part deals with certain broad developments and features of the global trading scenario; the second part deals with achievements recorded by the Asian Region in the sphere of international trade while the third part deals with the role of cooperative sector in international trade with particular reference to the Asia.

## 1. Global Scenario

Global output and trade has been expanding at a rapid pace in the recent past and continues to grow. The volume of world trade is reported to have expanded by over 9 per cent during 1988, which was well above the annual rate of a little over 3 per cent that had so far prevailed in the 1980s. The expansion of world trade in the near past is attributed to the buoyant economic activity in the developed market economy countries, particularly in regard to investment and the strong growth impulses experienced by many of the developing countries of

---

\* Regional Director, ICA Regional Office for Asian and the Pacific, New Delhi



South-East Asia. Exchange rate changes in the developing economies of Asia and the Pacific region have played an important part in their export performance. The depreciation of the regional currencies against the Yen and other non-dollar key currencies have helped to boost the exports of East Asian newly industrializing economies and created large current account surpluses. Asian exporters of manufactured goods in particular have been able to increase their shares of the world markets through continued improvements in their competitive capacities.

### **Recent Developments in World Trade**

*Drift towards Protectionism* : The economic crisis of the developed countries during the 1980s was characterized by huge budgetary and trade deficits, fluctuating interest and exchange rates, slow growth and high levels of unemployment. This was accompanied by a gradual erosion of the multilateral trading disciplines and an increasing resort to protectionist measures in the West. According to a report prepared by the United Nations Conference on Trade and Development (UNCTAD) two recent legislative measures of major importance in the developed market economies have done much to generate considerable concern about the protectionist drift in global trade policies. The first is the United State Omnibus Trade Expansion and Competitiveness Act of 1988 and the second is the single European Act adopted by the Member States of EEC in 1986. According to informed opinion, these developments are ominous in the sense that they represent a further drifting away from the GATT disciplines in international trade by fostering an increasing resort to bilateralism and fragmenting world trade into exclusive trading blocs.

In the case of the US Omnibus Trade Expansion and Competitiveness Act, the most critical clauses are those relating to unfair trade practices. The Act provides almost unbridled power to the United States Trade Representative (USTR) to initiate retaliatory action against a trading partner wherever he finds evidence of unreasonable trade practices, whether or not they

violate any legal rights of the United States.

In regard to the enlarged European Economic Community, the ostensible reasons for its formation are related to overcoming some of the chronic economic problems which have assailed these countries for several years, such as a sluggish economic growth, loss of technological competitiveness and mounting levels of unemployment. There is however a legitimate apprehension particularly among the developing countries that a Unified Europe would also entail a more stringent and quality conscious marketing regime and exposure to a more intensified competition from better equipped suppliers. The debate raging in various parts of the world on the implications of a Unified Europe - will it be more open or restrictive ? is indicative of the degree of uncertainty engendered by such developments. Being basically inward looking the formation of exclusive trading entities can only be regarded as adding a further impetus to the perceptible slide towards increased protectionism now enveloping international trade.

*The Debt Dimension* : The Debt problems of many of the impoverished developing countries impinge fairly heavily on international trade and trade policies and continue to evade any satisfactory solution. According to one estimate\* the transfer of resources from main debt-affected countries (17 highly indebted countries in World Bank terminology) to their creditors on loan account, i.e., the difference between these countries loan receipts and their debt service payments shot up to nearly US \$ 31 billion, in 1988. Its cumulative total over the Six-years 1983-88 amounted to a staggering US \$ 135 billion.

The result has been that these indebted countries have been forced to buy less and the rest of the world has also been concurrently exporting less. Obviously it is a situation which is incompatible with the orderly development and growth of world trade. Incidentally most of these countries are in Latin America and not from Asia.

---

\* *Problems, What Next? Drageslav Avramovi, RIS Digest - March/June, 1989 (The 17 indebted countries are Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Ivory Coast, Ecuador, Jamaica, Mexico, Morocco, Nigeria, Peru, Philippines, Uruguay, Venezuela and Yugoslavia)*

*Emergence of Trading Blocs* : International agencies like the UNCTAD has also cautioned against the emergence of tripolar trading blocs which could become exclusive trading areas in a world which is increasingly drifting towards protectionism. Economic regionalism or blocism, as it has come to be known, is an emerging reality that concerns all trading nations. A major source of such apprehensions is the programme for a single EEC market, which has been mentioned earlier. The general fear is that the current drift towards increased protection may permeate the decisions being made in the implementation of the integration programme. Similarly the USA has entered recently into a Free Trade Agreement with Canada and there have been official pronouncements regarding possible negotiation of similar arrangements with Mexico and a few other countries which could lead to the emergence of a North American trading block. The third element in the tripolar trading world is constituted by Japan and the fast growing economies of East Asia. Countries like Thailand, Singapore, Indonesia, Malaysia, etc. have pursued policies designed to accelerate exports and encourage direct foreign investment. Japan has found such policies and programmes extremely congenial since the sharp appreciation of the Yen vis-a-vis the US dollar and its rising trade surplus, have virtually forced it to source out its production in such economies, which are also relatively in closer proximity.

Although the gradual crystallization of such trading blocs may not necessarily lead to increased trade restrictions, the fact remains that such developments are regarded as a gradual erosion of the general global commitment to an open multilateral approach to trade policies.

*Counter-trade* : The rapid expansion of counter-trade transactions during the early 1980s has been viewed largely as a response to pressures associated with unfavourable conditions in the international markets for goods and currency. The pressures identified included excess supplies of exportable goods in both developed and developing countries, the acute financial stringency experienced in the external sector by several developing countries as a result of which it was virtually impossible for them to finance their critical imports through traditional financing

and payment arrangements, besides difficulties of market access in highly protective trade regimes.

There are various types of Counter-trade transactions and the term is used to denote a wide variety of arrangements which include barter, counter-purchase and buy-back or compensation agreements. The common characteristic that runs through all these arrangements is a reciprocal and bilateral linking of the export and import flows of the two contracting parties, and hence they are also known as link deals. Although it is not within the scope of this paper to go into various technicalities of such deals and evaluate its relative advantages or disadvantages, it would be pertinent to observe that authoritative estimates have reckoned that counter-trade accounted for over 15 per cent of the world trade during the mid-1980s and many developing countries have found it an effective marketing tool to tide over problems of scarce foreign exchange resources or even wed it as leverage to push their exports of non-traditional goods. In India, the Minerals and Metals Trading Corporation (MMTC) had a total turnover of Rs.7000 million in 1986-87 out of which Rs.1800 million is reported to have been accounted by counter-trade.

Having regard to the emergent trends in the global trade scenario, the general perception is that the developing countries will take continued recourse to counter-trade in the near future, though the intensity may vary from region to region.

## **II Asia in the Global Trade Scenario**

The Asian region, which for the purposes of this paper includes Australia, New Zealand and certain other developing areas in the Oceanic Zone, represents one of the most dynamic segments of the world economy and trade. Particularly with the emergence of the oil rich nations and the newly industrializing countries or Asian tigers as they are variously known, the strategic importance of this region, both as centres of export activity and as a booming market for a variety of merchandise and services has increased manifold in recent years.

Asian region has not only evidenced a consistent increase in foreign trade over the years but several of these countries have affected suitable adjustments in their commodity structures by increasing their shares of manufactures in exports and imports. The rapid expansion of manufactured output facilitated by high levels of investment, including private foreign investment has fuelled growth in the East Asian Sector. In fact the growth performance of most parts of Asia has been deemed as more than satisfactory, barring a few exceptions in the least developed countries of the region. The ensuing tables will serve to illustrate some of the observations made.

Table-I provides an indication of comparative share in world exports of various country groupings in the Asian region. It would be apparent from Table-I that there has been an appreciable increase in the export share of countries, categorized under Developing Asia in the decade of the 1980s, as compared to the preceding era. The export performance of other regions including Japan in terms of relative shares to total global exports has been moderate.

**TABLE-I**  
**World Exports - Export Performance of Asian**  
**(Including Oceanic) Region**

*(Value: In Million Dollars)*

	EXPORTS (F.O.B.)		
	1970	1982	1987
WORLD	3,15,100	18,40,000	24,93,500
of which:			
A.DEVELOPING	25,590	3,11,000	3,43,900
ASIA	(8.1)	(16.9)	(13.8)
i) West Asia	10,580	1,60,190	90,980
	(3.3)	(8.7)	(3.6)
ii) South & South	15,010	1,50,810	2,52,920
East Asia	(4.8)	(8.2)	(10.2)
- ASIAN	6,290	70,920	83,470
- Bangkok Agreement	3,730	32,380	60,960
countries			
B.OTHER SOUTH AND	4,990	47,510	1,08,490
SOUTH EAST ASIA			
C.DEVELOPED ASIA			
Japan	19,319	1,38,911	2,29,224
	(6.1)	(7.5)	(9.2)
D.SOCIALIST ASIA	2,720	23,720	41,590
	(0.9)	(1.3)	(1.6)
China	2,307	21,913	39,542
	(0.7)	(1.2)	(1.6)
E.OCEANIC	5,830	25,990	32,280
	(1.8)	(1.4)	(1.3)
F.DEVELOPING OCEANIC	460	1,700	2,110
	(0.1)	(0.1)	(0.1)

*NOTE: Figures in brackets indicate (%) to total exports.*

*SOURCE: Handbook of International Trade and Develop. Statistics - UN (1988)*

## KEY

### i. DEVELOPING ASIA

<i>West Asia</i>	Bahrain, Cyprus, Yemen, Iran, Iraq, Jordan, Kuwait, Lebanon, Oman, Qatar, Saudi Arabia, Syria, Turkey, U.A.E., Democratic Republic of Yemen
ASEAN	Brunei, Indonesia, Malaysia, Philippines, Singapore & Thailand.
Bangkok Agreement countries	India, Bangladesh, Rep. of Korea, Democratic Republic of Sri Lanka
ii) Other South-East Asia	Afghanistan, Burma, Democratic Kampuchea, Hong Kong, Macaw, Maldives, Asia: Nepal, Pakistan.
iii) Socialist Asia	China and Mongolia
iv) Oceanic	Australia and New Zealand
v) Developing countries of Oceania	Fiji, French Polynesia, Guam, New Caledonia, Papua N. Guinea, Solomon Island and Vanuatu etc.

From Table I, it will also be observed that there was a virtual quantum jump in the export performance of developing Asian countries, during 1970-1982, when the share of this group as a percentage of world exports more than doubled from around 8% to nearly 17%. Most of the increases recorded during this period is attributed to the performance registered by the oil-exporting nations of West Asia. The decline in share of this group in the subsequent years could be attributed to fluctuations in oil prices and internal conflicts particularly the Iran-Iraq war.

From 1983 onwards however the countries of South-East Asia registered a distinct upsurge in exports and by 1987 this group collectively accounted for a sizeable share of the global exports, recorded by the developing countries.

The export performance of individual countries in each of the regions have varied to a large extent. The star performers in the last few years have been countries like Singapore, Malaysia, Thailand and Indonesia in the ASEAN group; Republic of Korea and to some extent India in the Bangkok agreement region; and Hong Kong in the other South and South East Asian group. Mainland China had also recorded sizeable increases in exports during the 1980s.

In the OCEANIC Zone, Australia accounts for the bulk of export activity, with an almost consistent share of a little over 1 per cent of the total world export which can be considered as fairly significant, since the achievement is entirely on an individual country basis.

Imports by the Asian region also showed an impressive growth, testifying to the fact that some countries in this zone have emerged as important markets for a variety of goods and services. Table-II on the following page shows the trend in imports by major groups of countries, under reference.



**TABLE - II**  
**WORLD IMPORTS - IMPORTS BY ASIAN REGION**

*(Value: In Million Dollars)*

	<b>IMPORTS (C.I.F.)</b>		
	1970	1982	1987
WORLD	3,28,300	19,10,900	25,73,100
of which			
A. DEVELOPING ASIA	25,500 (7.8)	2,91,190 (15.2)	3,17,480 (12.3)
i) West Asia	6,550 (2.0)	1,23,560 (6.5)	84,520 (3.3)
ii) South & South-East Asia	19,000 (5.8)	1,67,640 (8.8)	2,32,970 (9.0)
Asean:	7,550	74,980	78,540
Bangkok Agreement Countries	5,370	42,250	62,110
B. OTHER SOUTH & SOUTH EAST ASIA	6,090	50,400	92,310
C. DEVELOPED ASIA			
Japan	20,120 (6.1)	1,38,620 (7.2)	1,59,640 (6.2)
D. SOCIALIST ASIA	3,000 (0.9)	22,620 (1.2)	48,410 (1.9)
China	2,279 (0.7)	18,939 (1.0)	43,393 (1.7)
E. OCEANIC	6,100 (1.8)	30,920 (1.6)	35,290 (1.4)
F. DEVELOPING OCEANIC	910 (0.3)	3,160 (0.2)	3,530 (0.1)

*Note : Figures in brackets indicate (%) to total World Imports*

*Source: Handbook of International Trade and Development Statistics, United Nations, 1988.*

The observations and conclusions which emerge from Table-II are more or less similar to those recorded in regard to exports earlier.

For instance the developing countries of Asia recorded the maximum jump in imports between 1970-1982, when the share of this group as a percentage of world imports nearly doubled from 7.3% to 15%. Much of the increases during this phase was recorded by the countries of West Asia, presumably due to escalating oil revenues.

From 1983 onwards however, the countries of south and south East maintained a fairly high and steady pace of imports. The import share of West Asian countries as a percentage of world imports on the other hand, showed a gradual decline, reaching its lowest ebb in 1987.

The relative import shares of other major regions namely Japan, Socialist Asia including China and Oceanic have not witnessed any significant changes, although in value terms, Japan did import a variety of goods and services, particularly from the developing regions, during recent years.

Some of the countries in the developing Asian Zone which have registered a big spurt in imports in the recent past include Indonesia, Thailand, Republic of Korea, Hong Kong and China. It would seem from the foregoing analysis that the developing countries of the Asian and Pacific region have continued to show the most satisfactory growth, as per latest available data, despite growing uncertainties in the global economy. The newly industrialized economies of East Asia showed the most aggregate robust growth, which pulled up the lower average growth elsewhere in the region. According to one source, the real GDP growth rate of the overall ESCAP developing countries is expected to have risen from 4.2% in 1986 to 6% in 1987.

A combination of various factors has apparently helped the exporters of East Asia to record the most significant gains in the field of international trade in recent years. The ability of the manufacturer-exporters of East Asia to adjust to changes in world demand, and the continuing appreciation of the Yen and other key world currencies had provided the necessary competi-

tive edge to their export capabilities, as stated earlier. Total exports of goods from Hong Kong for instance were estimated to have risen by 27% in real terms in 1987 as compared to 15.2% in the previous year. In the case of Republic of Korea, merchandise exports are reckoned to have surged by 28% during the first half of 1987 and in regard to Taiwan, exports rose by some 32% in 1987. As regards countries in the ASEAN Region, they in turn, benefitted both from the appreciation of both the non dollar Key currencies and the local currencies of the newly industrializing economies. Countries like Thailand, Singapore and Malaysia in particular profited in the process. The more diversified economies of South Asia, like India, Pakistan etc. also experienced some increases in exports due to Government policies and realization of higher prices for certain traditional commodities, as for instance Cotton goods.

While the developing regions of Asia have witnessed positive changes in the structure of its trade towards more of manufactured products, it would appear that most of the trade is directed to external markets. In other words the proportion of intra-trade of the group at a percentage of total exports of each group is extremely poor and needs to be improved. The ensuing table provides some indication of the facts:

**TABLE-III**  
**Intra-Trade Among Developing Countries**  
(Selected Regional Groups)  
*(Value of Intra-Trade (In Million Dollars))*

<u>Group</u>	1970	1976	1980	1986
ASEAN:	860	3619	11,918	11,096
Bangkok Agreement group	47	142	517	994
<u>Group</u>	<i>(Percentage to total Trade)</i>			
ASEAN;	14.7	13.9	17.8	16.7
Bangkok Agreement group:	1.5	1.0	1.8	2.2

*Source: Handbook of International Trade and Development Statistics, UN - 1988.*

Having regard to the fact that the Asian region, including Japan, Australia, and other nations mentioned in this paper, have now been reckoned as important source of supply for a wide range of products besides being a vast market for a growing number of commodities and services, the potential does exist for expanding intra-regional trade including intra-cooperative trade with active Government support.

### **III Cooperatives and International Trade**

International trade by Asian cooperatives still remains rather limited and adhoc and more so in inter-cooperative trade. The only exception is the Japanese Cooperatives. UNICOOPJAPAN had taken a lead in the past to promote inter-cooperative trade resulting into various trade agreements like the Thai-Japanese Maize Agreement, US-Japanese Soyabean Agreement, Peru-Japanese Fishmeal agreement and the Indian-Japanese Feed Meal Agreement. In recent years, COOPTRADE Japan has also tried to promote inter-cooperative trade particularly in fish products. In India, the National Agricultural Cooperative Marketing Federation (NAFED) made an agreement with the Universal Cooperatives through the Cooperative Business International for the export of niger seed which could be a good example of promoting inter-cooperative trade. The NTUC Fair Price Singapore had bought some products from the Agricultural Cooperative Federation of Thailand. Recently, the Australian Cooperatives have also shown interest in exploring the possibility of inter-cooperative trade at the initiative of the AAC. However, there is much remains to be done to develop inter-cooperative trade, which does have good potential.

#### **A Historical Review**

The ICA has appreciated the need and desirability of inter-cooperative trade since long. The subject of promotion of International Cooperative Trade had been on the agenda of the International Cooperative Congresses several times. A few references, as given below, are relevant in the present context.

