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Cooperation
for
Fishermen

by

Margaret Digby

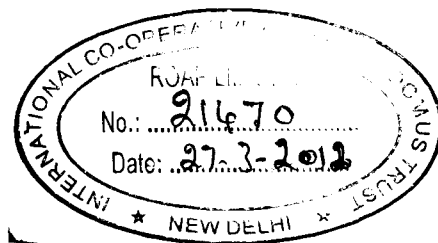
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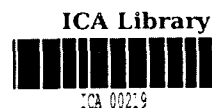
COOPERATION FOR FISHERMEN

A Study based on Proceedings and Working Papers
of the Technical Meeting on Fishery Cooperatives
Naples, 12—21 May 1959

by
Margaret Digby



International Co-operative Alliance
Food and Agriculture Organisation
of the United Nations



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FOREWORD

This study was commissioned by the Food and Agriculture Organization of the United Nations and its publication now, by the International Co-operative Alliance, exemplifies the effective working relations which have long existed between the Alliance and FAO in fields of mutual interest. On this occasion, I should like to record my appreciation of this valuable association and of the goodwill reflected in the offer of the Alliance to publish this study in the three official languages of FAO.

It is the first study of its kind to deal comprehensively with the various aspects of cooperative organization and management in fisheries. It is based to a very large extent on the working papers and proceedings of the Technical Meeting on Fishery Cooperatives, jointly sponsored by FAO and the International Labour Office, at the invitation of the Government of Italy, in Naples 12 - 21 May 1959. Nevertheless, in her review and analysis of this material, the author has drawn upon her own remarkable knowledge and experience of cooperative organizations of many kinds in many countries. It is hoped that the application of this experience to the special problems arising in fisheries will afford much useful guidance to those specifically concerned with the management of fishermen's cooperatives, while bringing the problems of the fishermen more emphatically to the attention of those concerned with Cooperation generally.

It may be asked why fishermen's cooperatives which form such a small part of the cooperative movement as a whole, should thus have been selected for special study by FAO.

One obvious reason may be found in the fact that, while fishermen's cooperatives are well-established and flourishing in some communities, they have achieved nothing like the widespread success of agricultural cooperatives, although many attempts have been made to promote them. This indicates the existence of certain problems peculiar to fisheries which call for special study.

A second reason is that, in the present world food situation, much greater attention is being given to the more effective utilization of the

world's fishery resources. This is a matter of particular concern in many countries where nutritional levels are inadequate, where there is already great pressure on the land and where the more effective exploitation of fishery resources offers one valuable means of increasing income, as well as supplying a much-needed protective food.

In most of these countries, however, such development calls for the active participation of many thousands of small-scale fishermen, who individually are unable to achieve the changes which could bring them and their compatriots so much benefit. Great hopes have been attached to the possibility of associating these small fishermen in cooperative endeavours through which they could make better use of the very limited resources at their disposal. There are substantial difficulties to be overcome, but clearly much could be achieved if the experience, judgement and resources already available could be brought to bear more directly upon the special problems of these primary producers.

It is hoped that the present study will contribute to a better understanding of these problems and encourage all those concerned with cooperatives in general, and with fishermen's cooperatives in particular, to seek more effective means of overcoming them.

B. R. Sen

Director-General

Food and Agriculture Organization
of the United Nations

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COOPERATION FOR FISHERMEN

INTRODUCTION

Fishing as a means of livelihood is carried on in every country in the world which has a coastline and in several which depend only on lakes and rivers for fishing grounds. It is carried on by a great variety of methods and at all levels of organization. Not only do the types of fish and the means of catching them vary from one coast to another, but so do the markets and the degrees of concentration and specialisation which the industry has undergone. The unit of production may be anything from the highly capitalised deep sea fishing combine to the solitary fisherman with nothing but a net. The ancillary marketing, supplying and financial services, likewise, may be concentrated in a few hands or broken up among many individuals and small firms. Probably the great majority of working fishermen throughout the world are in fact carrying on small family enterprises, and there is no sign that this system is likely to break up or be superseded by something else in the near future. There are many countries, however, in which it now fails to provide the fisherman with a standard of living comparable to that of his fellow countrymen in other industries.

When looking to the future of an economic activity which is only partially industrialised, and still depends—perhaps will always depend in some places—so largely on the independent efforts of individuals with small resources, it is natural to consider how far cooperative organization in all its forms can be effective in carrying it forward into the modern technical and commercial world. In agriculture, which is in some ways a parallel case, Cooperation has in many countries and for many years played a remarkable part in improving the productive and business methods of farmers and so raising their standards of living, while leaving unaltered the basic economic unit of the family farm. There are a number of countries in which this example has been observed and spontaneously followed by the fishermen, and others in which the same solution is being sought independently.

Cooperation among fishermen is today fairly widespread in the leading fishing countries of Europe, in North America, Japan and

Australia, but it does not often dominate the industry as farmers' cooperatives frequently dominate agriculture. There are also many countries where it is still virtually unknown. In the chapters that follow, an attempt will be made to discover what forms of Cooperation have in fact been found applicable to the fishing industry; what conditions have led to their adoption, and thereafter promoted or hindered their success; how in practice each type of organization works and what are its difficulties and opportunities, and what part has been played in cooperative development by government or by deliberate education and leadership from outside the fishing industry.

I. PLACE OF COOPERATION IN THE ECONOMY OF FISHERIES

PRINCIPAL FUNCTIONS OF FISHERY COOPERATIVES

It may be well to begin by defining what is meant by a cooperative and showing how it differs from a partnership or joint stock company. It is perhaps best described as a voluntary association for an economic purpose, open to all those within the relevant occupation or locality. It is democratically controlled (usually on the principle of "one man one vote"). All members make a roughly equal contribution to capital or take an equal share in the risks. Any profit is distributed in proportion not primarily to capital subscribed, but to the business which each member has done with the cooperative. Cooperatives are not trade unions (which also have a place in the fishing industry) and they do not, apart from some exceptional cases, take any share in political or religious controversy. They are not official bodies nor administered by government, though some governments favour their establishment and are prepared to grant them statutory powers or the use of government funds. Cooperation is a form of economic enterprise particularly suited to a large number of participants, none of whom is in a position to make a dominating contribution either in capital or business experience, while all are anxious to preserve their own independence and have some say in the joint undertaking. Finally, it is a legally recognized and registered form of association, not a mere understanding among loose groups of individuals.

Though the fundamental principles are the same for all types of cooperative, the kinds of undertaking which they carry on may be of the most varied character. It may be well to begin with a classification of those likely to be met with in the fishing industry.

Ownership and Operation of Fishing Vessels

There has always been a considerable measure of traditional, informal cooperation in the ownership and operation of fishing boats. Many vessels have been and are owned by small groups of men, often

related by blood or marriage, among whom the catch, or the proceeds of its sale, are divided on an agreed basis, while a share is allotted to the boat to meet the cost of repairs and renewals. The share basis of payment is common even when the boat is the property of a single man or a company. The translation of these traditional forms of association into modern cooperative terms is not, however, as widespread as might be expected. There are instances, for example, in Iceland and Japan, where fishermen needing a new and perhaps more modern and better equipped vessel have combined to subscribe shares covering part of the cost, and have in this way formed a cooperative through which they have been able to borrow the balance of capital required. In Yugoslavia and Poland, the cooperative ownership, not so much of single vessels as of all the fishing boats operating from one port, has been favoured by government, and this method has been partly, though by no means universally, adopted by the fishermen of these countries. The use of cooperatively owned vessels equipped for the detection of shoals and the transmission of information to the rest of the fishing fleet, is a new development reported from at least one country, France, which may find wider application

Provision of Credit for Fishermen and Encouragement of Thrift

Fishing in many countries is a more or less seasonal occupation. There are periods when few or no fish are caught, but the fisherman and his family must continue to live. There are also considerable expenses which must be incurred before it is possible to go fishing at all—boats must be brought into a state of good repair, nets and other gear renewed, ice, salt, perhaps bait must be purchased. Traditionally such goods are supplied on credit by local merchants, but the margin in such circumstances is apt to be high. It may no more than cover the risk of the fishermen's loss or failure to repay, but the possibility of abuse is obvious, especially where there is only one merchant in a port, or the merchants are in agreement with one another, or, as often in the past, the fisherman is illiterate and unbusinesslike and does not know what figures are entered against his name in the merchant's books. A further source of weakness is that the only way of discharging such debts is through the sale of the debtor's catch to the same merchant, often at unfavourable prices.

The cooperative credit society provides a form of security, based either on the joint and several guarantee of all its members, or on a minimum of subscribed capital, which makes it possible to borrow from some outside source a lump sum which can be distributed to

the member in the form of short-term loans. Such loans, made at a rate of interest which is fixed, reasonable and well-known to the borrower, enable the members to pay cash for their short-term professional and domestic needs. Repayment does not begin until they have caught and sold sufficient fish to provide cash in hand. The source of the original loan may be a government fund, perhaps entrusted to a special cooperative bank, or it may be based on saving deposits accumulated either nationally or locally. It will obviously take the fishermen themselves many years to accumulate enough capital to be self-financing, even though most cooperative credit societies take pains to inculcate thrift. Other inhabitants of a fishing port may, however, be willing to invest their savings in a well-run credit society. At national level there may be, as in Japan, a federal cooperative bank dealing equally with fishery, agricultural and forestry cooperatives, through which the savings of the farmers can be lent to the credit-hungry fishermen.

Long-term loans, extending over more than one season, and generally intended for the building of fishing boats or the equipment of old boats with engines or other modern devices, are almost always derived from government funds, though they may be issued through cooperatives, which take responsibility for their repayment.

In some countries, like France, a well-developed system of cooperative credit has been built up, but in other countries long-term loans may be made available direct from government to individual fishermen or through statutory boards like the White Fish Authority of Great Britain, or through Fishery Banks as in Denmark and Norway, or through other banking institutions, while the problem of short-term credit may be tackled in other ways.

Supply of Fishery Requirements

As an alternative to giving a fisherman a loan with which he can pay cash to a private merchant for his supplies, a cooperative may be set up which will itself act as a supplier. It will, in fact, run a store stocking nets, cordage, paint, tar, ice, salt, bait, sea-clothing, engines and instruments. It may or may not also sell foodstuffs for use on the longer voyages or in the fishermen's homes. Where engines are in general use, it may do an extensive trade in fuel and lubricants. If a credit cooperative exists in the same port, the supply society can sell for cash; if not, it will have to consider how far its resources will enable it to supply members on credit, and this in turn may depend on its own sources of supply. It

may make a considerable difference whether it is drawing on some kind of federal cooperative supply organization or on ordinary wholesale merchants, manufacturers or importers. Cooperatives for fishery supply are widespread in many countries, and may be the first to be formed in those in which there has been no government promotion of fishermen's cooperation, since they are in some ways the easiest to start and operate and they arouse the immediate interest of the fishermen members.

Maintenance and Repair of Fishing Craft and Equipment

It is not enough to supply more efficient and complex equipment if it cannot be repaired locally. A defective engine or instrument which has to be sent to a distant centre for repair may well cripple a fisherman for the season. Cooperatives which supply such things are beginning to undertake repairs as well, but there is room for much more development in this field.

Manufacture of Fishery Requirements

This is an extension of cooperative supply which has the dual advantage of making sure that the articles are to hand when wanted and of securing to the fishermen the profit margin on manufacture as well as that on retail distribution. It also insures quality and gives a certain amount of local employment which may be valuable. The most usual manufactures are of nets and ice, but barrels or boxes may be made for the transport of fish, and the preparation and storage of bait may perhaps also be regarded as a form of manufacture, or at least preparation, of supplies.

Marketing of Fish

Where it succeeds, this type of cooperative undertaking may be the most significant for the fishermen, since a well-run and loyally supported cooperative marketing system can transform that section of the industry in which the greatest losses to fishermen may occur. Marketing may take many forms: direct sale to local retailers, auctions on the quay, sales in public markets, local or central, carried out either by the cooperative's own agents, through cooperative federations, private wholesalers or statutory authorities. In some cases the cooperative itself may carry on the market. Much depends on knowledge of outlets and prices, much also on skill and honesty in preparation, grading and packing of fish, as well as on the provision of proper depots, containers and supplies of ice. Coop-

erative marketing may be particularly effective and in some ways easier to organize when sales are to an export market.

Fish marketing is carried on cooperatively in a considerable range of countries, from Scandinavia to Japan and from Australia to the United States. Sometimes it is a purely voluntary activity, carried on in free competition with other forms of business enterprise. Sometimes it is adjusted, as in New South Wales or Hong Kong, to government control of the central market, or, as in Norway and Sweden, the cooperatives themselves may have statutory powers to regulate first-hand sales or buy up fish which fails to sell at a minimum price. This is sometimes combined with power to control actual fishing.

Cooperative Transport

This is a useful auxiliary to cooperative marketing and takes two main forms. The cooperative may, as in Hong Kong, provide a transport vessel to which catches can be transferred by the fishing fleet while at sea. In countries like Italy where fishing boats often have either no or low power, such a vessel can bring the catch more rapidly and in better condition to whatever port offers the best market. In any case, the members of the cooperative are free to continue fishing, later delivering their own catch or awaiting a second visit from the transport. Secondly, the cooperative may undertake to carry its own fish between the port and centres of consumption either by lorry or boat.

Warehousing and Cold Storage

As fish is highly perishable it must either be sold immediately or stored under proper conditions. This usually means refrigerated storage, and the ownership or use on reasonable terms of such accommodation greatly extends the power of a cooperative to deal successfully with its member's catch. Another form of storage is the tidal pool or tank, used for the keeping and refreshment of live lobsters in, for example, Scotland, where cooperative tanks on the mainland are used as collecting points for lobsters caught in the islands.

Fish Processing

This may be necessary because there is no market for fresh fish of the types landed at a particular port (cod is traditionally dried

for export in a number of northern ports, and more sardines are canned than sold fresh), or it may be a means of disposing of a seasonal surplus. In either case, a marketing cooperative may well be greatly strengthened when it is in a position to exercise effective control over the plant and labour required for processing. The traditional methods of processing are salting, drying and canning, but there have been added in more recent years quick freezing for human consumption and the greatly increased production of fish meal for animal feeding stuffs and of fish oils for medicinal, industrial and other purposes.

Insurance of Fishing Vessels and Equipment

The hazards of the sea are proverbial, and some of the earliest forms of cooperative action were for the mutual insurance of fishing vessels. This, broadly speaking, takes two forms; the pool, by which no premiums are required but losses of each year are shared equally among all those participating, and the more sophisticated form, by which premiums are fixed in relation to the value of vessels and the actuarial calculation of risks and go to make up a fund from which all claims are met. Either form may be backed by a government guarantee which only comes into play in the event of exceptional disaster. The premium type of operation is frequently secured by reinsurance with a federal cooperative or private insurance company. Insurance of vessels may be demanded by the owners to protect their own interests. It may be required by a government or other lending institution which has made a loan to a fisherman for the building or buying of his boat.

The insurance of costly equipment, especially engines, is often carried out separately from that of vessels, and is sometimes required for the reason given above, namely, that a loan, not otherwise secured, has been received for their purchase. Insurance of gear is often desired by fishermen and has been attempted cooperatively in some countries, but is generally regarded as very risky and the losses extremely difficult to control.

Insurance of catch comes into a rather different category, as it generally takes the form, at least in cooperative organizations, of insurance not against loss by disaster at sea, but against failure to secure a market or a reasonable price. It is in fact carried out through the creation of a fund raised by a small levy on sales, which can be used to make minimum payments to members who have failed to find a market for their catch.

Insurance of Fishermen

This is usually carried on quite separately from the insurance of property. It may cover death, disablement, sickness, old age and unemployment, or some but not all of these risks. It is often an old form of voluntary cooperation, but in countries with advanced social legislation, cooperative organisations for these purposes tend to merge with or be superseded by state systems covering the same needs.

Technical Services

Cooperatives, not necessarily formed for these purposes alone, frequently provide some service or installation of general benefit in a small port. This may be an improvement to the harbour itself, a slipway, a winch, a shelter for fishermen working at a distance from home, or some more complex installation such as a radio station giving weather and markets reports to men at sea.

Control of Fishery Rights

In some countries, for example Japan, the right to fish in certain coastal areas is subject to control, and this right (formerly feudal) is now frequently exercised by a cooperative representing all those engaged in fishing in that area. In many other countries fishing in lakes, lagoons and rivers is subject to concessions, as is the management and exploitation of oyster beds and other sedentary fisheries on the sea coast.

Cooperatives may be formed to take over and operate these concessions. They may or may not also market the product.

Social and Educational Services

In countries in which comprehensive social services are not provided by the State, fishermen's cooperatives may themselves build homes for the aged or conduct classes for illiterates, young or old. These may or may not be associated with insurance. In countries with more advanced social and educational services, they may still carry on study groups for further education in cooperation or in economic and technical subjects.

RELATIVE IMPORTANCE OF FISHERY COOPERATIVES

The importance of fishery cooperatives as compared with other economic organizations, companies and individual merchants or processors varies greatly from country to country. In Norway, where cooperatives have received certain statutory powers, they handle 95 per cent of the total catch. In Sweden, where conditions are somewhat similar, but apply mainly to the export market, cooperatives handle 60 per cent of exported fish, but not more than 10 per cent to 15 per cent of home sales. In Denmark, where cooperatives enjoy no special rights, they do not handle more than 25 per cent of total catch. In Spain, where membership of the fishermen's guilds in each port is obligatory, the figure is 75 per cent, but in Italy, where cooperation is entirely voluntary, it is not very much less. In countries like the United Kingdom and the Federal Republic of Germany, where by far the most important section of the fishery is carried on by highly capitalised deep-sea fishing fleets, Cooperation in the strict sense of the term is confined to the inshore fisheries where it may be relatively important. In the Federal Republic of Germany, for example, cooperatives handle over 60 per cent of the inshore catch, but in the Netherlands cooperative marketing is virtually non-existent, while in Great Britain it is only of local importance.

Outside Europe the most important fisheries' cooperative movement is that of Japan, where Cooperation has had government financial support but no special powers, and handles approximately 65 per cent of the total catch. In New South Wales, the cooperatives are responsible for about the same percentage of the fish coming into the central market in Sydney, and in addition sell locally. In Canada and the United States, although there are active fish marketing cooperatives on both Atlantic and Pacific coasts, it is doubtful whether they handle more than 10 per cent to 20 per cent of the total catch. In the countries of Latin America, in India and other Asian countries, it is probable that the figure is lower still.

It is more difficult to make any statistical estimate of the importance of other forms of Cooperation in the general economy of the fisheries. Although it is impossible to give comparative figures (since private insurance companies do not publish separate statistics for fishery business), it seems probable that cooperative organizations, either local or national, frequently carry the main responsibility for insurance of fishing vessels insofar as they are insured at all. In the rather limited number of countries in which fishermen's credit cooperatives are well developed, they are probably almost the only channel

through which formal loans pass to the fisherman. It is impossible to say, however, to what extent these are supplemented by trading credit and unacknowledged loans from merchants and moneylenders. The statistical importance of other cooperative activities is probably not very great, whatever may be their local value and however useful they may be in supplementing both marketing and credit.

FACTORS AFFECTING GROWTH

The historic starting point of nearly all fishery cooperatives has been the realisation, either by the fishermen themselves or by persons interested in their welfare, that individually they can do little either to reduce the cost of production or to increase the return for their labours. This only becomes possible if and when the ancillary departments of the fishing industry, supply, finance, marketing and processing, are conducted in the interests of the fishermen themselves. Too often in the past these activities were, as in some countries they still are, carried on by traders indifferent to the welfare of fishermen, or themselves so precariously placed (in remote ports with small populations liable to collective disasters), that the trader himself could only survive by taking ruthless advantage of every opportunity. The concentration in a single hand of the supply of fishery requirements, the marketing of fish, money lending and the sale of drink, was well known in many countries and for the fisherman frequently disastrous.

It was usually conditions such as these that first stirred fishermen, who are not as a rule anxious to spend their time ashore attending committees, into taking some kind of action. It should be added, however, that the motive for the formation of cooperative or mutual insurance societies was different, and sprang from a realisation of the risks of the sea, not the inadequacies of an economic system.

In every case, leadership and conviction were necessary to success. Sometimes they were forthcoming locally. Sometimes they were supplied in the first instance by an outside body—universities and churches in Eastern Canada, a semi-philanthropic society for the organization of fisheries in England, trade unions in Norway and Sweden; elsewhere individuals, sometimes retired sea officers, living in fishing districts, sometimes men engaged in fishery research. Occasionally, though not very often, the initiative, or at least timely assistance, came from some other, already existing branch of the cooperative movement.

In many countries much early support and encouragement was

given by the State. The motive might be to relieve poverty and discontent in fishing districts, or it might be to modernise and make more efficient an important national industry. National aid might take the form of propaganda and education coupled with legislation, the drafting of suitable rules, supervision in the early years and, above all, the provision of funds, usually on loan, for the development of the fishing industry through Cooperation. The fact that such loans might be made available only to or through a cooperative was in itself a spur to combined action. Where the action had already been taken, they went far to ensure success.

The mere fact that the business side of fishing is ill-organized or extortionate and the fishermen ill-rewarded, does not mean that a cooperative, even with outside encouragement, will necessarily be a success. Cooperation cannot save an industry which is itself uneconomic, hopelessly out of date in technique, wrongly situated, too far from good markets or good fishing grounds or both. Something may be done by transferring the excessive profits of traders to fishermen, but the scope is usually limited, and a cooperative stands or falls by the degree to which it can make the whole process of catching, treating and selling fish more efficient and therefore more productive. The fact that Cooperation has not developed in fishing ports where it would seem to be appropriate, or having been attempted has failed, may be due to the lack of any of the factors quoted above. Nearness to consumer markets and competition among traders may make the existing system so far acceptable to fishermen that they have no active desire to change it. On the other hand, a port so remote that the private trader can barely make a living in it may be far too difficult for an unsupported local cooperative to tackle, though it might later be included in the operations of a strong federation. The natural individualism of men who work on their own may make them disinclined to combine, or there may be too few interested in the same kind of fishing or the same markets to provide sufficient business for a viable organization. On the other hand, they may be too deeply indebted and too dependent on the existing trading system to break away. They may be unable to provide capital even for the most modest beginning, or to borrow it from an outside source.

Once a cooperative is in being it may fail through lack of support from its own members; through the kind of competition which uses uneconomic prices to break a rival; through lack of capital to develop when development is needed; through bad management, either incompetent or dishonest or both, which may in turn mean a failure to give any sort of training to managers or committees. A coopera-

tive may also fail, or remain solvent but ineffective, because it is simply duplicating an existing trade channel, not in itself very efficient and is not really lowering costs or increasing output at any stage in the productive chain.

PLACE OF COOPERATION

Experience shows that Cooperation may have a part to play in almost any kind of fishery in temperate or tropical waters, offshore or inshore, as well as in sedentary and inland fisheries. It may be concerned in any type of fish, sold in any form and on any market. There are, however, certain limits of scale and economic self-sufficiency in the individual fishing enterprise within which cooperative action is common and effective and beyond which it either does not occur or takes other forms.

In countries where there is an important deep sea fishing fleet consisting of large company-owned vessels, the owners frequently combine for the joint purchase or manufacture of supplies, the operation of processing plant and the control of markets, for vessel insurance and for the provision of common services such as box-pools, transport or tugs and for economic and technical research. Such services, though of mutual benefit to the companies concerned, cannot in most cases be regarded as cooperative. They are usually, in the first place, registered as companies, they are not freely open to new members, and their arrangements regarding shareholding, voting and distribution of profits do not usually conform to cooperative practice. There are, however, countries—Spain would appear to be one—in which the owners of comparatively large vessels have combined for some or all of these objects in a strictly cooperative form of organization the members of which may be individual owners or companies. An organization of this kind might also include cooperatives formed for the joint ownership of a single vessel, but there is no evidence that this has actually taken place, except possibly in Japan.

If in most countries, the fishing company is outside the scope of Cooperation, so, in the main, is the paid hand, especially if he receives a fixed wage. A cooperative is an association of people carrying on separate autonomous enterprises. A paid labourer would not be eligible for membership of an agricultural cooperative because he would be unable to take a decision regarding the management of the farm on which he works. Logically, it might be expected that the

position would be the same in the fishery cooperative, but the share system influences the relation between owners and crews, and in some organizations (in Norway, for example), they are all alike members of their cooperative and each has one vote, though share contributions are different. In other cases the owner has one vote and the crew have one vote between them.

Obviously, where cooperation takes the form of joint ownership of a single vessel or small fishing fleet, skipper and crew together are the members. The skippers and engineers may have a larger share in the profits but they are most unlikely to have a larger number of votes in the affairs of the society.

It is a matter of fact and experience that Cooperation has so far made little headway among the least developed type of fishermen, the property-less and illiterate fishers of many tropical countries. It has often been pointed out how greatly such men would benefit from Cooperation, and how difficult it is to improve their lot by any other means. In practice, however, the extreme simplicity of their technical, economic and indeed mental equipment has in most countries stood in the way of progress.

Moreover, though methods of fishing in such countries may be primitive, the fish trade is often strongly organized and includes important vested interests. The cooperative organization of tropical fishermen, promoted by national and sometimes by international agencies, has begun in Ceylon, India and elsewhere but it will take a good deal of study not only of European and American models, but of successes and failures in the tropical countries themselves, before assured lines of advance can be laid down.

Another group of fishermen somewhat neglected from the cooperative point of view, are those working on inland waters. Although the fishermen of Lake Ontario have made a success of Cooperation for most of their needs, there have been failures elsewhere, and the inland waters of Europe have been the scene of very few cooperative undertakings apart from simple associations for the leasing of fishing rights.

The main field of cooperative development has up till now been among the small and medium scale sea fishing enterprises of Europe, North America, Japan and Australia, especially but by no means exclusively the inshore fisheries, and the typical member has been the owner of a relatively small, powered vessel making short voyages. This position may change but present experience shows that it is in this section of the industry that Cooperation is most readily initiated and will be most likely to succeed.

SCALE AND INTEGRATION OF FISHERY COOPERATIVES

Primary cooperatives, that is those of which individual fishermen are members, may be of any size. If based on a small port, they may have no more than a score of members. If they cover a large port or a stretch of coast they may have a membership running into thousands. The advantage of the small compact society is that it is likely to be homogeneous, genuinely managed by its members and supported by local loyalty. Its disadvantage is that it may be too small a unit to achieve much as a business. The large organization calls for great managerial ability to run, and its contact with its own members will be less close but it will have a greater chance of effecting real economies and pioneering new ventures.

Cooperatives in other fields, such as agriculture, distribution and industry have long ceased to exist as completely detached units. They have set up their own secondary and in some countries tertiary organizations. The local supply or consumers' cooperative will be a member of a regional or national wholesale society supplying, often also importing or manufacturing, goods required by the local society's members. The local marketing or processing society will be a member of a marketing or exporting federation. Both may be members of regional or national cooperative banks, from which they will receive short and long term advances. Local credit societies will be members of the same or perhaps of different banks. Local insurance societies will reinsure with a national cooperative body. Cooperatives of all kinds will be members of a national cooperative union for purposes of education, public relations, legal and technical advice.

