

CO-OPERATION  
IN  
WORLD ECONOMY

Thorsten Odhe

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INTERNATIONAL CO-OPERATIVE ALLIANCE

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## Foreword

The first edition of *Co-operation in World Economy* was written in the autumn of 1946 and published by the International Co-operative Alliance in 1947.

Since then I have had unique opportunities for collecting new information about co-operative activities in a large number of countries, and about the problems of world economy in general. From 1946 I was ICA representative to the United Nations Organisation, and from 1948-51 Director of the ICA. For part of 1952 and 1953 I worked, mainly as a consultant on Consumer Co-operation in Europe, with the Productivity Section of the Mutual Security Agency (USRO) in Paris. Then as an employee of the Swedish Co-operative Union and Wholesale Society I visited a number of co-operatively well-developed European countries in the course of my work. This experience enabled me to accept the invitation of the ICA Secretariat to enlarge the original edition of *Co-operation in World Economy*.

The booklet is not to be regarded as an official or even semi-official expression of the views and opinions of the International Co-operative Alliance. Any conclusions reached or opinions expressed are mine alone.

I am indebted to a number of people for their kind help and assistance—to Mr. W. P. Watkins, Director, and Miss G. F. Polley, General Secretary of the ICA, both of whom have also given me valuable advice on the general planning of the booklet, to Mr. G. Norman Lamming of the ILO Co-operative and Handicrafts Service, and Mr. R. H. Gretton of the FAO Rural Welfare Department. I wish also to express my deep and lasting gratitude to Mr. Lamming's predecessors—the late Dr. Georges Fauquet and M. Maurice Colombain whose written and spoken words have contributed much towards widening my outlook on International Co-operation. I am, too, indebted to my many friends and colleagues in the Co-operative Movements in Sweden and other countries. Finally, my thanks are due to the Secretariat of the Alliance for editing and preparing my manuscript for the press.

Should readers of this book wonder why so many examples of Co-operative development and action have been chosen from the Scandinavian Movements the explanation is a simple one. In the first place the Scandinavian Movements are those with which I am most closely acquainted; and secondly, these Movements—for the most part operating in the countries which were spared the devastation of two wars—have been able to go ahead and develop certain forms of organisation and undertake special action that may serve as a model to Co-operative Movements in other countries.

But co-operative activities and achievements are not a matter for nationalistic pride or boasting. The influences of national co-operative organisations on economic development in their respective countries should only be matters for pride in so far as they may be worth observing, and in so far as they create an increasingly active and effective sense of solidarity among Co-operators throughout the world.

THORSTEN ODHE.

## CO-OPERATION IN WORLD ECONOMY

CO-OPERATION may be defined as organised voluntary collaboration among ordinary people to enable them to produce and process, procure and buy, market and sell; to provide credit facilities and insurance protection, and other services such as the distribution of electric power and the comfort of medical care.

During the last hundred years Co-operation has emerged with growing strength and extraordinary flexibility, side by side with the capitalist system. The Co-operative form of economic activity has been sustained by a firm conviction and enduring devotion on the part of the classes from which it recruited its members.

Co-operation has developed within the more or less Utopian theories of transferring the means of production from capitalist owners to the workers, through co-operatively organised productive enterprise. These theories originated in the first half of the 19th century as a result of the social evils of the Industrial Revolution. To-day, Co-operation is a great popular movement—or rather a complex of such movements—concentrated primarily on attaining practical economic ends. At the same time it aims at reshaping the economic system in its entirety—its motives, working methods, objectives.

In its various stages of development, Co-operation is making steady progress throughout the world. Its organisations embrace hundreds of millions of active co-operators. The results achieved within the national economies of many countries are illuminating testimony to its capacity to introduce a vigorous democratic influence into trade and industry, to obviate or at least modify injurious outgrowths of other economic systems; and substantially to raise productivity within its spheres of activity, thus improving the material condition of hitherto neglected and backward peoples.

At the end of World War II, the world was faced with urgent and gigantic economic and social problems. Production had to be restored, economic relations between countries re-established and developed, and economic, social, and moral rehabilitation achieved. In all these spheres the assistance of the Co-operative Movement proved indispensable. In countries devastated or thrown into confusion by the war, the Movement was entrusted with important tasks to achieve a speedy conversion from war to peace production, to control inflated prices, and to defend the community against the repercussions of a continuing depreciation of their currency values.

The Co-operative Movement, through the International Co-operative Alliance, enjoys consultative status with several UN bodies, the most important being that in category A with the UN Economic and Social Council. It performed a great service by bringing together peoples prejudiced by national resentments engendered by the war into mutual tolerance, common friendship, and understanding of their joint responsibility in the task of securing a lasting peace. The co-operative movements of countries spared the worst evils of war assisted in rebuilding movements suppressed or broken by dictatorships.

So far, the International Co-operative Movement performed a task common to all international organisations. Its specific tasks of promoting international peace and

progress are determined by its nature as a world wide people's economic movement, symbolically and actually pursuing definite ends, the attainment of which largely depends on close international collaboration and solidarity. They are practical ends and it is the firm conviction of the Movement that they can be attained by linking the efforts of the International Co-operative Movement, in appropriately planned ways, with those of other international organisations, and with the powerful currents of world opinion.

## CO-OPERATION: ORIGIN AND PRINCIPLES

Although varied in its economic forms, Co-operation is distinguished by certain simple principles that give co-operative enterprises a common character, fundamentally different from that of capitalist enterprises. Co-operation is based on the principle of a non-profit making economy. The evolution of co-operative principles is intrinsically bound up with the historical origin of the Co-operative Movement—an origin linked with that of the great emancipatory movements of the 19th century, of which, in its initial stages, it was a part. During this period the Movement was sustained by a libertarian and social revolutionary ideology reinforced, and to some extent modified, by social and economic ideas from other sources. Washed by emotional waves, it became the mainspring of appeals for liberation from economic exploitation, cultural backwardness and political and national oppression. The various forms of co-operative activity were thus welded together, enhancing their chance of achieving their practical economic objectives.