The 19th Congress, held at Paris in 1954 discussed a special paper on International Cooperative Trade: the Possibilities of Collaboration between National Organisations and its Development by the Alliance. After discussions the Congress adopted unanimously the following Resolutions:

The Nineteenth Congress of the ICA - considering:

- That the world situation, from an economic, technical, social and political point of view, makes it imperative for the Cooperative Movement, Consumers as well as Producers Organisations, to apply its principles by more extensive collaboration in the international field between National Movements;
- That international cooperative trade, especially in the form of agencies for joint purchasing, is of the greatest importance as part of this collaboration;
- That real inter-cooperative trade not only between National Cooperative Organisations of Consumers, but also between Cooperative Organisations of Producers and of Consumers, can only develop after first creating the required favourable climate for it;
- That various measures can foster this climate and are useful projects themselves, such as the exchange of business and technical data, meetings of experts in various fields, exchange of personnel for training purposes, joint research;
- That these projects should, in particular be executed by such groups of National Organisations only which have a real joint interest in the matter;

*Decides:*

- To invite National Organisations to suggest to the ICA Projects for joint action as outlined above and/or to assist the ICA to the best of their ability in executing ICA initiatives in this realm;
- To regard it as the task of the Alliance, as a centre of practical liaison between its member organisations to pro-

mote systematically and with all possible means, a continuous development of these activities, in particular by:

- a. taking initiatives and taking over suggestions for initiatives offered by member organisations;
  - b. promoting the paper execution of those initiatives;
  - c. to see to and, if necessary, give proper direction to the execution of projects by groups of member organisations.
- To charge a Sub-Committee of the Executive with the responsibility of preparing plans for giving effect to this resolution and, under the authority of the Executive to implement the plans adopted in collaboration with such individual experts and Organisations as may be appropriate.

The subject had come up again at the 20th ICA Congress held at Stockholm in 1957, where a special paper was presented on International Cooperative Trade - Its Difficulties and Possibilities and the Widening of contacts with a view to the Exchange of Experiences in Cooperative Activities. The Congress had adopted the following Resolution:

The Twentieth Congress of the ICA, considering -

- That the question of development of International Co-operative Trade, strengthening of contacts among co-operators of all countries by means of mutual exchange of delegations, technical documentation, publications, students of co-operative schools is a matter of vital importance for all National Co-operative Organisations and for the whole International Co-operative Movement;
- That International Co-operative Trade and other forms of collaboration promote the development and strengthening of National Co-operative Movements and of the whole International Co-operative Movement and contribute to the economic development of peoples and states and collaboration among them;

- That International Co-operative Trade is of great importance in raising the well-being of the populations;
- That International Co-operative Trade is of special importance for the co-operative organisations of economically under-developed countries, promotes the development of the Co-operative Movement in these countries, as well as the role of co-operatives in the struggle for the all-sided progress of the peoples of these countries.

*Decides:*

- To recommend to all National Co-operative Organisations and bodies of the ICA to do their best and take all possible constructive measures in order to increase the volume of trade between co-operatives of all kinds of various nations.
- To recommend to National Co-operative Organisations:
  - a. that they should demand from their Governments the diminishing or the abolition of existing restrictions in the domain of International Trade;
  - b. that they should support before their Governments the creation of a Universal International Trade Organisation acting within the framework of the United Nations, with due consideration being given to the principles which were laid down in the Havana Trade Charter;
- To approve the activity of National Co-operative Organisations in the widening of barter transactions directly between National Co-operative Organisations, mutual credits granted.
- To deem it necessary to widen the scale of the exchange of co-operative delegations, technical documentation, literature and students on the basis of mutuality, without discarding other forms of contacts.

The subject was again discussed at the 26th Congress under the caption Collaboration at the International Level, which

included in the report of the ICA Working Committee on collaboration between cooperatives (Congress Report Page 93-95). The report had given a brief but comprehensive analysis of the global situation.

The 28th Congress, held at Hamburg (West Germany), in 1984 again adopted the resolution as given below with the objectives to draw attention to the existing trade barriers and to work for their removal so that Inter-Cooperative Trade may be promoted and facilitated.

The XXVIIIth Congress of the International Cooperative Alliance:

*Expresses* its regret that the development of International Trading Links between cooperatives is frequently inhibited by barriers imposed by governments and other agencies, through controls and regulations of various kinds.

*Calls upon* all ICA member organisations to work towards the removal of all such barriers in the interests of developing international co-operation in a practical way.

A number of other instances can also be cited from Congresses but they are not necessary. The objective is to emphasize the interest and courage of international community of corporators in the promotion of international cooperative trade.

## **UN Secretary General Report**

The problem of increased participation of cooperatives in export and import trade was also dealt in some detail in the Report of the UN Secretary General during the Thirty Eight Session of the United Nations Economic and Social Council. The report stressed the increasing role the Governments of developing countries would have to play in export/import organisations. According to the report, this role could be greatly strengthened if cooperatives with Government support and with the collaboration of Cooperative Movements in industrialised countries could take a greater share of these export promotion and trade activities.



## **ICA Cooptrade Project**

Recognizing the fact that Cooperatives in Western countries had been purchasing billions of dollars worth of goods from the Asian countries but hardly any purchases of significance were being made from Cooperatives, the ILO/SIDA Cooptrade Project for Asia was initiated by International Labour Organisation (ILO) and the Swedish International Development Agency (SIDA) in 1978. The main objective of the project was to promote trade between cooperatives within Asia as also with western cooperatives.

### **Inter-Cooperative Trade in Asian Region**

The ILO/SIDA Cooptrade Project in its final report before it was transferred to ICA ROAP made certain recommendations regarding trade between developing countries in the region as also with industrialised countries which could be of relevance. The report observed:

### **Inter-Coop Trade between Developing Countries of Asia**

Few Cooperatives in the region are engaged in importing. In several of the countries there are import restrictions which hamper the development of intra-regional trade between cooperatives. In quite a few cases cooperatives are producing similar products and exporting them to neighbouring nations, therefore, it is difficult if possible at all. Nevertheless, a few countries have a less restricted import policy and intra-regional trade between cooperatives without doubt, in some cases is possible. Agricultural products including rice, fresh fruits and vegetables, spices and also dried fish are commodities produced by cooperatives which have a demand in the region. Non-food products of cooperatives seem to be more difficult to sell within the region. However, a number of products, such as handloom products, wooden furniture, sports goods, bicycle spare parts etc., seem to have some prospects. Potential buyers of mainly agricultural commodities are cooperatives in Singapore and to some extent in Malaysia and Thailand.

## **Trade between Cooperatives of Developing Countries and Industrialised Countries**

Cooperatives in industrialised countries should more actively establish trade contacts with cooperatives in developing countries in Asia. In order to promote such business, it is important to appoint persons at Cooperatives in industrialised countries who can act as liaison offices for trade development issues between cooperatives. With no one in charge of such offers and samples from cooperatives in developing countries such proposals often get little attention from importing cooperatives in industrialised countries.

If cooperatives in developing nations can meet the requirements of sister organisations in industrialised countries, the former should be given the opportunity to place trial orders and thus both would gain experience on how to further develop trade with each other.

In a number of cases, opportunities to establish joint venture exist. More attention should be paid to such proposals by cooperatives in developing and industrialised countries.

### **Cooperative Trade Conference**

The Economic Sub-Committee of the International Cooperative Alliance (ICA) set up after the Paris Congress held in the year 1976, organised three International Trade Conferences; in 1978 at New York, 1980 at Moscow and 1982 at Cairo, which can be considered positive steps in this direction to enlarge the scope of international trade among cooperatives compatible with their magnitude.

### **Cooperatives and their Activities**

The cooperative organisations in industrialised countries as well as in developing countries have, among its members vast sections of producers and consumers who, directly and indirectly, are involved either in the production or consumption of a large volume of commodities and goods traded, to every signifi-

cant extent. While the dominant section of cooperative trading organisations in the world represent the agricultural and consumer sector, they ,no doubt, have entered in various other fields of industry, including handicrafts, petroleum exploration, refining manufacturing etc.

### **Asian Cooperatives and International Trade**

While there has been good progress in joint buying by Cooperatives in Europe through their Cooperative organisations like Inter-Coop and NAF, they more try to utilise their strength and bulk buying to get better terms for their goods and promoting inter-cooperative trade does not find priority in their operations particularly from Cooperatives of developing countries. They had a belief that to promote trade with new cooperatives in place of their established suppliers is not trade but amounts to Aid which is not their function. This is not a correct approach and is not in conformity with the basic cooperative philosophy of Cooperation among Cooperatives. Perhaps their Management will realise this and change their policy in this regard in the near future in the larger interest of cooperatives.

### **Multi-National and Inter-Cooperative Trade**

Dominance of multi nationals is a matter of concern for all. The exploitation by the multi-nationals does not confine only to developing countries but also affects the industrialised countries. For reducing the dominance of multi-nationals, they need a strong healthy competition which is presently missing. Cooperatives have been visualized the most appropriate organisations to create the healthy competition if inter-cooperative trade can be developed between the cooperatives of importing and exporting countries. Thus, there is the need for promoting inter-cooperative trade between the cooperatives of developing countries themselves and with the industrialised countries.

### **Private vis-a-vis Cooperative Trade**

It is a fact that in the international trading, the basic object or guiding principle even for cooperatives is to sell or buy the

goods at the most advantageous prices. Thus, in promoting inter-cooperative trade we do find some difficulties. To overcome them we have to refresh and understand the significant difference in their objects and actual operations as a cooperative and private trader.

It is often observed that when two cooperatives deal with each other, they expect perfect performance from each other and if something goes wrong not only each one tries to shift the fault to another, but often very much publicise it at various forums and a deadlock is created. If the same thing happens in private sector, they try to settle it quickly and continue in the trade. It is necessary to appreciate the shortcomings of each other in cooperatives and extend possible help and guidance to each other to overcome so that trade relations continue instead of coming to a deadlock. Profit and loss particularly in a new business is a normal thing and no one can completely avoid it. Cooperatives management should also accept it boldly and as it is necessary in the long term interest of mutual trading.

However, when only one side of the trade is a cooperative and the other side is a private organisation, the cooperative often does not face the difficulties for the reason that private trader has more flexibility and may adjust himself if overall he is not the loser. On the other hand in a business with cooperative, they have their own limitations in the flexibility of their operations as loss, if any, against anticipated profit is taken more seriously than profit earned. This makes often difficult to continue the trade relations between the cooperatives for some default from either side.

It is a fact that in spite of the various limitations, there is enormous scope of promoting the inter-cooperative international trade in a number of products and consumer articles. But unfortunately, the potential has not so far been fully identified and exploited. In fact, even today in the cooperative sector we do not have any global system to have basic statistics on cooperatives involved in international trade in different countries, and goods being bought/sold by them in the international markets. Further, buying/selling cooperatives have developed their tradi-

tional links with the suppliers in the private sector who have understood their problems and requirements. Any change in these established supplies is bound to have some type of dislocation risk involved. The concerned officials who are responsible for carrying on these activities normally would not like to take risk in change of suppliers as otherwise they could be held responsible for any deficiency in the operations and effect their future career.

It is necessary to take concrete steps at the international level as also at the cooperative level to take specific measures to promote international inter cooperative trade. Some of the measures could be:

- A policy level decision should be taken in every cooperative which is involved in international trade to promote international inter-cooperative trade and advise the concerned officials to encourage such inter-cooperative trade.
- The concerned officials should be clearly directed that their efforts to promote inter cooperative trade will be appreciated and placed on record even though it may involve some risk in the initial deals. This need not be done necessarily by replacing the traditional supplies but to buy at least the additional requirements from cooperative suppliers thus not taking the risk of dislocating the regular suppliers.
- An exclusive cell should be created in the cooperatives involved in the international trade which should concentrate in exploring and promoting inter cooperative trade enquiries and its follow up.
- In every country, a cooperative should be notified as a nodal cooperative for that country which can supply all relevant information and put in touch with the concerned cooperatives as and when an interested foreign cooperative wants information for import/export purpose.
- Possibility of a machinery at the ICA level should be explored which can collect annual information on the export-imports undertaken by the cooperatives.

- A study needs to be undertaken to explore the potential in global inter-cooperative trade.
- There should be an exchange of delegations between the importing and exporting cooperatives to explore the possibilities of promoting inter-national cooperative trade and understand the situations and problems of each other. In exchange of such delegation, the local cost may be met by the host country and the travel cost may be met by the countries sending the delegation. ICA may consider promoting such delegations based on the potential of international trade in the concerned countries.

### **Government and International Cooperative Trade**

Government policy plays an important role in international trade and if cooperatives have to undertake substantial international trade, government support and encouragement would not only be desirable but would be necessary. Encouragement by Governments to cooperatives in international trade could not only strengthen the cooperative structure but would help to a great extent in achieving social objectives of providing remunerative prices to the producers, ensuring reasonable prices to the consumers and creating healthy competition and fair practices in the trade.

An excellent example in this connection could be seen in India where export of selected items of mass consumption like onions have been canalized through the National Agricultural Cooperative Marketing Federation of India (NAFED). Consequently, not only the prices of onions have stabilized to a large extent for the growers but also there has been stability in the consumer prices during the off season. Before canalization, the prices of onions used to fall in the producers markets as low as Rs.8-10 a quintal during a good crop and would flare up 8 to 10 times during the off season. After the canalization, NAFED could stabilise the prices for the farmers at the level of Rs.40-50 per quintal during harvesting and around RS.70-80 per quintal during the off season. Thus the gap between the producers price

and the consumers price has been considerably reduced than what it used to be prevailing before canalization. Also, the foreign-exchange earnings increased more than double and the spoilage in transit considerably reduced and thus saving the wastage of the commodity. NAFED now regulates exports of more than a quarter million M.T. of onions from India. This is an excellent case how the interest of the producers and consumers can be safeguarded by the government by utilizing the services of cooperative structure.

### **Cooperatives Joint Ventures and Government Support**

Joint ventures between the buying and selling cooperatives of industrialised countries and developing countries could promote stable international cooperative trade considerably. Such joint ventures could be on the basis of Indian Farmers Fertilizer Cooperatives (IFFCO), which was started as a joint venture between Indian and USA Cooperatives for manufacturing chemical fertilizers. Before IFFCO was established, the cooperatives in India accounted for 70-80% of fertilizer distribution but they had to depend entirely either on the private sector or the public sector and they had no production of their own. When this proposal was initiated in which the Cooperative League of the USA offered to provide technical know-how to the Indian Cooperatives to enter in the chemical fertilizer production, many people had serious doubts about its success. They believed that cooperatives were not competent enough to handle such a big manufacturing industry. However, time has proved that IFFCO not only managed the fertilizer production industry efficiently, but had shown better performance than in private and public sectors. Encouraged by its success, it sponsored another cooperative in the name of KRIBHCO. These two cooperatives have helped not only to build their own financial position but also strengthened the lower level cooperatives who owns them. They produced about 4.2 million M.T. of NPH and phosphorus chemical fertiliser. If such joint ventures could be initiated between the cooperatives of industrialised countries and developing countries in production of export-oriented goods, it could help promoting inter-cooperative trade, help consumers and

producers, and also strengthen the cooperative structure. Such a collaboration could be by providing technical know-how as also financial support by advanced cooperatives. One important factor in success of IFFCO was the support that Government of India provided in its establishment. It could be of interest to many how this venture was started and factors responsible for its success. This is an excellent example of collaboration within the Cooperatives at international level as also between cooperatives and Government.

In many industrialised countries, Cooperatives have surplus funds and investment returns are low. In a country like Japan, the Bank rates on deposits is around 4.5% On the other hand, in many countries in Asia, the borrowing rates are as high as 15-17% If surplus cooperative funds could be made available to needy cooperatives from countries where lending rates are low to cooperatives where lending rates are high, both could be benefited. National Government could allow and support such transactions and provide repayment guarantees where appropriate.

At the end, I must state that we cooperators must change our attitude and more so the stronger one and work together to promote inter-cooperative trade relations as this is in the interest of both the buying cooperatives and the selling cooperatives. Finally, I would like to quote the well-known Indian economist and a cooperator late Dr. D.G. Karve, who was Chairman of the ICA Commission on Cooperative Principles, who said while addressing Indian Cooperative Congress: If we sit as a monarch on our small field, we shall be swept away by the big steam roller of either the public institutions or by the governmental sector or by the big combines in the capitalistic sector. Even in this country, there are hundreds of international combines that carry on a ruthless war against the small industries and the cooperative industry. This example will be multiplied a hundred fold unless the cooperators realize that in isolation they will be broken by their competitors. It is only by coming together that the maximum chances of their survival and progress exist. This is true both internally and internationally.





# VI

## COOPERATIVES IN PROFILE



## AGRICULTURAL TRADE - OUR POSITION



*Mitsugu Horiuchi\**

It is a great honour and pleasure for me to have an opportunity to speak to you on behalf of the Japanese farmers at the ICA Asia-Pacific Region Ministerial Conference.

I would like to express my sincere appreciation to the Australian Federal Government, the Australian Association of Cooperatives and other cooperators concerned for having made it possible to hold this Conference at such a wonderful venue.

I was born and reared on a farm in Nagano Prefecture which is situated in the centre of the main island of Japan and is surrounded with mountains. I am a typical small Japanese farmer who grows rice/egg plants, cucumbers and so on. However, since I became the President in an agricultural cooperative in my village, then took office as the Chairman of all the federations of agricultural cooperative associations in the prefecture, and finally as the Chairman of Zenchu or Central Union of Agricultural Cooperatives, I have been kept too busy to do much farming. As a matter of fact, I have left it to my family to do most of the hard work on the land.

Australia and Japan have many contrasts for example, the former is characterized by large farmers while the latter, by small family-based farmers like myself. The former is an export country, while the latter an import country. However, we have

---

\* *President, Central Union of Agricultural Cooperatives, Japan*

a lot in common in believing that healthy development of agricultural industry plays an essential role for the stable development of national economy. We also share the basic common view that the world agricultural trade should be stable and orderly in order to achieve the above mentioned goal. I am sure this basic view would be supported by all of you present here.

Now I would like to spend a few minutes to talk about the structure of Japanese agricultural cooperatives.

Zenchu (Central Union of Agricultural Cooperatives) is a national organisation representing 8.3 million cooperators, 4.3 million of whom are farmers and the remaining 4 million are non-farmer associate members.

One of the main characteristics of the Japanese agricultural cooperatives is a fact that all the Japanese farmers belong to them. It is true that each farmer has decided to become a member of his own free will. However, we cannot forget enthusiastic efforts by the individual cooperatives, which were the forerunners of agricultural cooperatives, exerted in their campaigns soliciting all farmers to join the industrial cooperatives in the early part of 1900. It is true to say that farmers have been enjoying improvement in their social and economic conditions since they joined cooperatives.

The second characteristic is that our cooperatives are so-called multipurpose cooperatives, which are engaged in comprehensive activities including selling, purchasing, saving, loaning, insuring and guiding in farm management and general living. Hence, we render our services to communities at large as well as to member farmers. As the Principles of Cooperatives stipulate we place emphasis on education and guidance, based on which our economic activities are being expanded.