On the whole this sort of integration has made less progress in fishery Cooperation. Cooperative wholesale societies for supply are not numerous. There is one in Italy, and in Iceland many fishermen's societies are members of a wholesale which includes agricultural and other types of cooperative. Some of the smaller countries, like Denmark, have national marketing federations but in countries with long coastlines, these tend to be regional. This has been the case in Norway, Sweden and Canada, though in Norway the organization may be concerned with a single species of fish rather than a single locality. In Germany, the North Sea shrimp fisheries are controlled by a joint organization of fishermen, wholesalers, processors and feed merchants in which cooperatives participate but do not dominate.

In some countries there are instances of joint enterprises under-

taken with other branches of the cooperative movement. A large wholesaling, processing and export organisation in Sweden is owned jointly by a regional fishermen's cooperative and the consumers' cooperative wholesale society. There is a similar organization in Norway. In Denmark a fish meal factory is jointly owned by a regional fishery federation and a farmers' supply society. The German Cooperative Wholesale Society owns a fishing fleet in partnership with the trade unions and the local authorities, but this is in a rather different category of enterprise.

In the field of finance the integrating factor is frequently a national cooperative bank sponsored or supported by government. It is not as a rule concerned with fishery cooperatives alone. The Japanese Cooperative Bank also deals with agriculture and forestry, the French Cooperative Bank with small industries, though the bulk of its loans in fact go to fishermen's organizations. The Agrarian Bank in Greece is primarily agricultural but is responsible for promoting and aiding fishery cooperatives. In New South Wales a Fish Marketing Fund from which loans can be made to cooperatives has been created out of the profits of the State-run Central Fish Market. In Canada and the United States, however, though loans can sometimes be obtained by fishermen's cooperatives from national funds, the source is not specifically cooperative and has no unifying or directive effect on the cooperative movement.

Insurance cooperatives tend to be national or at least to cover a long stretch of coast, but where they are based on single ports, the need for reinsurance arises. In Germany before the war this was met by a federal society which has since lapsed but will probably be re-established in the course of the next few years.

National cooperative federations, organizations for general purposes of mutual consultation, education and negotiation with the public authorities, are rather more widespread. They exist, for example in a purely voluntary cooperative form exclusively concerned with fisheries, in Italy, France and Denmark. In Norway and Sweden the national organizations are the fishermen's professional unions, which preceded most of the cooperatives and were mainly responsible for their promotion. In Great Britain the national organization—the Fisheries Organisation Society—is a promotional body. In Spain the National Union of Fisheries Cooperatives is official in character. In the Federal Republic of Germany, Iceland and other countries, fishermen's cooperatives are members of general cooperative federations, usually predominantly agricultural. In some countries the only link between them is a governmental or semi-govern-

mental bank or even a government department, charged either with promoting fisheries or with promoting Cooperation.

There is a growing feeling that greater integration in all fields, commercial, financial and ideological, is necessary if Cooperation in the fisheries is to progress, but all experience shows that effective national organizations, unless they are purely governmental, can only be built on sound local cooperatives. As these multiply the opportunity for building at regional and national level becomes more propitious, and the rate of development of the whole movement is likely to accelerate.

CONDITIONS OF SUCCESS

To sum up the foregoing it is generally agreed that:

a. Cooperation among fishermen will not succeed unless the fishery in the area with which it is concerned is itself technically and economically sound or can be made so by cooperative or other action.

b. It calls for the understanding and loyal support of the main body of fishermen concerned, and this in turn depends on leadership and education. A cooperative is as good as the human elements which make it up.

c. Cooperatives should be located at economically appropriate points, where there is a sufficient volume of business to carry the overheads of the cooperative (for example large landings of uniform species of fish), where markets are reasonably good but not, in the case of a pioneering effort, so easily accessible that there is a constant temptation to by-pass the cooperative, and where transport and similar problems are not insuperably difficult. The temptation to start organizing where need rather than opportunity is greatest may have to be resisted. Failure and success are both catching.

d. A minimum scale of operation must be recognised below which a cooperative will be uneconomic and not worth attempting. It will not be the same for all kinds of operation nor perhaps for all countries, since running costs and especially salaries differ widely. Only experience will show the break-even point in each case.

e. Cooperatives call for management at least as skilled as private

businesses, and the training of staff and committees for this purpose is essential.

f. Though the individual local cooperative may carry on a single operation, a national movement succeeds best when it serves a wide range of the fishermen's needs.

g. There should be integration of local cooperatives and of cooperatives carrying on different functions through national federal organizations. These may be trading, financial or consultative bodies. Close association with other types of cooperative, especially consumers' and agricultural, is valuable, but does not invalidate the need for a national fishery cooperative organization.

h. Aid from government, promotional, organizational or functional, is valuable, especially in the early stages, but it is not the sole condition of success.

II. FISHERY COOPERATIVES AND GOVERNMENT

SCOPE AND PURPOSE OF GOVERNMENT AID

Most governments are concerned in one way or another with the promotion of national fishing interests, through the protection of fishing rights, the provision of essential public works like harbours and roads; biological, technical and economic research; the collection and publication of statistics; subsidies and credit facilities for the acquisition of fishing vessels, gear and shore plant; technical, advisory and inspection services; provision of, or grants towards, fishermen's schools; insurance of fishing vessels, unemployment insurance and other social services for fishermen; price supports and equalisation funds; market promotion through intelligence, consumer education and the services of commercial attachés abroad. Some or all of these activities may be carried on directly by a government department, some may be delegated to a statutory body charged with the development of the fisheries. None may be directed in any special way to the cooperative organization of fishermen, though cooperatives may benefit equally with, and sometimes more than, private undertakings from the services offered.

There are, however, many governments whose policy it is to promote and favour cooperatives, either specifically among fishermen or among all classes of small independent producers, especially perhaps agriculturists. Other governments which, in principle, are neither for nor against Cooperation, have responded to general demand and provided a legal framework and certain advisory or supervisory services which make cooperatives easier to initiate and run than they would otherwise have been. Finally, some governments have made cooperatives their chosen instruments in carrying out policies of capital development or market control in the fishing industry. It will make the subject clearer if the different links between governments and Cooperation—legislation, supervision, fiscal privileges, financial aid and statutory powers—are considered separately.

LAWS GOVERNING FISHERY COOPERATIVES

In two countries, Norway and Denmark, although cooperative organizations of fishermen, as well as of farmers and others are

strong and important, they are not obliged to seek any form of legal incorporation and most local cooperatives in fact remain unincorporated groups, all the members of which are jointly and severally liable for the debts or losses of the undertaking. This system, based as it is on a high level of mutual trust and social discipline, is much prized in these two countries, but it is not to be found elsewhere, and even in Denmark and Norway large cooperative undertakings, the members of which are unknown to one another, are now more frequently incorporated bodies with limited liability. So are most federal organizations. There is still, however, no specific cooperative law in either of these countries.

Neither is there a special cooperative law in Belgium, where cooperatives of all kinds are incorporated under a section of the Commercial Code of 1873 and its amendments. In Sweden, the Economic Association Law is generally looked on by the cooperatives as a cooperative law. In the Netherlands they may be incorporated under a Law on Societies of 1855, though a Law on Cooperatives of 1876 also exists. Neither the United States nor Canada has federal cooperative acts covering the whole territory (except for credit unions in the U.S.A.), but Canada has Provincial Acts, and in the United States, some individual States have passed Acts. Some of these State laws apply to special kinds of cooperative, especially those formed by farmers. Other types, including fishery cooperatives may have to seek incorporation under more general Acts intended for private corporations.

In all other countries in which fishermen's cooperatives exist there are specific Cooperative Acts. Most of these are quite general in character and provide also for cooperatives of farmers, consumers, industrial workers and professional persons. The most notable exceptions are in France, where the Law on Maritime Credit of 1913 provides for the formation of fishermen's cooperatives for credit, but not for other purposes; and in Japan, where the Fisheries Cooperative Associations Law of 1948 makes elaborate provision for every type of cooperative activity in the fishing industry. Certain States of the United States also have specific fishery cooperative laws.

Of the general laws, some of the most important are the Industrial and Provident Societies Act (1893 with subsequent amendments) of the United Kingdom; the Cooperative Laws of Germany (1889); India (1912); Greece (1914); Iceland (1921); Spain (1942); Yugoslavia (1946); France (1947); Finland (1955). The Indian Act served as a model for many other parts of the British Commonwealth. Australian cooperative legislation (New South Wales, 1924) was more directly

modelled on the law of the United Kingdom. That of Canada has features drawn from both British and United States sources.

There has been considerable evolution in cooperative law since the first British Act was passed more than a century ago. This was on very broad and general lines and many points, especially those connected with internal control and the distribution of profits, were left to be determined by the rules or by-laws of the cooperative. In most modern legislation the practices which have been found effective in securing smooth working and safeguarding the cooperative character of the organization, have been defined in the law and become a condition of registration under it.

The advantages of a cooperative law are, in the first place, that it confers corporate existence or "legal personality" on the society registered under it, which is then able to buy, sell and mortgage property, raise loans and enter into contracts exactly as though it were a "natural" person. The law also defines the liability of the members, whether "unlimited", as in many credit cooperatives, or limited to the shares subscribed, or to a multiple of those shares. This safeguards the position of the members and also of outside people having business dealings with the cooperative, who can judge on what security they can rely if the cooperative fails to repay what it owes them.

The law lays down in very broad terms for what purposes a cooperative may be formed. These are in all cases economic in character, not merely charitable or educational. Political and religious aims are usually excluded, though this is not quite universal. The detailed objectives of individual societies are left to the rules. The law states fairly specifically who may or may not be a member of the cooperative. It is an important principle that membership should not be restricted to a small group making a profit out of their fellows, but it may be limited, for example, to working fishermen or to lobster fishermen, or to men working from a single port. Full membership is not as a rule open to persons under 18. The law usually fixes a minimum membership, which may be as low as 7 individuals or 2 cooperatives or as high as 20. It also lays down in what circumstances a member may be expelled and how disputes among members are to be settled. It decides whether or not a cooperative may do business on behalf of non-members and whether it may compel its members to do all their business with the cooperative.

An important group of provisions lays down how a cooperative is to be financed: whether members are to pay entrance fees or subscribe shares; on what the shares are to be based, whether the

minimum is to be the same for all members or calculated in proportion to the size of each man's boat or his position on board; whether or not they are to be fully paid up; whether they may be withdrawn or transferred and on what conditions; what is the upper limit of shareholding for each member; whether the cooperative may raise levies from its members on the basis of fish delivered or profits to be distributed; whether, how and from whom it may borrow money; what sort of reserves it should build up; how its profits, if any, should be distributed; and what should be done with any funds remaining after a cooperative has been dissolved.

Some of these provisions are important mainly for their effect on the business efficiency of the cooperative. Others also involve points of cooperative principle. Most cooperative laws limit the share of any one member to a fixed figure or a fixed proportion of the total share capital, in order to prevent financial domination of the cooperative by an individual or a group. (The threat of a withdrawal of more than one-fifth of a society's capital might well frustrate some development on which the majority were agreed, even though the objector only held one vote.) Most laws also lay down that the interest on share capital should be fixed permanently at a moderate figure and that trading profit or "surplus" should be returned to the members in proportion to the business they have done with the cooperative during the year. It is usual to make shares non-withdrawable but transferable to other members with the consent of the committee. There may or may not be a provision for a repayment by the society of the shares of members who have retired from fishing. When this can be arranged, it helps the retired man and at the same time keeps the control of the society in the hands of active members. Provision is also made for dealing with a member's shares on his death. It is usual to provide that, should the cooperative be wound up, any funds left after liquidation shall not be distributed but shall be applied to some purpose of general utility in the neighbourhood, including the formation of a new society. This makes it impossible for short-sighted members to dissolve a society merely in order to share out accumulated reserves.

The law further lays down how a cooperative is to be governed. The final authority is always the general meeting of members, though in large societies this may take the form of a delegate meeting to which each branch or region sends a delegate instructed in the views of the local members. It is a well established cooperative principle that at the annual general meeting each member should have one vote only. There are, however, exceptions, as when, for instance,

in some Norwegian cooperatives, the boat owner has one vote and the crew one vote between them. The only exception to direct control of a cooperative by its members in the general meeting appears to be in Norway, where some of the marketing organizations are managed by committees elected by the branches of the Fishermen's Union. Elsewhere, the annual general meeting elects the committee or board of management, which may remain in office for one or more years, the members retiring all together or one section at a time. Some laws provide for a single committee, others for a small executive and a larger supervisory committee.

The law often lays down how general meetings, and sometimes also committee meetings, should be summoned and conducted, and the procedure for taking important decisions, such as the amendment of rules or the amalgamation or dissolution of the society. There may be a special section providing for the formation of federations of cooperatives. In the Japanese Fisheries Cooperative Associations Law there are also sections governing the formation of cooperative fishing associations in which the members pool their labour and equipment, as well as of cooperative associations of fish processors. Most cooperative laws confer at least one important privilege on organizations registered under them. This is the exclusive use of the word "cooperative" or its equivalent in other languages. Companies and other corporations formed for private profit are not allowed to use this word. The state is often prepared to help cooperatives in various ways and in return expects to receive reports and exercise a certain right of inspection and control. The resulting privileges and obligations fall into several categories.

FISCAL PRIVILEGES

The purpose of cooperative legislation is to make it easier for men with small resources and little business experience to enter upon economic undertakings for their mutual benefit. The law, therefore, goes as far as possible to make organizations simple and financial charges as light as possible, particularly in the initial stage. One of the first privileges accorded is *cheap incorporation*. A fee is payable on registration of a new society, but in general the cost is less than one-tenth of that which would be incurred in registering a joint stock company. Many countries also exempt cooperatives from the payment of *stamp duties* on documents such as share certificates. Occasionally cooperatives are allowed special terms for transport of goods on

State railways or a rebate of duties on imported goods, usually machinery or other materials needed to develop national production.

A more widespread, important and controversial privilege is *exemption from direct taxation*. The argument behind this exemption is that as a cooperative distributes all its trading surplus to its members in proportion to their business with the society, it cannot make a profit or even an income, and there is consequently nothing to tax. Many legislators have accepted this argument but have inserted the provision that the cooperative, if it wants to be tax exempt, must not do business on behalf of non-members nor must it limit its membership in an arbitrary way. It must be recognised, however, that as cooperatives gain in power, grow prosperous and handle a larger and larger part of national business in any field, it becomes more difficult to sustain the argument for tax exemption. In some countries exemption has been abolished, while in others it is only granted for the first few years after registration, while the cooperative is assumed to be short of funds to build up its position. That part of the surplus which is returned to members as bonus on business done, however, almost always remain untaxed at the source, though it may later be taxed as part of the private income of the member who receives it. From the point of view of the cooperative, the burden of taxation falls on that part of the surplus which is allocated to reserve. If taxation is high, and cooperative committees short-sighted, this may lead to the reserves being starved and the cooperative finding itself short of capital for expansion or driven to rely too heavily on borrowings.

INSPECTION, SUPERVISION AND AUDITING

In most countries some department of government is put in charge of the administration of the cooperative law and the registration and supervision of cooperative societies. It may also be charged with their active promotion. In some countries or states (Saskatchewan, Thailand, several States in India) there is a Minister of Cooperation with his own department. Elsewhere, though the cooperative department may be virtually autonomous, it is attached to some other ministry, Agricultural and Fisheries, perhaps, Commerce, Social Welfare or even Finance. In some countries the supervision of cooperatives is divided among several ministries, and fishery cooperatives may be under the department concerned with fisheries while other types come under the departments responsible for agriculture or

commerce, etc. This may make it easier to integrate cooperative with other lines of development in the fisheries, but it has the effect of separating the different branches of the cooperative movement and making it less easy for them to help one another or to make a concerted approach to government on any matter of legislation or policy in which all are interested.

The duties of a cooperative department were at first limited to the basic statutory functions of scrutinising draft rules and applications for registration and giving of formal assent as soon as these were found to be in order and there appeared to be no duplication of services with an existing cooperative. In the same way a department would scrutinise and record amendments to rules, amalgamations or changes of name. It would consider applications for voluntary liquidation and would have the right to cancel the registration of totally inactive societies.

Nearly all legislation now goes somewhat further than this and provides that all cooperatives should make a regular (usually annual) report to the cooperative department and that this should include an audited statement of accounts and a balance sheet. This is greatly to the advantage of the cooperative, for the importance of audit cannot be overrated. Without an expert and impartial examination of its affairs at regular intervals, no cooperative, indeed no business, can know what its financial position is, whether or not it is being served with honesty and prudence by its staff, and whether the plan made for its year's activities is in fact proving possible of achievement.

Audit may be carried out directly by the cooperative department of government. In many Asian and African countries, the departments retain considerable staffs of auditors, who travel continuously from one society to another. Elsewhere a list may be issued of professionally qualified private auditors from whom cooperatives may make their choice. Elsewhere again, a national cooperative federation employs its own auditing staff. Much depends on the quality of the auditors employed and on the thoroughness of their training. A cooperative audit should cover not only the checking of books and records and the verification of cash, but stocktaking and the valuation of cooperative property. In many countries it also includes a general review of the way which the society's affairs are carried on. The auditors' report goes in the first place to the committee of the society and may contain recommendations or reservations calling for change in its management. It also in most cases goes to a higher authority which may be a cooperative union or a

government department, and if any grave faults are revealed, further enquiries and more compelling recommendations may be made.

In many developing countries, especially where cooperatives are new and their members have little business experience, an annual audit is not considered a sufficient means of keeping them active and businesslike, and a cooperative department (or in some cases government-sponsored cooperative bank) may also employ supervisors or inspectors, each with a limited district to cover and the responsibility both of promoting the formation of new cooperatives and of visiting existing societies at regular intervals, attending meetings of committees and keeping an eye on the accounts and the condition of premises and plant. As the societies become established, these visits become less frequent and may be reduced to a token appearance at the annual general meeting. On the other hand, it may happen that a rather ambitious cooperative project such as a regional marketing federation, appears to be beyond the managerial capacity of locally available staff. In such cases cooperative departments have been known to loan a member of their own staff to the cooperative for its first few years, with the intention that he should at an early date appoint and train his successor. This may be the only possible course of action in some circumstances, but it has its disadvantages. On the one hand, local responsibility is not encouraged. On the other, a man trained as a government servant is not as a rule the ideal choice as the manager of a quick-moving competitive business.

Where government supervision is exercised by a specialised cooperative department, it is likely to be concentrated on organizational and financial rather than technical aspects of the undertakings. Where this is the case it is essential that there should be a good understanding between the cooperative and the technical department concerned (in this case usually the fisheries department), so that cooperatives may draw on the knowledge, experience and goodwill of the officers. In some countries it is the fishery inspectors who are responsible for promoting and supervising fishermen's cooperatives. Where this is the case they need to be well trained in cooperative methods, law and accountancy. It should be made clear that none of these forms of governmental promotion and close control of cooperatives, either in fisheries or other economic fields, are characteristic of the cooperative movements of Europe or North America, where the movement is spontaneous, and close supervision, apart from audit, would not be needed or welcomed.

GOVERNMENT SPONSORED EDUCATION AND TRAINING

In some countries government aid to cooperative development takes the form, at any rate in part, of the provision of cooperative education and training. In European and North American countries this is usually effected through grants, either to institutions for general adult education, in order that they may arrange specialised cooperative courses, or to national cooperative federations running their own educational systems. In many Asian and some African countries, however, there are government financed and conducted cooperative colleges. More will be said of cooperative education in a later chapter, but it should be noted here that it is addressed to several different classes of persons, the ordinary members, the committeemen and holders of unpaid offices like that of chairman, the paid staffs of the cooperatives themselves, and lastly, the staffs of government departments especially concerned with Cooperation. It was, perhaps, naturally, the last group for whom government training in Cooperation was first devised, but it is being made increasingly available to the other groups as their importance is recognised and larger resources are made available for educational purposes. Apart from Canada and Japan, however, there are few countries in which cooperative training is directed especially to the management of fishery cooperatives.

FINANCIAL AID: GRANTS AND LOANS

After legislation, financial aid is the most important and widespread form of government aid to fishery cooperatives. This takes two forms. There is, in the first place, in many countries provision for government or government guaranteed loans to fishermen, especially for the purchase of fishing boats and engines. These may be made direct to the fishermen from a national Fisheries Bank, as for example in Norway and Iceland, or through a statutory body with general rather than financial functions, like the White Fish Authority in the United Kingdom. They may also be made through national, regional and local cooperative credit banks.

This is the position in Japan, where there is a well established network of local fishermen's credit cooperatives, which work to some extent on the basis of their own deposits, but also use the deposits of farmers and others in the Central Bank for Agriculture and Forestry. Further, they can draw on government funds, especially those provided by the Agricultural, Forestry and Fisheries Finance

Corporation. In France, government loans to fishermen are channelled exclusively through the cooperative system, the semi-governmental central Cooperative Credit Bank making very substantial advances to fishermen through their regional and local credit cooperatives. Something of the same kind occurs on a small scale in Denmark. A tentative scheme has recently been initiated in Canada, and in the province of Quebec government funds are available to reduce the interest on loans to fishermen from cooperatives and to pay the premium of the life insurance which each borrower must offer as security.

On the whole, cooperative credit organization for the purpose of making loans to individual fishermen is much less well developed than the corresponding organization among farmers or independent skilled tradesmen, and it is only in a few countries that it has been widely used as a channel for the funds which government is prepared to lend for the development of the individual fishing enterprise.

More governments have, however, been willing to make loans to fishery cooperatives either for capital development, especially the establishment of market halls, refrigerated storage and processing plant, or to cover the cost of holding fish and fish products for sale. Norway is a striking example, where the government will guarantee unsecured loans made by the Bank of Norway of up to 90 per cent of the value of raw fish; in some cases up to 100 per cent plus production costs. In addition, the National Fisheries Bank, a state institution which lends direct to individual fishermen for the purchase of boats and gear, will also lend to fishermen's cooperatives for capital equipment. Loans for such purposes are available from governmental banks or similar institutions in Japan, France, Canada, U.S.A., to a small extent in the United Kingdom, in the Federal Republic of Germany (for refugee fishermen only), in Greece, Yugoslavia, Spain, Italy, Australia and several other countries. It is noticeable, however, that in nearly all these countries the financial institution concerned is primarily for general national development, for agriculture or for small businesses and not specifically for fishery cooperatives. Indeed, the carefully designed and massively financed institutions which in the United States not only provide credit for agriculture, but study and direct its effective use, have no parallel in the fisheries, where there is no more than a casual inclusion of fishery cooperatives among the institutions entitled to borrow from the Small Business Administration.

There are a few examples of direct grants by governments or governmental institutions to fishermen's cooperatives. In some countries

(France and Spain, for example) government has power to subsidise fishermen's insurance societies in case of exceptional losses, though this power does not seem to have been widely used. Occasionally, the capital required for a fish handling plant, recognised as a public need, is provided as a grant rather than a loan to a cooperative prepared to take responsibility. Small grants are not infrequently made to new societies to cover initial operating expenses, or a national organizing body may receive a subsidy to help in its promotional and educational work. Most cooperators would agree that this is appropriate. However the cooperative movement is not a form of charity and it flourishes best where its members have to take full responsibility for their own affairs and aid is given only on strictly economic terms.

STATUTORY RIGHTS AND PRIVILEGES

In some countries the right to fish from a given stretch of coast was originally a feudal privilege and in at least one, Japan, where the breakdown of the feudal system took place almost within living memory, the right has been transferred to a cooperative representing all the fishermen in the village. This move, though doubtless appropriate at the time, has led to certain difficulties when, as generally happened, the cooperative later undertook business activities. The functions of a body controlling fishing rights may call for compulsory membership, for a limitation of area, based on traditional fishing rights, and for a limitation of membership to that area. As a result, membership may include people whose interests do not really coincide, such as the owners of large scale fishing enterprises, small independent fishermen and paid crews. In such circumstances the association may end by serving the interests of one group rather than of all. The unit may also be too small or too large for business purposes. The lesson would appear to be that, where law or custom call for an organization to control fishing rights, it should be quite distinct from cooperative business undertakings, the members of which must be homogeneous and have identical interests.

This should also be the case where a cooperative is formed to exploit a fishery concession, usually from government, though such a concession may occasionally be obtained from a private owner. River, lake and lagoon fisheries may be leased for a period of years to a fishermen's cooperative, which not only safeguards its members' rights by policing the concession, but improves its productivity by establishing fish hatcheries, a field in which Greek cooperatives have been

particularly successful. Similar concessions may be obtained by co-operatives exploiting oyster beds and other shell fish in tidal waters.

In some countries, notably Norway and Sweden, much more extensive powers are conferred on marketing cooperatives, giving them authority to control all landings either of a particular species of fish or on a defined stretch of coast, as well as all first-hand sales. In Norway this step was taken after several years of effort to establish a purely voluntary cooperative fish marketing organization. Experience showed that many fishermen were unwilling, or too dependent on merchants, to join. Most of the existing cooperatives merely bought from fishermen and had to rely on the existing wholesale trade (not always friendly) to move the product further or to process it into a more saleable form. The cooperatives lacked capital to develop storage and processing for themselves and were consequently in a weak position to stabilise prices. Nor had they a large enough membership or sufficient authority to regulate supplies by limiting fishing in times of glut.

An attempt to fix minimum prices without a supporting organization proved ineffective. It was well known that in Norway, agricultural marketing boards based on local cooperatives had proved effective in regulating sales and stabilising prices. Acts of Parliament were accordingly passed which conferred on fishermen's cooperatives the statutory right to control first hand sales of fish and fish products and to regulate fishing. It was open to a majority of the fishermen concerned to form a marketing cooperative covering a specified area or one or more species of fish. Once such an organization was established and a free vote of the majority of fishermen concerned had been secured, all fishermen in the cooperative sphere of operations were obliged to deliver their whole catch to it or to sell it as the organizations might direct. For the more important species, especially herring and cod, prices and terms of sales are fixed each season by the cooperative in consultation with the government, though members may bargain with buyers for a higher price if they can get it. Prices for the less important species are negotiated with the trade. If a glut is threatened, the cooperative has the power to limit or temporarily suspend the catching of fish. The marketing cooperatives which enjoy these statutory powers have subsidiary organizations for wholesaling and processing, but do not attempt to store or process the whole catch, leaving most of this part of the business to voluntary cooperatives and private merchants.

The Swedish system, though serving the same purposes, differs in a number of details. In accordance with a decree of 1935, applying to

east coast fisheries, an association representing 65 per cent of all active fishermen or 75 per cent of all full-time professional fishermen within its area may claim the right to receive and market all fish landed within its area. It is also obliged to accept all fish offered, but it has the power to control quality and to regulate landings. Price equalisation is secured by a compulsory levy on all sales, supplemented by a government subsidy, used to prevent prices falling below a minimum level. Associations may themselves carry on wholesaling and processing, or, as in Norway, may leave these activities to other cooperatives or to the private trade.