In Great Britain, the home of Co-operation, the term "co-operation" was applied in the early days to every enterprise formed by workers to emancipate themselves from dependence on private employers. Ways of financing and managing such enterprises and sharing surpluses differed widely, but they were all inspired by ideas of a collectively organised way of living and the like. In some cases, as in Robert Owen's famous communities, they had a paternalistic character. When the Rochdale weavers drew up their statement of principles for the Equitable Pioneers' Society, they stipulated that the society should be open to all wishing to use its services; that the society's trading surplus should be divided in proportion to members' purchases; that there should be limited interest on share capital; and that every member, irrespective of the amount of his purchases, or of capital held, should have one vote in the management of the society's affairs. The same principles proved easily applicable when the idea of co-operative association developed among craftsmen and in rural populations in different countries. This led to the development of productive and marketing societies, credit banks, and so on.

As it expanded, Co-operation showed itself to be a unique form of economic enterprise, in that it directly promoted the interest of its members. Thereby, it differed fundamentally from the profit-making section of the national economy, which produced or distributed goods exclusively to secure the most advantageous rate of interest on invested capital.

Where competition is reasonably free, private enterprise can act as a spur to efficiency and increased productivity. Co-operation, however, remains uninfluenced by the temptation assailing private firms, to keep the gains from increased efficiency only for those

who control the capital. Gains achieved by co-operative association are passed on to the members owning the enterprise. At the same time, co-operative enterprises have the same need as private business for capital to be profitably invested. They are thus compelled to walk the same road towards increased efficiency through rationalising their production and distribution.

Co-operation only developed into a movement when it ceased to be an amorphous mass of scattered primary units, and entered the stage of federation. In this field, too, consumer co-operatives in Great Britain paved the way. Three or four generations ago, individual co-operative stores began amalgamating into larger societies and forming federations. These, in turn, established new enterprises. The English and Scottish Wholesale Societies, for example, were established in the 1860's. To-day the Co-operative Movement presents a uniform pattern of federal structure. Local societies have formed regional and national organisations with special functions—central unions for advice and education; wholesale societies for buying and selling, importing and exporting; productive associations; bank and insurance enterprises. The federal process has even reached the international field, where national central co-operative organisations have formed joint associations for buying, selling and manufacturing.

This federal structure has been fashioned in complete accord with the co-operative principle of self government by the members. Local societies form regional and national organisations, but do not surrender their autonomy. They are the owners of these units, in the same way as individual members own and control local societies.

Model rules, based on experience gained in various countries, have been drafted with a view to ensuring decentralised control, even in the biggest central organisations. In every country, the Movement is deeply conscious that its ability to serve its members through its central organisations is greatly dependent upon the full maintenance of the democratic principle of government and the influence of local societies.

Thus the structure of consumer co-operative organisations in their most highly developed forms—federated local societies, and wholesale societies with a number of manufacturing and other productive enterprises serving the local societies—is fundamentally different from private multiple shop enterprises, where integrated wholesaling and production is directed from the top in the interest of the shareholders.

From the viewpoint of smooth adaptability of the distributive machine to changes in consumption and demand, the pattern of co-operatively organised distribution—in principle and in practice—offers considerably greater advantages than the capitalist chain store enterprise. The basic principle of construction of central co-operative organisations *from the bottom to the top*, enables them to become valuable instruments for providing their smallest component units with the benefits of modern, large scale, financial, administrative and technical operation. They constitute a tangible expression of the solidarity of interests inherent in Co-operative enterprise, which gains in value as it extends. On the other hand, they differ entirely from large, aggressive monopoly groups frequently interested in keeping technical developments and organisational experience as far as possible for their own use, in order to control the market and attain the maximum amount of profit on invested capital. Within co-operative organisation, whether it be in the field of production or marketing, etc., interchanges of technical and organisational experience are constantly going on, since the jealousies inherent in the profit motive are excluded.

Accusations of rigidity, bureaucratic management and administration, etc., sometimes

raised against co-operative organisations are, in most if not all cases, refuted by their achievements in competitive markets, and by the fact that reduced employment and trade in periods of trade depression, are very rare. Where fluctuations do occur—except in cases of violent Government intervention, as in the authoritarian countries of Central and Southern Europe prior to World War II—they are limited to smaller and weaker movements. The larger and more widely integrated a co-operative movement is, the less exposed it seems to be to the repercussions of normal changes in general trade conditions.

The co-operative form of organisation is thus a clearly defined part of the national economy. Its importance to the national economy of different countries, however, varies a good deal. In vast territories where economic systems are in a state of transition from older and more primitive forms, co-operative enterprise is still in its beginnings, but is rapidly gaining ground. In a number of more advanced countries it occupies a major place that makes it a counterpoise to conservative forces in industry and trade. This is of the greatest importance to the national economy. In all national economies of the competitive type, the co-operative capacity to expand is conditioned not by an ability to produce large returns on capital investments, but by its efforts to provide the best services.

To some extent, co-operative working methods differ from country to country, as does the application of the fundamental principles of the Rochdale Pioneers. At the London Congress in 1934 and the Paris Congress in 1937, the International Co-operative Alliance—to which the overwhelming majority of the more important national Co-operative organisations are affiliated—dealt with the question of the basic co-operative principles. A special committee set up to define those principles submitted to the Paris Congress of 1937 a recommendation that observance of the following four principles (because they determined the Co-operative character of an organisation) should decide whether an organisation could be admitted to membership of the Alliance—open membership; democratic control; distribution of the surplus to members in proportion to their transactions; and limited interest on capital.