The third characteristic is that our multipurpose agricultural cooperatives (which are organised at the local level) are invited into federations at the prefectural level and then at the national level. Thus we have adopted the three layer system.

These federations are invited activity by activity. As the main federations at the national level, we have ZEN-NOH

(National Federation of Agricultural Cooperatives Association), which is responsible for selling and purchasing business, ZENKYOREN (National Mutual Insurance Federation of Agricultural Cooperatives, which is in charge of mutual insurance business, NORIN-CHUKIN (Central Bank for Agriculture and Forestry), which is in charge of financial businesses and ZENCHU (Central Union of Agricultural Cooperatives) which embraces 3,700 agricultural cooperatives, 400 prefectural federations and 15 national federations and represents the whole agricultural cooperatives overseas. Hence opinions expressed by Zenchu represent those of Japanese farmer and agricultural cooperatives. Zen-Noh and Zenchu share responsibilities as follows. In agricultural trade issues, Zenchu takes responsibility for policy-related matters, while Zen-Noh looks after trade transaction-related matters.

Zen-Noh has the annual turnover of 7 trillion yen positioning itself as the 7th largest trading firm. Norin-Chukin owns the capital of 27 trillion yen to become the largest bank in Japan. Zenkyorens mutual insurance business amounts to 280 trillion yen, claiming itself as the largest insurance company in Japan.

Now I would like to touch upon trade issues. Japan is the world's largest importer of agricultural products. From 1985 to 1987 we imported 17.8 billion dollars worth of agricultural products per year on an average. We are the largest importer of maize and soybeans, importing 17 million tons and 4.8 million tons respectively. We import 5.1 million tons of wheat to become the fourth largest wheat importer.

We are the second largest importer of grains, importing 198 million tons. We are the 6th largest meat importer and the 3rd largest raw sugar importer, importing 300,000 tons and 1.8 million tons respectively. As you can see from these figures, we have made a significant contribution towards the world agricultural trade.

We have also made utmost efforts to improve import access for our farm produce market. Most of the over 100 import restricted items existed in the early 1960s have now been liberalized, leaving only a few items such as rice still under import

control. These items are all essential food stuffs upon which a life or death of the Japanese agricultural industry rests.

As a result, Japanese grain self-sufficiency rate has dropped to a unprecedented low level of 30%.

Self-sufficiency rate of food in general on a calory basis has decreased to 49%. In order for Japan to make an active contribution toward promotion of international cooperation (including the one with developing countries) and to achieve nations security, stable economy, good health for the people, healthy development of farmers and agricultural industry and vitalization of communities in the matured society in the future, I strongly believe that the following points have to be better understood.

Firstly, we should duly recognize a fact that agriculture serves multiple purposes such as security of the nation and environment, vitalization of local communities and preservation of social climate, and culture which are all closely related with each countrys particular situation, as well as providing stable supply of food stuffs to the people.

This fact will apply to all types of farming, from small family-based farmers working on a land of average 1 ha like the ones in Japan, and owner and tenant farmers in the South-East Asian countries to large-scale farmers in E.C countries.

Secondly, we cannot escape from a fact that agricultural production could be unstable as it is at the mercy of weather, no matter how much technology advances. A demand supply situation (which was stable in the 1960s), became tight in the 1970s and then eased in the 1980s. I wonder which direction it is moving in the 1990s? Because of this sort of unpredictable nature of agriculture, each country has had to resort to the minimum protectionism, a degree of which varies from country to country.

Thirdly, demand for food stuffs in developing countries (to which the majority of the world population belong), has been increasing more and more. It is time that a handful of developed countries are troubled with over production of agricultural

products. Japan is one of those countries. We are adjusting production of a large number of items. In particular, rice production has been reduced by 30%. As the population of developing countries continues to grow, per capita demand for food increase, while decertification progresses due to environmental destruction, we cannot afford to be optimistic on the world food supply demand situation in a long run.

Fourthly, the volume of agricultural products on the international trade market accounts for only a small portion of the total production, namely, over 20% for wheat and soybean, 14% for maize, 6% for meat and only 4% for rice. These figures tell us that the market is greatly influenced by changes of production and policies in some producer/exporter countries. Taking the above factors into consideration, the following measures should be adopted.

Firstly, when a country with an excessively low self-sufficiency rate of food has adopted a policy to maintain self-sufficiency of basic food stuffs (which are essential for the peoples diet), such a policy should be respected and not to be interfered with by other countries.

Secondly, fair and mutually beneficial rules for agricultural trade (which have taken food importing countries situations into consideration), should be established so that the agricultural trade could enjoy a stable and long lasting development.

Thirdly, all countries should cooperate with developing countries to develop their agricultural industries and food stuff production.

Fourthly, trade among cooperatives should be promoted. Food trade should be placed back into the charge of cooperatives. Japanese consumers, particularly JCCU (Mr. Takamura, the Chairman of which is present here today), take a growing interest in safety and equality of food stuffs. I hope that those who are engaged in food trade will see to those concerns of consumers.

I hope that we will be able to obtain cooperation from ICA and other international bodies on the above mentioned points,



and that fruitful discussions will be produced at this conference. I also hope that these ideas will be adopted at the on-going Uruguay Round.

If you have an opportunity to visit a cooperatives office in a Japanese village, you will find a framed proverb which reads Live and Let Live (co-existence and co-prosperity).

We cooperators have lived with this proverb from very early ages. We would very much like to see more inter-dependence and cooperation with our fellow farmers in the Asia-Pacific region and then with all the farmers in the world, under the spirit of Live and Let Live).

The 30th ICA Congress will be held in Tokyo in 1992. I would like to conclude my speech by expressing my sincere wish to see you all again in Japan so that we can continue meaningful discussions, and deepen our cooperative relations further.

# INNOVATIONS IN COOPERATION FOR THE 1990s: TRADE AND CAPITAL

*Peter McKinlay*

## **Introduction**

The purpose of this paper is to pose some questions and to suggest some possible answers in respect of two issues which will be critical for cooperatives in the 1990s. These issues are the approach which cooperatives should take to trade issues and how, in the market of the 1990s, cooperatives should deal with the retention of and access to capital. The first section of this paper provides some background, and sets the context of the paper. The remaining two sections deal with trade and capital issues respectively. Finally, the paper presents conclusions and recommendations.

## **Section I : Background**

This is the first major gathering of cooperators, internationally, for the decade of the 1990s, the decade which will bring with it the celebration of the centennial of the International Co-operative Alliance.

Such an event naturally becomes a time for reflecting on where we have come from and where we are headed. This is likely to be all the more the case as the decade will also witness the 150th anniversary of the Rochdale Equitable Pioneers Society whose principles of cooperation have become the basic principles of cooperation internationally.

---

\* *Director, Centre for Community Initiatives, Wellington, New Zealand*

We face, now, two issues undreamt of by the Rochdale Pioneers when they first set forth the principles of cooperation. On the one hand, the cooperative movement has been successful to an extent which must far outstrip even their wildest dreams. On the other hand, it faces challenges - in some respects threats to its very existence - resulting from developments in factor, product, and capital markets which could not have been foreseen 150 years ago, or even 100 years ago when the Rochdale Principles were accepted by the founders of the International Cooperative Alliance.

This leads to the second dilemma which will face cooperators as we approach the second century of international cooperation. Do we take the basic principles of cooperation as though they were written in stone or do we treat them as living guides capable of evolving to meet new circumstances? Perhaps the best way to think of this issue is to look at it through the eyes of the original Rochdale Pioneers themselves. What they sought to do was to develop a set of principles to deal with the world as they knew it and to serve as a firm basis for the development of cooperation in mid-nineteenth century England. It says much for their ambition and strength of purpose that those principles are, today, looked to as the key touchstones for cooperators in the late 20th century wherever on earth they may be.

Would those original Rochdale Pioneers, however, have been themselves as clear sighted prophets of the conditions and needs of the late 20th century? In character, they seem to have been both humble and practical in their dealings with the world in which they lived. It suggests that their approach to developing and applying the principles of cooperation would not have been one of saying that they had got it right for all time. Rather whilst adhering firmly to their belief in the essence of cooperation, it would seem certain that they would have looked long and hard at the world around them in the 1990s before setting out their detailed requirements for building a cooperative structure. In the two main sections of this paper, those dealing with trade and capital respectively, I will take the approach which I believe would be that of the Rochdale Pioneers if they were with us today; to cleave to the basic spirit of cooperation - working

together for mutual benefit - whilst recognizing that change in external conditions can justify change in the interpretation or application of the detailed principles of cooperation.

## Section II : Trade

The key question on this issue is the extent to which cooperatives should, in meeting their own requirements for goods and services, give preference to providers who are, themselves, cooperatives.

Through much of the history of the cooperative movement, this issue has been treated as though it were a form of what is sometimes treated as a zero-sum game, a situation in which, by definition, to give a benefit to another party was to reduce the benefit available to the party who gives it. Thus, in the early years of the development of cooperation in England, a major split developed between cooperators, based in London, and cooperators based in Manchester, over the attitude which should be taken to worker cooperatives. The London group believed that worker cooperation had a natural role to play in the cooperative movement and that it behoved consumer cooperatives to use their purchasing power to support the establishment and growth of worker cooperatives - the London argument was to the effect that by doing this consumer cooperatives would also be benefiting their membership in their separate role as workers. In contrast, the Manchester group took the view that the interests of consumers and workers were in direct opposition; the function of a consumer cooperative was to supply its members with goods at the least possible cost and this was inconsistent with giving any kind of support or preference to worker cooperatives - as producers, workers were seen as potential exploiters of consumers.

In the event, the Manchester group triumphed and cooperation, in the United Kingdom, developed substantially around consumer cooperatives.

In many respects the situation is little different today. As an example, Intercoop, the joint purchasing arm of the European

Cooperative Movement, has traditionally taken the attitude that its purchasing policy should be governed solely by the interests of its consumer membership; it is no part of its function to provide support or encouragement for supplier cooperatives which cannot win business through Intercoop solely on commercial merits\*.

Much of the reason for this may lie in the fact that the original Rochdale Principles, as adopted by the International Cooperative Alliance, had, in the words of Villy Sogaard, been designed as guidelines for cooperation between members of the same organisation\*\* (emphasis added). The quote is from a paper Cooperation between Agricultural Cooperatives and Consumer Cooperatives which I will refer to again in the course of this address. This factor is well worth stressing. Although there has been much informal cooperation between cooperatives, particularly when membership networks have overlapped, the principle of cooperation between cooperatives was not part of the original charter of the ICA or seen to be a clear obligation of cooperatives by the founders of the cooperative movement. Indeed, as the English example cited above suggests, in at least some circumstances cooperation between cooperatives had been seen as in conflict with the original needs of members of individual cooperatives.

Inevitably, as the nations of the world became more interdependent, and as the ICA matured from being essentially a European and North American organization to a clearly international body, this situation began to change.

Much of the impetus for this came from the work of the Swedish Cooperative Movement, particularly through the Swedish Cooperative Centre and its World Without Boundaries campaign\*\*\*. A key figure in this initiative, and one who will always be remembered for his firm commitment to the principle

---

\* Source: Personal discussion with a Senior Executive of Intercoop.

\*\* Villy Sogaard is an expert on cooperatives from the University of South Jutland, Denmark.

\*\*\* See Mauritz Bonow : *International Cooperation for Self-Reliance*, Swedish Cooperative Centre, Stockholm, 1975 and Nils Thedin : *A Moral Commitment*, Raben and Sjogren, Stockholm, 1987, for details.

of mutual assistance between cooperatives, both nationally and internationally, was Mauritz Bonow, in whose honour the ICAs Asia Pacific Regional Office was named Bonow House.

Nils Thedin in his history of the SCC experience had this to say of Mauritz Bonow Bonow had a realistic, down-to-earth attitude towards socio-economic and international questions. He was no visionary, but he was convinced that only through the abolishment of trade restrictions and the establishment of free international communications could a development towards higher living standards and peaceful relations between peoples be obtained. He was also convinced that the cooperative movement could contribute to such a development (Thedin p.42). It was during Mauritz Bonows presidency of the ICA, which lasted from 1960 to 1975, that the ICA at its Congress in Vienna in 1966 adopted the principle of cooperation between cooperatives according to which all cooperative organisations, in order to best serve the interests of their members and their communities should actively cooperate in every practical way with other cooperatives at local, national and international levels.

Consistent with this principle, the ICA itself has been a strong advocate of the role of cooperation in contributing towards world peace. At its Budapest meeting, for example, it reaffirmed previous commitments to work for the establishment of lasting peace and security and declared its resolute support for action and defence of peace, the crucial condition for successful cooperative development. Its development work, particularly through its regional offices in East and West Africa and in India, has played an important role in assisting people find economic security through cooperative development.

It is becoming more and more clear that a key factor in the ICAs on-going work for peace through cooperation will be the success of its attempts to encourage member cooperatives to breathe life into the principle of cooperation between cooperatives by working through the cooperative movement to encourage trade relationships.

Project Coop Trade, itself one of the sponsors of this gathering and a jointly sponsored project of the ICA and the SCC, is

the major step, so far, taken by the cooperative movement internationally to encourage trade relationships between cooperatives. Effectively, its brief is to set up a network, in the Asia Pacific region, which can facilitate trade relations between cooperatives. Project Coop Trade cannot achieve this on its own. If it is to be successful, then it will need the support of individual cooperatives, and national organisations of cooperatives, both within and outside the region, to achieve its objectives.

At one level, this is simply a matter of common sense. What is the purpose of the many millions of dollars which national cooperative groupings, such as the SCC or the cooperative movements of North America, have spent on development activities if those efforts are to be frustrated for the lack of markets? Surely, if there is a movement to provide fellow cooperators in the developing world with the skills and the resources to produce export products. then we have a corresponding obligation to help them find markets for those products?

But the issue goes beyond this. Currently, the major trading issue facing those of us who live in the Asia Pacific region is the negotiations currently taking place through GATT (The General Agreement on Tariffs and Trade) in the so called Uruguay Round. Some countries within the region, such as Thailand, Australia and my own country, New Zealand, are members of the Cairns Groups of agricultural exporters who are pressing for substantial liberalisation. Others, such as South Korea and Japan, have a commitment based on their understandable concerns, such as security of supply and the maintenance of reasonable living standards for their farmers, to continuing protection.

The issues at stake are major and many of the key players are outside this region. Thus, much of the Uruguay round has been dominated by the dispute between American and the European community as to the outcome which the round should seek. The Americans have shown a persistent attraction to the so called zero option under which all barriers to agricultural trade would be removed within a defined period of time. The Europeans, with their higher cost agricultural sector, have a preference for lesser reduction and, perhaps, the conversion of existing

non-tariff barriers to tariffs (with a persistent suspicion amongst agricultural exporters that the European preference is for as little change as possible, and ideally, no change).

The second theme, running in parallel with the major debate between the Americans and the Europeans, has been Americas flirtation with the idea of trade retaliation against nations which persistently run a substantial trade surplus with the United States. In the Asia Pacific region - and indeed globally - this means principally Japan and to a lesser extent the so called South East Asian Tigers; South Korea, Taiwan, Hong Kong, Singapore and now Thailand\*.

These negotiations not only involve very high stakes, they also carry very high risks. On a worst case scenario basis a failure of the Uruguay round could precipitate world-wide recession as countries, such as the United States, resort to increased trade barriers and move away from the current most favoured nation approach towards trade issues to a reliance on bilateral trading agreements. The riskiness is not only a matter of the importance of the issues involved and the seemingly divergent interests. It is also a function of the way such negotiations are conducted. Inevitably, this is on a government to government basis. In turn, this means that the individual negotiating parties - the government ministers and officials concerned - carry out their negotiations under the close scrutiny of domestic interest groups. Thus, the options open to American politicians are limited by their accountability to an electorate that wants to believe their current balance of payment problems are the result of unfair trading practices in other countries rather than the natural outcome of Americas low domestic savings ratio. Equally, the European community - and other governments with protected agriculture sectors - go into these negotiations knowing that they are electorally accountable to farmers who fear that any concession could lead to their commercial ruin.

---

\* *The clash of interests is far more complex than this brief description indicates, e.g. a number of highly indebted developing countries such as Brazil have refused to address the question of protection of intellectual property rights unless there is a satisfactory outcome on agricultural trade issues. This has major implications for research and development, offshore investment and technology transfer.*



This situation presents, I believe, a unique opportunity for the ICA. It is the only international body in which the parties who really stand to lose or gain as a result of the present GATT negotiations can meet to discuss their concerns. In the same way as the ICA has a unique strength in cooperative development - the ability to link experts directly to the cooperatives who need their assistance - the ICAs networks provide a unique basis for the discussion of trade issues. This is particularly the case because of the focus of the current negotiations on agriculture. The two groups most likely to be affected by the outcome of the present negotiations are farmers and consumers. Agricultural and consumer cooperation are the two strongest arms of the ICA. Discussion between and amongst these two groups could provide on a truly representative basis an opportunity to resolve issues which may well defeat politicians given the constraints which they face.

This is so not only because of the opportunity the ICA provides for the people directly affected to sit down and talk with each other. It is also because it allows issues to be desegregated and talked through a bit at a time. It can be very heavy going to talk about issues such as (say) converting all non-tariff barriers to tariffs and thus opening up the domestic market to imports subject only to paying the necessary (and probably very high) tariff at the border. It is quite a different question for a group of co-operators to just sit down and talk through a very specific issue which is of concern only to themselves.

One example will illustrate this. The major rice growers cooperative in Northern New South Wales, Australia, now exports value added rice products (rice snacks, etc.) to Japan. It does that with the acceptance of Zen-Noh, the Japanese agricultural cooperative which is normally fiercely protective of local rice farmers. Why? because in direct discussion the parties were able to arrive at a basis for trade which met the Australians objectives without prejudicing the interests of Japans rice growers.

Another example will help to make the point. Currently, South Korea provides very strong border protection to its fruit

industry. This extends not only to fruits which are grown domestically but to other fruits which could be potential competitors. The reason for this protection is that South Korean fruit growers have a relatively high cost structure and could not compete against imports if these were allowed subject to low or normal tariffs. As a consequence, potential exporters to South Korea, such as New Zealand's apple growers, are denied access to an important market and Korean consumers have a very limited choice and high cost fruit. Conventional trade negotiators, such as those conducting the Uruguay round, would argue that the proper solution is for Korea to reduce or eliminate border protection. If this were to happen one group, Korea's fruit growers, would bear all the costs of the change as they were substantially forced out of business and two groups, Korea's consumers and exporters from other countries, such as New Zealand, would reap the benefits.