On the west and south coasts of Sweden an attempt was made over a number of years to establish minimum prices and improve outlets for fish by voluntary action alone. The system was eventually reconstructed so as to make it a condition of price regulation that the fishermen should themselves set up an organization to administer the scheme and to take over and utilise surpluses. A minimum price is fixed by the Agricultural Marketing Board and any fish which remains unsold at this price is taken over at guaranteed prices by the fishermen's organizations, which sell it for export or processing, but not for consumption on the home market. An initial government loan was provided as working capital and the marketing organizations may borrow from banks on government guarantee up to a fixed limit, as well as receive revenues derived from a levy on all fish landed. They are audited and supervised by the Agricultural Marketing Board.

In Spain, first hand sales of fish are made through the traditional fishermen's guilds. These have recently been re-organized; membership is compulsory. The organization is, however, purely local, and unless it is supplemented by voluntary cooperation for storage or processing does not carry the control of the fisherman over his product very far. In certain countries, membership of a local fishermen's collective may be compulsory, and carries with it fishing rights and access to state capital. Elsewhere, for example in New South Wales and Hong Kong, it is the central fish markets which are run by government, in such a way that fishermen's cooperatives find easy access for their produce and their interests are safeguarded. In Australia fishermen's cooperatives have also themselves been recognised as authorised markets.

There are exponents of Cooperation who distrust the conferring of statutory powers on cooperatives, especially when it involves the compulsion of minorities, and are dubious about state aid on anything but strict banking terms. Others, however, take the view that

the problem of carrying a national industry through a period of crisis, as in Norway, might well have been insoluble by wholly voluntary methods. The safeguards, both in that country and in Sweden, have been the democratic character of all the organizations set up, the fact that they are regional, and therefore serve homogeneous interests and respond to local opinion, and the circumstance that they are supported by voluntary cooperatives carrying on specific business activities.

AGENCIES HANDLING GOVERNMENT AID

The identity of these will in general have emerged from what has already been written, but a brief recapitulation may make the position clearer.

a. A government department, either a special cooperative department or the appropriate section of a Ministry concerned with Agriculture, Fisheries or some other service, is generally responsible for incorporating, supervising and in some cases promoting cooperatives. It may carry on cooperative educational and training services. It does not as a rule directly finance local or regional cooperatives, though it may make grants to national cooperative organizing bodies.

b. A statutory authority such as a marketing board or central market set up as a result of legislation, but not directly controlled by government, may be charged with the promotion of cooperatives and have power to make grants or loans to facilitate their development.

c. A national cooperative bank or a national fisheries bank may be set up with the use of governmental or governmentally guaranteed funds to be lent, either to all types of cooperatives, to all types of fishery enterprise, or exclusively to fishermen's cooperatives.

d. A university or other higher educational institution may receive a government grant to cover the cost of cooperative courses either held in the university or organized through extension services.

e. A national cooperative organizing body or federation, while remaining voluntary and self-governing, may receive a government grant in aid of its educational or organizational work.

Except in a few countries, such as Norway, fisheries Cooperation probably receives less help and less systematic encouragement from government than does Cooperation among farmers. This may reflect the relative national importance of the industries or the fact that the farmers themselves were more prompt to take the initiative in organizing cooperatively and in bringing influence to bear on government to provide the kind of help they required. It may be noted that farmers' cooperatives, acting through their national organizations, have in many instances taken active part in the drafting and promoting of cooperative legislation. If fishermen's organizations were more frequently consulted in this way, both the law and its administration might be brought into closer harmony with their special needs.

PROBLEMS OF UNDERDEVELOPED COUNTRIES

The fishery problems of underdeveloped countries are considerable in themselves, and though Cooperation may in the long run be a technique well suited to their solution, it is even less easy to apply than in the economically advanced countries. In the advanced countries the fishing industry has evolved over centuries, technically, commercially and financially. Much is known, even if much more remains to be discovered, about the biology and movements of fish, at least of the economically important species. Fishermen share the same general level of education as the rest of the population, and are as capable of organizing their own affairs if they are persuaded it is in their interests to do so.

In many underdeveloped countries, on the other hand, research into the breeding, food and movements of fish, and into the types which are or may be of commercial importance, has only begun in comparatively recent years. Fishing is generally carried on by traditional, often primitive, methods as is the processing or preservation of fish. Working fishermen are often among the least educated and most socially helpless members of the community. Many are almost without possessions. Others are migrants with no homes but their boats. None are in a position to raise capital and few have anything they can pledge in security for a loan. Few can read, write or do even the simplest accounts. Few have any experience of organization for other purposes. The study circle method of arousing interest, so successful in Canada, is much more difficult to apply.

In such countries eventual success will depend not only on the

way in which cooperatives cope with the human and social problems of the fishermen, but on the degree to which they are founded on a basically sound fishing economy.

None the less, a good deal of experimental work has already been done in the cooperative field. Many governmental fishery officers have been given some elementary training in cooperative methods and have been advised to make a contact with the cooperative department when a problem arises which seems capable of a cooperative solution. Most cooperative departments have organized a limited number of fishermen's societies. Hong Kong provides an outstanding example of a concerted attack on the organizational problem. There the first and most important step was government organization of the market. Local, self-governing cooperation among fishermen has developed slowly and mainly taken the form of credit societies. There are fairly numerous fishery cooperatives on the Bombay coast and in Ceylon, very few in Africa and a rather larger number in Latin America. Secondary organizations, commercial, financial or advisory, are much more rare.

The difficulty in all this work is that so many things have to be tackled simultaneously: the education of the fishermen to a point at which they are prepared to trust one another and are capable of forming and managing an organization; the training of local people as technicians, even at the comparatively low level of book-keepers and operators of cold storage, or the introduction of men already trained who can speak local languages; the supply of improved equipment for the catching and preserving of fish, most of which has to be imported across tariff barriers and in face of currency restrictions; instruction in its use; the creation of capital, without which new services can neither be introduced nor maintained; the discovery of new markets or penetration into old markets dominated by vested interests which may also be politically influential.

Without government support all this is probably impossible. On the other hand government action which takes the form of generous finance coupled with instructions that a stated number of fishermen's cooperatives should be set up within a period of time, may defeat its own ends by producing a number of organizations the nominal members of which do not really understand what they are doing and leave all responsibility to government officials, not themselves trained in the running of business concerns. Some good will have been done, for a measure of interest will have been aroused, and some fresh capital injected into the industry, but for real success great patience, as well as experience and resource, are needed.

INTER-GOVERNMENTAL AID

This may take the form of aid directly given by one government to another, as in the case of the Norwegian Mission which for some years has been working on the improvement of fisheries in South India. It may also be carried on through the United Nations Special Agencies. The Food and Agriculture Organization has a Fisheries Division and a Rural Institutions and Services Division, which includes a Cooperative Section. The International Labour Office has a Cooperation and Small-Scale Industries Division. The United Nations Educational and Scientific Organization and the United Nations itself have from time to time sponsored cooperative projects and publications.

The methods by which aid is given to cooperative projects fall into four groups:

1. Technical meetings, seminars, conferences and schools are arranged on a regional or inter-regional basis, devoted to discussion on a pre-determined subject. A number of such gatherings have been held on Cooperation, including at least some reference to fisheries, and on fisheries, including some reference to Cooperation. The only ones entirely devoted to fisheries cooperation appear to have been the Indo-Pacific Training Centre in Fishery Cooperatives and Administration, Australia, 1957-58, organized by FAO and the Government of Australia, and the Technical Meeting on Fishery Cooperatives, Naples, Italy, 1959, organized jointly by FAO and ILO.

2. Technical experts and consultants are made available at the request of governments for periods of one or two years to advise on new developments. A number of cooperative and fishery advisors have been employed in different countries for some time. One or two are specifically occupied with Cooperation in fisheries.

3. Technical handbooks are published in several languages.

4. Travelling fellowships are granted to selected students with previous experience in cooperative, fishery or other services, usually from underdeveloped countries, who are given an opportunity to study their subject in a country or countries where development is more advanced.

In addition to the official inter-governmental bodies, several non-governmental cooperative organizations, in particular the Interna-

tional Cooperative Alliance, are prepared to give aid on similar lines and also in some cases to make gifts of equipment to pioneering cooperatives. Some of the national cooperative organizations in Europe and North America will release trained staff to act as advisors or temporary business managers, though usually the organization using their services is expected to bear at least part of the cost.

The opportunities for spreading the knowledge of cooperative systems and methods from countries with more to those with less experience are thus considerable, and their further exploitation depends largely on the degree to which the developing countries are aware of the service offered and feel that their needs can be met in this way.

III. COOPERATIVES AND MANAGEMENT

(A.) COMMITTEES AND STAFFS

The running of any cooperative involves administrative, financial and operational problems of considerable range and complexity. Co-operative principles alone are not enough to ensure success. The undertaking must meet a real and recognised need and it must be honestly, intelligently and energetically conducted. New cooperatives may run for a time on enthusiasm, only to succumb later on to some basic weakness of administration or management. They may fail even with reasonably good management if the membership is ill-informed or indifferent and does not give continuous support to the venture.

The objectives should, in the first place, be well chosen. The aims should be to establish a service of real and understandable benefit to the members, which will attract and hold their support. At the same time it should not be impossibly difficult or call for resources in men or materials which are obviously not there. Not only the objectives but the scene of action should be prudently chosen. If, in selecting the place for a pioneer venture, a choice has to be made between the greatest need coupled with the greatest difficulty and a lesser need with greater chances of success, it may be wiser to choose the second and later tackle the more exacting problems from the vantage ground of success elsewhere. Sometimes, however, local pressure is too strong for prudence.

The usual first steps to the formation of a cooperative are private discussions with or among the more influential or active-minded members of the community. Later, a public meeting may be called. Much will depend on a small fully convinced group from whom the actual application for registration will come and who will probably form the provisional committee. It is important, especially in a small community, that support should be much wider than this. Many activities can only be carried on economically if there is an assured minimum of business passing steadily through the cooperative. In any case, a large number of indifferent or hostile people who are qualified for membership but prefer to remain outside, is apt to damp enthusiasm and shake confidence. On the other hand, any

high pressure salesmanship of the cooperative idea must be avoided. A membership which expects to make a fortune in six months is a liability rather than an asset.

GENERAL MEETINGS AND COMMITTEES

It is important that the constitution and rules of a cooperative should be well-drawn; that they should be easily worked in practice, place responsibility clearly on the right shoulders and be easily understood by the membership, though they should not be so simple as to be legally meaningless. Here the decision is very rarely that of the local group. It has in most cases already been taken by the legislator or by some central cooperative organization which has drawn up model rules. Model rules and laws alike should, of course, be reviewed from time to time in the light of actual difficulties which have arisen or of changes in economic conditions or levels of education which have taken place since they were drawn up. This may be the duty of a government department or of a cooperative federation drawing on local experience.

The highest authority in a cooperative is the general meeting of members, held at least once a year, sometimes half yearly or quarterly. It is the members' only chance of hearing a direct report on the work of their society or of receiving explanations regarding its activities or their own rights and obligations. It is their only opportunity to criticise policy and elect committees. It is therefore important that as many as possible should attend. For this reason the general meeting should not be fixed at a season when members will inevitably be fishing at sea. If an off-season is chosen, they should find no physical difficulty in attending, since fishermen tend to live in fairly close communities, unlike farmers, who may be widely scattered over the country.

Even so, attendance cannot be guaranteed. Members may be diffident, self-conscious, afraid of not understanding the business. Or they may simply feel they have something more interesting to do. As a rule attendance is good for the first few years, when Cooperation is a novelty and new ground is constantly being broken, but falls off later on, either because the cooperative is a successful, accepted, but no longer exciting element in local life, or, in less happy circumstances, because it has become static and depressing. It is necessary, therefore, to see that members' meetings are kept interesting. The most obvious and widely practised method is to make them into

social occasions, which may include a film show, a concert, or a modest feast and an invitation to members' wives to attend. This is usually effective, though it involves spending a little money. It will not necessarily secure an intelligent concern for the affairs of the society. This can only be achieved if the chairman, the manager, the auditor, possibly a visiting inspector or advisor, is prepared to give a really informative account of the cooperative's affairs and problems in terms which the members can readily understand. This should be accompanied by a distribution of printed or multigraphed financial reports and balance sheets and an explanation of their meaning. It should also be remembered that fishermen are often quite unfamiliar with the procedure of business meetings and require to be tactfully initiated into the order and meaning of business, either by the chairman or by a visiting advisor. The Registrar's Department of New South Wales put in concentrated work in this field, and was rewarded with coherent, businesslike and interesting meetings of fishermen's cooperatives.

Some large cooperatives and federations further the interest of members by printing and distributing house journals or even weekly magazines for home reading, and by organizing meetings at which no business decisions are taken, but members have a chance to meet the staff, discuss the work of the cooperative and make criticisms if they wish. When the cooperative owns a processing plant, these may be varied by arranging days on which it will be open to the inspection of members.

The Committee on which rests the final responsibility for the administration of the cooperative, is elected by the annual general meeting. Its numbers vary from one society to another. A large committee spreads interest and responsibility, a small committee is generally more effective for business purposes. The period for which a committee-man is elected is also variable, but should not be less than one year or probably more than three. A system by which one-third of the committee retires annually, helps to preserve continuity. A rule allowing a committee-man to be re-elected once, but then imposing an interval before he can stand again, does something to prevent the committee becoming stale, too old or dominated by a few personalities. Cooperatives that have been in existence for a number of years often realise suddenly that they have lost, or never attracted, the interest of the young, and that when their present committee die (perhaps all within a few years) there will be no one to succeed them. A number of devices have been tried in order to avoid this danger, including the election of a "shadow committee"

of young members, who may attend meetings but whose votes are not counted.

The Chairmanship is often a key appointment. Sometimes the chairman is elected by the annual general meeting, sometimes by the committee. He should be a man of personal authority, respected in the community, but he should not be a dictator and should have the tact and sense of proportion necessary for running a democratic organization and handling staff, who in business matters must be allowed a fairly free hand. In some cases his work is so taxing that he is paid a fee. This is unusual, though it is fairly common to allow all committee-men out-of-pocket expenses. In some cooperatives the secretary or other chief salaried officer is elected by the annual general meeting, but this is not so satisfactory for either party as appointment after mature deliberation by the committee.

Committees of consumers and agricultural cooperatives usually meet regularly on a fixed night of the week or month. The frequency of meeting depends on the amount of business to be transacted and the degree to which the committee is prepared to delegate responsibility for all decisions not involving major policy to the principal officials. In a fishermen's cooperative regular meetings of this kind may be impossible. It may be necessary to suspend all meetings during the busy season when all or most of the members are at sea, and hold several in succession at short intervals to clear off accumulated business. The success of such an arrangement depends largely on the trust which the committee places in its chairman and the confidence between him and the principal members of staff.

As with the general meeting, procedure in committees, the handling of propositions, amendments and votes, the recording and agreement of minutes, is of considerable importance, if time is to be well used and disputes avoided. It does not come by instinct and may have to be taught.

MANAGEMENT AND MANAGERS

Though the rules are usually quite specific as to the powers and procedures of general meetings and committees, they often have much less to say about managerial and staff organization. Here, subject to guidance, the cooperative will have a free hand, and decisions which may ultimately prove crucial are liable to be made at a very early stage in its development. Their importance may not be apparent while the cooperative is small, but a mistaken decision may mean that it never has a chance to grow large.

In a fishermen's cooperative the choice of staff is often limited by the human material available and by the fact that the cooperative, in its early stages, has very limited funds with which to attract an able man. There are a number of alternatives, many of them open to more or less serious objections. A local man may be appointed because he is literate and disinterested, for instance, a village school master, who can only work part time. This may be good enough for a credit or insurance society, but will cramp the development of a trading or processing organization which will very soon require active full-time management. A retired or physically disabled fisherman may be appointed. This may be successful if the man has a genuine aptitude for business and is not too old to master its techniques. The chances are rather against a lucky find in this field and especially against the discovery of anyone suited to the management of a fast growing or complex undertaking. All may be well for the first few years, but thereafter growth is likely to be held back.

A man may be appointed from private trade. If he is young and has no family or personal connections which make him hostile to Cooperation, this may be a good choice, as he should be business-minded and technically competent. On the other hand, he will have to learn to work with a democratic organization and if, unfortunately, he should be bent on his own advantage, he may dominate an inexperienced committee. A man may be recruited from another branch of the cooperative movement. This is often a good solution, as the candidate should have both business experience and familiarity with the cooperative movement. He will not be so familiar with the special techniques of the fishing industry, but a technique is often more easily acquired than an attitude of mind. Where all else fails it may be necessary to lend an officer of the cooperative department to manage the society temporarily, till a suitable non-official has been found and trained. The objections to this expedient have already been discussed, but there may still be cases in which it is the only one available.

In any country where there is an established cooperative movement with primary and secondary organizations and some degree of central administration, the staffing problem is much easier. There is already in being a large body of cooperative employees of all ages and several levels of competence. They are sufficiently numerous to make possible training courses of various kinds. A central employment register can be maintained and men anxious and suitable for promotion can be located whenever an appointment falls vacant. Even so, the local committee should be given the chance to choose

between several applicants and to settle for a local man if they are determined to do so.

The terms of appointment may vary from a monthly engagement and a straight salary through various forms of salary plus commission on business done, to the contract by which the manager takes full responsibility for the undertaking and pays himself out of the surplus. This, though common in some branches of Cooperation in the Scandinavian countries, is little used elsewhere and is open to objections. A salaried appointment is usually to be recommended, but the salary must be adequate and must be increased as the cooperative expands and the value of the manager grows with his experience. Too many cooperatives pay small salaries because the earnings of members and committees are themselves low, and they cannot see why a man should earn more by doing what they think is an easier job than their own. Managers and other employees in responsible and relatively unsupervised positions, are usually expected to provide security guarantees covered by insurance.

Most cooperatives begin with no staff but a secretary-manager and a warehouseman. As they grow, other appointments are made, usually by the committee, and often in a haphazard manner. After 5 or 10 years, the society may be employing 20 or 30 people, but there may be no clearly understood managerial structure and the chief official himself may have had very little to say in the selection, placing or promotion of his staff. It is neither easy for an inexperienced committee to foresee such a situation nor for them to recognise the moment at which detailed committee control and informal arrangements ought to give place to modern business methods. Sometimes the manager has the tact and ability to turn the awkward corner himself, but he may himself lack the knowledge or perhaps the courage.

A few points made clear in the early days may save a good deal of trouble later. In the first place, it is unwise to make two or more appointments of equal status and seniority, neither having authority over the other and both reporting direct to the committee. Many cooperatives have in the past appointed a manager and secretary or even managers of different departments, of equal status, but the system is not to be recommended. There should be a recognised chain of command, descending from the manager through the secretary and chief accountant, or the engineer and foreman to the junior clerks and manual workers. Apart from a possible right of appeal in case of dismissal, the subordinate staff should not go direct to the committee, nor should members of the committee attempt to influence or extract information from them.

The committee must of course appoint and dismiss the manager and may deal with a few other senior appointments, though the manager should be consulted. The committee should at an early stage divest itself of the privilege of appointing junior staff. The practice may in some circumstances lead to nepotism; in a large organization it undermines the position of the manager and is an intolerable waste of the committee's time, preventing them from giving serious attention to the policy of the cooperative.

SELECTION AND PROMOTION OF STAFF

There are probably very few fishermen's cooperatives which are anywhere near the point at which a personnel manager can or should be introduced, although this point has already been reached by a number of consumers' and agricultural cooperatives. In the meantime, this work falls on the manager, not the least of whose qualifications will be his ability to choose and handle men. It is a characteristic of nearly all successful cooperatives that they have notably good staff in the middle and senior grades. The manager, in other words, is not afraid of able young men and knows how to retain their interest and loyalty. In an ideal cooperative, this attitude would continue down the line, and be shared by chief clerks, foremen and all those who have others working under them.

Even in a relatively small and simple organization it is desirable that thought should be given to the welfare of workers, as well as to making the most effective use of their services. In many countries there are laws regarding working hours, ventilation and warmth, the provision of wash rooms and the fencing of dangerous machinery. A cooperative must keep within the law, and in countries where legislation is not advanced, it may well try to do a little better than the legal minimum.

It is also important that workers should be employed on jobs to which they are suited, which are within their capacity, and yet use that capacity as fully as possible. An employee may be a liability because he is not up to his job, but also in some cases because the job is too trivial and boring to hold his attention. A well-considered transfer may put an end to friction and save a dismissal.

It is desirable that employees should understand what they are doing and how their work connects with that of others; that they should, as far as possible, handle a complete job and should know to whom, as well as for whom and for what they are responsible. How far they should understand and be consulted about the work

of the organization as a whole depends a good deal on its size and on their position in it. Consultation with and between senior employees is a business necessity. Junior clerical and manual staff should at least know the difference between a cooperative and a private business, especially if they deal directly with members of the society. They should also have an opportunity to express a point of view on the work in which they are actually engaged.

A recognised ladder of promotion is only fair to the staff and is a great help to the cooperative in attracting good employees. In a small society it may be only too obvious that the ladder has no more than two or three rungs. It is one of the advantages of federal organization that it multiplies ladders. It must be admitted, however, that some cooperatives, in their anxiety to do well by their employees, fall into the trap of making all promotions from within and all on a strict basis of seniority. The principle that cooperatives should endeavour to "grow their own men" is excellent, but made an absolute rule, it can be fatal to business efficiency. Technical appointments from outside — engineers, analysts and so on—are generally accepted, but many cooperatives, perhaps out of loyalty, insist on recruiting their general staff from boys and girls leaving junior schools and thereafter gradually promoting them as they grow older and their seniors retire. Many good cooperative managers have, in fact, been trained in this way, with or without leave of absence to attend cooperative training courses; but private business has long since seen the wisdom of opening the door to more highly educated men and women to join the staff at a later age, and cooperatives are beginning to adopt the same policy. It is especially important in countries where the educational system is so developed that children of high intelligence have the opportunity to carry their education through to university standard, whatever the income of their parents. The chance of finding an outstanding manager without formal education is paradoxically greater in countries where the general educational standard is low. But whether senior appointments are made from within or without (and both may be necessary), promotion should never be made on seniority alone.

A cooperative organization does not exist merely for the benefit of its staff, and though the welfare of the individual must be considered, the administrative structure, with its system of subordination and interlocking responsibilities must be designed primarily for the smooth running of the business and the service of the members. Sections must be neither understaffed nor overstaffed, they must know when to act on their own and when to consult or seek author-

ity. Instructions must be clear and responsibility for acts and decisions firmly accepted. Information must be available when and where it is required. This will depend largely on a proper system of records and accounts kept by the office, on the basis of information received from every department—the quantity of fish moving into and out of cold store, for example, or the rise and fall of market prices must at all times be readily available. Authority may, and indeed should, centre in the manager, but he must be fed by his staff with all the necessary facts. He will, however, be unwise if he tries to monopolise knowledge, either of facts or policies. He should be free to go on holiday or even to die without bringing the cooperative to a standstill.

Much of the foregoing may seem to have little relation to the small local society formed in a small port for one simple purpose. All cooperatives, however, hope to grow, and the society with very limited aims, the retailing of a few items of gear or the first hand sale of a small quantity of fish, can probably be of only limited service to its members. However simple the beginning, the committees and managers should look ahead and make sure that the early decisions will allow for easy expansion on the lines of modern business rather than create barriers and bottlenecks which it may cost much time and temper to remove.

COMMITTEE AND MANAGEMENT

Separate attention has been given to each of the three groups of human beings, membership, committee and staff, which go to make up a cooperative. The success of the enterprise depends largely on a proper relationship between them. This has been dealt with piecemeal, or by implication in the foregoing pages, but the situation deserves to be looked at more deliberately. Perhaps the most important relationship is that between committee and management, and in order that it should be successful, the functions of each need to be clearly understood.

For a number of reasons it is important that committees should from an early stage be trained to concentrate on broad decisions on policy, finance, and the interests of the members, and keep clear of the details of management. There are good reasons for this limitation. All sorts of people are elected to cooperative committees. Their common characteristic is often a liking for public work. They may well sit on other local committees, but it is less certain that they will have practical experience of trade or banking. Committee discussions

often take a long time, and unless a committee meets frequently and for many hours, the work of a cooperative may be held up because points of detail have not been decided. A good manager will throw up a position in which nothing is left to his discretion, or may find means of deluding his committee by presenting them with points of small importance while he settles the main issues on his own or in private conference with his chairman.

The committee must undertake the appointment of senior staff. It must decide, probably on the basis of arguments and forecasts put forward by the manager, as to what lines of business should be carried on by the society, and in particular what new ventures should be sanctioned. It must see that a reasonable plan for the financing of such ventures has been put forward. If this calls for the raising of new capital, either from members or on loan from outside sources, the committee must authorise the necessary action. If important capital investments are to be made in plant, premises or vehicles, it is for the committee to decide, as it is when land or buildings are sold. If annual, or perhaps more frequent, reports show that plans are not being carried out or are being carried out at a loss, if the position revealed by the balance sheet is unsound, it is for the committee to call for explanations from the manager and possibly from the auditor as well. If the explanation is not satisfactory, it is for the committee to insist on a change of policy or, in extreme cases, a change of manager. It is for the committee to recommend to the annual general meeting on the disposal of any surplus on the year's trading. All these are important responsibilities which should keep the most power-loving committee fully occupied. Unfortunately it is not always easy, as cooperatives grow in scope, to find men who can carry them adequately. Hence sometimes the urge to occupy time with decisions on trivial matters within the understanding of the least enlightened committee-man, a tendency which should be firmly resisted.

It is for the cooperative manager to appoint, promote and dismiss junior staff; to decide duties and enforce discipline; to conduct the day to day operations of the society; to decide in what markets to sell and from what sources to buy; to choose the make of machine or vehicle to be acquired; the type of records to be kept. If he cannot do these things on the basis of his own experience or with the technical advice at his disposal, he should not be trying to manage. There are of course a few business problems which are also matters of broad policy. The question whether or not to buy consistently from a cooperative wholesale society or from a local wholesale mer-

chant is one. Another may be whether or not to accept from members deliveries so small that it does not pay the society to handle them.

The manager, though he should be free in the execution of policy, may, however, find himself in a very exposed position unless he has not only the support of his committee, but their real understanding of the problems involved. In order to get it, he must himself work out fully reasoned and documented plans, and be prepared to have them set beside subsequent performance, an exercise to which every businessman should accustom himself. He should also be capable of setting out the problem clearly and presenting the arguments, especially the financial arguments, in a form which will be understood by men who are generally shrewd but are very rarely trained accountants. Some self-confident managers do not take the trouble, preferring to keep their committees away from business altogether, and even deliberately encouraging the election of nonentities. Occasionally they may have ulterior motives but more often their attitude is merely that of a busy man who wants to get on with his job with as little interference as possible. It is none the less dangerous and should be checked by the committee itself or by a good chairman.