In the Committee's opinion, the remaining three Rochdale principles—political and religious neutrality, cash trading, and promotion of education—while undoubtedly part of the original Rochdale system—should not be a condition for membership of the International Co-operative Alliance.

In recent years, and more particularly in the post war period, the interpretation of the principles of democratic self government has been one of the main objects of attention by the International Co-operative Movement, as represented by the Alliance. At the Congresses in Prague (1948) and in Copenhagen (1951) this principle was clarified so as to imply voluntary affiliation and freedom from State control. It was re-affirmed at the Paris Congress in 1954.

*The free and voluntary character of Co-operation* was laid down as a basic condition of affiliation to the Alliance in its first rules, drawn up more than 50 years ago. For many decades the application of this rule was recognised as axiomatic, and never raised any controversy. It was only as a result of recent political changes in a number of European states, and the consequent transformation of Co-operative organisations into State controlled bodies for production and distribution, that the urgent need for clarifying the rule emerged.



As far as those principles whose application is left to the discretion of the organisations themselves are concerned, it can be said that, as a rule, co-operative organisations that have neglected them have not succeeded. Either they have withered away, or have changed into capitalist forms of enterprise.

On the basis of these principles, a wide network of co-operative societies has extended over the whole world. They have displayed an admirable adaptability to differing economic requirements, varying climates, races, and stages of civilisation. In striving to satisfy their most fundamental interests as consumers and producers, through their own organisations, the small and economically weak sections of society have often achieved results only after protracted labour and the maximum of patience, while others have succeeded with remarkable speed. Small local associations have quickly multiplied and created big, effective organisations which have made amazing contributions to the general development of the national economy. Although the pace may vary in different countries, the Co-operative Movement is making strides throughout the world. Its dynamic secret, revealed by its successes in varying economic climates, lies to a great extent in its capacity to mobilise the abilities and leadership latent in those classes of society which are otherwise excluded from entering the field of independent enterprise by poverty and lack of opportunities. By pooling the resources and abilities of the many, although economically weak, a strong Co-operative Movement has emerged as a new factor in present day civilisation. It centres its activities on economic advancement, which is a pre-requisite for the fulfilment of other claims. Co-operation is thus the pioneer of national emancipation, stimulating the accumulation of large scale capital drawn from many small sources for national investment, and selecting for its leaders the members of the masses, whose capacity might otherwise have been wasted.

## CO-OPERATION IN THE NATIONAL ECONOMY

### I. CONSUMER CO-OPERATION

Examples of joint undertakings on a voluntary basis, particularly amongst villagers, can be traced back to the Middle Ages. Typical of these were the reconstruction in common of cottages, sheds or cow stalls after fires, cheese making, brewing beer, etc. No doubt in time they gave an impetus to rural co-operation in the modern sense of the word, but consumer co-operation began as a practical branch of trade during the Industrial Revolution. A number of societies, such as local flour mills, bakeries and food stores, in Scotland and England, organised more or less on co-operative principles, date back to the latter half of the 18th century. But it was the Society of the Equitable Pioneers of Rochdale who, taking advantage of the mistakes of their predecessors, "invented" the principle of dividend on purchases and, by a number of other progressive organisational features, paved the way for modern consumer co-operation. The Pioneers had a keen eye for the federal principle. The establishment of the English Co-operative Wholesale Society can largely be attributed to their efforts. Moreover, they joined up with a small number of other British societies, and made the first attempt at an international co-operative organisation.

From Great Britain, the Rochdale system spread slowly, first to the industrialised

areas of Europe, and then to other continents. At the beginning it was a distinctly working-class movement. In several countries it has retained this character, and has found its most fruitful areas of development in urban and industrial districts. In other countries however, its development has embraced clerical workers, craftsmen, members of professions, agricultural labourers and small farmers.

Division of the population according to religious beliefs, political parties, social barriers and language, has also played a part in delaying unification of consumer co-operation in several countries. For instance, in certain countries separate organisations for industrial and black coated workers are operating side by side. In a number of essentially agricultural countries, a special consumer movement has grown up, supplying members with agricultural requisites as well as with foodstuffs and household necessities. Again, in some countries such as Finland and Switzerland, separate consumer co-operative organisations for urban and rural populations have developed side by side.

In Denmark, the U.S.A., etc., where urban and rural populations have common central organisations for the supply of household necessities, the needs of the rural population for the joint purchase of working tools are met partly through these, and partly through separate organisations.

Thus, the organisational pattern of the consumer Co-operative movement is very varied, but it demonstrates its remarkable adaptability to the varying national structures, as well as its capacity to surmount class, social, and occupational barriers, even in countries where tradition and prejudice still separate, or even segregate, various elements of the population from one another. This was the main reason why the International Co-operative Alliance did not include religious or political neutrality in its rules governing affiliation of members, though it made it a condition of its own activities. Conforming with the idea of human solidarity, the Alliance performs a valuable task in promoting—by persuasion, not intervention—the national unification of co-operative organisations. Such unification, aided by irrefutable economic arguments, has been making considerable headway in consumer co-operation in recent decades. In France, the unification of the “ Socialist ” and “ Neutral ” movements was brought about in 1912. In the Netherlands the same thing happened after World War II to the movements formerly separated by occupational, religious, and political barriers. In Germany, the re-emergence of consumer co-operation after Hitler’s defeat resulted in a similar merger in contrast to the position existing before 1933.