The ICA and, specifically, initiatives such as Project Coop Trade, provide an opportunity for dealing with this issue in a different way. Essentially, there are two separate issues involved. The first is the fact of gain, in the sense of obtaining a cheaper source of supply, and the second is how that gain is shared out. Clearly, if some of the gain available from trade went to the Korean fruit growers, rather than all of it being captured by Korean consumers and other countries' exporters, there could well be a basis for three way agreement. South Korean fruit growers would receive sufficient of the gains from trade to maintain their income; consumers would have access to a wider and cheaper range of product and other countries' exporters would have gained additional market access. This is but one example of the type of gain which may be possible by working through the ICAs networks. As well as the specific benefits identified, this approach should have the wider benefit of improving understanding between producer and consumer groups of their respective interests and reducing the risks associated with the current winner takes all approach to GATT negotiations.

The innovation I am recommending here is that the ICA use its networks to identify the key interest groups involved with a

particular trade issue and then bring them together so that they can, face to face, and with the goodwill cooperators have towards each other, look to specific solutions for their mutual problems.

Although I have said this in the context of access to the agricultural markets of the industrialised countries of East Asia, the technique has wide application in a number of other situations. For example :

- a. It could play an important role in reintegrating Eastern Europe into the world economy, particularly given the emphasis placed on cooperatives as a preferred business form in those countries;
- b. It could help address difficulties facing highly indebted developing countries who find that the very countries who demand they service their debt limit access to their own domestic markets, thus limiting the ability of the developing countries to earn the money needed for debt servicing.

Our Australian hosts have been active in promoting the idea of an International Cooperative Trade Pact which would commit national movements to practical support for inter-cooperative activity with a primary emphasis on trade. The initiative for this proposal comes from their experience with Project Coop Trade and an awareness of the benefits which a practical approach to cooperation between cooperatives can bring. Progress will only happen in the development of inter-cooperative trade, if individual country movements, and member cooperatives, themselves take up the challenge and commit resources. Initiatives such as the Australian one are to be commended - without them, talk of inter-cooperative support is just so much hot air.

The ICA has a long and proud tradition of support for peace in the world. In a world where imbalances in trade, and problems of access to markets, are keeping millions impoverished, the most powerful contribution ICA members can make to the cause of peace is through practical application of the principle of cooperation between cooperatives by going out of their way to seek out and encourage trade opportunities.

Success in this objective could well make the second century of ICA activity as dramatic and as successful as the first has been.

### Section III : Capital

The relationship between cooperatives and capital is probably the most vexed issue affecting the cooperative movement today. Arguably, the failure to deal adequately with the role of capital in the modern cooperative has played a major part in the virtual collapse of consumer cooperatives in France and in Germany, their mounting financial difficulties in Sweden and their gradual decline in England. Agricultural cooperation has seen a gradual conversion of cooperatives into limited liability companies and an increasing tendency to seek stock exchange listing.

In this section I will argue that what we have seen is a failure, within cooperatives, to recognize the implications of change which have taken place in product, factor, and capital markets and to develop a positive response firmly rooted in the spirit of cooperation. As a consequence, we risk losing much of what has been gained in the past 100 years of cooperative development because we have failed, in William Watkins words to rise to the challenge which has confronted us.

I am, by nature, an optimist. I believe that we still have the opportunity to rise to this challenge and that, if we do, it will put cooperation on a very firm footing as we move into the second century of the international movement.

First, however, we must go back to the original principles under-lying the use of cooperatives and the circumstances in which those principles were developed. The three key principles were and are :

- a. Democratic control - one member one vote.
- b. Limited return on capital.
- c. Return of surplus to members in proportion to their dealings with the cooperative.

These three principles were part of a movement which established cooperatives as the middle way between private enterprise and state owned activity. Cooperatives were to be controlled by the people for whom they were operated but on the basis of their status as members and the democratic rights associated with that status not because of individual economic power reflected through their ownership of the capital used by the organisation.

This was in direct contrast to what was seen by cooperators as the role - or character - of private business; to use private capital in the interests of its owners by exploiting those with whom the business dealt. The rules adopted by cooperatives were thus intended to do two things, one positive and one negative. The positive thing was to vest control in a democratic body, the members of the cooperative. The negative thing was to protect those members, in their every day dealings, from exploitation by the private business interests which they would otherwise have to deal with.

Those principles were developed at a time when the conventional business unit - cooperatives or private - was small in scale. In the private sector, it was very typically owned and controlled by a single individual or a small group of individuals. In England, when the Rochdale Pioneers first came together, a private business could only gain corporate status by a special Act of Parliament. The first companies legislation providing for automatic right of incorporation was not passed until 1855. Generally, society lacked both the technical and managerial skills required for the operation of large scale business either in manufacturing or in distribution. Relatively poor transport systems meant that most people had a very limited choice of supplier for the goods and services they required or outlets for the ones they produced.

Capital markets were relatively unsophisticated. There was not yet either in the private sector or in the cooperative sector the great banking, credit and insurance institutions which are now the dominant suppliers of capital for business\* (see next page). Business capital was substantially supplied by private individuals

with the attendant costs and inefficiencies associated with that approach to mobilising capital. Today, we face a very different situation. First off, the character of private business is substantially different from that confronted by the early cooperators. Then, the typical private business was managed by its owners. The capitalist who sought to exploit the isolated consumer or farmer was very much a real individual out to maximize (almost always his) income.

In contrast, today the typical business structure which a cooperative confronts is run by professional managers; whilst owner management with substantial domination by private owners is still a common feature, increasingly the dominant owners are institutions investing pools of savings gathered together from ordinary workers or farmers. In Sweden, for example, the capitalist owner of capital in a private business may be a union managed wage earner fund or Folksam, the cooperative insurance company. In Japan, it will increasingly be a pension fund or a life insurance company. The same pattern repeats itself in most other developed countries.

This is a fundamental turn around in our analysis. Can we directly apply to modern conditions, where most capital is the assembled savings of small savers through pension funds and other long-term saving arrangements, an analysis developed in response to the owner managed business of the mid-19th century? The same type of situation is equally apparent on the cooperative side of the ledger. The Rochdale Pioneers were developing principles for democratically controlled societies for which control was quite clearly vested in the membership. For many years, this was the pattern as cooperative principles spread, particularly in consumer and agricultural cooperation. The history of cooperation is a history of the establishment of a series of small local cooperatives which persisted well into the middle part of this century before considerations of scale, whether in

---

\* *We did, of course, have the beginning of what we are familiar with today as a number of banks and insurance companies can trace their origins back past the beginning of the 19th Century and, in the cooperative sector, initiatives such as the Swedish savings banks and the credit societies created by F.W.Raiffeisen in Germany were emerging in the early 19th Century.*

distribution or in production, forced a series of mergers which have given rise to the multi-thousand member cooperatives which now dominate the cooperative movement.

This change has led to a real questioning of whether cooperatives, as currently structured, can any longer claim to be the democratic organisations envisaged by their founders. Sogaard in the paper already referred to has this to say :

.....the growth of individual organisations has brought a gradual separation of ownership and control. One of the implications of this has been what Henry Mintzberg calls a goal displacement. In his own words:

....owners of cooperatives often become passive influencers and so lose control to the full-time managers. And the latter tend to pursue other goals, sometimes even ones that conflict with the initial mission, as when the managers of a farmer cooperative promote substitute products to increase sales.

Also, local interests become less important. Mintzberg goes on to argue that while what he terms mission remains the primary goal of some organisations, the trend, particularly in business firms but also in other types of organisation, has been its gradual displacement by the so called systems goals, i.e. survival, efficiency, control and especially growth.

This observation seems to hold also in the case of most modern cooperatives. As a result, modern cooperatives do not seem to be more cooperative than other large organisations.....

For many people in cooperatives, this view of the issue would be extremely unpalatable. To the extent that it is accepted, it would be seen as a failure of democratic commitment and the likely response would be to seek ways of trying to encourage membership involvement through programmes of member education, incentives to participate or whatever. The plain truth seems to be that the decline in member involvement is mainly related to two factors :

- a. The higher costs of effective member participation in larger organisations; and
- b. The relatively low returns from participation.

Effective participation has to be thought of in terms of influencing the organisation to do or not do something - in other words achieving a change in policy. Individual members face high information costs, as compared with management, in debating these sorts of issues. They also face high costs in terms of persuading other members to their point of view. In contrast, the returns from participation are likely to be low for at least two reasons. First, many cooperatives have achieved their original tasks. Thus, for many consumer cooperatives the challenge today is not that of providing members with lower cost, better quality products, than private sector competitors; rather it is keeping up with the service and quality provided by the private sector. Why participate if the organisations goal, as far as you are concerned, has already been achieved? Secondly, assuming that you do have a substantial difference of opinion with the management of the organisation, even if you thought that you might be able, by putting in sufficient effort, to bring about a change, it might still be rational to do nothing. The reason for this is that, as the actor for change, you will incur all of the costs, but, as only one of a membership of thousands, will receive only a very small part of the benefit. Taken together, these two factors go a long way towards explaining the fall-off in democratic participation. They do not, however, as I shall discuss later, necessarily undermine the arguments for cooperation.

Before discussing the implications of this analysis for the role of capital in the modern cooperative, it is necessary to say a few words about the nature of capital. Broadly, cooperatives draw capital from two sources. The first source is membership. Membership capital may come either as subscriptions from membership shares, as loans from members (consumer cooperatives, as an example, have consistently encouraged their members to place their dividends back on deposit with the cooperative) or as retentions from their dealings with members. Their other source has been credit, whether specific loan finance of various kinds or trade credit from suppliers.

Private sector businesses access all the types of capital used by cooperatives. In addition, they also use equity capital; capital which entitles the holder to a share in profits and a share in the



net assets of the business. Increasingly, the ability to access equity capital, as well as other forms of capital is giving private sector business a competitive advantage over the cooperative sector, as it is able to command more resources. Typically, in the private company, this type of capital also carries with it voting rights the exercise of which provides for control of the business.

The analysis in the first part of this section suggests that, today, we should give very careful thought to two issues.

The first is whether the use of equity capital - capital entitling the holder to a share of profits and of assets - is necessarily in conflict with cooperative goals; the second is whether the present ownership structure of large cooperatives is consistent with cooperative goals.

We have already seen that, in contrast to the situation a 100 years ago, the major sources of capital in today's world are the accumulated savings of people who themselves are best described as ordinary. For the most part, in their own countries, there is probably little to differentiate the typical saver through a pension fund or life insurance company from the typical member of a cooperative. To the extent that there is a difference, it is that the member of the cooperative is focussing on present income or expenditure issues (as a producer or a consumer) whereas the member of the pension fund or life insurance scheme is focussing on future income and expenditure issues; the accumulation of a nest egg and/or a stream of income for his or her retirement.

The three key principles governing the use of capital in cooperatives have operated, effectively, to exclude non-members from holding ownership capital (except, in such cases, as Australian Producer Cooperatives when dry shareholders were able to sell their entitlements to outside parties). The principles have also discouraged cooperative members from thinking about their interest in the cooperative in ownership terms - thus, the accumulated capital in consumer cooperatives is not thought of as a capital fund which should be managed in the interests of its owners, so much as a resource which enables a particular business structure to keep operating. 100 years ago, the strict impact

of principles such as limited return on capital (which was commonly interpreted to mean no return on capital) was effective to protect the fledgling cooperative movement against predators. Today, paradoxically, the effect of these principles seems, as too often, to be to deny cooperatives access to the capital they need to compete effectively against the private sector. In other situations, such as major consumer cooperatives, the principles have often hidden from members the need to focus on the effective use of capital to achieve their goals as consumers; instead, in several instances, we have seen consumer cooperatives collapse with a loss of the capital inherited from earlier generations.

To get an understanding of how problems with capital have impacted on different aspects of cooperation, let us now look at what has happened in three different categories of cooperatives, consumer cooperatives, worker cooperatives and agricultural cooperatives.\*

### Consumer Cooperatives

Consumer cooperatives, particularly in northern Europe, but increasingly, now, in countries such as Japan, have been one of the major success stories of the Cooperative Movement. In northern Europe, they pioneered, ahead of the private sector, the development of major vertically integrated production and distribution systems.

The success of the business strategies adopted by consumer cooperation meant that, over many years, consumer cooperatives were able to build up a strong capital base from a combination of retentions from surplus and growth in asset values whilst rewarding at the same time their consumer members with substantial annual rebates.

---

\* *These three have been selected to illustrate different types of problems in the relationship between cooperatives and capital. Arguably, the nature of the problem and the opportunities differs markedly between different types of cooperatives. Housing cooperatives, for example, have long been thought of as excluded from the use of normal debt markets because of servicing problems. The Centre for Community Initiatives, in a novel application of principles more common in insurance cooperatives, is currently developing a partial solution to this impasse.*

Today, the situation is very much different. In 1987, much of the Consumer Cooperative Movement in France went into liquidation. In 1989 the German Consumer Cooperative System was placed in receivership by its bankers. In England, the Cooperative Wholesale Society has been steadily losing market share and its long-term financial viability has to be considered doubtful.

Even in Sweden, where consumer cooperation achieved, arguably, its greatest impact, the picture is one of relative decline as appears from the following table.

**Solidity\* and Refunds of the Swedish Consumer Cooperative Societies 1960-1985**

	1960	1965	1970	1975	1980	1985
Solidity	48.0	41.0	38.0	35.0	26.0	27.0
Refunds as a percentage of net sales	3.01	2.80	2.73	1.95	0.53	0.54

*Source: Annual Reports of the Swedish Cooperative Union and Wholesale Society (KF) as analyzed in a paper by Hugo Kyleback: The Refund System - a positive and negative factor within the Swedish Consumer Cooperation during the post war period.*

Arguably, within consumer cooperation, the key issue is not so much that of access to capital, including the question of retentions versus rebates, as how to regard the capital which currently belongs to consumer cooperatives. Typically, unless consumer cooperatives have regulatory advantages over the private sector, the impact of competition on consumer cooperatives far outweighs debates over the size of rebates and how surplus should be divided between retention and rebates. The plain fact

---

\* Solidity is the proportion which membership capital is of total capital resources within the organisation.

of the matter is that consumer cooperatives are not generating sufficient surplus to ensure their long-term survival.\*

For consumer cooperatives, the issue seems to be the rather different one of how the present generation of members and managers deal with their inheritance from past generations of cooperators. In my view, the net worth in consumer cooperatives should be seen as something which is held in trust, on behalf of all consumers, rather than simply the accumulated surplus of a particular type of business. This may suggest a quite radical and pro-active approach to restructuring the consumer cooperative movement. This should begin by looking at what are the key goals which consumer cooperation, in the 1990s, would set as its priorities. It is highly unlikely that, if we were to sit down today with a completely blank sheet of paper and list consumer priorities, that they would focus on establishing or maintaining a retail distribution system. The very reasons for the difficulties faced by much of consumer cooperation is that the private sector, in the judgement of consumers as reflected by their spending patterns, is only too often able to do this rather better than consumer cooperation itself. Instead, could I suggest that, for the 1990s the objectives of consumer cooperation are issues such as :

- a. Promotion of environmentally benign products, with a link to such things as organic cultivation.
- b. Issues of peace and social justice which could include the pro-active encouragement of exports from developing countries.

If we took such a view of consumer priorities, then we might decide that it was no longer sensible for consumer cooperation to actually own major manufacturing and distribution systems. Instead we might take the view that we should, instead, dispose

---

\* *There is no scope within this paper to examine why it is that the private sector, which has to pay for its own capital, should be able to out perform the cooperative sector. Those familiar with the "law and economics" approach to organisational analysis will be aware of the arguments from agent/principal theory and transaction cost theory which suggests that, once member controlled organisations whose members have little individual stake in them, become too large for direct member control, then they will be inevitably vulnerable to competition from organisations whose equity is tradeable in contestable markets.*

of those assets (possibly seeking to encourage other forms of cooperation as we did so) and change the focus of consumer cooperation from being a series of businesses, to being a membership based trust whose inherited surplus from the past was invested in income generating assets. That income could then be used, directly, to support research into the key priorities of consumer cooperation and to provide incentives for other organisations to work with consumer cooperation in achieving those goals. This is a view of capital which says that capital should be seen as social energy held in trust on behalf of both past and future generations as well as current cooperators. It is a view which says that we should not be wedded to the survival of our present ways of using that capital but should, instead, be asking ourselves what are our current goals and how we best release the social energy contained in our capital in order to achieve them.

A recent New Zealand development provides an interesting pointer to how this might work. In recent years our financial markets have moved from very strict controls to a situation of substantial deregulation. One potential casualty of this was our savings bank network, a group of small regional banks, with no private shareholders, controlled by boards of trustees. In a situation which had close parallels with what has happened to a number of consumer cooperatives, there was a real risk that they would be driven out of business by strong commercial banks and their social capital lost. The response was to separate out their management and ownership structures, the banks were turned into limited liability companies, with a full freedom to compete in the market. Their share capital was vested in a series of community charitable trusts which are free, if they wish, to sell their share-holdings.

The result is gain all round. The banks are thriving, in part because of a renewed awareness that they are community owned. The trusts now represent a major source of social capital in their regions.

This approach could well be extended elsewhere. The principals of the Centre for Community Initiatives are currently

acting as advisors to the distribution sector of the electricity industry, which is currently undergoing restructuring and have recommended the use of community trusts in that sector (current ownership is dominated by special purpose local authorities).

## **Worker Cooperatives**

Worker cooperation has long been the orphan of the Cooperative Movement. As you have seen earlier in this paper, the early English cooperators viewed the interests of worker cooperation as in conflict with those of consumer cooperation. In other countries, such as Sweden, popular movement activity focussed on improving the conditions of workers through trade union action rather than through the encouragement of worker cooperatives.