A rather different but important duty which rightly belongs to the committee is that of acting as a bridge between management and membership. A few large cooperatives may keep a public relations officer who will devise schemes for keeping members in satisfied touch with their society as well as for bringing in new members and following up those who show signs of drifting away. In a small society all this can be well done by members of the committee. They can also relay to the manager complaints and mis-understandings which members may be too inarticulate to bring direct to his desk. Many members are fully, even excessively articulate; but the man who slips away silently to a private merchant because he has been charged a penny too much on a tin of paint is probably more likely to be a complete loss to the society.

THE USE OF EXPERT ADVISORS

Small cooperatives, like small business in general, cannot afford to employ on their staffs experts in all the fields in which they may operate. They may in some respects be at a disadvantage as compared with the small family business, the owner of which has been bred to his trade. The cooperative can, however, draw on a good deal of outside help. In the first place the auditor, whether he is a govern-

ment servant, the employee of a cooperative federation or a professional man working on his own, will in financial matters be an absolutely impartial and usually highly skilled advisor. If the cooperative has borrowed from a bank, especially from a cooperative bank, or a governmental bank with cooperative interests, it will also receive advice from this quarter. Both bank managers and auditors who have dealt with cooperatives for many years acquire an understanding of their problems and can quickly recognise the symptoms of over-expansion, under-capitalisation, a loose credit policy or any other financial disorder from which one of their clients may be suffering. They can also suggest the appropriate remedies.

On technical matters in the more limited sense, the position varies in different countries and different occupational fields. Sometimes the technical officers of government departments are willing and able to give advice on the choice and installation of machinery, or the design of premises, as well as on promising new processes and devices coming on the market. Sometimes national cooperative organizations employ engineers, architects, analysts and others whose services are available to member societies. This is not always the case, and local cooperatives have to fall back either on visits to other societies which have made the venture before them, or on the advice of professional architects or the makers of engines and other articles. The former is apt to be expensive, and the latter, although given free, is not always disinterested or fully alert to the special problems of the society concerned. A reputable manufacturing firm supplying equipment to a cooperative in the same country will almost invariably give reliable and highly expert advice. A society importing from a distant country, through agents, runs much greater risk of finding itself with some piece of equipment which is either too costly or not sufficiently adapted to local conditions. This is an opportunity for the fisheries cooperative federation to give an appreciated service.

A cooperative with legal or organizational troubles should be able to get help from a national cooperative organization whether or not it has a specialised interest in fishery cooperatives. Most national organizations keep legal advisors who are skilled at interpreting cooperative laws and the rules made under them. They can usually give advice in other legal matters, though if the matter is simple and criminal (the cashier going off with the cash, for example) they may advise the employment of a local lawyer. On organizational matters also—disputes between members or between committees and managers, encroachments by neighbouring societies on one another's territory,

amalgamations calling for valuation of assets—the central organization should be prepared to advise and perhaps act as arbitrator.

A general cooperative federation should be prepared to do all these things, but it may well be more accustomed to the problems and attitudes of agriculturists or industrial consumers than of fishermen. Expert service in this as in the technical field may well have to wait upon the formation in every country of a fisheries cooperative federation.

(B.) FINANCIAL STRUCTURE AND OPERATION

A cooperative cannot exist without capital in some form. It is needed in order to provide buildings or plant, to meet running costs, to cover the purchase of stock in trade and the holding of produce for market, to lend to members or to supply them with goods on credit. At least part of this capital (usually called "owned capital") should be supplied by the members themselves. Part will almost certainly have to be borrowed from outside.

SOURCES OF COOPERATIVE FINANCE

Owned Capital

It is laid down in cooperative law whether membership of a cooperative shall be with unlimited or limited liability. There may be provision for both kinds of liability and the promoters of a cooperative may choose which they will adopt. The system of unlimited liability is the older of the two and is still the most usual in many Asian countries and in some European, especially for credit cooperatives and for the joint ownership of fishing vessels. The idea behind it is that where the members themselves can contribute little capital, they will only be able to borrow if they are prepared to pledge themselves jointly and severally to repay the debt. Some excellent cooperative movements have been built on this foundation, but it seems to be going out gradually. This is probably because, in the first place, few cooperative members are now so poor that they can make no contribution to the capital of their society, while in the second, the mere fact that they have a little property of their own makes them less ready to pledge their unlimited liability. Also many people now belong to several cooperatives and it is impossible to offer unlimited liability to more than one. On the whole, unlimited liability seems to have been less used by fishermen than by some other cooperative groups, though it will probably remain the recommended form for local credit societies in some countries. There is also an intermediate form called "contingent" liability, by which a member is liable to an amount equal to perhaps ten times his share capital.

Another distinction is between "stock" and "non-stock". This was originally American, but has been adopted in Japan. "Stock" is equivalent to share capital, but "non-stock" need not imply unlimited liability. It may mean that the cooperative has been formed for some purpose, such as controlling fishery rights, which does not call for capital, or that capital is being raised on some other security, such as a pledge to deliver produce.

The most frequent basis for the capital of a fishermen's cooperative today is the members' shares, to the paid up value of which his liability is limited. The total number of shares is not fixed, as in a company, but remains variable in order to allow the entry of new members. There is always a minimum share-holding, usually one share for each member, but in countries where it is customary to allocate one or more shares of the catch "to the boat", the owner of the boat may be expected to take up the same number of additional shares in his cooperative society. There is also as a rule a maximum shareholding for any one member, either an absolute figure or a fixed proportion of the total. Shares may be set at quite a high figure—the Canadian minimum, for example, is approximately \$60, and the Norwegian Kr. 250—but they may be only partly paid up, perhaps 25 per cent being deposited on entry and the remainder paid up gradually by means of a small levy on the payments due to the member for his fish. In Denmark there is no initial payment, and shares are built up solely by deductions of this kind. In many cooperatives, although there is no compulsory deduction, members are invited to invest as additional shares in their society any profits due to them as bonus on business done. Many respond quite readily to this appeal.

Shares may be withdrawable on demand. This gives confidence to the member but may be inconvenient to the cooperative if only because it gives less security for borrowing capital from other sources. Transferable share capital is therefore to be preferred, but it means that any member who wishes to withdraw must find another member, or a suitable fisherman not yet a member, to take over his shares.

Some cooperatives also charge an entrance fee, which is not returnable and becomes the absolute property of the cooperative. Another device for capitalising a society from the members' own resources, is the revolving fund. This also may be built up by levies on business done or by the retention of profits due to the members at the end of the year. The sums compulsorily retained in this way are invested in the society in the name of the individual member, and are repayable to him after a fixed term of years, perhaps five or ten. They

are treated by the tax collector as profit returned to the member and so do not attract income tax. This may be a considerable advantage to cooperatives in countries where they do not enjoy complete tax exemption. The revolving fund also has the advantage of ensuring that the ownership of capital goes with active use of the cooperative. Retired members get most of their capital back when the fund is repaid and contribute no more.

Both share capital and revolving funds bear interest at a fixed rate, usually from 3 per cent to 6 per cent, though higher and lower figures are known. Interest does not fluctuate with the level of profits from year to year, though it may at long intervals be revised upwards or downwards. Since the cooperative has to pay for the use of money from both these sources, it is necessary to make sure that it is being used all the year round in the society's business and is not lying idle in a bank or strong box. Occasionally cooperatives which are not developing new services may find themselves with as much share capital as they need for current business, and so be unwilling to admit fresh members. This means that membership is no longer open and the society is not fulfilling the purpose for which it was intended. A nominal shareholding from newcomers and a policy of business expansion is a better alternative in such a situation.

Before leaving the subject of share capital, it should be recalled that the members of a cooperative are not necessarily all of them individual fishermen. A processing plant may well be set up by two or three local fish marketing cooperatives, who will subscribe the necessary share capital. A fish processing, wholesaling and retailing cooperative may be the joint enterprise of fishermen's and consumers' cooperatives, as in Sweden; or fishermen and consumers may set up a combined fish marketing, fishery supply and domestic retailing business, as in northern Norway; or fishermen and farmers combine to run a fishmeal plant, as in Denmark. The other partner need not always be a cooperative. Some of the fishing boat ownership cooperatives set up in Iceland twenty or thirty years ago had municipalities among their shareholders; and in India, the government itself has a scheme for "state partnership" in the large cooperative undertakings, though it is not certain that any fishery enterprise has yet been included in this plan.

The last source of owned capital is the reserve fund, formed by setting aside all or part of the surplus on the year's business for purposes of future development, or to cover possible losses. The surplus may be the difference between buying and selling prices after

the running costs and other charges have been met, or, in a credit society, the difference between the interest paid on deposits and that received on loans, again, after the expenses of management have been deducted. Under some cooperative laws, the allocation to reserve is left to the good sense of the committee, but it is often laid down in the law of the rules that a certain proportion—25 per cent or 50 per cent—of the profit should be paid into reserve until the latter is at least equal to the share capital. No individual member has any claim on them except (in some countries) after the dissolution of the cooperative. Under some laws, however, allocations to reserve are quite heavily taxed at the time when they are made, and this may induce a cooperative to pay out as much as possible in bonus to members, or, more prudently, to open a revolving fund.

In addition to a general reserve, a cooperative may have allocated reserves for special purposes: for example, a bad debts reserve to cover losses due to the failure of members or outside firms and individuals to pay their accounts; a dividend equalisation reserve which makes it possible to continue paying members a dividend or bonus on fish delivered, even in a year when the cooperative itself has done no more than break even; a building reserve for the new cold store which it will be necessary to build as soon as the lease on hired premises runs out. Some cooperatives also hold certain sums as “undistributed profits” to meet unforeseen expenses in the coming year, and some have an employees’ pension fund, which may, under safeguards, be available for use in the business.

Loan Capital

Very few cooperatives can hope to carry on their business entirely on the basis of “owned” capital, and if their needs run in seasonal peaks it may not even be desirable that they should. They may not in all cases have to go outside the circle of their own members. The consumers’ cooperative movement in Great Britain was financed, apart from withdrawable share capital and reserves, entirely by the savings deposits of its own members, all of them, almost without exception, weekly wage-earners. In farmers’ societies of many countries, which include men of some substance, loans, sometimes individually quite large, have been made by a limited number of members, perhaps those on the committee and their immediate friends, in order to get the society under weigh. The rate of interest on such loans may be slightly higher than on share capital. On the other hand they can usually (like the deposits) be withdrawn at any time.

This can be inconvenient for the society and some of the larger cooperative organizations have worked out schemes for dated loans or savings certificates maturing in three or four years.

Most cooperatives, however, borrow from outside their own membership. In some countries and for some purposes the sources may be ordinary commercial banks. A well-established cooperative with a good reputation can usually get an overdraft to cover the purchase of supplies, which it expects to sell to members gradually, over a period of a month or two. It may be able to get a similar overdraft to cover stocks of processed fish which it intends to release gradually on to the market. But not all commercial banking systems are so accommodating, and not all cooperatives have an established reputation.

It is this situation which has led to the establishment of cooperative banks. These may take many forms. The consumers' cooperative banks were built up to facilitate cooperative trade and retain within the movement the accumulated cooperative funds, shares, reserves and deposits not in current use by the society to which they belonged. Agricultural cooperative banks, as in the Federal Republic of Germany, the Netherlands and elsewhere, began as clearing houses for local thrift and credit societies, enabling them to lend the surplus deposits from prosperous or thrifty districts to societies where farmers were poorer or agriculture was changing in character, giving rise to demands for credit which the cooperatives could not otherwise meet. The resources of all these banks are derived very largely from deposits which can be withdrawn at short notice. They can often lend quite generously to cooperative trading societies at short term, that is for periods lasting from a few weeks to a maximum of one year. They are not so well placed to lend at long term for investment in buildings or plant, unless such loans form only a small percentage of their total resources.

For this reason a few countries have set up special cooperative mortgage banks, financed by investment from other large cooperative banks and by the sale of bonds, which can be sold on the market but not withdrawn. The purpose, or perhaps one of the purposes, of such banks, is to lend long-term development capital to local trading or manufacturing cooperatives, though they may also lend at long term to individuals. As far as is known, there is no purely cooperative fisheries bank of this kind, and it is doubtful how much fishermen's cooperatives have been helped by the cooperative mortgage banks set up by farmers or other groups.

There are several other types of non-governmental institutions

which are prepared to lend in this way. Fishermen's professional unions and the cooperative sales organizations with statutory powers in the Scandinavian countries make loans to fishermen's cooperatives, especially in their initial stages. National cooperative insurance organizations often have large funds to invest and are prepared to lend part of them on mortgage to other cooperatives. The same is true of cooperative building societies. It is uncertain, however, whether any fishermen's cooperatives have made use of these sources or whether the organizations insuring fishing vessels employ their funds in this way. They may find it more prudent to spread their risks over other professional fields, since a sea disaster in one area might bring heavy claims on the insurance society and also lower the earning capacity of the local cooperative marketing society.

The remaining source of cooperative loan capital is the government or a government agency. The Bank of Norway, for example, makes State-guaranteed short-term advances up to approximately \$8,000,000 without security, to cover the processing and marketing of fish, and the Fisheries Bank will lend at long term to cooperatives for the construction of plant and buildings. The Swedish Government lends to fisheries cooperatives both for capital development and to finance marketing and processing. Other examples could be quoted.

The French and Japanese systems are rather different, since they involve the setting up of special banks which, though they may lend to trading cooperatives, are mainly intended to finance the individual fisherman through his local credit society. In their early years, the regional banks in which French fishermen's credit societies were grouped, were financed by long-term (10 years) loans without interest, direct from the Ministry of Mercantile Marine. Later a Central Cooperative Credit Bank was established with a committee elected by the regional banks but operating under a measure of government control. In Japan the system is, broadly speaking, similar, but the Central Cooperative Bank also acts on behalf of agricultural and forestry cooperatives, and is now almost independent of government advances. The government, however, guarantees a proportion of the loans made by the Bank and the regional credit federations, by means of a Fisheries Loan Guarantee Fund. The Agrarian Bank in Greece, the Labour Bank in Italy, the State Banks of Yugoslavia and Poland, the Small Business Administration of the U.S.A., all lend to fishermen's cooperatives. The United States Federal Government also has a fishery loan fund, though not exclusively for the use of cooperatives.

Certain statutory bodies, which are neither banks nor cooperatives, with special powers, such as the White Fish Authority of the United Kingdom and the Central Fish Market of New South Wales, are also authorised to lend to fishermen's cooperatives, and in some countries have done so with considerable effect. Altogether, it would appear that sources of investment and working capital are available in most maritime countries to any group of fishermen who can unite and put forward a sufficiently well thought-out scheme for cooperative action.

One source of capital has not been mentioned so far and is indeed generally disregarded in cooperative textbooks. It may, however, be of some importance. This is trading credit, and it is mainly of use to cooperatives for the supply of requirements. A cooperative wholesale society or indeed a private firm may well be prepared to supply goods to a society in time for the busy season, and may not expect payment till at least part have been sold. This may be a matter of considerable convenience to the cooperative, but it can also be dangerous, especially when the supplier has no interest in Cooperation. For example a society too far in debt may become tied to a single supplier, and forced to accept unwanted goods or unprofitable terms. It may even, in the end, find itself forced into liquidation and its assets transferred to its creditor. Another type of cooperative which may be offered trading credit is the processing society using subsidiary raw materials.

THE USE OF CAPITAL

To some extent this will have emerged from the foregoing pages. It may be well, however, to summarise the capital needs of different types of cooperative and to relate them to the sources of capital already enumerated.

Credit Cooperatives

The purpose of a credit cooperative is to lend to fishermen. It requires very little in the way of premises or equipment and may have only a part-time secretary. It therefore requires little investment or operating capital. It needs money to put into fruitful circulation among its members, and it should work to encourage thrift.

The principal purpose of short-term loans is likely to be the purchase of gear and other supplies for the fishing season, and in

some cases the repayment of old debts. It should be the aim of the local credit cooperative to accumulate sufficient resources in shares, deposits and reserves to cover loans for such purposes. The credit cooperative will also have to meet requests for medium term loans (probably up to 5 years) for more costly equipment, as well as for long term loans for the purchase or building of fishing boats. For such purposes the society itself will almost certainly have to borrow, either from a regional or national bank or from some governmental fund for the promotion of fisheries, though in some cases the loan may be from an independent, non-cooperative bank.

It is the purpose of cooperative lending, as far as possible, to lower the cost to the borrower. Interest rates are accordingly kept low, and by economising in premises and salaries, the society tries to work on a very narrow margin between the rate which it has to pay to depositors or central banks and the rate which it charges members on the advances which they receive. This margin should allow for the gradual accumulation of reserves, but the process is not likely to be very rapid.

Boat-Owning and Joint Fishing Cooperatives

These are usually formed in order to borrow for the purchase and equipment of a fishing vessel, either through a cooperative credit society or direct from a national fund. The loan will be at long term and will be secured either on the unlimited liability of the members or on the insurance of the vessel, possibly on both. A cooperative formed solely in order to acquire some installation of common use to the fishermen in a single port (harbour improvements, radio, etc.) would have to be capitalised on rather similar principles, except that a mortgage on a fixed land-based installation might in some cases replace insurance.

Cooperative Insurance

More will be said of the operation of this type of organization in a later chapter, but from the point of view of finance it is only necessary to say that two methods are possible. In the first place there may be a simple agreement among members to pool their losses at the end of each year, meeting the cost out of a levy. In the second, the probabilities of loss are calculated, and premiums are paid in advance, in proportion to the value of the property insured. Insurance cooperatives are usually self-supporting in capital, though

some governments are prepared to make grants towards the cost of exceptional disasters.

Trading and Processing Cooperatives

In organizations of this type the use of capital is much more complex. In the first place, the cooperative must have premises, even if these are, at the outset, no more than a storehouse and an office equipped with a weighing machine and a safe. In a progressive society the need for equipment is likely to expand rapidly and may come to include such costly items as a cold store, a quick freezing plant, a fish meal factory or a cannery. A cooperative which expands only after having successfully carried on some simple form of business for a number of years may well have accumulated sufficient reserves and share capital to finance development out of its own funds, but this will not always be the case. When the need for new investments is foreseen, the committee may decide to appeal for additional share capital, to increase membership or to secure the approval of the annual general meeting for a levy on all fish delivered. But it may first borrow from a bank, cooperative or not, or from some other outside source, and only later raise capital from members to repay the loan.

The method by which Australian fishermen's cooperatives have financed development with loans from the New South Wales Fish Marketing Fund may be quoted as an example. The loan is in the first place secured by a charge on the society's assets. It is repaid usually at the rate of 1 per cent of the gross returns on sales made by the society, with a minimum yearly repayment target. The money is raised by means of an additional reduction from the returns to fishermen. This is placed in a loan redemption account at the bank and is transferred at regular intervals to the Fish Marketing Fund. At the same time, the deductions are covered by the issue of additional shares to members, while at the end of the year any bonus due to members from surplus is also credited to them in the form of shares. This system has the advantage of providing at one and the same time a secure means of paying off the loan, maintaining and indeed improving the financial position of the society, and ensuring that the members' share in the capital of the society rises in step with the value of its plant and premises.

From this example it will be clear that every cooperative can and should aim at owning its own fixed assets, either from the outset or within a reasonable time. It should not be forgotten also that plant

and premises have not only to be acquired in the first place, but kept in repair and renewed. The value must in consequence be regularly written down in the society's balance sheet, and at the same time reserves created in order to meet the cost of repair, rebuilding and modernisation. The rate of depreciation varies for different assets and is something on which the auditor should be asked to advise.

A cooperative engaged in trade has, however, many other needs for capital. If it is buying fish from members, they will expect to be paid weekly, if not daily; but buyers of fish and fish products may only pay monthly. Processed fish may be held for some weeks or even months before it is sold. In either case, capital will be required to finance the waiting period. The need may be greater at some seasons than at others. Processing will almost certainly call for raw materials other than fish, such as fuel, salt, tin-plate, for which payment must be made some time before the finished product is sold. Almost any type of handling calls for containers, usually boxes, but in the case of fishmeal, sacks. It also means the payment of wages and salaries, the value of which is only gradually recovered from sales. Lending institutions, especially those the specific aim of which is to aid fisheries or Cooperation, are fairly ready to lend to properly run cooperatives, on the security partly of the members' contract to deliver fish, partly on produce actually in store, provided it has been processed and is held in a condition which ensures that it will not deteriorate. The advance may cover the whole value, as sometimes in Norway, or, more often a proportion, perhaps 80 per cent, an arrangement which safeguards the lender against a fall in prices.

A cooperative which supplies its members with gear and other requirements will again have to stock up some time before the busy season, when it can begin to sell, if possible for cash. In fact cash sales may not prove possible, and the society may have to provide for a constant lag between sales and payments. It is much less likely to be able to borrow to cover stock-in-trade than to cover produce in store, and will therefore be more tempted to take advantage of any long credits which may be offered by the supplying merchant. Apart from other dangers, this means the loss of trade discounts, and thus raises the wholesale price of goods to the cooperative.

One partial solution is to combine the sale of requirements with the marketing of fish and recover payment for gear supplied by means of deductions from the price of fish delivered. There is still likely to be a gap in time between sale and payment, but it will be shorter and the risk of bad debts is greatly reduced. Another system which is familiar among farmers and growers but does not seem to

have been widely adopted among fishermen, involves linking the finance of supply and marketing with the local cooperative credit society. The member wishing to purchase supplies seeks a loan from his credit society in the form of a drawing account up to a fixed sum. He then orders goods from his supply cooperative and gives it authority to apply for immediate payment from his account in the credit society. The return on anything which the member sells through the local marketing cooperative is likewise credited to his account in the credit society, where it can be applied to the repayment of his loan or the meeting of his current expenses on some agreed plan. This is an excellent system for avoiding bad debts and keeping money in useful circulation.

CAPITAL RESOURCES AND COOPERATIVE DEVELOPMENT

The availability of capital from governmental or other sources has undoubtedly been a major factor in developing Cooperation among fishermen. It is not a necessary condition of a strong cooperative movement, as is shown by experience in other fields—some of the largest and soundest agricultural and consumer cooperative movements owe nothing whatever to State aid—and even by the experience of fishermen themselves in countries like the Federal Republic of Germany or Canada.

There are of course countries in which free capital is in general fairly abundant and can be attracted into promising schemes, not only from those who will benefit directly, but from private savings or even from commercial banks. The position is different in underdeveloped countries where there is a general lack of capital and no tradition of small investment, and where the need is much greater. Here the State will often be obliged to intervene if any progress is to be made, but the more indirect the intervention, the better. Any widespread feeling on the part of members that Cooperation is a mere channel for the benevolence of the State, is only too likely to weaken local initiative and sense of responsibility.

A rather different risk may be incurred when a government department decides that some installation or enterprise would be to the advantage of the fishing industry, and that a cooperative would obviously be not only the best body to run it, but the only form of organization to which a large loan from public funds could acceptably be entrusted. Such a project may be well-conceived on a long term view, but to local fishermen the responsibility, both managerial and financial, may well appear intimidating. Initial reluctance to

go into such schemes would not be surprising or perhaps even unreasonable, nor should the lending institution be discouraged if the early years bring problems and losses. The cooperative method was designed for slow growth from small beginnings, in conditions of mutual trust, and for capitalisation based on prudence and self-denying economies. Rapid growth stimulated by large injections of outside capital may succeed, but success is much more probable if a fund of experience, confidence and goodwill has already been built up in smaller and simpler cooperative ventures.

(C.) OPERATING PROBLEMS OF MARKETING COOPERATIVES

Inefficiencies and bottlenecks in the distribution of fish from the point of landing, often constitute the main obstacle to the improvement of fishermen's living standards and of their methods of catching.

An improvement in the method of marketing fish is often therefore the form of cooperative action which will make the greatest immediate contribution to improving the economic position of the fisherman, since it will take the form of a straightforward increase in earnings. A well-run marketing cooperative may reasonably hope to improve on existing techniques of handling fish, cut out unnecessary intermediaries, rationalise and cheapen transport by bulk deliveries and other devices, and widen the choice of buyers, thus making prices more competitive. It should be able to increase the bargaining power of members through the use of market intelligence and the ability to handle a substantial volume of produce. It will have much more chance than the individual fisherman of gaining access to export markets or to consumer markets in inland cities.

A cooperative may also be able, through processing, to create a more valuable product, and by means both of processing and preservation to spread sales, and therefore earnings, more evenly through the year. By doing these things it will allow the fisherman to participate in the profit on several distinct operations—wholesaling, processing, perhaps export—instead of merely on the catching of fish.

CONDITIONS FAVOURING COOPERATIVE MARKETING

Cooperation is not a magic formula, and cooperative marketing, which deals with only one aspect of the fishery economy, cannot by itself create a flourishing business out of a basically uneconomic situation. On the other hand, where the business side of fishing is already competitive and efficient, a newly-launched cooperative may have difficulty in providing benefits sufficiently striking in the early stages to rally support and keep it till the undertaking has earned its place in the industry and begun to offer tangible benefits. In initiating a cooperative marketing venture, therefore, it is well to begin with the more favourable situations and only tackle the more

difficult at a later stage, and especially where a many-sided national cooperative movement is there to give support.

The first requirement of success is positive—the assurance that the cooperative will be able to handle throughout the year a sufficient volume of fish, preferably of a limited number of readily saleable species, to make possible the employment of competent staff, the maintenance of continuous supplies to the more important markets, and the utilisation to capacity of efficient handling facilities. All this, of course, means not only that the fish must be there to be caught, but that there must be sufficient fishermen working from the port to bring them in, and that these men must, in fact, be resolved to sell their whole catch faithfully through their cooperative.

The attitude of the fishermen is bound up with the second and more negative condition of success, namely, that the existing marketing system should be not only unfavourable to the fishermen, but recognised as such by the men themselves. Where trade is genuinely competitive, and there are alternative outlets: where, for example, the fisherman has the choice of taking his own fish to the consumer or selling it in an auction where rings are kept under control, the recognised need for a cooperative will be less, and the difficulty of holding members' loyalty will be greater, even if they would ultimately gain from being part-owners of a business as well as of a boat. Any attempt to organize a cooperative should therefore be preceded by a careful study of the existing marketing system. This should reveal whether a cooperative can in fact reasonably expect greatly to improve the fisherman's position, what will be the probable cost, and how strong opposition is likely to be. Unless it is possible by cooperation to introduce some completely new marketing technique—quick freezing, for example—into a district reasonably well equipped for ordinary marketing, it may in some cases be better to postpone a cooperative enterprise until the example of successful cooperative ventures elsewhere has attracted local attention and produced a spontaneous demand for the same kind of enterprise.

Another factor in success or failure is the geographical relation between a fishing port and its markets. A cooperative is better able than the individual fisherman to deal with the problems of a relatively inaccessible market, but it cannot deal with one the access to which is totally uneconomic. Before steps are taken to form a cooperative, there must, therefore, be some preliminary enquiry as to the availability and cost of transport to such markets as exist, and to the prices which may be expected for different types of fish and fish products when delivered. This is the sort of business arithmetic

which will not come easily to a local committee of fishermen, and in any case, they may have difficulty in getting the facts. A national cooperative organization or an official cooperative department may be able to give valuable guidance and so prevent wasted effort, loss and disappointment.