Europe was the cradle of consumer co-operation, and it is there that it has so far experienced its greatest development. According to statistics compiled by the Co-operative Service of the International Labour Office, at Geneva, the total membership of consumer co-operative societies in Europe (excluding the USSR) was 19.25 million in 1937. Unfortunately there are no later figures available from this source. Since usually only one person in a family is a member of the co-operative, the total number of persons represented in European consumer societies could be put, at that time, at sixty to sixty-five million. The present total membership is far greater as a result of the reconstruction of the co-operative movements in Germany, Italy, and Austria, and of the steady progress made in other West European countries. Details are given in the statistical appendix at the end of this book.

Naturally, the proportion of the population reached by the societies varies greatly from country to country. This is determined by their stage of development, the

freedom of action accorded them by national legislation, and the general attitude of public authorities. Even before the War, the expansion of retail co-operative trade was restricted by laws and ordinances which regulate the establishment of new retail trade outlets. In some countries there was discrimination against co-operative enterprise. During the War, rationing and quota schemes acted in the same way; whilst in the post-war period, anti-inflationary measures, such as temporary bans on new business ventures, and restrictions on various investments are, in a number of countries (particularly in Western Europe), proving detrimental to co-operative trade and the affiliation of new members. Despite this, consumer Co-operation is making uninterrupted progress in Western Europe.

The following figures—sometimes estimated or derived from out of date sources—may at least give an idea of the importance of retail co-operative organisations in Western Europe. In Great Britain, about 30 per cent of the population make a substantial part of their purchases through co-operative societies (in Scotland, about 50 per cent)\*; in the Scandinavian countries, 35 to 60 per cent; in Switzerland, 45 per cent; in the German Federal Republic, 20 to 25 per cent; in Belgium, 25 per cent; in Holland, 20 per cent; and in France, 20 per cent (10 per cent before the war).

The co-operative share of the national volume of retail trade depends very much on the extent to which the national movements have entered into branches of trade outside the distribution of foodstuffs.

Because of the lack of reliable retail distribution statistics in most European countries, the majority of such figures are only rough estimates, or limited to specific fields of retail distribution. In Denmark, the movement is reported to handle 30 per cent of the retail grocery trade; in Sweden, 25 to 30 per cent of the total retail trade in foodstuffs; in Great Britain, 12 to 15 per cent of the total retail trade; in the German Federal Republic, 8 per cent of the national sales volume of all ordinary household necessities; and in France, 8 per cent of the retail trade in foodstuffs and wine.

In the USSR, the development of consumer Co-operation has been wholly conditioned by the special social and economic structure created by the Revolution and the subsequent transformation of Russia's economic life. The position of consumer Co-operation in the socialist society evolved after 1917 is based on what may be termed State capitalism. The character of Co-operation has profoundly changed from the pre-Revolution period, and is fundamentally different from that of the Western world. Its fields of activity and its working methods are determined by Government decisions and the power of public authorities to an extent which is unknown in other countries.

Consumer Co-operation had reached a reasonable stage of development in Russia, before the outbreak of World War II, and in the period of shortage that followed the Revolution, the entire distribution of goods was for a time entrusted to the Co-operative Movement. By a decree issued in the autumn of 1935, commodity distribution in the towns was taken over by the State trading organisation, whilst co-operative societies remained the sole distributive agencies in rural districts. A decree of November 9th, 1946, however, provided for the revival and future development of consumer co-operative societies in the cities. At present, consumer co-operatives are operating in a wide sphere of commodity distribution in urban districts. Co-operative leaders claim an important

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\* During the war, 25 per cent of the civil population of Great Britain were supplied with their basic food rations through the co-operative societies.

role for consumer Co-operation in Soviet Russia, as a factor in the nationally co-ordinated economic system—capable, it is argued, of mobilising the interest of the masses in the management of the system as a whole, and providing facilities for adjusting production to demand more effectively than might otherwise be thought possible within a socialist system based on central State planning and management.

In European countries within the Soviet sphere of influence, consumer Co-operation has been, or is being, transformed according to the Soviet pattern, or merged with State agencies controlling, wholly or partly, production and distribution. Where control over former co-operative organisations has been indisputably taken over by the State, in theory or in fact, such movements have ceased to be regarded as parts of the International Co-operative Movement.

Outside Europe, Consumer Co-operation is of much more recent development. But it has taken root almost everywhere. In the USA it has secured the strongest footing among the rural population in the East, Middle West, and as far south as Texas. Farmers avail themselves of the services of their societies for the supply of farming requisites (fertilisers, implements, machines, and above all petrol and oils) as well as household necessities. The Movement encountered greater difficulties in gaining a foothold among the urban population. Before the War, retail societies had been established both by industrial workers and the salaried middle class in the lower income brackets in industrial districts, and such cities as New York and Chicago. During and since World War II, the Movement has been making further progress in urban areas. Supported over a long period of time by a socially progressive element in intellectual circles, consumer Co-operation is regarded by wide sectors of the public as an ideological protest against both the “rugged” individualism of the American economic system and the slowly increasing trends towards State-run enterprise.

There are various obstacles, such as the migratory character of large parts of the industrial population, the particular difficulties involved in organising popular movements (in the European sense of the word) and the highly advanced, technical and organisational developments of capitalistic commodity distribution. Nevertheless, there should be fertile soil for the further development of consumer Co-operation in the USA as the movement reaches the lowest income groups. The total membership of consumer co-operative organisations in the USA at present represents less than 5 per cent of the population, and the co-operative share of the national retail trade is about 2 per cent. This figure does not include farm supplies sold in bulk.

In Canada, consumer Co-operation has made extraordinarily rapid progress in recent years. This is due to an appreciation of the economic advantages to be gained from buying co-operatively in a country that is sparsely populated, and thus offers many opportunities for local monopolies. Consumer societies scattered among both the rural and industrial populations, have established regional organisations and other co-operative associations for marketing, insurance, etc. They have formed a national organisation, the Co-operative Union of Canada, covering the largest national geographical territory in the New World.