Today, however, there is a renewed interest in worker cooperation. In part this has resulted from a growing realization that developed countries face persistent problems of long-term unemployment. The dramatic success of the Mondragoan Cooperatives in Spain in creating and maintaining employment has given added impetus to this interest. Regrettably, this interest has not been associated with any significant growth in worker cooperation. Evidence from European and North American experience is that, unless worker cooperatives have special privileges - such as the public sector quota requirements in France and Italy - then they find it extremely difficult to become established. Experience shows that the major reason is the inability of worker cooperatives to attract sufficient capital. Typically, external lenders like to see ownership equity of at least 50% in a business. So long as the only way in which worker cooperatives can obtain ownership capital is through the contributions of members (whether by original capital subscription or retention from surplus) experience suggests that worker cooperatives will never be a significant contributor to employment.

Even where it has been possible to overcome that hurdle, there are doubts as to how viable worker cooperatives can be in

the long-term. Thus, the so called plywood cooperatives of the North Western United States are currently disappearing because of difficulties associated with replacing the capital of existing members. Those cooperatives were set up largely by Scandinavian immigrants who came to the area with a strong commitment to cooperation. In terms of their constitutions, retiring members are entitled to receive full asset backing for their share. Effectively, retention of surplus has been seen as a way of building up a retirement fund for members who had made a life long commitment to the cooperative. Frequently, the amount due to the retiree was US\$ 40,000 - US\$ 50,000. Incoming members, who are likely to be in their mid-twenties, simply lack the capital resources to buy out retiring members. The cooperatives, themselves, cannot afford to pay them out as this would involve taking on a substantial debt burden which, ultimately, would threaten the viability of the cooperative.

As a consequence, a pattern has developed which sees entire cooperatives being taken over by the private sector as the only remaining option.

Some commentators see a similar problem likely with the Mondragon cooperatives as increasing numbers of their founder members reach retirement age and exercise their rights to withdraw the credit balances in their capital accounts with their cooperative.

Have we now reached the stage at which we should seriously be considering how to reconcile principles, such as democratic control and limited return on capital, with the ability to access the same pool of equity capital as is used by traditional private sector businesses, particularly if much of that pool now belongs to what are, effectively, long-term mutual savings plans such as life insurance and superannuation funds? Certainly, unless we can do so, we are unlikely ever to tap the potential for worker cooperation to democratise the workplace.

## **Agricultural Cooperation**

Agricultural cooperation, along with consumer cooperation, has been one of the major success stories of cooperation.

For many countries, agricultural cooperation is responsible for a substantial percentage of the total market in servicing the needs of the farming sector, whether by way of providing inputs, processing the outputs, or meeting the credit requirements of farmers.

Unlike the situation in consumer cooperation, agricultural cooperation still faces essentially the same central issue today as confronted the original cooperators; the challenge of protecting the individual farmer against market forces which, in the absence of protection, could treat the typical farmer as a residual price taker, thus impoverishing the farmer to the benefit of the businesses which dealt in farming inputs and outputs.

For agricultural cooperation, the issue of access to capital, whether by retention from member surplus or by raising further capital, has become increasingly important. There are two reasons, both reasons of scale, which have given rise to this. They are :

- a. Agriculture, particularly at the processing level, is an increasingly capital intensive business. Dairying, for example, has shifted from the simple separator technology of Gustaf de Laval to the highly sophisticated frontiers of capital intensive/biotechnological activity, with milk increasingly becoming the raw material for very sophisticated and expensive products; and
- b. The scale of business has increased dramatically so that farmer owned cooperatives now compete, in the market place, against vertically integrated trans-national firms whose resources run into many billions of dollars.

This has two major implications for farmers :

- a. The proportion of the farmers total investment which is needed to finance his or her share of cooperative membership is rising dramatically; currently, in my own country, New Zealand, it is estimated that the net worth of the off-farm structure of the industry - the dairy cooperatives which process the product and the Dairy Board which markets it - is NZ\$ 150,000 per farmer (approximately US\$ 90,000).



Analysis of the industry shows that, although in purely legal terms, the value of the farmers share-holding in the industry is nominal, it has, in practice, become factored into the price of dairy farms so that farmers, entering the industry, as well as purchasing the farm and associated plant and livestock, also make a major investment in off-farm assets.

- b. As the scale of off-farm business increases, both as a consequence of increasing capital insensitivity, and as a consequence of increasing vertical and horizontal integration, so the size and capital resource required to maintain the competitive position of the cooperative sector increases.

Internationally, these trends have put increasing pressure on the ability of farmers to meet the capital needs of their cooperatives. If one accepts the common yardstick that, over the long-term, manufacturing businesses should retain a 50:50 relationship between ownership capital and debt capital, then each additional dollar of investment means that the farmer needs to contribute 50 cents (these figures may vary from country to country depending on particular taxation regimes and other incentives which sometimes provide quite strong benefits to support investment by farmer cooperatives).

There is increasing stress on agricultural cooperatives as a result of these trends. Regrettably, that stress has all too often been met by what amounts to a shift away from cooperative structures. Examples include :

- a. In Ireland the major dairy cooperatives have transferred their manufacturing businesses into subsidiary companies and then sold 49% of the capital in those subsidiaries to institutional investors in conjunction with stock exchange listing.
- b. In Finland a similar restructuring has gone on in the agricultural sector with cooperatives being converted into companies with two classes of shares, one class being listed on the stock exchange and the other class being retained by the parent cooperative.

- c. In Sweden, the major dairy cooperative has converted five of its subsidiaries into limited liability companies and there is an increasing tendency to seek stock exchange listing.

### **Cooperatives and Capital - A Possible Solution**

Each of the three areas of cooperatives which have just been examined show separate, but serious, difficulties confronting cooperation associated with the use of capital. Each, I believe, demands that cooperators go through a four stage process as follows :

- a. Define the key objectives for cooperation in the sector concerned;
- b. Review the alternative means for achieving those objectives;
- c. Specify the resources required to pursue the preferred means; and
- d. Review the options for obtaining those resources recognizing, as the overriding constraint, the need to create structures which are at least as efficient as their private sector equivalents (failure to achieve this will likely lead to business failure as a result of cooperative pressures from the private sector).

Traditionally, cooperation has taken the view that the best way to achieve desired objectives is to own the means of doing so. Conceptually, there is at least one alternative available. This is for cooperators to combine together not as owners of organisations which produce goods or services but as potential customers of such organisations. In this approach, cooperators would focus on setting and monitoring the required standards of service, codes of practice and the like and on providing incentives for producers to focus on particular activities. I have already suggested such an approach to consumer cooperation as an alternative to the seemingly otherwise inevitable decline of consumer cooperatives and wastage of the capital built up in them. A similar argument can be made in the agricultural sector but is unlikely to be attractive to farmers who have a firm belief that

ownership of input suppliers and the processors and marketers of farm products is the only way of controlling those activities in the interest of farmers.

With the exception of consumer cooperation, the type of analysis I have suggested would lead quite quickly to the conclusion that cooperators need to own business structures with certain productive and other capabilities. In turn, that would suggest certain capital requirements, both immediate, and long-term, as businesses seek to grow in order to meet changes in their technological and market environments.

In virtually all businesses in the worker cooperative and agricultural cooperative sectors this ideal type analysis will quickly demonstrative a capital deficiency as it becomes plain that the ownership capital required to give the cooperative the scale of operation and flexibility it requires to compete against the private sector is beyond the reasonable ability of its membership to meet. This should not come as a surprise to any of us. Agricultural cooperation, in particular, has been marked in recent years by different, and sometimes quite ingenious, endeavours to extract capital from members. I do not propose to analyse those in detail but, instead, suggest what I believe we are all coming to recognize; that however ingenious the measures may be they all ultimately run up against the same common problem. There is simply a limit to the financial ability of the same common problem. There is simply a limit to the financial ability of cooperative members to finance the every increasing capital requirements of their cooperatives. At the heart of this problem is the ability which private sector agri-business has to access capital markets for ownership capital. So long as private agri-business can draw on this source of funding, and cooperative agri-business cannot, increase in scale simply plays into the hands of the private sector.

It is time to return to discussion in the early part in this section of this address which looked at the changing nature of capital markets since the mid-nineteenth century. Equity capital, when the cooperative movement was becoming established, was essentially a matter of private arrangements in a very uncer-

tain market where the owner manager or the individual capitalist promoter dominated.

Today, as we have seen, the situation is much different. Much - probably the majority - of capital in the worlds capital markets now represents the accumulated savings of millions of individuals. That capital is made available to end users in one of the most open and competitive markets for any business input. We need to ask ourselves, quite seriously, why a cooperative business should, as a matter of principle, have any greater concern about purchasing capital in the market than it has about purchasing any other input in the market. The immediate answer, of course, is going to be that capital, unlike other inputs, carries with it the question of control - a threat to the one member one vote democracy of cooperatives.

There are at least two answers to that :

- a. Cooperatives first gave away that principle when they elected to borrow money or incur liabilities on a basis which allowed a lender to put in a receiver/liquidator in the event of default. It seems likely that many cooperators have not thought through the implications of this. The use of outside debt capital can be seen as a contingent agreement to hand over control of the cooperative to the representatives of that capital. That contingency is triggered by default and the loss of control is total and much more stark than anything which would result from letting in outside ownership capital.
- b. Although ownership capital held by investors has typically carried with it voting rights, this need not necessarily be the case. There are a range of equity and quasi-equity securities known to capital markets which carry few, or even no, voting rights.

The essence of the objection is more likely to be the idea of outsiders sharing in asset growth. That objection is reasonable if you wish to exclude speculation - so called paper shuffling - from influence in cooperatives. However, most equity investment is not of this character. Rather, the different type of return it receives reflects its function as residual risk bearer in the

organisation. Providers of debt, as cooperatives learn to their cost, expect to get their steady stream of income regardless of how well the cooperative performs, and to get their capital in advance of members. Equity capital accepts the risk of fluctuating returns and the risk of business failure.

As cooperators, can we legitimately, on the one hand, argue the case for long term equity investments for the benefit of individuals as savers - as is the case with mutual insurance companies or innovations such as wage earner funds - and not accept the other side of that argument, that their type of investment has a socially useful role to perform? I suggest not.

Where I believe we need to start is by thinking about separating out rights, responsibilities and privileges we have as cooperative members and as the providers of cooperative capital. So far, we have treated these two functions as one and the same. There is no logical necessity to do this. Consider, for example, a farmer. As a cooperator she/he receives the support of other farmers when entering the market place. This support helps him or her purchase needed inputs at acceptable price and quality standards. It also protects the farmer against exploitation when his or her product enters the market place. Next, consider the farmer as a provider of cooperative capital. Doing this decreases the individual farmers own capital resources, often substantially. It reduces his or her income as the cooperative retains capital for its own needs. It erects barriers to new entrants by requiring them, in effect, to purchase not only the farm but also the often substantial investment in the cooperative structures off-farm.

If the farmer, as a farmer, gets into financial difficulty, he or she cannot sell or borrow against the investment in the cooperative. In my country, the recent agricultural recession has seen a number of farmers forced out of business who could have remained in farming had they been able to access their investment in their cooperatives. Is this really the kind of situation we wish to see?

In Europe these problems have been met by a series of ad hoc measures. Cooperatives have been sliding, by default, into

the private sector, as cooperators have been unable, within a narrow application of cooperative principles, to fund the capital they have needed to keep their businesses viable. If no answer is found to this dilemma, then cooperation has probably passed its peak, at least in Europe and North America, and we are but custodians of its decline.

The alternative is to take a pro-active approach to the problem and develop cooperative infrastructures where membership rights and capital issues are separated out. In New Zealand, we are currently exploring the possibility of restructuring cooperatives so that control is vested in a cooperative body which has no capital stake in the cooperative business itself. Ownership capital in that business will be held, initially, by individual farmers and may well be listed on the stock exchange - which is the most effective means of providing a market in capital - further ownership capital can then be raised, by the traditional process of issuing further ownership units, with a defined right to participate in income and capital, and letting capital markets put a price on those instruments.

This will lift from individual farmers the burden of financing the ever increasing appetites of their cooperatives, driven by increasing capital intensity and business scale, and would free their cooperatives from the business constraints they face because their members cannot fund them to the extent needed if they are to compete effectively against an ever intensifying private sector.

The same technique could equally well be used in sectors such as worker cooperation where access to ownership capital is a major constraint on development. I believe that this effect will sharpen rather than blunt the cooperative mission of such organisations. Members will then be able to focus solely on the fact that they are members of a cooperative. They will no longer need to be limited in their plans by the consciousness that any decision on capital expenditure will automatically hit their interests in their packets. This type of restructuring also offers an answer to the problem I discussed above of the loss of democratic participation in large cooperatives coupled with a shift to

management control. Because it explicitly separates issues of the provision of capital from issues of cooperative participation and control, it has the potential to re-enfranchise members. In turn, this could lead to a real revival of the cooperative spirit, a very fitting introduction to the ICAs second century.

Currently, in cooperatives, we combine the role of membership and that of providing ownership capital. You may not be a member unless you provide ownership capital and you may not provide ownership capital unless you are a member. As a direct consequence of this, we also combine the management of those two separate functions. Cooperative managers are responsible for the management of the business - and the ownership capital which underpins that - and are also responsible for nurturing the democratic process within the cooperative.

These two management functions require very different skills and sensitivities. Typically, we employ managers in cooperatives because of their business skills - we are very conscious that financial viability and service to members, in a commercial sense, is critical to survival. Persons selected for those skills rarely have the skills required to nurture democratic participation. As a consequence, by combining the two responsibilities within the one structure, we have substantially undermined the democratic process which lies at the heart of cooperation. Restructuring cooperative structures, as is recommended in this paper, would separate out the democratic structure from the business structure. Resolving the problem of capital will thus also resolve the problem of democratic participation; it offers the opportunity of re-enfranchising cooperative members.

Internationally, within the ICA, we should be looking for the active support of cooperative financial institutions in meeting the challenge of capital. What better use for their investment funds than assisting with the needed restructuring of the producer brethren - and what better source for outside ownership than organisations which are, themselves, committed to the principles of cooperation.

This approach, I suggest, is facing the challenge of the 1990s with the tolls of the 1990s. Unless cooperatives can access

capital markets as easily as the private sector, then they will lose the contest as surely as an athlete who is sent out to race without being adequately trained. Effective use or access to capital is the greatest challenge yet faced by the cooperative movement. Whether William Watkins foresaw this when he wrote the words which appear on the title page of this address, I do not know, but I am sure that given the arguments which have been put before you today, his advice would have been to take up the challenge.

## Conclusions and Recommendations

The International Cooperative Movement is about to enter its second century. On the one hand, it can look back over generations of solid achievements which have been it make cooperation truly a successful middle way between the excesses of market capital on the one hand, and the failures of state economic domination on the other. Despite this, there is no room for complacency.

Trade relationships between cooperatives are still rudimentary, despite the strong emphasis the movement has placed on encouraging economic development and on the contribution which the cooperative movement can make to world peace through improving the lot of cooperators in developing countries.

Commercially, in the developed world, there is a real risk that cooperatives have passed their peak and are losing the struggle with the private sector because of the latter's superior access to capital, a key factor in today's ever intensifying business and technological environment.

These factors are either threats or opportunities. They are threats if we ignore the opportunities we have to address issues such as the resolution of trade conflict, or the effective use of capital, particularly that held by cooperative institutions. They are opportunities if we can, in William Watkins words, rise to the challenge.



In this section of the paper, I present recommendations which will help us meet those challenges. Some of these recommendations are addressed to national cooperative movements, or individual cooperatives; others are addressed to the ICA itself. Whichever level of the movement they are addressed to, we need to remember that recommendations are no more than wasted words if they do not change the way individual cooperators and cooperatives go about their affairs. It is nearly a quarter of a century since the ICA adopted the principle of cooperation between cooperatives. With few exceptions, such as the work of the Swedish Cooperative Centre (SCC), the adoption of that principle has done little to change the ways in which cooperatives, and national movements, deal with each other. Too often, it seems to me, the challenge of honouring that principle has always been seen as someone else's concern. In a very real sense, time is now running out for the cooperative movement if we do not pick up the challenges now facing us.

We must ask how credible is our commitment to peace through cooperative development if we are not seen as proactive in providing markets for the products of cooperatives. We need to ask how bright is our future if major components of the cooperative sector are steadily driven out of business by competition from the private sector - as is the case in consumer cooperation in many countries - or despoiling the cooperative sector for the private sector because this seems to be the only way of accessing needed capital.

We can, and I believe we will, successfully meet these challenges but we will do it only by seeing them as challenges to ourselves and our own cooperatives personally and not solely the responsibility of others.

## **Recommendations**

### **Trade**

For individual cooperatives, and national cooperative movements that they :

- a. Adopt specific and time constrained targets for strengthening their support for other cooperatives and national movements respectively. The focus should be on practical targets such as, for example, implementing one new initiative a month - actions rather than words will matter.
- b. Respond, in a timely and positive fashion, to initiatives promoted by the ICA and other international cooperative groupings, such as Project Coop Trade - prompt and supportive response to the call for an International Cooperative Trade Pact is an example.

*For the International Cooperative Alliance :*

- a. That it adopt the effective implementation of the principle of cooperation between cooperatives as a primary objective.
- b. That it establish a working party to develop practical ways of working through the International Cooperative Movement to deal with issues such as :
  - Trade access, particularly in agricultural trade, by seeking out ways of reconciling the different interests of agricultural and consumer cooperatives in exporting and importing countries.
  - The reintegration of Eastern Europe into the world economic system with an emphasis on funding opportunities, in the developed world, for the products of Eastern European cooperatives.
  - Improving market access for the products of highly indebted LDCs and developing a clear statement of policy on the relationship between market access and the obligation of those countries to honour their debt obligations when their lenders deny them the opportunity to earn the income they require for this purpose.
  - That the promotion and adoption of an International Cooperative Trade Pact be accepted by the ICA as a key objective.

***For National Cooperative Movements :***

That they ensure the ICA has adequate financial resources to carry out the work contemplated by these recommendations.

**Capital**

*That the International Cooperative Alliance:*

- a. Develop a database on the use of capital within cooperatives, internationally, including comprehensive examples of both innovations in the use of capital and of problems arising from access to or management of capital.
- b. Develop principles for the use of outside equity capital in the 1990s - we need to know and understand what we mean by limited return on capital and reconcile principles such as this with our support for cooperative financial institutions.
- c. Seek the active support of finance, banking, credit and insurance cooperatives in developing a pro-active approach to the provision of cooperative capital, including, if necessary, the development of new capital instruments which can reconcile the needs of production and promote cooperatives with the investment goals of the various financial cooperatives.
- d. In the special situation of consumer cooperation, investigate and make recommendations on the role of consumer cooperation in the 1990s, and the management of capital to achieve those goals, focussing specifically on the continuing relevance of consumer cooperation owning distribution systems.