Though it is far from being an indispensable condition of success, it is undoubtedly easier to initiate cooperative marketing when, in addition to a government department equipped to give advice, there is also a central market under public control or supervision, as in Sydney or Hong Kong. This gives the local marketing society an assured outlet for its products, usually with some stability of prices, in a market supervised at least partly in the interest of fishermen.

As indicated at more length in earlier chapters, a cooperative should not be organized unless it is fairly certain that adequate capital will be available either from local thrift or outside aid, and the chances of success must be great enough to justify the organizers in asking men of small resources to part with cash for which they have other uses, or pledge their credit for the repayment of loans. This is particularly important in marketing, where capital needs are high and risks can be heavy. Finally, there must be a prospect of adequate staff, and in particular adequate management.

MARKETING CONTRACTS

When it is agreed to form a cooperative, it is usual to decide whether or not members enter into a formal contract to deliver all their catch. It is important to have an assured throughput for without it, plant, storage, transport and staff will not be used to capacity and will not be earning their keep. Moreover, if supplies are irregular, the cooperative cannot maintain deliveries to its customers, who will tend to go to a private firm which can supply with absolute certainty. In this way, valuable contracts are lost and the cooperative has neither regular outlets nor good prices for its products.

Some cooperatives take pride in relying for deliveries simply on their members' loyalty and their own ability to attract custom by efficiency and satisfactory prices. In the first enthusiasm for a new idea, or under pressure of public opinion, prospective members are frequently prepared to give assurances of support. It often happens, however, that an apparently unanimous agreement to form and support a cooperative is followed by the discovery that a substantial proportion of the members are so much indebted to merchants that they are not free to sell to anyone else; while others, who are not so

bound, will think that they are doing good business if they sell their choice fish privately, while bringing their less saleable catch to their cooperative.

If this is the position, something more than goodwill and verbal promises is required. The usual solution is the marketing contract, sometimes a separate document, more often forming one of the obligations of members as laid down in the rules. Failure to fulfil the contract subjects the member to a legally enforceable penalty, usually in the form of so-called "liquidated damages". This means that the society can deduct a previously agreed fine from the defaulting member's share capital or other money owing to him by the society without the need to establish in a court of law the exact loss which the society has suffered through the diversion of his produce.

There are occasions when a penalty of this kind may effectively be exacted in a single case, but claims for damages by a cooperative against its members cannot be repeated on a large scale. From the moment when disloyalty becomes widespread among its members, a cooperative must either change its management or admit that it has in some way attempted the impossible. This does not mean that contracts should be abandoned. A contract has a valuable moral effect in focussing members' attention from the outset on one of the first requirements for success, and in training them in the habit of steady deliveries. It merely means that the marketing contract must be backed by efficient management. Unless the society can, within reasonable time, make a better deal for its members than they would have had from private trade, no contract will hold them for long. The cooperative's difficulty, of course, is that in many cases merchants are for a time prepared to offer uneconomic prices, or at least cut their margins much finer than they would normally do, in order to outbid the cooperative. If they are successful and the cooperative fails, the merchant's price may be expected to return to its previous level. It is not always easy to convince the fisherman that this will happen.

Certain modifications in the member's obligation to supply, may occasionally be permitted. For example, the contract may only make compulsory the delivery of one species of fish, such as herring for a fishmeal factory, while leaving the member free to dispose of other catch at his own choice. A rather different situation arises where the member has choice of ports at which to land. The cooperative may have a depot at both, in which case no problem arises. It may also have a mutual arrangement with cooperatives at other ports. If these do not exist it may be necessary to allow some tolerance for emer-

gency sales, brought about by stress of weather or disablement, provided the member notifies his society that they have taken place and for what reason.

The obligation of the member to deliver his entire catch to his society is generally matched by the obligation of the cooperative to accept all that he delivers (unless, of course, it is condemned as unfit by sanitary authorities). This may set the cooperative a problem which does not confront the private trader, who ceases buying as soon as he has as much as he can sell at a profit. The advantage to the member of being able to dispose of his whole catch is obvious, but the situation can often only be met if the cooperative and its manager are alert in seeking additional outlets as well as spreading sales and equalising returns over the year. Of this more will be said later.

A question which sometimes arises is whether or not a cooperative should accept fish from non-members. In some countries it is legally debarred from doing so, while it may at the same time be debarred from refusing membership to any fisherman who requests it. Where this is the position, the answer to the non-member bringing fish is simply an invitation to take up membership. But there may be other factors to consider. A cooperative may have good reason for refusing membership to a fisherman known to be careless, or in other ways a bad risk. Some fishermen are nomadic and do not want to attach themselves to any one port or cooperative. If the cooperative is only one among a number of dealers, no great hardship will be caused if a man is rejected. If a cooperative is in anything like a monopoly position in a port, it may, after taking the legal position into account, either have to admit every fisherman, good or bad, or else accept occasional deliveries from non-members. What must be avoided in the interest of genuine Cooperation is the position in which a small group of members make profits from a large non-member trade. The organization then ceases to be cooperative and becomes another form of private business.

Delivery of Fish

In the majority of cases fish are landed by individual members of the cooperative, and brought by them to the depot, usually situated as near as possible to the point of landing. There may even be no depot, merely an immediate auction on the quay. The system of individual delivery is not universal. Some marketing cooperatives themselves own carrier vessels, to which catch can be transferred at

sea for prompt return to port, leaving the members to continue fishing. A carrier vessel may also be owned by a separate cooperative.

It may be important for the marketing cooperative to know in advance what fish will be available for market, and in some countries the news is passed back through a two-way radio transmission owned by the cooperative. Such an installation can also be used for gale warnings, to report accidents and summon medical and other help. In at least one case in Japan, such intelligence is passed by carrier pigeons owned by the cooperative—a novel but very practical expedient.

It is not enough that fish should reach the cooperative in good time. It should also come in good condition. The cooperative can do much to educate its members, both by tactful advice and by the sharper method of differential prices, in the importance of handling fish properly from the moment of catch. Some cooperatives have been particularly successful in initiating the use of ice among fishermen who had not previously used it, and so ensuring deliveries of properly chilled fresh fish.

Handling of Fish

The system which calls for the minimum of handling is the auction on the quay. The value of Cooperation for this simple purpose is that the auctioneer becomes the servant of fishermen through their cooperative. It is his business to sell the fish to their best advantage and in particular to prevent the formation of rings among buyers. He can also influence the members to bring in only good fish, carefully handled, and so raise the reputation of the market and attract to it buyers from further afield. This in turn increases competition and tends to raise prices.

Another simple method employed by some Italian and possibly other cooperatives is local retail sale, either through a shop or by house to house deliveries from a vehicle. For this purpose fish is presumably cleaned, but the operation is likely to be on a small scale and not susceptible to any factory-like organization. A clean, well-served shop or vehicle is likely to be the principal means of success.

Some cooperatives, especially in the United States, concentrate their energies on making a seasonal bargain for the sale of their members' entire catch to a wholesale or processing firm. This may be an important service, and it does not involve the cooperative in

any responsibility for handling the catch, as it is usually delivered direct to the purchaser.

Assuming, however, that something more than a bargain, a quick retail sale or an immediate auction, is to be attempted, the cooperative will require a building and equipment, and decisions as to situation and design will have to be made. Often choice may be limited, either by the cooperative's own limited resources, or by the availability of sites. A haphazard choice should, however, be avoided, as far as possible, for it may seriously cramp future development. The obvious situation is one as near as possible to the point at which fish is landed, in order to avoid delay, exposure and unnecessary movement. At a later stage, however, the fish will also have to be moved away, either by road or rail or a combination of the two. The building should therefore have either easy access to a railway siding (a large cooperative may eventually want a siding of its own), or at least adequate space for lorries to approach and turn. In many climates it will be an advantage if they can load under cover, and it is always desirable that the arrival of fish should take place at different points from its departure.

It will be necessary in choosing a site or taking over an existing building to know that water is available, a telephone, if contact has to be maintained with markets, and light and power if any processing or night work is to be carried on. Unless the cooperative begins work in what are recognised as temporary quarters, it will be desirable to see that the site is not so cramped that premises cannot be expanded at the point when the cooperative is ready to go in for cold storage, ice-making or some form of processing. At the beginning it may need no more than a sound concrete packing floor, a small office, a washroom for the staff, storage for unused containers, and somewhere to garage or at least park a lorry.

The officers and committee of a small cooperative are not likely to be interested in the more advanced forms of work study and factory lay-out, but there is no reason, even in a simple organization, to start with bad habits or to create inefficiencies which it will afterwards be difficult to correct. A surprisingly high proportion of the activity which goes on in any kind of business consists simply in the movement of materials. This should be made as smooth and simple as possible.

It remains to be decided how movement should actually be carried out. In countries where labour is cheap and abundant, it may well be by man power alone although, even so, thought should be given to easing and speeding up the process by simple devices. In others

it may be important to introduce labour-saving equipment in order to reduce costs.

With regard to lay-out, equipment and work organization generally, there are likely to be economic and technical problems on which expert advice is required, especially by a small, inexperienced staff and committee. In most countries nowadays it is almost always possible in one way or another to obtain access to such advice through government fishery authorities and technical advisory services or, through these, from the Fisheries Division of the Food and Agriculture Organization of the United Nations. Sometimes commercial interests are prepared to help in this way. Except where facilities and equipment of the most simple and obvious kind are involved, it will usually be worth while to seek expert guidance and this is especially true where innovations are proposed.

Every marketing cooperative is faced with the problem of containers and the considerable outlay which they involve, both in the original purchase and the expense involved in making good wear, damage and loss in transit. The non-returnable wooden box is widely used for fresh fish, and is considered by many to be the most economical. Some cooperatives make and repair their own boxes and the cooperative manufacture of herring barrels is on record, though in this case the members of the cooperative were coopers, not fishermen.

Transport

It is a matter for careful consideration whether a cooperative should or should not own its own transport for taking fish to consuming centres or wholesale purchasers. The idea is attractive and usually appeals to members. Some of the first Canadian cooperatives were formed mainly to carry lobsters by sea to the Boston market. Many cooperatives invest in a lorry for similar purposes. The important points to consider are whether the lorry can be used to capacity and whether it will be adequately serviced. If the lorry is in daily or almost daily use at all seasons, and if it has a regular backload of empty containers, it will probably be to the cooperative's advantage to own their own vehicle. They will also get a little publicity by keeping it smart and painting their name on it. If use is seasonal, or there are no backloads, it may well be cheaper to hire transport and leave the lorry owner to find backloads and alternative hires. It is true that some fishery cooperatives which own refrigerated road vehicles have themselves been successful in developing a sideline as common carriers. This may be sound business, but

for a cooperative, it may involve legal complications in connection with licensing or trade with non-members.

The problem of maintenance arises mainly in underdeveloped countries. The ownership of lorries is popular and many people can drive them, but skilled and conscientious maintenance is much harder to secure. Spare and repair parts for an imported vehicle may be difficult to get, especially in the remoter places, and it can only be recorded that quite a number of small cooperatives marketing various agricultural products have failed because they put too much capital into a lorry which proved costly to run, broke down quickly, and perhaps left them with no alternative method of getting produce to market. It also has to be calculated whether the journey to and from a central market can be made in the day, taking into account the permitted working hours of drivers. If not, and if regular deliveries are essential, two drivers and two lorries may be needed to make the daily run possible, and the outlay and some of the running expenses will be doubled.

Very few fishermen's cooperatives, except possibly federations, are likely to have enough vehicles to call for a special transport manager; but even if only one or two vehicles are employed, someone on the staff will have to give serious attention to licensing and insurance, drivers' logbooks, regular checks and overhauls, depreciation and replacement. Without such control, transport may have become a liability before anyone has become aware of it.

Payment of Members

This may take several different forms, according to cooperative policy or national price structure. In some countries the price of fish, or of some fish, is regulated by statutory authority. In others, the fishermen's cooperative itself may make a seasonal contract with a wholesaling or processing firm. Elsewhere, prices are determined by auction and may therefore fluctuate from day to day or even hour to hour. In these circumstances a cooperative may adopt several policies. It may act as salesman for its members at public auctions, meet expenses out of a commission, and after this has been deducted, transfer the actual price received for each lot to the member who has brought it in. It may also buy outright from members, pay cash and itself take the risks of the market.

More often the cooperative takes deliveries, records weight, species and perhaps quality, but only pays the member after the fish has been sold. The cooperative may pack and sell each member's fish

separately, and thereafter pay him the exact price received, less handling charges, commission and any levy which he may have agreed to pay into the development capital of the cooperative. This system encourages members to bring in good quality, carefully handled fish. It does, on the other hand, involve the cooperative and probably also the receiving market or firm in a great deal of detailed handling and bookkeeping, all of which must in the end be paid for by the member in some form. Pooling without the grading of individual lots, although it removes the most tangible incentive to keeping up quality, does save administrative expenses and may result in better prices for the consignment as a whole.

When pooling is adopted, the member is paid, as a rule, on the basis of the day's average price, though weekly pools and pools covering a few hours are also known. The actual transfer of cash is probably made weekly, calculated on a series of price pools. When, however, fish is to be held in store by the cooperative, either before or after processing, the member may, on delivery, receive an advance price, calculated on a conservative basis, to be followed by a final price after the final disposal of the product. All this calls for fairly complicated bookkeeping, and a good deal of trial and error will be avoided if new societies can be supplied with model forms and if there is some system of training bookkeepers in cooperative methods.

In cooperatives selling other products, for example fruit, partly fresh and partly canned, or in some other form on which the profit margin is narrower, it is usual to pool prices within quality grades, so that it is a matter of indifference to the producer in what form or in what market his product has actually been sold. This is in fact the system adopted in, for instance, the statutory cooperative marketing of fish in Norway. The buyer purchases at a differential price, according to whether the fish is to be used for immediate human consumption, for fishmeal or for some other purpose, but the price received by the fisherman is the same in all cases, and it is based on the average price for all sales during the year. A small cooperative might adopt the same system, though hardly on a seasonal basis, as this would involve advance estimates of a very precarious kind.

Prices in an uncontrolled market fluctuate widely, due to exceptional landings, changes in taste or weather and the competition of other foodstuffs. Apart from, or as a consequence of this, a cooperative may have to face losses of produce through deterioration in its own premises or when a consignment is condemned as unfit for human consumption after it has reached the market in a consuming centre.

In this case not only is no payment received, but the cooperative will be responsible for transport and other charges. If such losses are due to negligence, it may be possible to avoid a repetition by training members in the care of fish and by scrupulous checking and handling within the cooperative itself. A slump in demand cannot be controlled, and with a highly perishable product may cause disastrous losses. This has led to a search for some form of price insurance.

Controlled price schemes, either voluntary as in Sweden some years ago, or compulsory, as in that country today, have already been described. They are based on compulsory levies on all fish landed, which are paid into a fund used to subsidise the purchase of fish for processing or other purposes for which a remunerative price would not otherwise be paid. The fund may also be used for the actual development of a processing industry, by investment as share or loan capital in cooperative plant, or for the stimulation of demand by advertising and other methods. If such a fund is large enough, it may be used to buy all fish at an agreed minimum price, even if no use can be found for it.

Schemes of this kind are usually national and compulsory, and depend on the existence of processing plant and in most cases an export as well as a domestic market. Voluntary price insurance schemes of a more restricted kind have been carried through by, for example, the fruit and vegetable marketing cooperatives of the Netherlands. The retention of a small levy on every case of produce sold is used to build up a fund from which small payments can be made to growers, even for perishable produce which has to be destroyed as unsaleable. Something of the same kind might be carried through even by a local cooperative, but the risks would have to be carefully calculated on a basis of experience.

Integrated Marketing

This may occur in various forms. Something has already been said of the way in which, in Scandinavian countries, the control of prices at first hand sales has been made not only legally but economically possible by establishing cooperative processing plant and exporting agencies to take care of quantities surplus to the demand for fresh fish. Without some such means of relieving the market, an agreed price, even with statutory authority, would be hard to maintain.

A rather different but interesting form of integration, aiming at the same result, though neither statutory nor wholly cooperative,

has been carried through in the German Federal Republic shrimp fisheries. The catch is seasonal and the quantities landed are too large for absorption during the fishing season. The shrimp can, however, be preserved, both for human consumption and for fodder. An organization has been set up which includes the representatives of the shrimp drying and edible shrimp processing enterprises, most, but not all of them fishermen's cooperatives, as well as wholesalers both of edible and fodder shrimps, and manufacturers of shrimp meal and of canned foodstuffs. The legal form is that of a joint stock company, but the constitution is cooperative and aims at a balance of all the interests concerned. The objectives are to establish firm prices to fishermen throughout the fishing season, to centralise the entire production of dried fodder shrimp, to make long-term purchase agreements with reliable wholesale firms, and to press for the extended use of fodder shrimps in animal feeding stuffs. It also promotes the sale of edible shrimps and arranges credits on behalf of organizations undertaking their processing.

The large Swedish wholesaling, processing and export organization, *Swedish Cooperative Fish*, is owned jointly by West Coast Fishermen's Union and the Swedish Consumer's Wholesale Cooperative Society. The advantage, apart from the availability of consumers' cooperative capital, is that the consumers' stores provide a ready market for at least part of the output, while all profits on the transaction can be divided between fishermen and consumers. Arrangements of this kind are most likely to be made when the two sides both operate on a fairly large scale. The British consumers' Cooperative Wholesale Society has its own fish canning and processing plant, but does not have any system of purchase from the very much smaller fishermen's cooperative organizations. The German Federal Republic Cooperative Wholesale Society has formed an enterprise controlling a deep sea fishing fleet (in which some municipal capital is also invested) and transfers the catch directly to its own shops, thus cutting out all rehandling, as well as the uncertainties of the market. The position of the actual fishermen, however, is that of paid employees with no direct interest in the success of the cooperative organization.

An outstanding example of integrated marketing in which agricultural and fishermen's cooperatives are partners, is that of the Danish cooperative fishmeal factory on the island of Bornholm. With the growing importance of fishmeal in animal nutrition, and the increased production of mixed feeds by farmers' cooperatives, there seems room for the extension of this idea to other countries.

(D.) OPERATING PROBLEMS OF SUPPLY COOPERATIVES

Supplies for the Fishing Industry

Cooperative supply in a fishing community may be professional or domestic or both. It may be limited to lines of relatively cheap and fast-moving goods, the need for which is constantly recurring, or it may be extended to expensive, durable articles in which the member may only invest once or twice in a lifetime. The simplest and easiest beginning is probably in the field of professional fishery requirements in constant demand. The most important traditional items, are nets, twine, rope, hooks, anchors, paint and tar, seaboots and clothing. These are all in steady demand which can be calculated some time in advance by anyone who knows the local methods of fishing, the busy seasons, and the number of men engaged. Ordering is therefore comparatively simple.

The essential is a dry, weatherproof building which can be effectively locked and which will allow the goods to be stored in an orderly manner, in such a way that anything can be found immediately and the quantities available can be readily checked. It is an advantage if samples of the more important items can be open to inspection by the customer in the shop. Elaborate display is unnecessary, though at least one neatly arranged window never comes amiss.

Some items require rather more specialised treatment. Ice, bait and salt are all perishable if not properly stored and handled. Ice and bait require cold storage. Ice in particular, is also subject to wastage in store and in distribution. Nets and cordage made from natural fibres may also deteriorate in storage without proper precautions. In recent years petroleum products have become one of the most important items of fishery supply, and for these the most efficient method of handling is through tanks and pumps. These are expensive to instal, and usually the capital cost is advanced by the supplying company, although, in at least one case, it has been recovered in the form of a royalty paid by suppliers. A site close to a fishing harbour may not be easy to acquire, and special precautions against fire and explosion may be required by law as well as commonsense.

Domestic Supplies

In many fishing communities, however, it is not enough to supply the fishermen's professional needs. Where voyages of any length are undertaken, food must be laid in. Families must, in any case, be fed and clothed. Often the same trader has supplied fishing gear and groceries and any abuses which the cooperative is seeking to remedy will be common to both trades. Even if this is not so, the cooperative may find that it cannot keep staff and premises fully employed on a trade in gear alone, and that it would be much more likely to succeed if it broadened its functions.

Such an extension immediately raises rather more complex problems. The range of goods to be stocked will at once become much wider, and most of them will be more or less perishable foodstuffs. They will call for much more careful storage and display and the turnover, with the consequent need for frequent replenishments, will be more rapid. The possibility of part-time management and the opening of the shop only at certain hours, or on days when the fishing fleet is in port, will disappear. This may not be a bad thing, as part-time management tends to be amateur and not very satisfactory.

Once domestic trade is initiated, the character of the customers will also change. In Europe, at any rate, many of them will be women, and it will be necessary to decide whether or not they may become members of the cooperative. In addition, it may be almost impossible to refuse admission to other members of the community, even if they are not directly engaged in fishing. It will be necessary at a fairly early stage to departmentalise the shop. In some countries there is a legal prohibition on the sale of foodstuffs in the same shop as, for example, hardware and paint. It is never a desirable practice. Customers dislike it and shop assistants become confused and cannot give satisfactory service to either type of shopper. The timing of purchases is also different. A customer wants a pound of flour in a hurry, but lingers over the choice of a stove or an engine.

Supply of Capital Goods

The supply of capital goods, either professional or domestic, again raises special problems. Engines and instruments are the principal items in the professional category. These are valuable objects which tie up a good deal of capital if they are bought in advance by the cooperative and held ready for members to purchase. They may of

course be supplied only on demand, which simplifies the financial and storage problem but does not allow for immediate deliveries in case of need. There are also problems of after-sales service and maintenance, especially for engines, radio and echo-sounding equipment, and arrangements with manufacturers should be such as to ensure that such service is forthcoming as promptly and efficiently as from other agents. In fact, where membership is large, representative and loyal, the society might be in a position to give special service to fishermen by negotiating on their behalf concerning guarantees and satisfactory performance, etc.

Although consumable in the strict sense of the word, nets might be considered in a similar category where they represent a large capital outlay. More than most other supplies of comparable cost, they are required for early delivery. Net designs and materials may change and, in recent years, particularly, the increasing use of synthetic fibres has created problems as to the disposal of old stocks and the expected demand for new designs and materials.

Cash and Credit Trading

The ability of a local cooperative to expand into these fields is conditioned by its financial and technical resources. The capital sunk in buildings need not be excessive; in fact, a cooperative often starts work in hired buildings. The outlay on stock-in-trade is, however, bound to be considerable and will be increased if cash payments cannot be expected from purchasers. This is a difficult question. Cash trading was one of the original "Rochdale Principles" and many cooperatives cling to it both for its moral value in promoting thrift and prudent living among members, and for its business value in allowing the cooperative to economise capital and avoid risks. It is, indeed, a reasonable principle where the members are working and receiving regular weekly or monthly wages within which they should obviously endeavour to live, and when the cooperative is dealing solely or mainly in goods which are quickly consumed and replaced.

The situation is different when, as in the fishing industry, earnings are irregular and may be concentrated in a short season, while the principal expenditure, on refitting, may come some weeks before the fishing season opens; at the point, in fact, when cash resources are lowest. The same situation often arises in agriculture. It can be met in several ways: (a) an old cooperative in a strong capital position may be prepared to grant its members relatively long credits covered

by its own reserves; (b) where there is a cooperative credit society in the district, members may be encouraged to deposit their seasonal earnings in it, and either withdraw them when the time comes for expenditure, or take a loan for the same purpose; (c) the cooperative may accept trade credit from suppliers, either cooperative or private; (d) the cooperative may handle fish as well as supplies, and so reduce the risk of bad debts, though it will still have to cover a time lag between the purchase of gear and the delivery of fish either with its own or borrowed resources; (e) either the cooperative or, more probably, the member, may be in a position to borrow from some institution with large resources, probably a central cooperative or governmental bank. Whatever the source of credit, the cooperative will have to pay interest on it, and this will add to its overhead costs.

Cooperation and Technical Progress

Where it is a matter of government policy to modernise the fisheries, there may well be a central fund from which fishermen may borrow to purchase engines, instruments and boats, and in the case of the first two at least, the cooperative may be the chosen channel of distribution. Modernisation need not, of course, be limited to capital goods of this type. The changeover to nylon nets by small fishermen in Japan has been to a large extent accomplished through the cooperative movement. Technical changes, not only in fisheries, may often be introduced to small producers, whose methods have hitherto been primitive, more easily by their cooperatives than by other agencies. Confidence exists, or at least should exist, between the member and his cooperative. He does not feel that something is being forced on him by high pressure salesmanship or recommended by someone with theoretical rather than practical training. Any difficulties of payment can be arranged in a friendly and confidential way, and cooperative marketing will ensure that the full benefits of increased production return to the producer.

In the case of capital goods for domestic purposes, it is less likely that any official sources of credit will be available and if there is no village credit bank, the supply cooperative may have to wait until it has capital resources of its own sufficiently ample to initiate a hire purchase scheme.

Accountancy and Business Methods

The skills which a cooperative requires to run a multiple supply

business are of two kinds, managerial and technical. In the first place, a business of this kind calls for efficient and fairly complex bookkeeping, ordering, stock-taking and credit control. Unless accounts are kept separately for each main department, it will be impossible either to tell which is or is not paying its way, and how far one department is in fact subsidising another; or to check the cause of losses and change policy so that they do not recur. Unless stocks are controlled at regular intervals, it will be impossible to maintain a routine of ordering which will keep the shelves filled and at the same time avoid accumulations of unsold and perhaps unsaleable goods in the warehouse. Stocks, indeed, require not only to be counted or weighed, but to be valued, at least in the course of the annual audit, at their true value. If this is not done, and if unwanted or deteriorated goods are not written down ruthlessly, the cooperative may well find that it has been attempting to balance its budget with assets which do not in fact exist. This is often the starting point of disaster. Auditors and managers should, in fact, take special pains to see that the facts of a society's position are frankly stated and that they are clearly understood by the committee, on whom rests the responsibility of discontinuing unprofitable lines of trade, cutting the distribution of profits or raising more share capital. It is very helpful if a budget can be drawn up at the beginning of each year, showing anticipated purchases, sales, debtors and creditors, expenses and profits for each month, and if this budget is afterwards checked against actual monthly performance.

The credit position requires constant attention both in order to regulate the total amount outstanding and to detect bad payers and limit their future purchases to cash. Credit giving may well be seasonal, and in that case should not be financed out of the cooperative's permanent capital resources, but if possible borrowed at short term. It may be necessary to accumulate a special reserve to cover bad and doubtful debts. If there are hire-purchase schemes, or the cooperative is supplying capital goods under the terms of a government or similar loan, arrangements must be made to secure regular payments of interest and principal and to keep records of every loan and the stage of its repayment.

The fact that virtually all cooperatives distribute at least a part of their profit to members as bonus on business done with the society, means that each member must have a personnel account and that all his or her purchases must be recorded. The total for the year is then used as a basis for the calculation of dividend. The simplest method is the recording of the value of each purchase, to-

gether with the member's registration number on a duplicate slip, one copy of which is handed to the member and the other retained by the society; but there are other methods, including the use of metal checks.