Consumer co-operative organisations of various types exist in South America, Australia, Africa and Asia. In some countries in the Near East, these organisations are rapidly expanding. They are encouraged and actively promoted by the governments of Turkey and Egypt, and are playing an outstandingly active part in the national economy of the newly established state of Israel. Israel's whole economic system can

be said to rest on a complex structure of trade-union-sponsored co-operative enterprise in agriculture, industry, and distribution, and of Zionist auxiliary organisations for financing education and the “ingathering” of the Jewish people in their new national home.

In the Far East, too, consumer Co-operation is making noteworthy progress. In terms of the percentage of population affiliated to societies, the movements in Japan and Ceylon, for example, can justly be placed in the same category as those in the co-operatively advanced countries of Europe.

The extent and intensity of consumer co-operative organisation and activity varies with the industrial and general economic structure and development of different countries. In those still mainly dependent on what the soil can give, and where the majority of the population lives in primitive self-sufficiency, there is only a comparatively restricted field for commodity distribution and, consequently, for consumer-organised distribution. On the other hand, the populations of those areas slowly emerging from primitive self-sufficiency, and gradually entering the sphere of specialised production and exchange of products, are usually much more exposed than populations of more advanced areas to the risk of exploitation by traders, as they are unfamiliar with, or even completely ignorant of, prices in terms of money.

These circumstances form the background to various measures taken by governments to promote the growth of consumer Co-operation, to ensure, by exercising a certain degree of supervision, sometimes in “paternal” forms, that retail co-operatives are appropriately organised to fulfil their progressive purposes. This form of State supervision should not be confused with State intervention which seeks to establish control over consumer (or other) co-operative organisations, by incorporating them in an all-embracing State machinery.

It is important to emphasise here that, so far as consumer co-operatives in the lesser-developed countries are concerned, membership and sales figures are no criterion of their real importance. This has to be judged by their usefulness in raising general living and educational standards. The same is true, of course, of the Movement in countries where Co-operation is well advanced. The positive effects of Co-operation on national economies must be assessed, in the final analysis, by their capacity to effect a catalytic influence on the economy.

The practical or commercial work of the consumer movement is the production and distribution of basic foodstuffs and other necessary goods. The integration of distribution and production is one of the Movement’s main pillars of strength. To a large extent it conditions the capacity to serve members in a way that facilitates a continuing expansion as well as ensuring results of genuine value to people caught up in a national economy marked by a high degree of imperfect competition and monopoly price fixing.

In all countries where consumer Co-operation operates, its centre of gravity is fixed in distribution. Only in a very few countries are most of the goods sold by co-operative stores co-operatively produced. In general, co-operative stores are to a large degree distributors of privately manufactured goods. In certain countries, the co-operative stores, by virtue of their importance, have been able to exert considerable influence in favour of all consumers—for instance, in the fixing of sales conditions and prices. This is one of their main objectives.

The size of the network of co-operative stores is naturally determined by their share

of the national retail trade. In most countries with a technically advanced consumer movement, it is found, however, that fewer co-operative stores than private stores are needed, to handle equivalent quantities of goods. In countries like Great Britain, Sweden, Finland, Germany, etc., the average retail trade unit of co-operative societies is larger than in the private field. There are no complete statistics showing the total number of co-operative sales points in the world; but on the basis of incomplete statistics, it was calculated that, in 1945, there were in Europe alone, 111,000 consumer co-operative distributive outlets (about 66,500 stores belonging to retail societies proper, and 44,500 sales points connected with rural supply societies). These figures are now considerably out of date. In the Federal German Republic alone, more than 8,000 retail co-operative shops have begun to function since 1945; in Italy, there are several thousands; and in the "old" consumer movements, thousands and thousands of new selling points have greatly increased the 1945 figure. In Sweden, for example, the number of co-operative shops has risen from about 6,000 to 8,000 in a decade. In addition to food stores, retail societies in a number of European countries also run departmental stores and specialised shops, for footwear, clothing, hardware, etc. Moreover, wholesale societies have been created in practically every country, for the importation and bulk purchasing of commodities, as well as for industrial production.

The English and Scottish Co-operative Wholesale Societies alone have some 300 factories, with a total annual output valued at £162,000,000 and employing about 51,000 workers. In the United States, National Co-operatives Inc. embraces 25 regional co-operative wholesales in the USA and Canada, operating some 250 factories, saw mills, etc., with an output of \$920,000,000. In Sweden, (population 7,000,000) the movement operates some 50 factories and plants, with a total production valued at £58,000,000. Wholesale societies are chiefly concerned with the processing and production of foodstuffs—flour mills, sugar refineries, chocolate, margarine and canning factories. But they also manufacture furniture, household equipment, boots, shoes, clothing.

In some countries co-operative industry has been extended to the production of raw materials and semi-manufactures. In Sweden, for instance, co-operative plants produce rayon fibres and artificial silk, extract vegetable oils from seeds, tan leather, grow timber for co-operative saw mills and paper factories. In some countries, co-operative production extends to machinery, such as cash registers, bicycles, motor cycles, vans and trucks.

In North America the consumer movement has moved into the petroleum field, including even the production of crude oil, refining, the manufacture of fuel and lubricating oils and high grade processed petroleum products. In 1955 to 1956, the largest co-operative organisation in the USA producing petroleum products—the Consumers' Co-operative Association of Kansas City—sold oils to the value of \$71,800,000, mainly through the petrol stations of affiliated local societies. A number of other farmer-controlled consumer co-operative organisations engage in crude oil production and refining, operated partly by themselves, and partly by a national organisation—the Co-operative Refinery Association.