# GOVERNMENT AND THE COOPERATIVE SECTOR :

## Partnerships in Sponsoring Self-Regulation, Self-Help and Mutual Assistance Projects with Emerging Economies

James McCall\*

### Theme

The Central Committee of the ICA recognizes that the co-operative action and the action of the State have in view similar aims, provided the latter is freed from the coalition of private interests and answers the necessity of an organisation making service economy prevail on profit economy, on the national as well as the international level.

Hence the Cooperative Movement recognizes that the States are led to take measures in order to fix the direction of economy...

Once this is acknowledged there is no opposition, but a sensible distribution of the tasks and a mutual collaboration between the activities of the State and the cooperative organisations which must be associated with those activities.

For these reasons the Cooperative Movement has a right to claim from the public powers the liberty of its full development in the broad spheres of economic life where cooperation succeeds in conciliating order, efficiency and liberty by freely accepted disciplines and by practicing self help and mutual assistance. (*Extract : ICA Executive Committee Zurich Meeting, 8-9 January 1946.*)

---

\* *Manager, Australian Association of Cooperatives, Development Unit and Chairman of the Worker Enterprise Corporation.*

## Preamble

The aim of this paper is to explore some of the issues pertinent to the forging of a lasting and proper relationship between Governments and their cooperative sectors.

It is my contention that there is a general tendency for Government to either underestimate the potential of the cooperative sector as a suitable and efficient mechanism for meeting Government objectives or to be unduly influenced by the adversaries of cooperation and develop an aggressive stance that manifests itself in restrictive laws that inhibit the growth of the sector.

I believe that this problem can best be overcome by Government/ Cooperative joint venture projects that seek to explore various model enterprises so as to adduce the most constructive role for the cooperative sector in the nations pursuit of material and social advancement.

To look at the experience of cooperatives in other countries is valuable in the sense that there will always be lessons that need to be understood and considered, but only in terms of their relevance to local conditions.

It is, I suggest, futile to attempt to superimpose a foreign cooperative model onto your commercial or social environment ignoring the variables of culture, economy, history and social cohesion.

I do not intend, therefore, to suggest off-the-shelf cooperative structures or enterprises that might be transplanted in the different soil and climate of your country with the expectation that they might grow and bear fruit. Such a suggestion would be an absurdity.

What I hope we might consider together is the general approach that cooperative sectors and governments might take in honestly appraising the mutual benefit of a partnership for national development.

It is the approach that we have recently adopted in Australia which I trust will be worthy of consideration by you when formulating your own strategies to achieve a cooperative/ government working relationship that will most effectively address the aspiration of your people.

## **Thesis**

The greatest damage a Government can do to its national cooperative sector is to ignore it. In Australia this had been the case during the 1970s and early 1980s but since the latter part of the last decade the cooperative sector has, through a careful campaign, gradually succeeded in opening the eyes of Government to the mutual benefits of a partnership in the pursuit of common goals.

Our sector has always had friends within the legislature, an enlightened few, who have been quick to recognize the potential of cooperation to provide a balance to the excesses of private and State economic enterprise. They have also seen cooperatives as a mechanism for motivating individual and community self-help programmes capable of meeting the social objectives of any just and equitable Government.

In the administration too there has always been a core of supporters of cooperation and the only arm of Government where there has existed, and still exists, universal bewilderment about cooperation is the judiciary.

In the Cabinets of our State and Federal Governments the cooperative light is slowly dawning. But we have had to work very hard to achieve this and individual ministers, parliamentarians, civil servants and cooperators have had to educate the collective decision makers using all the subtleties and diplomacy of their various crafts.

The efforts of these advocates of cooperation have had the simple aim of ensuring Government recognition of the cooperative as a business-form worthy of consideration when formulating strategies for implementation of any policies directed at

activating the commercial economy or fostering community self-help.

The Australian Association of Cooperatives (AAC) recognised that the best way to complete this education process was to show by example how the cooperative sector could work with Government to achieve mutual goals.

The private sector, the union movement, the welfare groups cumulatively spend tens of millions of dollars each year in programmes to lobby State and Federal Government support for specific projects. Much of this money is spent on campaigns aimed at influencing the voting intentions of the electorate so as to bully the Government into making decisions favourable to such groups out of fear of losing electoral support.

The cooperative sector in this country has neither the resources nor the desire to further aggravate this cancer that is growing on our democracy.

AACs scarce resources made the objective of gaining appreciation of our potential, through example, very difficult to pursue and it was only with the active support and patronage of a Minister of the Crown, very supportive of the cooperative sector, that AAC was able to establish a Cooperative Development Unit capable of establishing model cooperative enterprises that would drive home our claim for equal recognition with the private sector.

For this should be the only objective of any cooperative sector in its claim on Government; that cooperation should be considered equally with public and private enterprise when consideration is given to development strategies. When I say treated equally I do not mean that they should be treated as being the same.

Failure to differentiate between a private and a cooperative enterprise has caused many problems as governments have often looked on cooperatives as some sort of quasi-company, a hybrid that is an off shoot of the private sector business structure.

A clear example of this appears in the taxation laws of many countries where cooperative surplus is treated in exactly the same manner as the profits of a limited company.

Cooperative sectors have also tended at times to have had a diminished expectation of their right to an equal share in concessions and cash incentives put aside by governments for the promotion of small business or business activity generally.

As early as 1856, cooperators like Victor Huber<sup>2</sup> recognised the stupidity of the rejection of assistance from the State. He chided his cooperative colleagues as follows :

Although the cooperative does not need material assistance from the State for its development, be it even under the form of loans on very favourable terms, it certainly has as many rights to it as other enterprises to which it (the State) grants its support.

Outside aid should be accepted by cooperatives : on condition that it does not require subservience; and when it takes second place to the cooperative members own efforts. This is equally true whether the aid is from Government, national or international development agencies or from the national or international cooperative movement.

Cooperatives must be recognised by Government as being the individually unique business structures they are but at the same time they should be considered for the same concessions or assistance as is given to any constituent of the private or public sectors by those governments in pursuing strategies aimed at stimulating commercial activity.

Government must also be prepared to accept assistance from the cooperative sector. Public consultative bodies must be opened up to participation by those leaders of the cooperative sector able to bring a cooperative perspective to problem solving. The self-help aspect of cooperation and the emphasis on the input of individual effort rather than the input of capital will bring to such bodies a greater capacity for balanced solutions to economic and commercial problems and planning.



It is an interesting fact in Australia that private sector business failure has reached staggering proportions. Over half the small businesses in this State (New South Wales) fail within the first two years of their being established. The difficulties being encountered by groups like Quintex, Hooker Corporation and the Bond Group of companies continue to emphasise the very fragile structure of private sector enterprise.

The failure rate of cooperative enterprise is less than 1% and yet when a cooperative fails, the corporate world sniggers; sections of the press endeavour to denigrate cooperation as anachronistic; and some shallow thinking politicians engage in a renewed push for paternalistic laws to fetter cooperative activity.

Of course cooperative businesses will fail from time to time and when they do many people get hurt - because they are a unity to people first and a unit of capital second. However, Government must come to understand the comparative safety record of the cooperative as well as their record of achievement.

When private sector businesses fail the first inclination of Government is to devise programmes to enhance the probability of their remaining viable in the future. Perhaps, governments should look first to see why these entities have such a high failure rate and the cooperative structure has such a low rate of business failure.

The difficulties that have arising between Government and the cooperative sector have, to a large extent, been problems of perception and understanding.

The programme the Australian Association of Cooperatives (AAC) have developed and are currently trialing, is directed at correcting those perceptions and misunderstandings through developing enterprises that will seek to fulfill specific Government strategies which have been identified by us as being economically and socially valuable.

I would like to give a brief insight into these models, their operations to date and their relevance to the practice of cooperation in our region.

## **The Practice of Cooperative - Three Models**

### **1. A Cooperative Model for Industry Self-Regulation**

The New South Wales Egg Producers Cooperative Limited was formed with the assistance of the Cooperative Development Unit of the AAC following the deregulation of the Egg Industry in July 1989. Prior to this there was a marketing board of a statutory nature.

A quota system had been in place for 20 years which was aimed at curbing over-production (then running as high as 20 million dozen eggs per annum). The push for deregulation was led by a small group of rebel farmers working outside the law. The majority of farmers felt safe in a regulated situation and were opposed to change.

The policy platform of the newly elected State Government included opposition to regulated industries and, accordingly, it moved to abolish the quota system. Most of the egg farmers feared that some large producers would almost immediately increase their bird numbers and flood the market with eggs leading to a short-term drop in price to below the cost of production. They believed the large producers, able to sustain a short-term loss, would be able to force the smaller producers out of business and thus increase their own market share.

A group of egg industry leaders examined the available options and then sought the assistance of the Cooperative Development Unit of the AAC which was able to convince a general meeting of egg producers that the establishment of an Egg Producers Cooperative would enable them to regulate the industry using their collective economic power (rather than laws and policemen) to bring stability to the market place in a way that would work to the long-term benefit of both the producer and the consumer.

Had the industry collapsed and production fallen into the hands of a few large growers then prices would have been pushed up as a collusive monopoly evolved. Additionally, many

hundreds of farm labourers jobs would have been in jeopardy as small and medium farms collapsed.

The cooperative was established and managed in its early stage by the Cooperative Development Unit. The membership represents about 78% of producers and over 80% of total eggs produced in the State. Thus the cooperative will handle about 63 million dozen eggs per year. This will be in the form of shell egg for table use and egg products which will be processed and marketed by the cooperative.

It is the AACs policy to offer an active and guiding intervention to establish, organise and help manage fledgling cooperatives in those instances where development would not be possible without our assistance. This aid must never hinder the independent efforts of the cooperative members and AAC always withdraws as soon as its assistance becomes unnecessary in the opinion of the members of the cooperative or its elected board.

Accordingly we helped recruit a very professional and able General Manager and Secretary, completed a detailed feasibility study on the options for the future of the cooperative and continued to act as consultant to the Board. While AAC still assists with accounting and legal advice, its brief is almost concluded and now the cooperative will be left to stand on its own feet as the AACs presence in management of the cooperatives affairs becomes superfluous.

The cooperative has succeeded in bringing stability to the industry and the confidence of producers in their ability to self-regulate, through use of the cooperative structure, is growing stronger every day.

I believe, the State Government is delighted with the result of this experiment and that it has indeed impressed on both Government and the community the appropriateness of this model for industries that might be deregulated at some time in the future.

### *Major problem identified by the Model*

One aspect of our involvement with this project that I feel should be of concern to the international cooperative community is the loss of opportunity resulting from the absence of any formal structure that would have allowed international cooperative participation in this project.

The cooperative is currently tendering for the purchase of a large, Government owned, egg processing plant. While it has been able to raise about \$ 7 million from its members it would have liked to have gone into the tender with a joint venture partner. There are, I am sure, national cooperative groups in the Asian region, that may have been interested in such a joint-venture.

The products, apart from whole egg, separated egg yolk and egg white, produced at this plant are quite exciting and some can be seen at our product exhibition here at Darling Harbour. Had there been an ICA bureau in our region that specialised in examining such opportunities and bringing together potential regional partners this could well have developed into a project that brought considerable benefits to both our cooperative and another cooperative that may have had a real need for such an off-shore facility.

## **2. A Cooperative Model for Community Self-Help**

The State Government of New South Wales had a considerable problem in the area of public health. Some isolated communities have small hospitals that proved very costly to operate as part of the general public hospital system in the State.

One such hospital, at a small town called Yeoval, was closed by the New South Wales Government in late 1988 and the town was faced with a considerable dilemma.

The population of the town was about 400 with another 1000 people on farms surrounding this hamlet. While there is one large hospital 70 kilometers north west of Yeoval and a medium

sized hospital 40 kilometers due west, the road system is very poor and public transport is non-existent.

The closure not only caused concern about the medical needs of the community but the hospital was an important economic unit of the town. Of the costs of running the hospital some \$ 200,000 was being spent in the town each year. The closure threatened the economic viability of the town itself.

If we are to keep farmers on the land in remote areas it is essential to ensure that facilities are available in these small rural hamlets that will allow the farming community easy access to essential services and to suitable retail and commercial facilities.

Officers of AAC addressed a public meeting at Yeoval in January 1989 and presented a model for reopening and operating the hospital as a community owned cooperative enterprise. Almost the whole town attended the meeting and voted unanimously to form such a cooperative. It was formed immediately.

The community raised approximately \$ 70,000 in capital and donations and with the Development Units help and assistance from the States Department of Health, the new cooperative employed a Doctor and reopened the hospital as the Yeoval Community Cooperative Hospital on 1st July 1989.

The hospital has a nursing and domestic staff of 11 people and has 7 acute care beds, 7 beds for care of the aged and 5 home units for elderly people who are able to reasonably care for themselves.

This has been a great community effort and the hospital is a wonderful example of how cooperation can harness the energy and humanity of a community for a constructive purpose. Instead of relying totally on the welfare system this community has generated a model of self-help worthy of the widest possible acclamation.

#### *Major problem identified by the Model*

Unfortunately the Community Cooperative has become involved in a conflict between the Federal Government and the

State Government over health issues and so far the Federal Government has refused to provide the same funding to the aged cared unit of this hospital as is received by other hospitals in the same situation. This is despite an assurance being given last year by the Federal Health Department that such funding would be forthcoming. This funding would be, in a sense, merely a refund to the local community of the public health component of the tax they pay in recognition that they now provide themselves with a service that is provided by the Government to other communities.

I am certain the current Federal Government, which has always shown an acute sense of equity and support for cooperation, will shortly rectify this anomaly.

So there is a problem where two governments (State and Federal in this case) are involved in an area of cooperative enterprise. Equal effort must be spent addressing the objectives of both, particularly when they are on the opposite sides of the political spectrum. Otherwise the cooperative community will become the meat in a political sandwich, so to speak.

### **3. A Cooperative Model for Mutual Assistance with Emerging Economics.**

In its endeavours to assist developing nations our Federal Government (no doubt like many national governments) has from time to time expressed frustration at the difficulty of ensuring that aid given is neither eaten up in administration costs nor dissipated while filtering down through the system to the poor or to struggling peasants and workers who are most in need of help.

In order to address this problem the Development Unit worked very closely with the Chairman and the General Manager of the Fiji Cooperative Association on a model designed to show that it was possible for the cooperative structure to be used in ways that would achieve any Government's objective of ensuring aid to developing countries went to those groups most in need.

In this city of Sydney there are over 7,500 indigenous Fijians who are now Australian citizens or have permanent resident status. Together we spoke to the community leaders of the Sydney -Fijian people. We suggested that they establish a cooperative that would have the objective of satisfying their dietary needs and at the same time cut out the middlemen in the import business so ensuring that the return to the villagers in Fiji who produced food was maximized.

By the cooperative buying direct from the Fiji Cooperative Association the profit of the Fijian worker would increase and his dependence on foreign aid would decrease.

AAC considers this a form of mutual assistance that gives added dignity to both the producer in Fiji and the consumer in Sydney. What the Sydney-Fiji cooperative members purchase is food that they would buy anyway and thus the project is redirecting their consumer choice in a direction that will bring added benefits to their sisters and brothers in their former homeland.

The Sydney-Fiji Cooperative was founded a couple of months ago and with support from the Development Unit in the form of both expertise and cash the Cooperative now has a shop in the heartland of Sydney and is trading in commodities supplied by the Fiji Cooperative Association. This model of mutual assistance will, we are confident, impress on our national government the suitability of the International Cooperative Movement as a very effective agent for the delivery of future aid programmes in developing countries. A Cooperative Training, Research and Development Centre in Australia would prove a very appropriate vehicle to carry out such aid programmes in an effective and practical way.

#### *A major problem identified by the Model*

In our combined enthusiasm for this project there was a tendency to move too quickly. This caused some apprehension on the part of the local Sydney-Fijian community. We had a vision but moved ahead without first ensuring that all prospective members of the cooperative could also see clearly this vision. I, personally, learned that we must in future move at the pace best

suited to the people we are dealing with and not at the pace that best suits us.

## **Conclusion**

Cooperation is the best possible vehicle for use by any Government in the delivery of economic and social programmes that are aimed at creating a just and equitable society where self-regulation, self-help and mutual assistance are recognised as the nucleus of individual dignity and commercial harmony.

Governments must be shown evidence of this through models that demonstrate the great abilities and flexibilities of cooperative enterprise. Government must try to see - the cooperative movement must light the way.

This will be a slow process but, as was told us by the great Chinese Philosopher, Confucius, even the longest journey must begin with the first step.





Cooperative Research,  
Training & Demonstration  
in the Asia-Pacific Region :  
**THE PURSUIT OF  
EXCELLENCE.**



*Race Mathews\**

### Introduction

The pursuit of excellence, in its Cooperative Movement sense, is about the development of successively more effective cooperative models, for an ever-widening range of functions. It is about equipping a constantly increasing proportion of the worlds population with a cooperative outlook, cooperative values, an understanding of the six principles of cooperation and the skills necessary in order for all three of these attributes to be given practical application and effect. It is about the creation of local, national, regional and global organisations of cooperators, which are linked inextricably with one another by the bonds of mutual support, shared principles and values and a common faith.

We are fortunate, in the Asia-Pacific Region, that our efforts to form cooperatives have been supported generously by such international organisations as the United Nations, the International Labour Organisation and the International Cooperative Alliance, and governments such as those of Norway, Sweden and Japan. The regional structures of the ICA, and the groupings of countries under them, facilitate inter-action, inter-dependence and sharing of each others experiences. Much has been achieved with such meagre resources as the movement is

---

\* *Chairman of the Victorian Ministerial Advisory Committee on Cooperatives.*

able to muster, from a too often unaware or indifferent world community.

At the same time, however, we are too often victims of the tendency to borrow uncritically from one another, across national boundaries, those cooperative models and features which at first glance seem to meet our requirements, without adequate study or evaluation. This reflects our failure, as a region, to achieve proper provision for cooperatives research, training and demonstration. Training, in particular, has been unable to meet the requirement for it to combine the principles and philosophy of cooperation with the best of modern business administration and management. We do not have the range of demonstration cooperatives or training courses for which, clearly, a pressing need is evident. Nor, for the most part, is research seen other than as a luxury beyond the means of all but the regions most affluent nations. Even cooperators are exposed largely to competitive influences, with results as prejudicial for their own cooperatives as for the movement at large.