Handling of Money in Cooperatives

All this calls for an office which, even if it is small, must be efficiently organized and staffed by competent and honest people. It is a great advantage when some central cooperative organization not only draws up model account books, dividend checks, order and invoice forms, but can supply the necessary stationery to local cooperatives. It is still more useful when it can offer training, either residential or by correspondence, in the special methods of cooperative bookkeeping. Another point which requires early attention is the filing system. Nothing can cause more irritation, delay, loss and dispute than a missing document, whether it be the title deeds of a building, the settlement of an overdue account, or the terms of last year's paint contract. An efficient filing system need not be elaborate, but it must be clear and consistent, and it should be the sole responsibility of one intelligent and not too junior member of staff.

Much of the work of a supply cooperative involves the handling of money as well as of small articles which lend themselves to pilferage. Every effort should be made to employ honest people, but also to arrange matters so that dishonesty is made as difficult as possible. A cash register is one of the first pieces of equipment which should be purchased. Money or cheques should not be handled by one person alone, but by two working together. Wherever possible, all takings should be banked every day and payment made either by cheque or by regular withdrawals of cash from the bank. This may not always be possible, for in remote places there may be no bank, or it may not open every day in the week. In such circumstances, the cooperative must either make large withdrawals of cash at fairly long intervals, risk transporting it perhaps long distances over lonely roads, and thereafter storing it in what may be a cheap and not very adequate safe, or it must follow the unsatisfactory practice of paying current expenses out of current earnings. This difficulty occurs, of course, mainly in underdeveloped countries. In most countries cooperative employees who have to handle substantial amounts of cash are expected to give a guarantee, usually by depositing a sum of money with the cooperative. In some countries this is covered by

insurance. It must also be admitted that cooperatives, like other businesses, run some risk of pilferage from their customers.

Servicing of Machinery

Apart from business competence and honesty, a supply cooperative may have to provide technical competence as well. The sale of ordinary fishing gear, well known in the district, will not call for any advanced knowledge, but the moment innovations are introduced the cooperative manager, or at least one member of his staff must be thoroughly familiar with their use, the manner in which they are to be installed, the type of fuel or other power required, and the kind of performance which may be expected. Cooperatives wishing to handle agricultural machinery cannot in many countries get agencies from manufacturers unless they not only have a qualified person on their staff, but are prepared to set up a fully equipped repair shop and to stock a full line of spare and repair parts. This has sometimes been regarded as a harsh demand, perhaps even one designed to keep cooperatives out of the machinery business. In fact, it is a wise provision, for nothing so effectively retards mechanisation, often where it may be urgently needed, as a machine wrongly installed or wrongly powered, or one which, when it breaks down, cannot be repaired without crippling delay and expense. This may be even more true where marine engines, echo-sounders and other equipment are being handled for the first time. It is doubtful whether enough fishermen's cooperatives have installed or have ready access to engine repair shops or have arranged a quick service for the repair of instruments, even if it means sending them away to a qualified instrument maker. It should be noted that domestic machines or instruments, from stoves to wireless sets, will also require to be serviced and repaired.

Manufacture of Fishery Requirements

A supply cooperative is only the last link in the chain of producing, wholesaling and retailing of the goods which the fisherman needs. The economies which it can effect on retailing alone are apt to be limited, except perhaps in the early years when it is successfully breaking a local monopoly. When competitors come into line, the margin narrows. It becomes necessary to see what further economies can be made by pushing cooperative control or at least interest, further back along the line of supply. One method is for the co-

operative itself to undertake manufacture. The making of nets can be carried on in a cooperative workshop, often by members of the society in the off season. This provides some additional employment and may slightly cheapen the net. This rather depends, however, on the success of the cooperative in buying twine from manufacturers at full trade discounts. Large net factories, usually serving a group of local societies, may employ full-time labour, generally of women and girls.

Cooperatives selling ice may begin by buying it from a private factory, if such exists, but this will involve transport, and in warm weather a certain amount of wastage en route. Nor can large quantities be stocked unless cold storage is available. Many cooperatives now make their own ice, and relatively cheap equipment is on the market, a minimum unit being sufficient to keep 10–12 boats fully supplied. It is necessary, however, that there should be adequate supplies of clean water, as well as electric current of the right voltage, and this may limit local production in underdeveloped countries.

Bait is mainly used by long line and lobster fishermen. It is not exactly “manufactured”, but in some countries it is derived from shoals of small fish which appear and are caught some months before the main fishing season. They are usually sold to merchants who cold store, or in all better equipped ports, quick freeze and then cold store, until they are wanted and can be resold to the fishermen. These sales have, at any rate in the past, been made on credit, conditionally on the sale of the main catch to the same merchant. This system lends itself to abuse. An alternative is for the fishermen themselves to pay for quick freezing and storage space while retaining control of the bait. For this, however, they must have money available before the fishing season begins. In some countries the whole process is taken over by the cooperative, which either buys bait from its members, quick freezes, stores and resells, or makes the necessary facilities available to individuals on advantageous terms.

Another manufacturing service, within the scope of a local cooperative, is the production of containers, boxes or barrels, though these may be in greater demand by a marketing cooperative than by individual fishermen.

All these manufacturing enterprises call for capital, though not as a rule in very large volume, and raise the same problems regarding the sources of finance as do the processing plants of marketing societies. Sources may in fact be more difficult to find since the cooperative, if it is dealing in supplies only, has not the ready resource of making a small levy on all fish passing through its hands in order to build up a fund for capital development. Similar questions will

also arise regarding choice of machinery, siting and layout of the factory, and organization of work to secure the best results with the least strain on the workers. Here again the experts of a central cooperative organization can give valuable advice. Managerial problems are usually in themselves relatively simple, partly because the scale is small and equipment simple, partly because all manufacture is for a known market, the cooperative's own members, and the hazards of distant markets and adjustments of the product to changing demands scarcely exist.

Multipurpose Cooperatives

It will be clear from what has gone before, that a cooperative which started with the simple object of supplying fishing gear, may easily find itself developing into a multipurpose society including the sale of domestic requirements, operation of oil tanks, hire purchase of capital goods, repair services and small scale manufacture. There are countries in which some or all of these activities are combined with the marketing of fish. The result may be a business of some size and considerable complexity. There are many who advocate the multipurpose rather than the single-purpose cooperative. The volume of business makes it possible to employ competent and adequately paid staff, and to keep them occupied throughout the year. The cooperative can meet all the economic needs of a village or small port, and so become a focus of interest and loyalty. The mere fact that it controls both marketing and supply will make it easier to ensure that the debts are paid and that a sufficient part of the proceeds of sales is reserved for capital development, both of the cooperative itself and of the individual fishing enterprises which it serves.

As against this it must be said that the larger and more complex the business, the more difficult it will be for a committee of fishermen to understand, and the more likely they will be to leave responsibility to the manager. This will in turn mean less training in affairs for the members and possibly less sense of participation and the need for loyal support. It may be judged that these aspects of Cooperation are less important than an efficient business run in the interests of the members. Any system, however, which puts major responsibility into the hands of managers, calls for appointments of higher quality than may be within reach of a local society. In particular it is unlikely that the part-time retired fisherman will have the experience or develop the aptitudes which would enable him to make a success of such a post. The committee may be lucky

in finding a young man who will grow with his society, but in a small community the odds are rather against success. The situation is different if the committee can turn to some national or regional organization for help in the choice of candidates and if the system of auditing is such that the national body can continue to keep an eye on the local society's performance. With tact, this can be used to strengthen and not weaken local responsibility.

Federal Organization

The help of federal cooperative bodies is not limited to the field of advice, technical or financial. The extent to which a local supply cooperative of any kind can reduce prices or improve quality and service in its sales and members depends, as has already been pointed out, to a considerable extent, on its success in buying its stock-in-trade on favourable terms from manufacturers, importers or wholesalers. The retail margin on small-scale trade does not as a rule give much scope for improving the terms to member-customers, unless private merchants have been grossly abusing their position. If, however, a cooperative or group of cooperatives is prepared to buy in bulk, continuously, and from as near the source as possible, it is likely to be able to ensure much larger profit margins and greater opportunities either of lowering prices to members or of distributing profits in the form of bonus. With bulk purchase, it will be easier and less costly to arrange for tests or analyses of materials on offer, to give orders for the manufacture of special types or qualities of goods adapted to local use, even to have some articles made up under the society's own label.

Few local cooperatives of any kind are large enough buyers to secure this sort of treatment. A number of small cooperatives all buying from the same source may even weaken their buying position by bidding against one another. As newcomers they will almost certainly receive less favourable treatment from manufacturers and wholesalers than that received by established ship chandlers or other private retailers, and they may have difficulty in securing the customary trade discounts which would enable them to compete successfully.

Federal Cooperatives for Supply

The usual answer to these needs is the cooperative wholesale society, already well known and strongly developed among agricultural and

consumers' cooperatives. It has so far made less progress among fishermen's cooperatives, except perhaps in Italy. In its early stages such an organization may not actually handle goods. Its function will be to find acceptable sources of supply, make sure that the goods offered are of the type and standard required, and then negotiate bulk purchase on favourable terms on behalf of its member societies. As it will be responsible for payments, manufacturers are likely to feel more confidence than they might in dealing with small and isolated societies, and this, as well as the size of the order, should be reflected in their terms.

It may be that actual shipments can best be made direct to local societies, thus avoiding unnecessary handling, storage and reshipping. It may also be, however, that some societies have limited or unsuitable storage space and cannot take a large delivery at one time. In order to deal with such cases, the wholesale society may set up its own warehouses, where it is prepared to store, break bulk and arrange for small deliveries to societies as required. The effectiveness of this system depends a great deal on the size of the country, the relative positions of the suppliers, the cooperative wholesale society and its member societies and on the cost of transport between them. Where the wholesale is so placed that it can easily be visited by the managers or buyers of local societies, it may, besides holding stocks, have a permanent exhibition of samples from which buyers can choose before ordering.

A valuable service which can be undertaken by a wholesale society is that of purchasing from overseas. This is usually a matter for experts, which few local societies can employ, and it may call for negotiations with governments on such matters as import permits and currency releases, which can only be handled by a central body with the necessary knowledge and contacts. An example, in fisheries, occurs in Japan where the National Fishery Cooperative Federation handles the import and supply of fuel oil for fishing vessels.

Although the value of central buying can hardly be disputed, it remains to be decided by what sort of cooperative organization it should be undertaken. Should fishermen's cooperatives set up a wholesale of their own, and if so, at what stage in their development should the attempt be made? Where should it be situated? How many local societies, with what annual turnover will provide an economic basis for the inevitable overhead cost? Should the wholesale be a separate organization from the start or should it be initiated as the trading branch of a fishermen's cooperative federation formed for representative or educational purposes? Or of a national fish

marketing organization or even of a fisheries cooperative bank? All these solutions have been tried with more or less success in some country, in some branch of the cooperative movement. Should a wholesale in, for example, an underdeveloped country, be government sponsored or even at the outset government run? This too has been tried, but experience has not so far been very encouraging. Whatever the first steps may be, it does seem to be the general experience that a wholesale society should be a specialised trading organization financed primarily by the share capital of local societies and controlled by their votes and by the board of management which they themselves elect. The only difference between the financing and control of a primary cooperative and a wholesale, is usually that in the matter both of shares and votes, weight is given to the membership of the local society, and one man one vote is translated into one vote for every 50 or 100 members.

It may not be necessary to set up a wholesale for each branch of cooperation in a country where some branches are already well developed. It may be possible to extend the scope of an existing cooperative wholesale society to include, for example, a fisheries department. Where fishermen's cooperatives handle substantial quantities of domestic supplies, as in Norway, it is natural that they should be linked with the Consumers' Cooperative Wholesale Society in this field, and quite unrealistic that they should set up a rival wholesale of their own for this particular purpose. It is not so certain, though it is certainly not impossible, that a consumers' wholesale would be the best organization to undertake wholesale trade in strictly fishery supplies. If it were ready to assume the venture and appoint people with the necessary knowledge and qualifications, it would certainly relieve the fishermen's cooperatives of the burden of providing all the necessary capital and of taking all the non-technical business responsibilities. The organization would, however, be less fully their own. Joint organizations of this kind exist and serve both consumers' and agricultural societies where both are in a strong position. It is less certain that such a spread of interest would work well in an underdeveloped country where both sections of the cooperative movement were comparatively new and weak, or where urban consumers and fishermen formed distinct communities with little mutual understanding.

Central Manufacture

Many wholesale societies have carried the process of supply still

further back from bulk ordering and storage to actual manufacture and even in some cases the production of raw materials. The value of this depends on a number of factors. Is there any difficulty in buying a given commodity from existing manufacturers, taking into account the quantity and quality required and the price which the cooperative can pay? If there is, then is production of the commodity most economic on a large, medium or small scale, and on which scale is demand from a group of cooperatives likely to be? Will the product have to be delivered over long distances, will it be costly to move, and will there be wastage in transport? If central manufacture appears to have advantages, is there in fact sufficient capital available in the cooperative movement or in the hands of its well-wishers? What will it cost and could it be more usefully employed in any alternative cooperative enterprise?

Generally speaking, a perishable commodity like ice, which is also bulky and weighty in proportion to its value, is better made locally, on a small scale; but sea-boots, for example, which are durable, easily transported, and call for a fairly elaborate manufacturing process, might well be made at a central cooperative factory. Indeed, they are so made in some countries, though only in conjunction with other types of rubber footwear needed by the ordinary consumer. In countries with natural oil resources, cooperative control has gradually been pushed back from distribution and storage, through refining, to the actual ownership of oil wells and pipelines. This began as an agricultural cooperative enterprise, though sales of the finished product were soon extended to domestic consumers. An international petroleum cooperative—a wholesale of wholesales—now operates in a number of countries, though it is doubtful whether it has so far included any fishermen's cooperatives among its members. The possibility of a direct link between marketing cooperatives of, for example, fibre growers and cooperative manufacturers of twine, does not yet appear to have been explored, nor the possibility of extending the equipment of a cooperative plant making—say, bindertwine for farmers, to the production of the finer and more specialised materials required in fishing.

Enough has perhaps been said to show that the possibilities of cooperative supply in the fishing industry have still to be worked out. In some countries interest has centred on marketing or credit, almost to the exclusion of supply. In others, though supply is relatively important, it is limited to local distribution and perhaps the manufacture of ice. The Italian experience in national wholesaling of fishery requirements and the Spanish experience in the co-

operative fitting out of deep-sea fishing vessels, deserve further examination for the light which they would doubtless throw on the technical problems involved. For the rest, retailing, wholesaling and manufacture by consumers and agricultural cooperatives, offers a wide field of study as well as distinct possibilities of joint action.

(E.) THRIFT AND CREDIT COOPERATIVES

Purpose of Loans to Fishermen

The objects with which fishermen's thrift and credit cooperatives are initiated are usually the following:

- (a) to make possible capital investment in small-scale fishing enterprises and so maintain their efficiency and profitability;
- (b) to keep fishermen out of the more oppressive forms of indebtedness, especially those which limit their freedom to purchase supplies or market catch;
- (c) to provide opportunities for and encourage habits of thrift among fishermen, and so help to make the industry self-financing.

Some cooperatives make advances not only to individual fishermen but to fishermen's trading or processing cooperatives. Some also handle current accounts, both for individuals and organizations, and in fact carry on a full range of local banking functions. The power so to extend their activities depends on the strength of their resources and the ability and experience of their committees and staffs. It belongs to a later stage of development, not to the basic business of personal thrift and credit.

It is usual to divide cooperative loans into several categories, not all of which may be within the scope of a local (or "primary") society:

- (a) long term loans, either to individual members or to other cooperatives, usually for capital investment for periods up to 20 years;
- (b) medium term loans for the purchase of capital goods of smaller value or more rapid obsolescence, usually for periods up to 3 years;
- (c) short term loans, usually for the purchase of consumable supplies or to cover the holding of stocks, for periods usually not exceeding one year;
- (d) overdrafts on current account.

The primary credit society usually concentrates on (c) at least in the early years, though it may be the channel for other types of loan

effectively provided from some other source, such as a regional or national bank.

It is usual to make a further distinction between the "productive" loan, which serves to make the borrowers' fishing enterprise more efficient, and it is hoped more profitable, and the "provident" loan, which serves to carry the fisherman's family through some domestic crisis. The productive loan is obviously sound business because it is designed to earn its own repayment, with interest. The provident loan may not directly earn anything and for that reason is sometimes regarded as outside the proper field of cooperative action. It is, however, less easy to draw the line in practice than in theory. If food for a long fishing voyage is productive, should food for the fisherman's family, in his absence, be regarded as merely provident? Is the cost of a surgical operation which restores a man's health and earning capacity provident or productive? Or a loan at low interest to pay off accumulated debts to creditors who are charging exorbitant interest? If it is agreed that productive expenditure may be financed from loans, is it practical to insist that all spending for provident purposes must be covered by thrift? The answers to these questions must generally be found out in practice and may not be the same for all countries.

Forms of Local Organization

The cooperative credit society dealing with the needs of fishermen is typically a self-governing local body, limited in scope and membership to a single port. Membership, as in other cooperatives, must in principle be "open", that is, no one must be arbitrarily excluded, but it may only be open with a given occupational category, the fishing industry; and it is usually permissible under the rules to refuse admission to men who are known "bad" characters or "bad" risks. There may also be considerable differences between countries as to what class of people are to be regarded as belonging to the fishing industry. The membership of fishery cooperatives usually consists, in the main, of working fishermen owning their own boats, whose need for working capital, and hence for productive loans, is perfectly clear. Membership may, however, be extended to include, on the one hand, retired fishermen or fishermen's widows owning or sharing in the ownership of a boat, and on the other, to paid crews who do not have to contribute capital to the enterprise and therefore scarcely need to borrow except for provident purposes.

In some countries membership is open to men operating oyster beds and similar sedentary fisheries in which capital is invested, or even to individuals carrying on small scale fish processing businesses. It is nearly always open to collective members in the form of fishermen's cooperatives carrying on trade or services.

Entry into a credit cooperative is a voluntary act, and members are likewise free to withdraw provided they do not owe money to the society. It is usual, however, to insist that they remain liable for the debts of the society for one or two years after their resignation. This prevents panic withdrawals at a time when the society may appear to be in difficulties, a type of default which would precipitate a collapse which a little steadiness might avoid altogether.

A credit cooperative is controlled in the usual way by an annual general meeting, at which each member has one vote. The meeting elects either a single committee, or, in some countries, a supervisory committee, meeting rather infrequently, and a small board of management, generally three persons, which meets as often as once a week, to receive and decide on all applications for loans. Where there is a single committee, it may itself appoint a small sub-committee to undertake this duty. The members of the board or sub-committee are unpaid. They should be chosen with great care, for the whole success of the society depends on their good judgement, impartiality and discretion. No one likes discussing his money affairs with his neighbours, and if the members of a society are required to give a full and honest statement of their position and prospects when applying for loans, they must be convinced that they are talking to men who are responsible, sympathetic and who will respect the confidential nature of the information given.

Unlike trading cooperatives, credit societies can usually carry on for many years with very little in the way of staff or premises. No special equipment, apart from a safe, is required. The paper work is relatively simple. A good secretary must be honest, accurate and discreet. He must be punctual in doing business, for delays in granting a loan may take away much of its value to the borrower, while delays in recovering loans or interest may be fatal to the society. The actual work need not absorb much time, nor does it call for much banking or business experience. In the early years, at least, the secretary will often work part time, and may be a retired man, a schoolmaster, or an employee of some other type of cooperative. He will be paid an honorarium rather than a salary. Later, of course, the society may develop, enlarge its membership and gradually take on the functions of a local bank. In this case it will

have to have permanent premises, open at recognised hours, and a full-time staff of its own.

The financial basis of a credit society may be either the joint and several (unlimited) liability of its members or the subscription of shares to which their liability is limited. The first system was, and in some countries still is, held to be the most appropriate where members find it difficult to invest more than a nominal share capital. In such cases, unlimited liability is considered essential to give confidence to depositors as well as to institutions which may be prepared to lend money. The argument is that though one or two men may prove dishonest, or meet with some disaster that makes repayment impossible, this will not be the case with fifty or a hundred. The membership as a whole, provided they understand their obligation, will be able to meet a loss caused by a few individuals and the lender will not suffer. This idea is still accepted in many countries, especially where the idea of limited liability, derived from the joint stock company, is not familiar to farmers and fishermen. In commercially developed countries, however, it is so much the accepted system that an insistence on unlimited liability in a cooperative will often frighten away prospective members. It is then necessary to work on limited liability coupled with a genuine effort on the part of members to build up substantial share capital.

The most important source of funds is usually savings deposits, made either by members or non-members. They may take two forms, regular weekly or monthly deposits of a fixed amount, or lump sums paid in when the member has cash in hand, for example, at the end of a successful fishing season or (for a farmer) after the harvest. Depositors need not be members. They may include wage and salary-earners who are not even connected with the fishing industry. Some people are likely to be especially ready and able to save on a regular monthly pattern. Provided the society is responsibly managed, repayment is readily made and the rate of interest is reasonably remunerative, considerable sums can be attracted in this way. In some countries substantial deposits are made through children's savings clubs, run by the schools on cooperative lines, even though they cannot be registered as cooperatives since all the members are minors.

Deposits may be withdrawable at sight or on seven day's notice. They may also be entrusted to the society for longer periods—six months, a year, or even longer, generally at a slightly higher rate of interest. They need not, of course, be withdrawn at the end of this period, and are frequently left to accumulate. The fact that they can be withdrawn, however, means that the society must be careful

to keep some funds in hand, or so arrange its short term loans that repayments are due at fairly regular intervals.

A further source of capital, this time wholly within the control of the society, is reserves. Since all running costs are kept to a minimum, and little is spent either on staff or premises, the margin between the interest which the society pays to shareholders, depositors or other lenders, and the interest which it charges to borrowers, can be kept very narrow. Even so, it should cover expenses and leave a profit at the end of the year. It is not usual to distribute this profit to members in any form of bonus. It is retained as interest-free reserve, and may be used either as a special fund held in security against bad debts, or, if adequate provision has been made for this contingency, it may be lent out to members in the same way as capital from other sources. If, after some experience, it is found that the margin has, in fact, been unnecessarily wide, and that profits are higher than members feel to be reasonable, it is always possible to lower the rate of interest on loans or raise the interest on deposits. A large reserve is a valuable source of strength, but it can reasonably be argued that it tends to benefit future rather than present members. Most credit cooperatives have a provision in the rules that any reserves which, in case of liquidation, may remain after the claims of shareholders and depositors have been met, should not be divided among the members but should be used for some locally beneficial purpose, including the formation of a new society. This takes away the possible temptation to liquidate a society merely so that existing members may benefit from the reserve.

Many local credit cooperatives, both of farmers and industrial workers, have run with complete success on resources which they have been able to build up from the contributions of their own members and of other local people. In many other cases, however, they have at some, though not necessarily at all stages in their development, been able to draw on outside sources, and have thus had at their disposal, generally in the form of loans at low rates of interest, larger sums than they could at that time have accumulated by their own efforts. The source in such cases may be a national fund directly administered by government or by some institution with statutory powers, or it may be a federal cooperative banking system, probably with a regional as well as a national bank, which may or may not be able to draw on government funds. More will be said about the structure and functioning of such institutions at the end of this chapter. For the moment they are mentioned only for their effect on the working of local societies.

Terms and Conditions of Loans

Loans are in all cases granted to members only. Responsibility for considering the applications of members for short term loans usually rests wholly with the committee of the local credit cooperative or with those of its members to whom it has delegated this duty. The committee will have to decide how resources which will almost certainly be limited, can be used to the greatest benefit of the largest number of members, with the least risk either of losing the funds entrusted to the cooperative, or of not having them available when depositors want to withdraw their holdings.

The committee may in the first place be guided by some fairly simple considerations. Is the purpose of the loan such that the member will be in a better position for having had the use of the money for six months or a year? Will he be able to repay principal and interest within that time? Is he a man of good character and can he be trusted to spend the money on the object stated: on nets, for example and not on some personal indulgence. Has he disclosed all his circumstances, including debts which he has already incurred to other people?

The committee may want to consider whether the available funds are being well spread through the membership. A few large loans to favoured individuals may or may not be a safe and profitable investment. They will almost certainly cause discontent (especially if members of the committee are among the favoured), and if anything goes wrong, the loss will be greater than if risks had been well dispersed. Is the committee making sufficient provision for young men entering the industry or for those who have suffered a disaster through no fault of their own and need to re-equip from the beginning? Where the range of possible borrowers is wide, and includes the owners of large vessels and small, processors as well as fishermen, it may not be easy for a committee unskilled in banking and subject to the social pressures of a small community, to weigh the rival merits of sound investment and wide social benefit in such a way that the society prospers and everyone is reasonably satisfied.

Loans are not necessarily made either in cash or in full. A short term cash loan may be entered in the books of the credit society in terms of cash, but what the borrower receives may be an order for the delivery of nets or ice to the appropriate value, which he can take to a cooperative or even a private store. In the same way, the debt may not be repaid in cash, but may be discharged at a rate

agreed by himself, from the proceeds of his sales of fish to a cooperative marketing society. (It is of course possible that the same cooperative may undertake credit, supply and marketing simultaneously, but experience is fairly heavily in favour of keeping banking and credit separate from trade, however closely the two organizations may work together.) Again, a man who borrows to finance the building of a fishing boat, may not receive, or pay interest on, the whole sum required. He may borrow by instalments, as accounts for timber, labour and equipment fall due. In this way the full burden of debt does not fall on him till the boat is ready, and he has begun to earn by the time the first repayment is due.

Security and the Source of Funds

The security which must be given by the borrower for a loan, as well as the measure of unsupported responsibility which rests with the local committee, depends a good deal on the degree of financial self-sufficiency which the cooperative has achieved. Short term loans from a society's own share capital, deposits or reserves, can be made with little formality, provided the committee knows of the standing and reputation of its members, and is sufficiently well-informed on the methods, opportunities and risks of local fisheries to know which kinds of expenditure are likely to be productive and which are not. The loan will probably be made on no other security than the borrower's character, backed by the guarantee of two other members acting as sureties. Even so, it will be necessary to guard against the kind of arrangement by which A and B offer themselves as securities for C, while C and A guarantee B, and B and C obligingly do the same for A.

When the loan, especially one at medium or long term, is made from funds borrowed from a regional or national bank, it will almost certainly be on a more formal basis. The regional bank cannot judge the personal character and credit-worthiness of local borrowers nor of their sureties, nor assess the reliability of local committeemen who may be less prudent in handling money from an outside source than they would be in dealing with their own and their neighbour's savings. Consequently, there will have to be formalities which will consist partly in a full written statement of the borrower's position and intentions, partly in some kind of material guarantee. This may take the form of a mortgage on property, if the borrower has any; a lien on goods in store (more usual in the case of a trading cooperative than an individual); frequently an insurance policy on

the vessel or engine for the purchase of which the loan was made; sometimes an insurance on the borrower's life. It is also usual to stipulate that the loan should not exceed a percentage of the value of the object to be purchased, partly as a safeguard against failure to repay or depreciation in value of the object, partly because the readiness and ability to produce part of the cost in cash indicates that the borrower is a serious man with some business ability.