Wholesale societies of the farmers' supply movement have established factories to produce fertilisers (USA, Sweden), fodder (USA, Sweden, Finland), agricultural machinery and tools (USA, Sweden, Finland), dairy installations (USA, Finland), etc., and have set up processing plants for members' products. They market these products

as one of their main activities, or as a sideline to their other activities (Italy, Scandinavia, Switzerland, other European countries, and to some extent USA and Canada).

Local co-operative societies also engage in production, frequently on a comparatively large scale. This is mainly in the bakery and meat processing lines, the making of beer and of non-alcoholic beverages, laundry and tailoring industries, boot and shoe repairing. The total annual value of production by local retail societies in Great Britain, for instance, amounts to £70,000,000.

## II. PRODUCER CO-OPERATION

Throughout practically the whole world Co-operation has proved a powerful instrument in enabling *consumers* to protect their interests. But it has also proved itself very useful to *producers*, in safe-guarding their economic interests by co-ordinating the manufacture or processing of their products with their marketing, in the provision of capital and credit on cheap and secure conditions.

The immense gains in productivity resulting from the development of capitalism, with its large-scale manufacturing, concentration of capital, and power to wipe out smaller competitors, were offset by a feeling of insecurity on the part of the artisans and small independent producers, and of humiliation on the part of the workers caught up in the soulless machinery of technical progress. Both economic and ethical motives were behind the rise of workers' co-operative productive societies at the dawn of the Industrial Revolution. The guiding principle of this movement, advocated by *Robert Owen* and *William King* in Great Britain, well over a century ago, was that the workers, by the gradual acquisition of the means of production, and by working in co-operative societies, would liberate themselves from dependence upon employers, and from the oppression of a capitalist economy. With the growth of the trade union movement, the initial moral reasons for the emancipation of the industrial workers by means of productive societies were successively removed. Social reforms affecting welfare and working conditions, together with the development of consumer Co-operation and other forms of collective enterprise, helped to take some of the wind out of the sails of the movement in the highly industrialised countries. Generally speaking, workers' productive societies had, and have, their most fertile soil in countries where the trade union movement is still weak, and in fields of production which are switching from more primitive techniques to those of modern industry.

In Great Britain, however, these societies have survived and shown a remarkable capacity for adapting themselves to modern organisational forms of Co-operation, and of industry in general. They are active in widely diverse fields of industry. In France, where the trade union movement is much weaker than in Britain, productive societies, drawing their vitality in part from traditions as old as in Britain, have successfully entered into large scale fields of production. They include the construction of bridges, roads, public buildings, as well as specially skilled work in branches of the engineering industry, such as the making of optical instruments. Productive societies are also found in Denmark, in the construction and installation trades, the printing trade, beer brewing, the processing of milk; they exist in Italy, Spain, and southern European countries. To some extent, societies have changed their basic constitution in the course of time, by

allowing collective organisations such as trade unions to acquire shares in order to accumulate capital.

A special form of productive societies are labour co-operatives for contracting labour by teams, as in Italy.

In the main, European workers' productive societies have been successful within the limits assigned to them, and have achieved a remarkable degree of consolidation. They do not, however, show the same capacity for expansion as retail co-operative societies. Yet their usefulness as a vehicle of emancipation for vast masses of workers still insufficiently developed to organise trade unions, should not be underestimated in the initial stages of industrialisation in lesser-developed areas. In some countries in the first stage of large scale industrial development—as in Israel—new forms of productive enterprises organised on a collective basis and financed by trade unions, have proved remarkably successful in the manufacturing industries as well as in the field of heavy construction, house building, etc., and are even responsible for the major share of activity in these fields.

The importance of workers' productive associations to the national economy of recently established socialist states has also been acknowledged. In pre-Revolution Russia, these societies—*artels*—were widespread in handicrafts, small-scale industries, and seasonal occupations. In the USSR a considerable number of the artisans and workers in small-scale industries are reported to be organised in workers' productive societies.

The possibilities of organising displaced and disabled persons into such societies have been considered more and more seriously in the post war years. Successful attempts have been made at founding such societies, and in the view of international social welfare organisations, they offer at least a partial solution to the problem of mitigating suffering.

Producer co-operation has achieved its greatest development among *rural populations*. This development extends as far back in time as consumer Co-operation. In many countries where small farms predominate, peasants had difficulty in marketing and processing their products, as well as in securing capital, once modern markets had ousted the barter system. Wherever there was an excess of production that could not be sold in the market places of neighbouring towns by the peasants themselves, marketing passed into the merchants' hands. Peasants, therefore, ignorant of money values and market trends, were generally at the mercy of local traders. Such conditions led to lack of enterprise on the part of small farmers and their living conditions deteriorated. In many parts of the world these conditions still obtain.

Eventually, and frequently on the initiative of far-sighted intellectual leaders, such as *Friedrich Wilhelm Raiffeisen* in Germany, *Hannes Gebhard* in Finland, *Sir Horace Plunkett* in Ireland, and many others, the farmers were inspired to join together to emancipate themselves. These efforts at organising co-operative associations were, it is true, adversely affected by the special conditions arising from the isolation of rural households, cultural backwardness, and persistent prejudices fostered by poverty and dependence. Nevertheless, they gradually demonstrated their inherent power to expand, and to check exploitation. In our time, cultural and educational impulses are rapidly spreading among the rural populations of the world, not least as a result of the activities and achievements of the many branches of farmers' Co-operation. The changes brought about in the field of economic emancipation are manifest in the creation, in many countries, of a new generation of farmers, class conscious in the best sense of the word,



enlightened and enterprising, fully capable of taking care of their interests, both as farmers and as citizens.

The federative tendency inherent in Co-operation has met with greater difficulties in agricultural than in consumer Co-operation, owing to conflicts of interests—as, for example, where there have not been coherent national or regional markets, or when religious, language, or nationality divisions exist. However, in countries where there is a homogeneous population the agricultural movement has achieved a high degree of concentration. The same applies to agricultural countries where their production is mainly directed for export, and where, in consequence, the main concern of the producers whatever their other differences—is to exert maximum influence on international markets.