It remains for the Movement generally within the region to recognize that cooperatives research, training and demonstration are keys to the role of cooperation in an era which is seen by some as marking an end to history. Our choice, as a region, is between investing adequately in research, training and demonstration, or alternatively, allowing ourselves to lapse gradually into irrelevance. There is no lack of room for newcomers on the scrap-heaps of history, as the command economies of Eastern Europe now so starkly remind us.

### 1986 ILO Symposium

I start from the premise that collaborative strategies for international trade and finance require healthy, self-reliant cooperatives to support them. I refer at the outset to the report of the Symposium on Setting Effective Cooperative Training Policies in South and South-East Asia, which was held in Thailand in 1986 by the International Labour Office\*. The report, as many here will recall, defines self-reliance as :

*Ability to take decisions on their own, plan their work, organise, deal with personnel matters, determine and implement their operations and management and control their affairs.*

It is the view of the report that self-reliance should be fostered through a twelve point strategy. I single out, from among those twelve items, four which have special relevance for today's subject. They read and I quote :

- i. To increase the awareness of the members through effective extension and education programmes with a view to actively participating in the affairs of their cooperatives;
- ii. To ensure democratic processes in the management of co-operatives leading to the emergence of enlightened, dynamic and effective leadership;
- iii. To develop and implement suitable training systems to improve the professional skills and competence of staff;
- iv. To develop and implement suitable programmes for reorienting functionaries of government and other allied organisations with a view to changing their outlook and attitude to function as facilitators for cooperative development;
- v. To create institutional structures at all levels within the Co-operative Movement in order to effectively and efficiently plan, organise, staff, direct, coordinate and supervise their functioning;
- vi. To undertake cooperative business activities on professional and business lines in order to ensure economic viability;
- vii. To build up and strengthen cooperative financial institutions in order to enable them to provide necessary financial support to the cooperative movement;
- viii. To mobilise resources from within the movement by promoting savings and thrift and by undertaking other activities such as insurance;
- ix. To devise suitable mechanisms for lobbying and influencing policy-making bodies such as Government and parliament

for the furtherance of the Cooperative Movement;

- x. To promote inter-cooperative trade;
- xi. To promote effective linkages and collaboration among co-operatives which will lead to integrated functioning of the movement; and
- xii. To promote a favourable and confident image of the cooperative movement through effective communication methods.

The report recommends, accordingly, that national apex organisations should therefore undertake six functions, which are, namely :

- i. Establishing of an appropriate cooperative personnel policy;
- ii. Training of staff;
- iii. Training of management committees;
- iv. Member education;
- v. Publicity and public relations;
- vi. Research and consultancy; and
- vii. Monitoring and evaluation.

The intention, in summary, is that there should be proper arrangements for cooperatives research, training and demonstration. I again acknowledge, at this point, all those organisations - in particular the International Labour Office itself; the governments of Norway; Sweden and Japan; the Japan Institute for the Development of Agricultural Cooperation in Asia; and the International Cooperative Alliance - whose efforts in subsequent years have brought the aspirations of the report closer to achievement. The regions indebtedness to them is in no way reduced, by the fact that much still remains to be done.

## **Research**

I turn first, by way of illustration, to research. The Cooperative Movement is rich in research institutions of outstanding quality. The directory of organisations engaged in cooperative research - published by the ICA in 1985 - contains, in all, around 180 entries\*. Britains Plunkett Foundation and the Centre for the Study of Cooperatives at the University of Saskatchewan in Canada are outstanding cases in point. It is not my suggestion - nor, in my view, the intention of the report - that the work of these bodies should be either duplicated or supplanted. Instead, in addition, there should now be research into forms of organisation along cooperative lines which meet the needs of Asia-Pacific region nations, including Australia. Our purpose should be to develop new applications for cooperative principles and practice in conformity with the Asia-Pacific Region economic and social environment, while, at the same time, adapting to local conditions those models which have been successful in other settings.

Further illustrations readily spring to mind. The excellent MATCOM materials and techniques for cooperative management training, developed by the ILO, may well repay further research attention on a regional basis. Materials for cooperative studies in schools, such as those produced by Britains Cooperative College Trust, likewise, are crying out to be adapted for local use. Within Australia, there is a requirement for research which will facilitate the introduction of national acts of parliament for cooperatives and credit unions in place of our present state legislation. There is no reason why research should entail heavy outlays for staff, accommodation or equipment. Rather, we should be taking advantage, wherever possible, of the skills which are already present in our universities and other post-secondary education institutions, on a contract or commissioned basis.

There is an added advantage to the contract research approach. In acquiring a better understanding of our work as cooperators, we at the same time come to be better understood - and, hopefully, more highly valued - by others, who, in turn,

\* *Directory of Organisations engaged in Cooperative Research, International Cooperative Alliance, Geneva, 1985.*

spread the cooperative message on our behalf. It is my strong view that the appropriate vehicle is a small unit within an established post-secondary education body, which - in addition to itself functioning as a researcher of last resort - takes inventory of the research needs of the movement on a regional basis; identifies means whereby those needs can be met; brokers appropriate contractual arrangements; and implements an unswerving insistence on quality.

## Demonstration Cooperatives

I turn, secondly, to the need to promote awareness of the benefits of the cooperative approach, and enlarge the cooperative sector, through support for the establishment of demonstration cooperatives. The best way the ILO reports requirements for public relations and publicity can be met is for there to be cooperatives in a comprehensive range of forms; for a comprehensive range of purposes, which work - and are seen work - by the largest possible audience. The research in which we engage should be, to the greatest possible extent, of an operational character, which puts additional cooperatives in place, at the same time as it enlarges our understanding of cooperative practice and principles. It should be a further function of a regional research centre to monitor and evaluate the progress of demonstration cooperatives, and report regularly on their shortcomings and strengths.

## Training

I refer thirdly to training. An outstanding example has been set for us all by the Training Course for Strengthening Management of Agricultural Cooperatives in Asia, which is a joint venture of the International Cooperative Alliance and the Government of Japan\*. The objective of the programme is to help strengthen and improve agricultural cooperative performance in the Asian region in order to bring about a qualitative and quantitative improvement in cooperative services to member

---

\* *Prosperity to Cooperative Member Farmers through ICA/Japan Cooperation*, ICA Regional Office for Asia, New Delhi, 1988.

farmers at the grass-roots level. Participants from ten countries undertake an initial three-months course on theoretical and practical instruction. A practical project is identified in the course of a forty-day assignment to the participants home country, and fully developed during a further placement at the Japan Institute for the Development of Agricultural Cooperation in Asia (IDACA). It is necessary to ask ourselves how these firm foundations can now be built upon further, in order to achieve the wider training objectives of the ILO report.

Once again, the contract model is relevant. A wide variety of training skills and courses are available already within higher education institutions and apex cooperative organisations of nations throughout the region. Examples within Australia include the pioneering work of Brian Greer at Victorias Preston College of Technical and Further Education, and Ian Langdon at the Gold Coast College of Advanced Education in Queensland. The task is again to inventory and integrate our existing resources; identify such gaps as may exist; and establish how the deficiencies of the system can be corrected.

The process, in many instances, may well be one simply of prompting adjustments to courses currently on offer to the broad business market, so that account is taken of the cooperative movements unique nature and special needs. The implementation of free-standing courses on an in-house basis should be seen for the time being as a last resort, to be adopted only where all other alternatives have been explored and rejected. We should not settle for less than a recognition by higher education authorities of the status of the Cooperative Movement as a major presence on the regional economic and social scene, and the legitimacy of our instructional and skilling requirements.

If any exception is to be made to the rule, the appropriate case may well be higher management training. Models for consideration should include the Saiolan Centre for high level post-graduate training and experience in the business applications of economics and the applied sciences which was established by the Mondragon Cooperatives in 1984, and the Lkasbide Business Training Centre for management education and development



and advanced cooperative studies which was opened at Mondragon in 1985\*. A further priority should be to develop cooperative studies curricula for use in primary and secondary schools, in conjunction with primary and secondary education authorities. All these functions can be achieved, through a modest expansion of the research centre which has already been described, along lines which allow research and training briefs to be pursued concurrently

## Development Aid

I refer fourthly to development aid. There is scope for greater recognition of organisation along cooperative lines, as a means of delivering development aid on a highly cost-effective basis. For example, the Australian Minister for Foreign Affairs and Trade, Senator the Honble Gareth Evans, has only recently agreed to review Australia's priorities for the allocation of development aid through international non-government organisations, with a view to the inclusion of ICA projects. It is very much my hope that this important initiative on the part of Senator Evans will lead to a number of projects developed in the course of the ICA/Japan Training Course for Strengthening Management of Agricultural Cooperatives in Asia being funded in the months immediately ahead of us. I believe confidently that cooperative research, training and demonstration, conducted for the Asia-Pacific region on a common basis, under ICA auspices, is a sure means of bringing about dynamic growth, mutual understanding and closer relations within the region, locally, nationally and on an international basis.

However, it is not to the ICA alone that governments should be able to look for development aid projects along cooperative lines. We should rather aim at a situation where cooperative structures are automatically the form in which any aid agency will prefer to put forward its proposals to Government, and other forms are advanced only where cooperatives have been

---

\* Mathews R., *Employee Ownership; Mondragon's Lessons for Australia*, Australian Fabian Society, Melbourne, 1987.

shown to be impractical or inappropriate. What is required here is a creative inter-action, which couples the accumulated wisdom and experience of the Cooperative Movement with the resources of agencies such as, for example, Community Aid Abroad, Foster Parents Plan, Freedom From Hunger and World Vision. A further modest expansion of resources would enable the research and training centre to which reference has been made earlier in this paper to offer a design service for projects along cooperative lines, for both non-government agencies and governments. It makes far more sense for this capacity to be on tap within a centre such as has been suggested, than for the scarce resources of other agencies to be eaten up incessantly, on needlessly reinventing the wheel.

## Values

It will be asked, inevitably, by some outside our movement, why action along the lines this paper has advocated should be supported. The answer, fundamentally, is that the values of the Cooperative Movement are those for which, plainly, the world has an urgent need. It is relevant, at this point, to recall the summary of those values which was provided by the President of the ICA, Mr. Lars Marcus, in 1988, at the ICA Congress in Stockholm. That summary encompasses the self-help values of activity, creativity, responsibility, independence and do-it-yourself. It encompasses the mutual help values of cooperation, unity, collective action, solidarity and peace; together with the non-profit interest values of resource conservation, elimination of profit as a driving force, social responsibility, utilitarian goals and not profiting from the work of others. It encompasses the democratic values of participation, equity and equality; and voluntary effort values of commitment, independence and pluralism; the universality values of global perspective and openness; and the educational values of insight, knowledge and understanding. It encompasses, finally, the purposefulness value of benefit to members. Such further justification as more pragmatic minds may require is available conclusively in the sheer successfulness of organisation along cooperative lines. Cooperatives have demonstrated repeatedly that they have a higher

survival rate than other forms of organisation, and are more effective in achieving their goals.

### **The Mondragon Experience**

It is relevant, finally, to recall the Mondragon experience. The events which brought this small Basque town to worldwide attention began 30 years ago. In 1956, a handful of local people decided to break out from the poverty which had dominated their lives since the Spanish Civil War. A cooperative was started, using hand tools and sheet metal to manufacture paraffin-fired domestic heating and cooking stoves.

Today, Mondragon is the centre of a group of more than 100 industrial cooperatives, with in excess of 20,000 members. The groups products include ocean-going ships, heavy earth-moving machinery, computers, ultra-sophisticated machine tools, furniture, white goods such as refrigerators and washing machines, and a wide range of other consumer durables. The industrial cooperatives have their need for specialised services met through the creation of secondary or support cooperatives. These include the Ikerlan research and development organisation; the Lagun-Aro health care and social security and the Hezibide Elkarte or League of Education and Culture, which specializes in advanced technical studies and training. There are also 245 Eroski supermarkets, which are run cooperatively by their workers and customers, eight agricultural cooperatives and 17 housing cooperatives. While many factors can be seen as having contributed to this triumphantly successful application of cooperative organisation, the one which stands out above all others is the establishment early in the life of the group, of the Mondragon bank - the Caja Laboral Popular - which is itself a secondary cooperative, wholly owned by the industrial cooperatives, which has enabled the group's capital requirements to be met internally and which has assets in excess of \$ 1.5 billion. More particularly, much is owed to the bank's establishing of its entrepreneurial division, which assists new cooperatives to become established, and existing cooperatives to make the rapid adjustments required of them in order to remain abreast of economic and technological change.

The upshot is that all Mondragon workers are automatically members and co-owners of the cooperatives where they have their jobs. The policies of the cooperatives are determined democratically, on a one member/one vote/one value basis. The profits or losses of the cooperatives are likewise equally shared. Mondragon has been able to continue expanding existing cooperatives and establishing new ones, despite the fact that Spain's economy has been among those hardest hit by recent economic stringencies. No worker has been made redundant, and the group's affairs have been adjusted successfully to the point where a third of its earnings now come from exports to markets overseas. The cooperatives have far less absenteeism than comparable nearby private sector enterprises, and their productivity is far higher. I invite you to consider the great good which might be done for the Asia-Pacific region if - for example - the credit cooperative movement were to follow the Mondragon example, by establishing an entrepreneurial division on the model of the empresarial division of the Caja Laboral Popular. I invite you to consider the indebtedness which governments - irrespective of their political allegiances - might feel to any body within our region which enabled efficiencies and increases in productivity comparable with Mondragon to be achieved.

## Conclusion

Standing by the grave of the father of the Cooperative Movement, Robert Owen, in Newtown, in Wales, as I did at the height of last year's northern summer, I was reminded that we in the Cooperative Movement are the custodians of perhaps the most powerful single idea ever to have been given rise in human history. I was reminded also of Victor Hugo's prophetic observation that nothing is so powerful as an idea whose time has come. At a time when the advocates of the statutory corporation school of state socialism, and their greed is good counterparts in the corporate sector, have simultaneously and irrevocably discredited themselves, the way is open for cooperation in all its forms to assume the central role - locally, nationally, regionally and on a worldwide basis - to which the profoundly positive qualities identified in this paper so clearly entitle it. What some

see mistakenly as marketing an end to history marks potentially the birth of a new era for cooperators and cooperation. The subject of this paper - cooperative research, training and demonstration - is one aspect of the mighty effort which an on-going history now asks of us, so that the dream of Robert Owen can now, at long last, be brought finally to fruition. It may well be that, in assisting the growth of cooperatives of the southern hemisphere, those of the northern hemisphere will in turn arrest their current decline, and engender the regeneration which has for so long eluded them. Recent events have opened for us, as a movement, such a window of opportunity as we have previously witnessed, and may never in our time witness again. I say to you in conclusion, in the words of Abraham Lincoln : The struggle for today is not altogether for today - it is for a vast future also.

# VII

## CONFERENCE PROGRAMME LIST OF PARTICIPANTS



## PROGRAMME

### *Thursday, 8th February*

- 1600 Registration  
Venue : Harbourside Room and Foyer.
- 1830 Reception - Venue : Harbourside Room and Foyer.

### *Friday, 9th February*

- 1000 Opening Ceremony :
- Programme Opening : AAC General Manager, Mr. Geoff Ayres.
  - Welcome : AAC Chairman, Mr. Ray Everingham.
- Greetings :
- Lord Mayor of Sydney, The Rt. Hon. J. Bingham.
  - ICA Regional Council Chairman, General A.S. Lozada.
- Fraternal greetings :
- Representative of World Council of Credit Unions, Mr. Steve Birt
  - AARRO Secretary General, Mr. B.C. Gangopadhyay.
  - Senior Regional Rural Development Officer of FAO, Mr. D.H.J. Abeyagoonasekera.
  - Director, Sectoral Activities Department of ILO, Mr. Jurgen Von Muralt.



- Welcome : ICA President, Mr. Lars Marcus
- Inaugural address : Leader of the Government in the Senate and Minister for Industry, Technology and Commerce, Senator The Hon. John Button -on behalf of the Prime Minister.
- Appreciation : ICA Regional Director, Mr. G.K. Sharma.

1130 Tour of Exhibition

1400 Key-note address : ICA President, Mr. Lars Marcus.

1430 Australian response : The Hon. John Kerin, M.P. Minister for Primary Industries and Energy.

1500 Refreshments

1530 Conference procedure, adoption of programme, election of Conference Chairman and Drafting Committee.

1545 *Cooperatives in Profile* - A preliminary look at issues of Cooperative thought and practise in the Asia-Pacific Region, giving particular emphasis to the opportunities facing the International Cooperative Community.

1700 Conference adjourns.

1900 Dinner Harbour Cruise (Venue : Harbourside Warf).

*Saturday, 10th February*

0800 Morning tea

0845 Cooperatives and Government : Collaborative Strategies for Social and Economic Development - Director, ICA Geneva, Mr. Bruce Thordarson.

- 0930 Presentation of background paper : Regional Consultant, Dr. R.C. Dwivedi.
- 0945 Refreshments
- 1015 Country statements on the theme and background paper : Bangladesh, China, India, Indonesia, Japan and USSR.
- 1200 Lunch break
- 1330 Country statements to continue : Iran, Japan, Fiji and Malaysia.
- 1500 Refreshments
- 1530 ILO and Cooperative Development - Director, ILO Geneva, Mr. Von Muralt.
- 1540 Country statements to continue : Philippines, Singapore, Sri Lanka and Canada.
- 1730 Conference adjourns.
- 1930 Gala Dinner (Venue: Harbourside Room-Level 2).

*Sunday, 11th February*

- 0800 Morning tea
- 0900 Collaborative Strategies for International Trade and Finance - Regional Director, ICA ROAP, Mr. G.K. Sharma.
- 0930 Refreshments
- 1000 Country statements to continue : Thailand, ACCU, Pakistan, Vietnam, Ghana and Australia.
- 1200 Lunch break/Drafting Committee to meet.
- 1400 Presentation and adoption of resolutions/recommendations and adoption.
- 1630 Closing.