Formalities and safeguards of this kind inevitably add to the time which elapses between a request for a loan and the decision to grant it. This in itself makes it all the more desirable that local societies should cover the need for short term credit with their own more easily disposable funds, since the need for a loan of this kind is often urgent and not always sufficiently foreseen by the borrower.

The safeguards which a bank rightly requires, also add to the cost; one of the prime aims of cooperative credit is to keep down the cost of loans, and to work on as narrow a margin as possible. With a volunteer committee, a part-time secretary and a shared office, a local society may not have to allow more than 1–2 per cent between the interest rate of loans and the minimum interest necessary to attract deposits. The interest on a medium or long term loan derived from a regional bank, with premises and a fully paid staff, may well be higher, unless of course, it is in effect subsidised by being allowed the use of government funds at concessionary rates. Even so, if the borrower is expected to take out insurances either on his boat or his own life, this will substantially add to the cost of the loan. Also, although interest charges will diminish year by year as the principal is repaid, the cost of insurance will presumably continue unchanged.

Federal Cooperative Banking Structure

The self-contained local cooperative credit society, strong enough to meet all its members' needs from its own resources, is not unknown, but it is not often found today and must always have been difficult to build up in the sort of poor community in which an institution of the kind would be especially valuable. For this reason many credit cooperatives have looked for and received financial aid from some other source. This is in nearly all cases either a federal cooperative bank, or a government fund, or a combination of the two. In some countries, indeed, a network of local credit societies has been set up, with official encouragement and with the express purpose of acting as a channel for government credits to the fishing or

some other industry. This was very much the original position of the French and Japanese fishery societies and of the American Agricultural Production Credit Associations.

A development of this kind may be a useful way of increasing quickly the investment in an industry which has been starved of capital; but it requires careful handling if the organization is to become more than a passive instrument, regarded by its members as merely a subsidiary government office. If this is the position, little local initiative or sense of responsibility will be invoked, and thrift, which has a social and economic value of its own, is not encouraged. Moreover, there is the danger that fishermen will join the cooperative solely in order to borrow money and real purposes of Cooperation will be defeated.

Probably the ideal system is that by which a group of local credit societies unite to form a regional or national bank, partly in order to borrow from outside sources on the best terms, but also in order that societies with a permanent or perhaps only a seasonal surplus of deposits over loans may be able to find a safe and profitable use for them within the industry from which they were drawn, as well as within the cooperative movement. The federal bank is thus a clearing bank in the strictest sense of the term. The agricultural cooperative banks of the Netherlands are an example of a completely self-sufficient system of cooperative finance, owing nothing to State or other outside aid.

It is more usual to find some compromise between these two positions by which the greater part of short term lending is covered by local resources, and any funds surplus to local requirements are invested in regional or national banks, which are also in a position to borrow from governmental or in some cases private banks, in order (a) to help the newer or weaker local societies with their short term loans, and (b) to provide a substantial part of the sums required for medium and long term loans. It is, in fact, very much better that the local society, even if it has ample resources, should not use them for direct lending at long or even medium term. Much of such resources will undoubtedly be members' deposits, withdrawable either at sight or at the end of a period usually not exceeding one year, and therefore cannot without risk be lent at long term. They are far better redeposited in a regional bank which will have the experience and opportunity so to invest that a sufficient sum is kept liquid to meet any demands which the local societies may need to make.

It has already been pointed out that loans from a regional bank

are likely to involve more formalities than do those from local funds. In many countries it is also usual for regional banks to require some assurance not only as to how their money is being used, but how the local society itself is conducted. The regional banks of some countries exercise a good deal of supervision over local credit societies, and this may extend to recommendations regarding staffing whenever the local society reaches the point at which it can no longer depend on a part-time secretary but must employ paid staff.

National Cooperative Banks and their Relation to Governments

So far the terms "regional" and "national" cooperative banks have been used indifferently, since it depends mainly on the size of the country whether all local credit societies can be effectively united in and supervised by a single national cooperative bank, or whether their numbers or perhaps regional divergences of interest make it more satisfactory to group them first in regional banks which may themselves unite to form a national cooperative clearing bank.

There may, however, be some differences in structure between regional and national banks. A regional bank is nearly always, if not always, a purely cooperative federation controlled by its member societies, with an annual general meeting and votes usually based on the membership of the local organizations. It may include among these, cooperatives for marketing or other purposes, which either cover the area of several credit societies or whose borrowings are on a larger scale than they could individually finance. As a rule, however, a regional bank confines its membership to cooperatives connected with a single industry, such as fisheries or agriculture.

The national cooperative bank does not necessarily restrict itself in this way. In Japan, for example, the national cooperative bank is a clearing house not only for fisheries, but also for agricultural and forestry cooperatives. It can thus use the surplus savings of one industry to finance the other. It can also make seasonal adjustments. The peak need for short term credit to cover the holding of stocks may not be the same for agriculture and fisheries, and it may well be possible to lend the same money to more than one borrower in the course of the year, and so keep it continuously at work and earning interest.

The national cooperative bank is also, in most cases, the point at which government aid reaches the cooperative system. If aid is substantial and the cooperative organization inexperienced, the

government may insist on a measure of control over the bank. This will probably be secured by adding a proportion of State appointed governors to those elected by the regional banks. As the cooperative organization gains in experience and makes progress towards financial self-sufficiency, the number of official appointments may be reduced and the bank become increasingly the responsibility of the cooperatives themselves.

The actual source from which government makes funds available varies from country to country. It may take the form of a parliamentary appropriation; a loan at a low rate of interest from the National Bank; a levy on the industry itself; or the sale of bonds, with or without a government guarantee, to the general public. In some countries various forms of international aid for post-war reconstruction or economic development have been used for this purpose. They have had the effect not only of stimulating the demand for loans, but also of strengthening the reputation of local credit societies, so that members and others have been readier to entrust their savings to them, so increasing the funds which may ultimately make government aid unnecessary.

The whole question of State aid has been a subject of controversy within the cooperative movement of many countries. It has been held to weaken cooperative initiative and sense of responsibility and to leave the movement too much subject to government direction or even to political manipulation. On the other hand, it is easy to show that some communities (and these would include the fishing communities of many under-developed countries) would seem quite unable to improve their status by self-help alone. It must be admitted, however, that it is precisely among such communities that government aid risks becoming permanent and enervating. Among people with perhaps less acute need but with a longer business tradition, and the habit of managing their own affairs, initial help, even on a considerable scale, can be a valuable stimulus. The natural impulse to get rid of outside control will see to it that financial independence is sought from the beginning and usually attained within reasonable time.

(F.) COOPERATIVE INSURANCE IN THE FISHERIES

Functions of Cooperative Insurance

a) Cooperative insurance of fishing vessels, often simply called "mutual" insurance is probably the oldest form of cooperation in the industry, and is well developed in many European countries, in Japan and on the Pacific coast of North America. Most of the existing societies were founded in the late nineteenth or early twentieth centuries, but informal arrangements for mutual protection of boat owners had probably existed for many years before that. In some countries not only the coastal fishing fleets, but the highly capitalised deep-sea fishing vessels are cooperatively insured, though usually in associations of their own, separate from those of the inshore fishing fleets. In several countries up to 80 per cent of the whole fishing fleet is cooperatively insured. In some cases cooperative insurance of fishing vessels is in the hands of one or two large organizations dealing with different coasts or different classes of boat. Elsewhere there are numerous small associations covering the vessels operating from a single port, with or without a national cooperative re-insurance association.

The primary purpose of all these organizations is to insure members against the total or partial loss of boats at sea and to enable them to replace lost or damaged vessels and resume fishing. With the development of cooperative or government credits to the fisheries, however, a secondary purpose has emerged, namely, security for loans which the owner has received to finance the purchase or building of a fishing boat. As noted in the last chapter, this type of insurance may be required as a condition of the loan rather than sought by the fisherman for his own protection. Many but not all cooperative insurance associations receive some government assistance, generally in the form of the underwriting of exceptional losses, sometimes through the purchase of bonds issued by the association.

b) Cooperative insurance of engines and instruments is a relatively recent development and is often, again, a condition attached to a loan for the purchase of gas or diesel engines, radios, depth-sounders, radar and other expensive equipment. Insurance of

instruments and engines is usually carried on by the same organization as that insuring hulls, and in general it raises similar problems.

c) *Cooperative insurance of gear* present much more difficulty owing to the frequency of loss, the extent to which losses are a direct result of the different degree of care and skill exercised by different fishermen, as well as the impossibility of checking fraud. In many countries it is considered impossible to include gear in any cooperative insurance scheme. Two countries at least, Finland and Japan, have, however, devised cooperative insurance schemes for fishing gear, both of them fairly heavily State subsidised. Insurance of gear is also available in Sweden.

d) *Cooperative insurance against a fall in the price of fish* only appears to be practised in Japan, though the principle is known in agriculture and horticulture and is in fact secured in another way by the Swedish and Norwegian marketing schemes, which take fresh fish off the home market in times of glut.

e) *Cooperative insurance of fishermen against death, accident, illness, disablement or old age* often plays an important part in countries where national social insurance has not developed to meet the needs of an occupation carrying more than average risks. In some countries with advanced social services, older schemes, based on voluntary cooperation, have now been absorbed into the national system. Elsewhere, as in Belgium, though the organizations remains peculiar to the fishing industry, it is compulsory and in part state controlled, while it retains cooperative features.

Terms, Conditions and Managerial Problems

The Danish system of mutual insurance of fishing vessels may be taken as a typical example of the way in which these organizations operate. One large organization, founded 70 years ago, covers the whole country and insures 85 per cent of the total number of Danish fishing vessels. There are also a dozen small societies usually covering vessels registered in a single port. In the national association, premiums are fixed in relation to the age and value of vessels insured and the fishing grounds frequented. The rate for a North Sea fishing boat less than ten years old, for example, is 3 per cent of its value. (In Sweden the premium rate is 2.75 per cent; in France it varies from 3.9 per cent of total value for boats fishing on grounds less

than 100 miles from the port of registration, to 4.3 per cent for anything beyond this limit.) When insuring a Danish vessel for the first time, the owner makes an additional deposit of 1 per cent of the value, which is credited to the vessel's bonus account. Policy-holders are jointly and severally liable for the obligations of the association, and should claims and management expenses exceed the annual premium income, the deficit may be collected from the bonus accounts of policy-holders in proportion to their premium payments. This appears to have been rarely if ever necessary, and the Association has in fact accumulated considerable reserves. Though it received subsidies from government in its early years, it is now wholly independent, both financially and in management.

If the year's working shows a profit, part must be placed to reserve, the amount to be calculated in relation to the existing level of reserves, the value of vessels insured and the receipts and claims of the year, providing always that the funds of the association must not stand at less than 1 per cent or more than 3 per cent of the total value of vessels insured. Any balance of profits remaining is credited to the bonus accounts of policy-holders in proportion to the premiums they have paid. All bonus accounts bear interest. When a bonus account reaches a sum equal to 10 per cent of the value of the vessel insured, any further bonus is paid in cash to the policyholder. Bonus accounts, however, are only repaid in full on the loss, breaking up or sale of the vessel insured, though they may be partly repayable in certain other circumstances.

In Great Britain there are two fishery cooperative insurance societies, both dealing with inshore fishing vessels. One covers a restricted area, which reduces administrative costs and has made it possible to offer insurance at the very moderate premium of not more than 2 per cent of the value of the vessel. The other society has a membership scattered round the whole coastline. This has increased administrative costs, and involves difficulty in finding suitable men to act as local representatives for fees which the society is able to pay. The premiums are 3 per cent of the value insured. Both societies are based on limited liability and their ability to meet losses is based on substantial accumulated reserves. Both distribute profits in the form of rebates and no-claim bonuses to members.

From these examples and others which could be quoted, it is clear that there is a considerable variation in the premium rates charged in different countries. It is not certain whether this reflects different risks, different costs of administration or different estimates of the need to accumulate reserves. It does not appear that the presence or

absence of government aid or the adoption of limited or unlimited liability are deciding factors. A more detailed exchange of information on the whole subject among the countries concerned might well be valuable.

A subject which may also call for further study is the degree to which insurance is a necessary protection against the hazards of the sea and the degree to which it is required as security for a loan, and whether this distinction has any effect on the terms and conditions offered. Another point of interest is the interpretation of open membership. Obviously some fishermen, the careless or unskilful, are much greater risks than others, as are old and doubtfully seaworthy vessels. If these are included in an insurance scheme, it may well be that abler, more prudent or better equipped men in the same port, will refuse to join, and the cooperative insurance society will be left with only the bad risks. If, on the other hand, an insurance society is allowed to discriminate in accepting risks, it will tend to attract prudent men, its losses are likely to be less severe, and its premiums can be gradually lowered. It could well be argued, however, that it is the business of a cooperative to help all fishermen without distinctions which may be based on circumstances they cannot control. Should insurance be a required condition of a loan from some official source, the insurance society may not be in a position to refuse. These problems are especially acute in the small, one-port insurance society. In a nation-wide organization, risks are more widely spread, and the scale of possible individual loss is small compared with the total value covered.

The insurance of engines, instruments and (where it has been attempted) gear, is usually carried on by the same organization as that covering fishing vessels, and the problems are similar, apart from the special difficulties concerning gear which have already been noted.

In Japan, the insurance of gear is coupled with insurance against a failure of earnings, either from low prices or exceptionally poor catches. Both are secured through what is known as mutual aid insurance. This has only been introduced experimentally during the last few years, and was based on preliminary research undertaken by government. The essence of the scheme is that when the earnings of a member from the fisheries during a fishing season (known as a "mutual aid period") fall below 80 per cent of the cost of production, the difference is made up from the insurance fund. Loss or damage to fishing gear from natural hazards is compensated from the same fund. In the early stages of the scheme, the government is

prepared to make good any losses not covered by premiums, up to a sum equal to twice the total premium income of the organization.

Insurance against personal risks varies a good deal in character from one country to another. In Norway it is carried on through the Fishermen's (professional) Union, which operates a fishermen's life insurance company and a mutual accident insurance scheme. The first is financed by the fish marketing organizations and based on the number of fishermen who have delivered catch; the second by the fishermen themselves. The fact that both schemes are administered by a well-organized body, trusted by the fishermen and with branches in all parts of the country, simplifies management and reduces running costs. In Denmark, accident insurance for fishermen is compulsory and is carried on through the Accident Insurance Association of the Danish Fishing Industry, which is cooperative in character and managed by the fishermen themselves. Disputes are referred to an officially nominated board.

In Spain and Portugal membership of fishermen's fraternities or lodges is compulsory. The Portuguese system provides for compensation in case of accidents and other misfortunes, and the Spanish system is linked with compulsory accident insurance for all fishermen and a compulsory social security system for inshore fishermen which covers retirement pensions, sickness insurance, marriage benefits, etc. In Italy, grants available for similar purposes from official funds have been distributed through fishermen's cooperatives. This hardly constitutes cooperative insurance, but a bill to introduce a more truly cooperative scheme on an actuarial basis, and with a contribution from the State, has recently been brought before Parliament.

The fact that cooperative social insurance only exists in a rather limited number of countries may be explained in more than one way: either an effective scheme of public insurance exists which includes fishermen equally with other workers, or the country may not have developed to a point at which personal insurance has become practicable or is even effectively desired. In such countries a modest cooperative scheme on a voluntary basis might well be the beginning of some form of insurance for the sick and disabled which at some future date would probably merge with a national system of social insurance.

Reinsurance, National and International

The need for reinsurance has been felt most keenly in countries

where there are a large number of small fishing vessel insurance societies based on single ports, none of them strong enough to stand up to exceptional losses. A federal reinsurance cooperative exists in France, though it is not strong enough to carry the full burden, and some reinsurance is placed with private companies. In Norway, where there are many local insurance cooperatives, government has established a national reinsurance institute which is not cooperative nor controlled by cooperative societies. In the Federal Republic of Germany, an existing reinsurance cooperative federation came to an end after the last war and the division of Germany, but is being reconstituted since private reinsurance has proved too costly an alternative.

The possibility of reinsuring with any of the powerful national cooperative insurance associations built up by some other branches of the movement, generally consumers' or agricultural, does not appear to have been explored in any country, though some of these organizations are in the habit of undertaking international reinsurance of part of the risks of cooperative organizations in other countries.

Another solution which does not yet appear to have been considered is an exclusively fisheries cooperative reinsurance organization covering more than one country; as, for example, the Scandinavian or North European group among whom currency difficulties would not arise.

In this connection it is perhaps worth recalling that an international cooperative insurance committee exists within the International Cooperative Alliance and holds regular meetings for purposes of mutual consultation among its members.

Federal Organization for Other Purposes

Quite apart from reinsurance, there are several obvious advantages in some form of federal organization among insurance cooperatives at least in the same country. In the first place, the pooling of experience, the standardisation of procedures, premium rates, the relation of reserves to the values covered, even the design of policy forms, books and records, would have obvious advantages. In the second place, an experienced and helpful federal organization would make much easier the task of part-time secretaries and amateur boards of management in small ports. In the third place, all insurance is likely to give rise from time to time to contested claims, and it is by no means clear, except in the case of accident insurance in

Denmark, how these claims are settled. Some form of arbitration would seem essential, and for this purpose a national cooperative insurance federation would seem the most suitable body, whether it supplies the arbitrators itself, or appoints them from outside persons of suitable character and qualifications.

(G.) OTHER TYPES OF FISHERY COOPERATIVE

In addition to the main types of cooperative organization already described—marketing, supply, credit and insurance—there are a number of other activities which are carried out on a cooperative basis, often by a formally incorporated cooperative society, some of which are at present undertaken in relatively few countries, while others are in the nature of common services rather than economic enterprises.

Joint Ownership of Fishing Boats

This is traditional in many countries, the group usually consisting of members of the same family, fathers and sons, brothers or cousins. Such groups are informal partnerships and are rarely if ever, registered as cooperative societies. The proceeds of each voyage are divided among the participants, not necessarily in exactly equal shares, and it is usual to set aside "the boat's share" from which repairs and the fitting out of the next voyage will be met.

It would appear that a method of ownership so well rooted in the industry could, without difficulty, be developed into formal cooperation, and that, in particular, it would provide a firm basis for loans for the buying or building of vessels which might be beyond the means of any one fisherman. In fact, very little seems to have been accomplished on these lines, although lending institutions have been fully prepared to receive applications from cooperatives formed for this purpose. It is possible that in some countries the minimum membership of a cooperative required by law (which is often ten and may be twenty) is too high, or that insistence on the principle of one man one vote may not be acceptable to prospective skippers. Further investigation might prove instructive.

In certain countries the principle of joint ownership has been developed in a rather different way and is intended to parallel the collective farm in agriculture. In these countries the deep-sea fishing fleet, if it exists, is owned and run by the State, but the coastal and river fisheries are as far as possible organized on cooperative lines.

In the U.S.S.R. immediately before the war (and as far as is known still), the Black Sea and other southern fisheries were so organized that boats, nets and gear were State property, held in Motor Fishing Stations, which corresponded to the Machine Tractor Station serving the collective farms. The M.F.S. were responsible for repairs and upkeep, maintained shore installations, and in some cases supplied skippers and engineers. Crews were organized in collectives, holding fishing rights over a stretch of river or working in the open sea, sometimes both. They were organized in "brigades", each having its own fishing station, with sleeping and cooking accommodation and its own quota of hired boats and gear. The collective paid for hire of boats and the wages of skippers and engineers at the rate of 40 per cent of the catch remaining after the fixed delivery of low-priced fish to the State had been completed. Any catch remaining was sold either at a higher price to the State, or on the open market, or was retained by members for their own use. All marketing, apart from local sales, as well as processing, factory ships, refrigerated storage and transport, was in the hands of the State.

In countries like Yugoslavia and Poland, the elements of local control and ownership appear to be stronger, and the part played by the State less insistent. In Yugoslavia individual fishermen, especially on the Adriatic coast, were encouraged to pool vessels and gear, which become the joint property of the cooperative, the former owners being gradually paid off from levies on the catch. Where boats and other equipment were inadequate, the State was prepared to provide credits. The net returns from fishing, after deducting the cost of production and a contribution to reserve, are distributed to the crew in equal basic shares, but with an additional half or quarter share to skippers and engineers. The formation of these cooperatives is not compulsory, and though fairly numerous, they are only responsible for about 38 per cent of the Adriatic fisheries, as compared with 15 per cent for State fisheries and 47 per cent still in the hands of individual fishermen.

In Poland the system appears to be similar, though in some cooperatives fishermen have retained the ownership of boats or nets, and an allowance is made by the cooperative for their use. Most cooperatives, at least those engaged in the Baltic cutter fishing, have their own repair yards, net factories, fish processing factories, including freezing. The State is the sole purchaser of fish and the sole supplier of boats, gear and other fishery requirements. The deep sea fishery is State-owned and managed, but individual fishing continues alongside the cooperative in coastal waters.

Operation of Fishery Concessions

Fishery concessions may be of various kinds and their management involves varying degrees of responsibility and activity. In Japan all inshore fisheries appear to have been at one time subject to feudal rights, and when the feudal system was abolished these rights were transferred to fishermen's associations and later to cooperative societies. Originally their object was simply to preserve resources and maintain order in the fisheries "within the area of coastal fishery villages or other communities of fishermen". Gradually, as the scope of cooperative activity in Japan was extended by legislation, many of these cooperatives took on other functions, including marketing, purchasing, processing, transport, fish propagation, provision of port facilities and receipt of deposits. The development was in some ways an encouraging one, but it also tended to bring to light a divergence of interests between large and small fishing enterprises, owners and crews, fishermen and fish processors, all of whom were bound to be members of the Association because it controlled all fishing rights in the area, but who might or might not benefit from any of the economic activities in which it subsequently became engaged. Solutions to this problem are still being considered.

In marine fisheries generally exclusive fishing rights are more difficult to exercise, and there is less scope for cooperatives of this type. In rivers, lakes and lagoons and in the case of sedentary fisheries on the foreshore, the rights often belong to the State or to a private riparian owner and can be leased by individuals or a cooperative society of many small operators. Some of these societies are in fact anglers' clubs and their objects are mainly recreational. Many, however, are economic enterprises, the members of which are full-time fishermen. In most cases they do not merely hold fishing rights on behalf of their members, but actively improve the stock of fish or molluscs, by running fish hatcheries, cultivating oyster beds, regulating water levels, and at the same time making their own arrangements for protecting the concession from poachers. The lagoon fisheries of Greece are a particularly successful example of cooperative organization for this purpose, and have done much to improve supplies of fish and bring to an end the destructive and dangerous practice of dynamiting fish. Similar organizations exist in Italy, for the exploitation of oyster beds in France and in the rivers and lakes of several countries. An outstanding example of cooperative management of a lake fishery, including auction and retailing as well as fishing, weed clearance, and a variety of com-

munal activities, is found at Bidyadhari Spill near Calcutta, India. These cooperatives usually work in fairly close contact with government services for fish conservation and propagation, and receive qualified technical guidance in the management of hatcheries.

Collection of other Aquatic Products

This is important in some countries and covers a fairly wide range of products, most of them rather local. In Japan a number of cooperatives organize the collection and processing of edible and industrial seaweeds, and some carry on pearl culture. It may take the form of a cooperative of the owners of large or small vessels for the organization of sponge fishing expeditions; a supply cooperative providing gear, fuel, food and sea clothing; or a labour cooperative formed by divers. In Tunisia a sponge fishery cooperative existed for a number of years at Sfax, with a membership of three-quarters of the skippers of vessels using divers and three-quarters of the trawlers. Loans were made in the first instance to enable old debts to be paid off, and the cooperative then embarked on the supply of fuel oil, ropes, nets, food and other requirements, as well as the conditioning and marketing of sponges. The experiment encountered great difficulties owing to the fall in the price of natural sponges following on the manufacture of synthetic substitutes and the control of the international sponge market.

Services and Shore Installations

These can take a number of forms and may be managed by cooperatives formed specially for that purpose or by those already engaged in operating concessions or in some economic activity. Among the services are the improvement and maintenance of harbours, for which government loans or grants may sometimes more readily be obtained if local fishermen are prepared to contribute either in cash or in labour; the construction of slipways and the provision of winches for hauling small boats up open beaches. The building of fishermen's shelters, clubhouses, dormitories and kitchens, at points where men may have to wait for tides or weather at a distance from their homes, may be regarded as a special service, but it is also a contribution to the efficiency of the fishery. The establishment of two-way radio stations has already been noted as a method of informing fishermen of the state of markets and directing the landing of catches. Such stations can also play a valuable part in broadcasting

weather forecasts and gale warnings and in answering calls for help or medical attention. Unlike other shore installations, they call for permanent, though not necessarily full-time trained staff, and will have to be manned day and night.

Cooperative repair services for fishing vessels and engines are less common than might be expected. Repair workshops are reported from the cooperatives formed by owners of deep sea fishing vessels in Portugal, and cooperatives of the same type are working towards the ownership of shipyards, machine shops and other servicing facilities. It is obvious that before anything of the kind can be attempted successfully, it is necessary to be sure, in the first place, that the existing facilities for repair are either inadequate or extortionate, and in the second, that a sufficient volume of work will be forthcoming in the port to justify the capital cost of installations and to keep the necessary skilled labour constantly employed.

Fishermen's Housing Cooperatives

In the Federal Republic of Germany, where a number of fishermen arrived in Schleswig Holstein as refugees, special provisions have been made for re-housing, generally in group settlements. The local fishermen's Union or fishery cooperative, makes itself responsible for securing land, financing and construction, as well as for the admission of applicants to the scheme. The members must be able to provide the land, either as their own property or on long lease, and must contribute a minimum proportion of the total cost (including the cost of the land) either in the form of money, labour in building, land or fittings. The rest can be obtained partly on an ordinary mortgage, partly as a loan at very low interest (0.5 per cent) from the Provincial Government. Both are paid off in monthly instalments. In Portugal a number of housing projects have been carried on by the fishermen's lodges. In Hong Kong there is a fishermen's thrift, loan and housing society which is of special social significance in that its members have hitherto lived exclusively in their boats.

Housing cooperatives are well known among industrial and professional workers in a large number of countries. They frequently undertake complete housing projects either of single family houses or flats with all the necessary services, drainage, water supply, light and power, roads and street lighting, and in some cases with additional social amenities such as neighbourhood heating, communal laundries, restaurants, day nurseries and schools. Developments of this

kind are less often attempted in agriculture, where farm houses are usually scattered and closely connected with the use of land and farm buildings; but, as the example of the German Federal Republic shows, the system can well be adapted to the building or rebuilding of fishing settlements, where a fairly compact housing scheme is an advantage and members may well be prepared to contribute labour in the slack season. Success is likely to depend, however, on the willingness of government to provide considerable loans at low rates of interest. In underdeveloped fishing countries where improved housing forms part of broader programmes of economic development and welfare, a fishermen's cooperative project of this kind may have the additional merit of providing experience in practical cooperation for an easily recognizable purpose and of creating incentives to earn more and support a higher standard of living.