In most countries the agricultural co-operative movement met initial difficulties in securing capital and credit. Small farmers either had no real understanding of the modern credit system, or were exploited by it on account of their helplessness in isolation. Often they fell victims to usury. Co-operative credit societies organised on the Raiffeisen or other models did pioneering work for co-operative development among farmers, and became widespread. Based on the close collaboration of villagers intimately known to each other, the rural credit societies of Friedrich Raiffeisen permit a high degree of control over the use of loans granted the farmers for productive purposes. Mutual encouragement for professional efficiency and capital savings was also assured. The establishment of co-operative credit societies frequently leads to the creation of consumer, rural supply and marketing societies. Co-operative marketing organisations in all fields of production have arisen in this and other ways, and in so far as they have linked up and centralised marketing, and organised processing under the producers' own management, they have found support among overwhelming numbers of producers.

According to statistics for 1937 assembled by the Co-operative Service of the International Labour Office, in European countries alone there were before World War II some 187,000 local agricultural co-operative societies, including about 42,000 for specialised marketing. Eighty thousand other agricultural societies, included a large number of societies combining two or more fields of activity such as supply and marketing, or supply, marketing, and rural credit. There were also about 66,000 rural credit societies. These statistics are unfortunately the most recent ILO figures and do not reflect post war increases. Concentration into larger local and regional units has made rapid progress since 1937 and has attracted more and more members. In exceptional cases agricultural Co-operation extends back to the primary production by co-operative village communities—for example, the *kibbutzim* in Israel or the co-operative villages in some mountain regions of France. These communities till the soil in common, and are also experimenting with organising the members' way of collective living. There are numerous village societies in all parts of the world for the common use of agricultural machinery, for co-operatively organised irrigation and other purposes related partially to primary production in agriculture.

Marketing societies, functioning branch by branch, handle dairy produce, meat, fruit, wine, wool, etc. They cover, through their central organisations, both home and export trade and often enjoy a larger share of the national volume of trade at the entrance gates of the commodity road than consumer organisations at its end. This is true even of some countries highly advanced from the retail co-operative point of view. In Denmark, Sweden, Iceland, and Finland, the various co-operative marketing organisations at present handle 75 to 100 per cent of production and sales on the home market, as

well as exports such as milk, butter, cheese, carcass meat, eggs, poultry and grain. In the case of Iceland a very considerable share of staple goods for export, such as chilled mutton and dried fish is similarly handled. Agricultural marketing societies in Eire handle by far the largest share of milk products, pork, bacon, and live cattle for export. In France, winegrowers have organised on a very large scale for the purpose of processing and selling. In Holland and Switzerland, cattle farmers have done the same for the processing of milk and the sale of dairy produce on the home and export markets. This is particularly so in the case of cheese. There are very few, if any agricultural products in any European country that are not now being marketed to a greater or lesser extent by co-operative societies.

In recent years producer co-operative organisations have spread rapidly among fishermen, as in Canada, Northern Europe, and Italy. Forestry products, produced as a sideline by small, medium-sized and large farmers—as in Finland and Sweden—are being co-operatively marketed through special organisations to large scale private saw mills and pulp factories, or are processed in saw mills and other plants belonging to the organisations of the forest owners.

The farmers' co-operative movement is spreading into wider spheres wherever joint co-operative action will benefit them. An important role in more advanced agricultural countries is played by the stock-raising and milk control societies, by the telephone, electrical, and transport societies, and by rural insurance societies. In Finland, thirty years ago, co-operative bus and telephone societies were the main means of establishing modern communications between remote forest districts and the towns.

In Cuba, sugar cane growers in wide areas of the island transport sugar cane to the factories through co-operative truck societies. Co-operative telephone societies are particularly widespread in the USA. There were 33,000 in 1954 with a total membership of some 650,000 to 700,000—an average of about twenty households in a society.

In a number of other countries different types of rural co-operatives run alongside some of those just mentioned and provide valuable services to the farmers. There are co-operative allotment societies, leasing and consolidation societies, and co-operative land improvement societies. According to pre-war statistics of the ILO there were 670,000 local co-operative agricultural societies in the world, representing a total membership of 64 million families—at a low estimate, 250 million persons.

These figures have greatly increased through the spread of agricultural Co-operation to colonial and other regions of the world. The Chaggas in East Africa—a highly civilised tribe near Mt. Kilimanjaro—now market their high grade coffee co-operatively, as do a considerable part of the native cocoa growers in Ghana. Japanese fishermen carrying on both the catching and marketing of fish through co-operative societies, are by no means the only examples of co-operative enterprise in such areas.

Statistics, given the author by the Co-operative and Handicrafts Service of the ILO, highlight the astounding progress of agricultural Co-operation in under-developed areas as well as in more advanced agricultural countries.

### III. CREDIT, BANKING, INSURANCE AND HOUSING

Credit and marketing societies with largely similar functions to those in farming, have attained considerable sway among handicrafts and small industries in many countries. The system of artisans' credit banks, evolved by the German co-operator *Hermann Schultze-Delitzsch*, have gained special importance in Germany and other European countries. So, too, has the somewhat similar system of the economist and statesman *Luigi Luzzatti* in Italy. As large-scale industry advanced, artisans found themselves, a generation ago, in a situation similar to that of the farmers. They were largely deprived of the facilities of modern credit. The creation of the Schultze-Delitzsch banks largely contributed to their survival. These banks, following the pattern developed by artisans and small traders in Germany, have proved a boon to many other types of co-operatives, such as societies for joint purchase of raw materials and other vocational necessities, marketing societies for finished products and similar organisations for joint purchase by small traders—the forerunners of the American voluntary chains, but organised in the main on co-operative principles.