## LIST OF PARTICIPANTS

- Australia :
1. Honble John Kerin  
Minister for Primary Industries & Energy  
Parliament House  
Canberra ACT 2600, Australia.
  2. Ms. Anne Bunning  
Director, Policy and Planning  
South Australian Dept. of Agriculture  
Australia.
  3. Mr. Ray Everingham  
Chairman  
Australian Association of Cooperatives  
154, Elizabeth Street, 4th Floor  
Sydney NSW-2000, Australia.
  4. Mr. Ray Ison  
Deputy Chairman  
Australian Association of Cooperatives  
4th Floor, 154 Elizabeth Street  
Sydney NSW-2000, Australia.
  5. Mr. Race Mathews  
Chairman  
Victorian Ministerial Advisory Committee  
on Cooperation, Australia.
  6. Mr. James McCall  
Australian Association of Cooperatives  
Australia.
- Bangladesh:
7. Alhaj Liaquat Ali  
Chairman  
Bangladesh Jatiya Samabaya Union  
9/D, Motijheel Commercial Area  
Dhaka-2, Bangladesh.

8. Mr. Mohd. Shahid Ullah  
General Secretary  
Bangladesh Jatiya Samabaya Union  
9/D, Motijheel Commercial Area  
Dhaka-2, Bangladesh.
- China :
9. Honble He Jihai  
Vice Minister of Commerce  
In-charge of Cooperative Affairs  
45, Fuxingmennei Street  
Beijing-100801, China.
10. Ms. Chen Fei  
Dy. Section Chief, International Dept.  
Ministry of Commerce  
45, Fuxingmennei Street  
Beijing-100801, China.
11. Mr. Yang Deshou  
Secretary General  
All China Federation of Supply and  
Marketing Cooperatives (ACFSMC),  
45, Fuxingmennei Street  
Beijing-100801, China.
12. Mr. Rong Jun  
International Liaison Department, ACFSMC  
45, Fuxingmennei Street  
Beijing-100801, China.
- Fiji :
13. Honble V.S.J. Gonelevu  
Minister for Primary Industries & Coops  
P.O. Box 2356, Government Building  
Suva, Fiji.
14. Mr. A.P. Sharma  
Director and Registrar of Cooperatives  
Ministry of Cooperatives, P.O. Box 2356,  
Government Building Suva, Fiji.
15. Mr. K.B. Matalau  
Chairman, Fiji Cooperative Union Limited  
P.O. Box 2356, Government Building  
Suva, Fiji.

- Ghana : 16. Honble Kwamena Ahwoi  
Secretary of State  
Ministry of Local Government  
P.O. Box M-50  
Accra, Ghana.
17. Mr. Robert Buachie Aphram  
Registrar of Cooperatives  
P.O. Box M-150  
Accra, Ghana.
- India : 18. Honble Devi Lal  
Dy. Prime Minister and  
Minister for Agriculture  
Krishi Bhavan  
New Delhi-110001, India.
19. Mr. S.K. Mishra  
Secretary  
Dept. of Agriculture & Cooperation  
Ministry of Agriculture  
Krishi Bhavan, New Delhi-110001,
20. Mr. Dilip Singh Bhuria  
President  
National Cooperative Union of India  
3, Siri Institutional Area  
New Delhi-110016,
21. Mr. J.N. L. Srivastava  
Joint Secretary (Credit)  
Dept. of Agriculture & Cooperation  
Ministry of Agriculture  
Krishi Bhavan, New Delhi-110001.
22. Mr. Harshbardhan  
PS to Dy. Prime Minister  
Dept. of Agriculture & Cooperation  
Krishi Bhavan, New Delhi-11000
23. Mr. K.K. Deepak  
Officer on Special Duty  
Dept. of Agriculture & Cooperation  
Krishi Bhavan, New Delhi-110001.

24. Mr. B.D. Sharma  
Executive Director  
National Cooperative Union of India  
3, Siri Institutional Area  
New Delhi-110016,
  25. Mr. K.H. Patil  
Chairman, CICOPA and  
President  
All India Federation of Cooperative  
Spinning Mills Limited,  
14, Murzban Road, 2nd Floor  
Bombay-400001.
  26. Mr. M.M. Vyas  
Chairman, ICA Regional Committee on  
Cooperative Finance and  
General Manager  
Gujarat State Cooperative Bank  
Sahakar Bhavan, Relief Road  
Ahmedabad-380001.
- Indonesia :
27. Honble Bustanil Arifin  
Minister of Cooperatives  
Jalan H.R. Rasuna Said, Kav.3,4,5  
Jakarta-12940, Indonesia.
  28. Dr. Wagiono Ismangil  
Secretary General, Ministry of Cooperatives  
Jalan H.R. Rasuna Said, Kav.3,4,5  
Jakarta-12940, Indonesia.
  29. Mr. Wahyu Sukotjo  
Expert Staff to the Minister  
Ministry of Cooperatives  
Jalan H.R. Rasuna Said, Kav.3,4,5  
Jakarta-12940, Indonesia.
  30. Mr. Eddiwan  
Vice President, Dewan Koperasi Indonesia  
Jalan Let. Jen. S. Parman Kav.80  
(Wisma Koperasi) Lt.II, Slipi  
Jakarta, Indonesia.

- Iran : 31. Honble Jabbar Saber Kheyabani  
Dy. Minister for Agriculture and  
Managing Director  
Central Orgn. for Rural Coops of Iran  
357, Valli-e-Asr Avenue, Tehran, Iran.
32. Mr. Mohammad Reza Bankian Tabrizi  
Dy. Managing Director  
Central Orgn. for Rural Coops of Iran  
357, Valli-e-Asr Avenue  
Tehran, Iran.
33. Mr. Mehdi Mahdavi  
Dy. Managing Director  
Central Orgn. for Rural Coops of Iran  
357, Valli-e-Asr Avenue  
Tehran, Iran.
34. Mr. Mashaalah Ayazi  
Central Orgn. for Rural Coops of Iran  
357, Valli-e-Asr Avenue  
Tehran, Iran.
35. Mr. Dariush Mafi  
Central Orgn. for Rural Coops of Iran  
357, Valli-e-Asr Avenue  
Tehran, Iran.
- Japan 36. Mr. Satoru Iitaka  
Dy. Director, Agricultural Cooperatives  
Division  
Bureau of Economic Affairs  
Ministry of Agri., Forestry & Fisheries  
1-2-1, Kasumigaseki, Chiyoda-ku  
Tokyo, Japan.
37. Mr. Shiro Asano  
Director, Social Betterment Division  
Social Welfare Bureau  
Ministry of Health and Welfare  
Kasumigaseki, Chiyoda-ku,  
Tokyo, Japan.



38. Mr. Mitsugu Horiuchi  
President, Central Union of Agricultural Coops.  
8-3, 1-Chome, Otemachi, Chiyoda-ku  
Tokyo, Japan.
  39. Mr. Yoshitada Nakaoka  
Gen. Manager, Int'l Dept.  
Central Union of Agricultural Coops.  
8-3, 1-Chome, Otemachi, Chiyoda-ku  
Tokyo, Japan.
  40. Mrs. Yasuko Abe  
Secretary, International Dept.  
Central Union of Agricultural Coops.  
8-3, 1-Chome, Otemachi, Chiyoda-ku  
Tokyo, Japan.
  41. Mr. Isao Takamura  
President, Japanese Consumers Coop Union  
4-1-13, Sendagaya, Shibuya-ku  
Tokyo, Japan.
  42. Mr. Masao Ohya  
Executive Director  
Japanese Consumers Cooperative Union  
4-1-13, Sendagaya, Shibuya-ku  
Tokyo, Japan.
  43. Mr. Shunji Tsuboi  
President, Cooptrade Japan Ltd.  
Seiko Sunshine Building, 9-1, 1-chome  
Hiqashi-Ikebukuro, Toshima-ku  
Tokyo, Japan.
  44. Mr. Shiro Futagami  
Managing Director, IDACA  
4771, Aihara-cho, Machida-shi,  
Tokyo-194 02, Japan.
- Malaysia: 45. Honble Dato Tajol Rosli Mohd. Ghazali  
Deputy Minister, Ministry of National & Rural  
Development, Tingkat 5-10, Bangunan Kom-  
pleks Kewangan, Jalan Raja Chulan,  
Kuala Lumpur-50606, Malaysia.

46. Dato Ismail Mansor  
Secretary General, Ministry of National &  
Rural Development, Tingkat 5-10,  
Bangunan Kompleks Kewangan  
Jalan Raja Chulan,  
Kuala Lumpur-50606, Malaysia.
47. Haji Mahmud Yusof  
Deputy Director General  
Department of Cooperative Development  
Jalan Sultan Sallahuddin  
Kuala Lumpur-50608, Malaysia.
48. Mr. Syed Azman Syed Mohamad  
Dy. President, ANGKASA  
No.2,4 & 6, Jalan 222, Peti Surat 368  
Petaling Jaya, Malaysia.
49. Mr. Sulaiman Daud  
Executive Director, Natred Sdn. Bhd.,  
Cooptrade, 1st Floor, Bangunan Koperasi Polis  
1, Jalan Sultan Sulaiman  
Kuala Lumpur-5000, Malaysia.
- New Zeland: 50 Mr. Peter McKinlay  
Director  
Centre for Community Initiatives  
P O Box 10236, Wellington
- Pakistan : 51. Mr. Zeenatullah Khan  
Advisor (Cooperatives) Joint Secretary to Govt.  
Ministry of Food, Agri. and Coops.  
Islamabad, Pakistan.
- Philippines : 52. Honble Dante Barbosa  
Under Secretary, Dept of Agriculture  
Elliptical Road, Diliman, Quezon City,  
Philippines.
53. Mr. Joseph Francia  
Assistant Director, Bureau of Agril. Coop  
Development, Dept of Agriculture  
1184, Ben-lor Building, 5th Floor  
Quezon Avenue, Philippines.

54. Mr. Glicerio E. Lorejo,  
President  
Cooperative Union of the Philippines  
CUP Building, Roces Avenue Corner  
Mother Ignacia Street  
Quezon City, Philippines.
55. General A.S. Lozada  
Secretary General  
Cooperative Union of the Philippines  
CUP Building, Roces Avenue Corner  
Mother Ignacia Street  
Quezon City, Philippines.
- Singapore : 56. Mr. Eric Cheong  
Chairman  
Singapore National Coop Federation Ltd.  
510, Thomson Road, 12-02, SLF Complex  
Singapore-1129.
57. Mr. A.A. David  
General Secretary  
Singapore National Coop Federation Ltd.  
510, Thomson Road, 12-02, SLF Complex  
Singapore-1129.
- Sri Lanka : 58. Mr. P.A. Kiriwandeniya  
President  
National Coop Council of Sri Lanka  
455, Galle Road, Colombo-3, Sri Lanka.
59. Mr. M.G.S. Silva  
General Secretary  
National Coop Council of Sri Lanka  
455, Galle Road, Colombo-3, Sri Lanka.
60. Mr. Upali Ariyadasa  
General Manager  
Sri Lanka Coop Industries Union Ltd.  
Ceyesta House, 327, Galle Road  
Colombo-3, Sri Lanka.

- Thailand : 61. Honble Udorn Tantisunthorn  
Dy. Minister of Agriculture & Coops  
Ministry of Agriculture & Cooperatives  
Rajadamnern Ave., Bangkok-10200, Thailand.
62. Mr. Sommai Surakul  
Dy. Permanent Secretary  
Ministry of Agriculture & Cooperatives  
Rajadamnern Avenue  
Bangkok-10200, Thailand.
63. Mr. Anan Chamnankit  
Director General  
Cooperative Auditing Department  
Ministry of Agriculture & Cooperatives  
Rajadamnern Ave., Bangkok-10200, Thailand.
64. Mr. Chamras Ungkarpla-ong  
Deputy Director General  
Cooperative Promotion Department  
Ministry of Agriculture & Cooperatives  
Rajadamnern Ave., Bangkok-10200, Thailand.
65. Mr. Thana Thongtan  
Director  
Foreign Agricultural Relation Division  
Ministry of Agriculture and Cooperatives  
Rajadamnern Avenue  
Bangkok-10200, Thailand.
66. Mr. Anucha Chintakanond  
Chief Advisor to the Dy. Minister  
Ministry of Agriculture and Cooperatives  
Rajadamnern Avenue  
Bangkok-10200, Thailand.
67. Col. Surin Cholpraserd  
Chairman, Cooperative League of Thailand  
4, Pichai Road, Dusit  
Bangkok-10300, Thailand.

- Tonga : 68. Honble Baron Vaca  
Minister of Labour, Commerce & Industries  
P.O. Box 110  
NukuAlofa, Tonga.
69. Mr. J.W. Harris  
Secretary  
Ministry of Labour, Commerce & Industries  
P.O. Box 110,  
NukuAlofa, Tonga.
- USSR : 70. Mr. Alexander Starych  
Vice President, CENTROSOYUS  
Ilyinka B Tcherkassky Pereulok 15/17  
Moscow-103626, USSR.
71. Mr. Alexander Leukhin  
International Department  
CENTROSOYUS  
Ilyinka B Tcherkassky Pereulok 15/17  
Moscow-103626, USSR.
- Vietnam : 72. Mr. Vu Luu  
Vice President  
Central Council of Vietnam Supply and  
Marketing Cooperatives,  
77, Nguyen Thai Hoc, Hanoi, Vietnam.
73. Mr. Nguyen Minh Thong  
Senior Economic Advisor  
Central Council of Vietnam Supply and  
Marketing Cooperatives,  
77, Nguyen Thai Hoc. Hanoi, Vietnam.

#### SPECIAL INVITEES

- ACCU : 74. Mr. Robert Lin  
Director  
Credit Union League of the Rep.of China  
Asian Confederation of Credit Unions  
P.O. Box 27-1, Taichung  
Taiwan, Republic of China.

- AARRO : 75. Mr. B.C. Gangopadhyay  
 Secretary General  
 Afro Asian Rural Reconstruction Orgn.  
 A-2/31, Safdarjung Enclave  
 New Delhi-110029, India.
76. Mr. T.R. Puri  
 Director  
 Afro Asian Rural Reconstruction Orgn.  
 A-2/31, Safdarjung Enclave  
 New Delhi-110029, India.
- CCA : 77. Drs. Robby Tulus  
 Regional Director for Asia  
 Canadian Cooperative Association  
 275 Bank Street, Suite-400  
 Ottawa, Canada.
78. Dr. James Lowe  
 Manager, Trade and Agriculture  
 Canadian Cooperative Association  
 275 Bank Street, Suite-400  
 Ottawa, Canada.
- CIDB : 79. Mr. Johan Jordan  
 Executive Secretary  
 Coop Insurance Development Bureau  
 Priory Square, Guelph  
 Ontario N1H 6P8, Canada.
- FAO : 80. Mr. D.H.J. Abeyagoonasekera  
 Sr. Regional Rural Development Officer  
 FAO Regional Office  
 39, Phra Atit Road  
 Bangkok-10200, Thailand.
- ILO : 81. Mr. Jurgen Von Muralt  
 Director, Sectoral Activities Department  
 International Labour Office  
 4, route des Morillons  
 CH-1211, Geneva-22, Switzerland.

82. Mr. Ejvind Mogensen  
Advisor on Cooperatives  
Coop Human Resources Development  
ILO Regional Office for Asia & Pacific  
Rajdamnern Avenue,  
Bangkok-10200, Thailand.

NCBA,USA: 83. Mr. Sultan Reza  
Director, South Asian Programmes  
National Coop Business Association, USA  
C/o. ICA Regional Office  
43, Friends Colony, New Delhi-110065.

AAC : 84. Mr. Geoff Ayres  
General Manager  
Australian Association of Cooperatives  
154, Elizabeth Street  
P.O. Box A 231, Sydney South  
NSW-2000, Australia.

85. Mr. Bruce Gunn  
Manager, International Operations  
Australian Association of Cooperatives  
Sydney.

AAC/ICA  
Australia : 86. Mr. R. Mathimugan  
Special Advisor  
128, Yarra Street  
Geelong, Vic.3220, Australia.

ICA, HQS. : 87. Mr. Lars Marcus  
President  
International Cooperative Alliance  
15, Route des Morillons  
CH-1218, Grand Saconnex  
Geneva, Switzerland.

88. Mr. Bruce Thordarson  
Director  
ICA, Geneva.

89. Mr. J.M. Rana  
Senior Development Advisor  
ICA, Geneva.
- ICA, ROAP: 90. Mr. G.K. Sharma  
Regional Director  
ICA Regional Office for Asia  
and the Pacific (ICA ROAP)  
Bonow House, 43, Friends Colony,  
New Delhi-110065, India.
91. Mr. Karl J. Fogelstrom  
Senior Development Advisor  
ICA ROAP, New Delhi.
92. Mr. M.V. Madane  
Project Director, ICA ROAP, New Delhi.
93. Mr. W.U. Herath  
Human Resource Development Advisor  
ICA ROAP, New Delhi.
94. Dr. R.C. Dwivedi  
Regional Consultant  
ICA ROAP, New Delhi.
95. Mr. Guo Yong Kang  
Agricultural Coop Development Advisor  
ICA ROAP, New Delhi.
96. Mr. Pradit Machima  
Consumer Coop Development Advisor  
ICA ROAP, New Delhi.
97. Mr. Modesto P. Sa-onoy  
Part-time Advisor  
Coop Trade Project.
98. Mr. Prem Kumar  
Manager (Admn)  
ICA ROAP, New Delhi.
99. Mr. K. Sethumadhavan  
Secretary,  
ICA ROAP, New Delhi.





## Participants from ICA



*Mr. Lars Marcus  
President, ICA*



*Mr. Bruce Thordarson  
Director, ICA*



*Mr. J.M. Rana  
Senior Development  
Advisor, ICA*



*Mr. G.K. Sharma  
Regional Director  
ICA ROAP*



*Mr. Karl Fogelstrom  
Senior Development  
Advisor, ICA ROAP*



*Mr. M.V. Madane  
Project Director  
ICA ROAP*



*Mr. W.U. Herath  
Project Advisor,  
HRD, ICA ROAP*



*Mr. Pradit Machima  
Project Advisor  
Consumer Coop Dev.  
ICA ROAP*



*Mr. Guo Yong Kang  
Project Advisor  
Agri. Coop Dev.  
ICA ROAP*

## More Participants from ICA



*Dr. R.C. Dwivedi  
Regional Consultant  
ICA ROAP*



*Mr. Prem Kumar  
Manager (Admn)  
ICA ROAP*



*Mr. K. Sethumadhavan  
Secretary  
ICA ROAP*