Other Social Services

Social services, like the social insurance already described, of which they are an extension, are important mainly in countries where the need for some communal responsibility for the sick, aged and otherwise helpless is realised, but where state provision for these purposes is limited. The fishermen's fraternities and lodges of Spain and Portugal are active in this field. The Portuguese lodges, it is said "offer protection and assistance to their members by providing medical aid and medicine, shelter, rest homes, boarding schools, maternity wards, home teaching, school canteens, holiday colonies, primary and fishing schools, religious, sporting and recreational activities, subsidies in case of birth, illness, disablement, funerals, loss of boats, as well as retirement pensions". The Spanish fraternities provide homes for aged fishermen. Polish fishery cooperatives also attach importance to the social services provided, including hospital treatment and paid holidays.

A special contribution of the Japanese fishery cooperatives has been in the organization of women's and youth groups in fishing villages. The women's groups, with some 167,000 members, have been formed with thrift as one of their main objects, but they also seek to improve living conditions through education in housekeeping and child care, and to train women for work in the fisheries, particularly the propagation of fish and molluscs and the rehabilitation of devastated fishing grounds on the foreshore. The youth groups, which are rather less numerous, are at least in part professional since they give instruction in fishery techniques and the

management of cooperatives, but they also work "for the improvement of living conditions, welfare and cultural activities".

The advantage of finding some place for women in a cooperative organization mainly concerned with the professional activities of men is twofold. In the first place there may well be no alternative focus of social activities in a small community, and any economic progress which the cooperative may bring about may fail to raise the standard of living if the women are incapable of keeping a good home, or using money and the things money will buy to the best advantage. In the second place, it is important for the success of a cooperative that its aims should be well understood and appreciated by women as well as men. A cooperative selling domestic goods must have their support and it often rests with them whether or not money is saved in the family and how the savings are employed. A wife who discourages her husband from serving on committees may be depriving the cooperative of a leading supporter.

In some countries there is the additional difficulty that although fish is caught by men, it is the women who sell it. They may receive less for it than would a well organized cooperative, but at least their earnings are their own, while payment from the cooperative will go direct to their husbands or fathers. If Cooperation is to be well received in a community organized on these lines, it may be necessary to open new opportunities to the women by offering them the chance of alternative employment, e.g. in a fish-packing plant, in hatcheries or the propagation of shellfish. A social organization for women is by no means wasted effort, since it serves to associate women at every step with the work which the cooperative is trying to do, as well as to get the best value out of any economic advantages it has gained.

IV. COOPERATIVE EDUCATION AND TRAINING

General Principles of Cooperative Education

All cooperative movements, whatever their aims or the occupation of their members, have always insisted that their work has educational aspects. The object of Cooperation was to raise the standard of living of its members, and material gains without an advance in education were regarded by all the early cooperators as illusory. The early consumers' movement in Europe, at a time when public education was very limited, and in any case offered nothing to adults, provided that a contribution for educational purposes should be made from the annual surplus of every cooperative society. It was spent on reading rooms, libraries, lectures and evening classes, and was a first step in providing forms of public education which were later taken up and expanded by national or local governments or by the extension departments of universities.

In producer cooperative movements the emphasis was often on professional education. The agricultural cooperative could not greatly improve the position of its members while they were, for example, too ignorant to breed or feed their animals correctly and were in effect turning out an indifferent product at unnecessarily high cost. Nor could the cooperative itself flourish in such circumstances. The experimental and educational work needed to bring about a change might be carried out either by the cooperative alone or, more likely, in collaboration with public institutions and universities.

In the third place, as cooperatives developed, the leaders began to realise that their success depended first on a membership which had some understanding of cooperative principles and practices; secondly on leaders and committeemen whose understanding was combined with some knowledge of business practice; and thirdly on a paid staff who were technically as well as theoretically trained for their duties. In this, the cooperative movement seems to have anticipated private business, which has only in comparatively recent years begun to interest itself in the mass education of employees.

The education of members as cooperators and the training of cooperative employees are probably the most important fields of

cooperative education in the world today and the most relevant to organization in the fisheries. They will therefore be considered first. The concern of cooperation with general or professional education is not, however, a mere curiosity of the past, and something will be said of the countries and circumstances in which it still has a part to play.

Types of Education and Training

a) *Cooperative Education of Members.* Some countries, Canada in particular, have laid great stress on the need to educate members in the meaning and responsibilities of Cooperation before actually forming a society. Such education cannot, however, long remain theoretical. The study group may meet to discuss the local problems which Cooperation is designed to solve and the practical steps by which a cooperative organization can be built up, but before long, a group of adults will want to take some action. It can only be decided in relation to local circumstances, how much theoretical discussion and study are necessary or will be tolerated by the participants before they are ready to register their society and begin work.

When this point is reached membership education is by no means at an end. It merely changes its form. Out of a large membership it is unlikely that more than a select few will want to study Cooperation for its own sake. For these few, who will probably include present and future members of committees, there is a place for the study circle or evening class which devotes itself to the history of Cooperation and its extension in other countries, or to the study of cooperative rules and procedures or to the elements of business practice. For the mass of members who have no desire, perhaps no ability to spend their evenings in study, the approach must be rather different. In the first place, the annual general meeting is often used to considerable educational advantage. This means in the first place, securing a good attendance, and in the second, seeing that business is not hurried through in a boring and unintelligible manner, but that the position of the society, the past year's trading, and the prospects of the year to come, are all made intelligible to the members. This may be supplemented by a more general talk on cooperative principles and possibilities, or by a film illustrating the work of other cooperatives. It should always, except in the case of very small societies, or societies of complete illiterates, be supplemented by written, preferably printed reports of the year's work. Many cooperatives

issue reports at more frequent intervals, or circulate a news sheet or house magazine to their members. Sometimes such a magazine is prepared by a cooperative union, but each society adds an outside sheet of local news and reports of its own activities. Members who are not prepared to follow a regular course of study may be ready to come to occasional meetings or film shows, especially if they are held at a slack season when the members have little to do. Where cooperatives have access to and are able to spend money on radio or television programmes, a good deal of education, not only of members, but of the general public can be achieved by these means. Something can also be done through the general or technical press.

b) *Education of Leaders or Committees.* The first committee of a new cooperative may sometimes begin work in absolute ignorance of its responsibilities. On the other hand, its members will be anxious to learn, and the business they have to conduct will be small and relatively simple. If the society has come into being with the help of a cooperative union or some other organizing body, there will probably be more or less expert advisors who can attend the first few meetings and guide proceedings. There will also be handbooks available which explain such things as committee procedure, the conduct of meetings, elementary accountancy and business procedure and the legal obligations of societies.

In a large cooperative movement with many local societies at different stages of growth and some of them large enough to present quite complex managerial problems, it may well be necessary to provide something more formal in the way of training for members of committees, especially for chairmen and honorary or part-time secretaries. This may be particularly important to credit societies, where there may be no paid full-time staff on whom committees can rely for technical guidance, and quite heavy responsibility is borne by a part-time secretary and a small unpaid board.

In some countries such as Canada, cooperative unions or other institutions, including the extension departments of universities, are prepared to run short courses for cooperative committees and office-bearers. The difficulty of taking advantage of such opportunities is twofold. Most members of committees find it difficult or impossible to leave their homes and jobs even for a week or two; most are adults of some experience, who do not recognise their need to be educated. Something can be done to meet the latter difficulty by using some such word as "conference" instead of school, and by arranging a form of education which involves as much dis-

cussion as possible and does not place the taught in a position which they can possibly find humiliating or embarrassing. The question of time and absence is more difficult, and can only be met by keeping educational gatherings as short as possible and concentrating on a number of small regional meetings which do not involve too much travelling for the participants.

c) Cooperative Staff Training. This is particularly needed at what may be called the elementary and the advanced stages of cooperative development. A cooperative beginning work in a fishery or a port in which there has been little or no previous organization of this kind, where there may be few fully literate people and none with business experience, may have great difficulty in finding staff with elementary commercial skills. In such circumstances the need will be to train secretaries in the keeping of minutes and records, office procedures, elementary bookkeeping and commercial practice, the practical aspects of cooperative law. Even this much is not easy, and calls, as a rule, for full-time intensive study lasting for at least several months. Courses of one year and upwards are required in many countries before a prospective employee is considered to be qualified to take up a post of any responsibility, even in a small society. Training by correspondence is possible, but success depends a great deal on the encouragement to persist which the student receives and on his opportunities for referring what he is being taught to practical experience which he is in a position to acquire day by day.

Once a cooperative has grown to a certain size under an experienced secretary or manager, it can, up to a point, train its own junior staff. Also, in commercially developed communities, there may well be business training schools, probably run by public authorities, to which the cooperative can send its employees for secretarial, accountancy and perhaps some forms of technical training. This, however, will not include education in Cooperation as such, nor in the special techniques called for by the nature of cooperative organization—the special bookkeeping required for the payment of bonus on business done, work with committees, or the kind of reports and statistics required for annual general meetings or for submission to government departments. It may still be necessary for the cooperative to have its members instructed in such subjects either by correspondence, by evening classes or by leave of absence with pay to attend residential schools.

When a cooperative, or it may be a regional federation of cooperatives, reaches the point of employing a large staff and carrying

through complex technical processes, the need for staff training once more becomes acute. It may well have to employ technical specialists, including specialists in business organization. For some posts, for example that of analyst, it may be necessary, as well as in most cases legally compulsory, to employ a man who has gone through a standard training and acquired recognised qualifications. Managerial staff may have to be taken over from private trade. Such men may know nothing of the purpose of cooperative organization, nor of the delicate balance between the interests of members and the commercial success of the organization, or between the authority of managers, committees and members which it is so necessary to maintain. For them, training in Cooperation is the first essential.

For posts for which the technical and scientific knowledge required covers more limited fields, or can in part be learnt by experience, it may be possible for the cooperative to train its own employees "on the job" and through the use of short courses made available in public institutions. Where, however, the same kind of operations are carried on in a large number of cooperatives, and especially where they differ in some way from corresponding operations in private trade, it may be well worth while for the cooperative movement to establish its own schools or colleges and to run its own correspondence and evening courses. These may be organized by the national cooperative movement as a whole or by fishery cooperatives alone as in Japan.

Residential training for staff involves some of the same difficulties as residential training for committees, particularly that of separating married men from their families. This is made easier if the employee's salary and expenses are paid by his society and if successful completion of a course of study is a recognised condition of promotion. There are cases, however, in which to insist on residential training would be absurd. The senior technician who is expected to inform himself on the nature of Cooperation can do so by correspondence. Where it is found more valuable to train a team than an individual (the entire staff of a shop, for example), instruction will probably have to be given on the spot and in an intensive form, since a shop cannot be closed while the assistants are sent away to school.

In large cooperatives, an understanding of the principles of business management and of special techniques like personnel management, office administration, work study, works lay-out, transport management, cost accounting and the use of statistics all become important, and employees marked for promotion should be given

opportunities to study these disciplines either in cooperative or general business institutions.

d) Professional Education of Members. This is rather a marginal cooperative activity, but it seems to play more of a part in fisheries Cooperation than in other branches of the cooperative movement. It is true that here and there agricultural cooperatives have established farm schools for the sons of farmers or farm labourers, and that workers' productive cooperatives look after the technical training of their apprentices and future members. Fishermen's cooperatives in countries like Italy have gone a good deal further than this in setting up local schools for young fishermen, teaching such subjects as navigation, radio telegraphy and the use of engines and instruments. In some countries they have added classes in literacy. None of this is strictly a part of essential cooperative development, but it may be a valuable service where no other institution is prepared to take it on.

Institutions providing Cooperative Education

Facilities for cooperative education and training exist in most countries, but in very few are they especially adapted to the needs of fishery cooperatives. Many agricultural or consumer cooperatives have their own residential schools and colleges offering courses lasting up to two years. These colleges may be owned, managed, and in the main financed, by the cooperative movement itself. This is the position in most European countries. They may also be established, as in India, under government authority, and financed and managed by a public body, in this case the Reserve Bank of India. Strictly cooperative schools usually concentrate on training employees, though they may also be open to members who want to take a general training in Cooperation, elementary economics and sociology, in order to fit themselves to play a leading part in the organization. Government sponsored schools usually combine the training of staffs with the training of junior officials, including auditors and inspectors, of the government department responsible for promoting and supervising Cooperation. Most cooperative schools also conduct or are associated with the running of correspondence courses and local training schemes, usually short-term or part-time, and these may also be available in countries where there is no residential college.

A fisheries cooperative organization of sufficient national import-

ance might establish an educational system of this kind. The Fishery Cooperative Institute of Japan is probably the pioneer example. The prerequisites are not only adequate finance, either contributed by the cooperative alone or aided by government grants, but also a sufficient annual draft of students to justify the provision of special buildings and teaching staff. This means not only that there are considerable numbers of untrained staffs at the time when the scheme is initiated, but that the societies are willing to send them and that they are recruiting new staff sufficiently rapidly to keep up the supply indefinitely. This implies either that the movement is expanding or that it has been in existence long enough to have a large annual replacement of staff as elderly men drop out.

As far as is known, no one has yet made the experiment of introducing a specialised course for the staff or members of fishery cooperatives into the syllabus of a cooperative college mainly concerned with some other branch of Cooperation. Where fishery cooperatives are relatively small or few in number, this might well be the best and most economical solution. Much of the subject matter would be the same, but a special tutor—perhaps more than one—would have to be appointed, whole or part time, to deal with specific fishery problems and show how general cooperative procedures would need to be adapted to fishery business.

In a number of countries, where there may or may not be special cooperative colleges, there are facilities, for teaching Cooperation in other educational institutions. Some countries even teach Cooperation in the primary schools, though the results of this are difficult to assess and depend much on the opportunities which the teachers are given to acquire anything more than the most superficial knowledge of the subject. Probably of more importance for Cooperation in general are the Chairs of Cooperation, the Cooperative Research Institutes and the courses in cooperative theory and principles which have been established in the universities of a number of countries. In a slightly different category, but equally valuable, is the teaching of cooperative subjects in university extension courses, to students who would not in the ordinary way get to a university. In some countries extension courses in Cooperation or cooperative management are provided not so much by universities as by the Ministry of Education or even the Ministry of Labour. University extension courses are made available in several countries, particularly in North America, but it would seem to be only in Canada that they have been especially adapted to fishery cooperatives.

It should perhaps be said at this point that whatever the agency

through which cooperative education is provided, its success depends on the quality of teachers and on the existence of suitable teaching material. The teaching of cooperative theory, history or economics in a university, to university students, may be an academic exercise carried on by professors, though even here it will be very much better if it is sustained by current research into the realities of cooperative experience. As simpler levels of education are reached, and particularly as the educator comes to confront fishermen's committees and the staffs of small cooperatives, the approach will have to be very different. The teacher must himself be familiar with the fishing industry, the life of fishing communities and the conditions which Cooperation seeks to improve. He is unlikely to be a success unless he has some genuine belief in social values and in cooperative methods. Without this he will not only be unpersuasive as a teacher; he will be unlikely to survive the itinerant character and makeshift conditions of his job. The teacher at a cooperative college is in a midway position with a somewhat more schooled and stationary audience than is provided by the study group or the week-end conference, but still with one which requires academic instruction to be constantly related to its own, often rather restricted and specialised background.

The provision of teaching material is not as easy as it looks. Standard books on Cooperation exist in many, though not all languages, but very few of them deal with Cooperation in the fisheries, and many are written in an academic style, and presuppose a knowledge of economics. There are similar difficulties in the use of books on business techniques. It may be necessary for a fisheries cooperative federation to provide its own textbooks, perhaps employing academic writers, but coaching them carefully in the manner of approach and the probable limitations of the students' general knowledge. Specially written or translated textbooks will be particularly necessary in countries in which none of the world languages are generally familiar. Here there will be need for vernacular books to cover all levels of instruction except perhaps that intended for senior officials. Grants for the preparation and publication of such materials might be obtained from the national government, or in some cases from international funds.

Education in Fishery Cooperation - National Experience

The most developed system of education in fishery cooperatives is probably in Canada and Japan. In Canada, several Provincial

Governments, especially those in Nova Scotia, Quebec and Saskatchewan, have actively assisted in the education of fishermen for Cooperation, and the Federal Government makes substantial annual grants to universities in the Maritimes, Quebec and British Columbia for the same purpose. The work of Antigonish University in this field is well known.

In Japan, the Fishermen's Cooperative Association School was founded in 1941 in Tokyo, under the management of the Fisheries Education Foundation. The students, numbering 50 each year, are selected from graduates of high schools and from those who have already served more than five years in fishery cooperatives. The course lasts one year and covers basic principles of law and economics, as well as practical training in book-keeping and accountancy.

Among the countries which have cooperative colleges or equivalent institutions, are Sweden, Norway, Denmark, Finland, the United Kingdom, Federal Republic of Germany, France, India, Pakistan, Malaya, Ceylon, East and West Africa. None of these, as far as is known, makes any special provision for fishermen's Cooperation. The same may be said of the cooperative departments of universities in France, Spain, Greece, the U.S.A. and some countries of Latin America, as well as of the cooperative research departments attached to German and other universities. It does not follow that they would not be interested in fisheries Cooperation if their help were invited.

V. CONCLUSIONS

Cooperation among fishermen exists in a large number of countries, 25–30 at least, but is only of national importance in a few. In the majority, it is much less economically important, less closely organized and less influential than the cooperative organization of farmers, consumers or even of industrial producers. This is no doubt in part because in many countries the fishing industry itself is only of local importance. Cooperation is also a form of organization which is, in the main, appropriate to one kind of fishing, that carried on by the independent one-man or one-family enterprise. In many of the leading maritime nations today, fishing has passed to a greater or lesser extent into the hands of large scale, highly capitalised enterprises, including State enterprise, and joint action between them takes the form of an integration of business interests rather than anything commonly understood as Cooperation.

It is hardly possible to consider the future of fishermen's Cooperation without making some forecast as to the future of the family enterprise. In agriculture the family farm—which is not necessarily the same thing as the small farm—seems to be holding its own. Massive agricultural cooperative movements in all the continents have been built on two assumptions: first, that for the foreseeable future, the family farm will still be here; and second, that while, as a producing unit, it is or can be highly efficient, as a financial purchasing, processing and marketing unit, it is altogether too small, and can only be brought to an efficient scale through Cooperation. If the same two assumptions can be made in the fisheries, it remains to consider how the present scattered and localised experiments can be used to the best advantage and what they need to make them into the component parts of an effective modern industry.

Perhaps the most notable difference between fishermen's Cooperation and that of other occupational groups, especially of agriculturists, is that, except in one or two countries, the fishermen's movement lacks national organizations, that it has received relatively little government sponsorship, that it is rather out of touch with other forms of Cooperation, and that it has to struggle in nearly all countries with limited funds and limited educational facilities.

The national cooperative bank, the wholesale supply and manu-

facturing organization, the national marketing federation, the cooperative union for education, legal advice, audit and public relations, are all commonplaces of every form of Cooperation, but they are comparatively rare in Cooperation among fishermen. A country may have one national fisheries organization—a cooperative bank, for example, or a fishing vessels insurance society, quite unsupported by other possible national federations. Where this is so, it means that fishermen's societies engaged in other branches of activity are leaderless and are unable effectively to mass their buying, selling or financial power or to operate on a large enough scale to hire the best management and the best technical knowledge. At the same time, the opportunity for a fruitful inter-action between cooperative finance and cooperative business or between business and public relations is lost.

As regards government sponsorship, there are those who would say that a cooperative movement should be neither State sponsored nor state directed and that the healthiest organizations are those which grow by their own efforts in conditions of complete economic liberalism. There are many arguments in favour of this, but it is still an extreme point of view. Even countries like the United States, which stand for individual initiative in economic life, have made extensive provision for agricultural Cooperation, through legal facilities, advisory and educational services and financial aid. There are countries in which fishermen's Cooperation has received the same support, but there are many where nothing of the kind has been done, or it has been done on a very small scale.

Contacts between fishermen's cooperatives and those of farmers or consumers, have occasionally produced some interesting joint enterprises at various levels, from the Agricultural Forestry and Fisheries Bank of Japan to the local fish processing plant and fishermen-consumers' stores of the Scandinavian countries; but in the main no very close relationship has developed and the financial and educational resources of the older and stronger movements have not been available to fishery cooperatives when they have been most needed.

If these cooperatives are to make more rapid progress, either in under-developed countries or in developed countries where small boat fishing does not attract much national attention, then some means of encouraging and supporting them will have to be found. It may be done through other branches of the cooperative movement, through an appropriate department of government, or a government-sponsored development board. What will be needed in the first place is organizing, auditing, technical and educational exper-

ience, and in the second place capital, probably in the form of loans, which will make possible development without the heartbreaking delays which are inevitable if resources have to be built up solely from the savings of fishermen or the narrow margins on simple forms of trading.

It is obviously easier to find means, official or unofficial, of developing a relatively neglected section of an otherwise advanced economy than it is to modernise, on cooperative lines, what may well be the most primitive occupation in an underdeveloped country. The consideration most likely to induce a government to devote special attention to cooperation among fishermen, is probably the contribution which a reorganized fishery industry could make to national food supplies. This has often been the motive behind government aid to agricultural Cooperation, though there has been in this case the added motive that agriculture may provide the sole livelihood of four-fifths of a country's population. An attempt to exploit what may be a relatively new source of food means a good deal more than production and primary marketing. It involves public transport, a retailing system, and the education of national taste. Much of this may well be beyond the scope of an unaided voluntary cooperative movement.

It remains to be considered how far international action can be used to promote Cooperation in the fisheries. A survey of national progress to date shows how patchy experience has been, and how far countries with what appear to be identical problems have in fact tried to solve them by quite different types of cooperative organization. There is an obvious case for an exchange of technically competent persons, especially among countries with a generally similar type of fishing, so that experience may be generalised, and a much more detailed knowledge made available concerning existing practices and problems than can be attempted in a book of this kind.

Several underdeveloped countries have received international advisors either on fisheries or on Cooperation, and this may be the field in which more aid can fruitfully be given, provided an expert can be found who has mastered both fishery and cooperative techniques or a collaboration of experts can be devised.

Direct and as it were multi-lateral contact between fishery cooperatives through international organizations such as the International Cooperative Alliance, cannot be expected to make much progress until national cooperative organizations, especially of the educational and policy-making type, exist in larger number in the field of fisheries Cooperation. Such contacts have been of value to other types

of cooperative which work only in the national field and have no necessary contacts with other countries. Sea fisheries have an international character and involve international contacts. The cooperatives which serve them may pool their experience and even solve some of their economic problems along international lines.

LIST OF PUBLICATIONS ON COOPERATION

Listed here are selected publications of the Food and Agriculture Organization of the United Nations, the International Labour Office, the International Cooperative Alliance, the Plunkett Foundation for Cooperative Studies, and the author of this study. For a comprehensive bibliography, readers are referred to the bibliographies on cooperation included below.

I. FAO PUBLICATIONS

REPORT OF THE FAO TRAINING CENTRE IN FISHERY COOPERATIVES AND ADMINISTRATION. Volumes I and II, 1958. (E)*. Volume II contains "Fishermen's Cooperatives in the Indo-Pacific Region", by E. F. Szczepanik.

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* E - English F - French S - Spanish Tri - English, French and Spanish

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COFI-WP/1 FISHERY COOPERATIVES IN EUROPE, by Margaret Digby, O.B.E., The Plunkett Foundation for Cooperative Studies, London. (E, F, S)*.

COFI-WP/2 FISHERY COOPERATIVES IN NORTH AMERICA, by Louis Bérubé, M.Sc.S., School of Fisheries, Laval University, Sainte-Anne de la Pocatière (E, F, S)*.

COFI-WP/11 EDUCATION AND TRAINING FOR FISHERMEN'S COOPERATIVES, contributed by the International Labour Office, Geneva. (E,F, S)*.

COFI-WP/13 BUSINESS ORGANIZATION AND MANAGEMENT OF FISHERY COOPERATIVES, contributed by the International Labour Office, Geneva. (E, F, S)*.

Papers contributed by participating Governments and Cooperative Organizations:

COFI-WP/3 LE CREDIT MARITIME MUTUEL EN FRANCE, par la Direction des Pêches maritimes, Marine marchande, Paris.

COFI-WP/4 COOPERATIVE CREDIT IN THE FISHING INDUSTRY IN JAPAN.

* E – English F – French S – Spanish Tri – English, French and Spanish

- COFI-WP/5 **DISTRIBUTIVE SYSTEM AND COOPERATIVE MARKETING OF FISHERY PRODUCTS IN JAPAN**, by Akira Hasegawa and Hirohiko Watanabe, Fisheries Research Institute, Tokyo.
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- COFI-WP/8 **THE ORGANIZATION AND ACTIVITIES OF FISHERY SUPPLY COOPERATIVES IN THE GERMAN FEDERAL REPUBLIC**, by G. Marre, Chamber of Agriculture, Kiel.
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- COFI-WP/10 **A GENERAL SURVEY OF THE DEVELOPMENT OF COOPERATION AMONG FISHERMEN IN NORWAY AND METHODS BY WHICH THE GOVERNMENT HAS ASSISTED THE ORGANIZATIONS**, by Aslak Aasbø Directorate of Fisheries, Bergen, Norway.
- COFI-WP/12 **COOPERATIVE INSURANCE FOR FISHING VESSELS IN ENGLAND AND WALES**, by John Thomson, O.B.E., Fishing Vessels Cooperative Insurance Society, Ltd.
- COFI-WP/14 **ORGANIZATION AND MANAGEMENT OF FISHERY COOPERATIVE ASSOCIATIONS IN THE UNITED STATES**, by L. D. McMullin, Branch of Economics, Bureau of Commercial Fisheries, Fish and Wildlife Service, U.S. Department of the Interior, Washington, D.C.
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- COFI-WP/17 **NOTES SUR LA COOPERATION CHEZ LES PECHEURS EN ITALIE**, présentées par la Confédération Coopérative Italienne.
- Extracts from **NOTES ON THE COOPERATIVE MOVEMENT AMONG FISHERMEN IN ITALY**, presented by The Confederation of Italian Cooperatives.
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- COFI-WP/19 **REGULATION AND SUPERVISION OF FISHERY COOPERATIVES**, by A. J. Mockler, A.A.S.A., Australia.

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- COFI-WP/21 FISHERIES AND FISHERMEN'S COOPERATIVES IN GREECE, Agricultural Bank of Greece (Cooperative Department). (E, F).
- COFI-WP/22 PROBLEMS OF THE FISHERY COOPERATIVES IN THE NETHERLANDS, by A. G. U. Hildebrandt, Landbouw-Economisch Instituut, The Hague.
- COFI-WP/23 FISHERMEN'S COOPERATIVE FRATERNITY - San Sebastian (Guipuzcoa) SPAIN - C.O.P.E.G.U.I. (AN INDUSTRIAL COOPERATIVE FOR THE DEFENCE OF FISH PRICES, BASED ON MARKET CONTROL AND DISPOSAL OF SURPLUS), by L. Echeverria, and J. A. Urquizu.
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