On the whole, co-operative organisations established on the Schultze-Delitzsch principles are showing a remarkable power of resistance against the continuous encroachment by large-scale industry and trade on the traditional fields of the small retailer. In 1954 credit societies of this type in Germany (Peoples' Banks) had no less than 600,000 members, 50 per cent of whom were craftsmen. It should be emphasised here that such co-operative organisations do not represent a conservative force in the economy, but do in fact render valuable service to progress as long as artistic qualities and conscientious craftsmanship are duly assessed at their value as assets for refinements in production, made possible by a rising standard of living and thus, to a growing extent, also accessible to the majority of consumers.

Co-operative savings banks for the promotion of thrift among all classes of the industrial and urban population have become a particularly noteworthy branch of co-operative activity in Canada and the USA. Peoples' Banks, the creation of the Canadian journalist *Alphonse Desjardins*, are based upon the principles formulated by *Luzzatti*, whilst credit unions are a New World adaptation of the Raiffeisen or "Neuwied" principles. They have reached astonishing dimensions in North America during the last fifty years.

Credit unions are co-operative societies established by comparatively small groups of individuals of homogeneous social character, and wherever possible engaged in the same employment, for the encouragement of individual savings. They enable members, through their own organisation to provide for their short term credit needs at legitimate rates of interest, and they return the surplus to members, as dividend, in proportion to the amount of their savings.

Encouraged by the Catholic clergy of French Canada and by far-sighted trade union leaders in the industrial centres of the USA, credit unions have shown a remarkable power of expansion and are playing an important part in teaching savings habits and a prudent adjustment of the family economy to meet the booms and slumps of the American economic system. This special form of co-operative saving is spreading to other countries within the sphere of American civilisation.

The co-operatively organised insurance business, with similar objectives to co-operative savings organisations, has flourished in a great many countries, either through independent organisations or through organisations working with consumer or agricultural movements. Fundamentally all insurance implies the distribution of risk in various situations in life. In principle it is therefore an application of the basic concepts of Co-operation. The fact that even nominally, mutual insurance enterprises did not apply the fundamental principles of democratic control inherent in Co-operation, to their activities, and that joint stock insurance companies frequently did not provide the best, cheapest, and most reliable insurance protection, caused co-operative movements to include insurance among their activities at an early stage.

Co-operative insurance has been expanding continuously in the last generation, not least because of its capacity to develop new forms of protection, like industrial insurance, or to provide new services formerly ignored or regarded as a side line. Such services include cattle insurance, insurance against hail and other causes of damage to crops. In Europe alone, since the establishment of the first co-operative insurance society in Britain in 1867, co-operative insurance undertakings dealing mainly with life, accident and fire, but also providing against most other risks, have developed in almost all countries and spread to all parts of the world. Most of these organisations are working in close "family" relations with consumer or consolidated rural co-operative movements.

There is another important sector in which a relatively new branch of co-operative activity is playing a rapidly increasing part. The provision of decent housing for ordinary people has been a problem for the Western world ever since the beginning of the Industrial Revolution. For a long period the remedial measures in the form of State legislation to protect the tenants, and municipal and other action to improve housing conditions through the provision of financial and other forms of assistance for "social housing," proved mere palliatives. The consumer co-operative societies in Britain introduced more than a generation ago a system of financing house building for their members, by providing mortgage loans or by constructing houses to let or for sale, on easy terms. Independent of the retail societies but with their indirect support, a special organisation for providing mortgage loans was established in the Co-operative Permanent Building Society. Generally speaking, such "building" societies do not engage in construction themselves. In Europe proper—Switzerland, Holland, Germany—and in the Scandinavian countries, there developed the most modern form of co-operative housing—co-operative housing societies which saw to both the construction and financing of housing projects, usually blocks of flats, but including one-family houses.

To-day the co-operative housing movement appears in many forms, from the financing of housing projects by co-operative mortgage banks on the British pattern, to the joint provision of dwellings including central planning and building and the production of building materials and fittings. In countries where State and local authorities have embarked upon the financing of house building as part of their social welfare policy, or as a result of their efforts to speed up post-war rehabilitation, there is frequently close collaboration with co-operative housing societies. In a number of European countries (as in Sweden) special banks established and financed by the State take over the "risky" parts of mortgage loans—those immediately below the members' own capital contributions—while first mortgage loans are placed through ordinary mortgage

banks. The co-operative, non-profit making character of the societies is preserved in various ways, usually by a provision in the rules ensuring the members' joint and indissoluble ownership of the society's fixed assets, and for the optional right of the society to take over when a member desires to leave or to sell his share, and for the distribution of the society's surplus in accordance with the Rochdale principles.

Co-operative housing societies in their modern European form, are an enlightening example of the usefulness of free and voluntary co-operative partnership in the carrying out of State or municipal schemes. This partnership does not involve any subservience to the State or any encroachment on the freedom of action or of policy making on the part of societies. In Sweden, the co-operative housing movement collaborates with the general tenants' societies, which came into existence to create a mass movement of ratepayers as a counter balance to private real estate owners, and to reduce tenants' dependence on them. The importance attained by the co-operative housing movement in Sweden in less than 25 years is shown by the fact that 60 per cent or more of current construction of new dwellings in towns and industrial areas falls on co-operative housing societies of various types, and on organisations operating in the public interest and often financed by public means.

The importance of the co-operative housing movement in some other European countries may be comparable with Sweden, but the co-operative form of ownership of real estate in the legal sense of the word—that is, conforming to the provisions of the co-operative laws of the different countries—is widely used outside the co-operative housing movement for various practical purposes. It need not, and in the majority of cases does not, imply any ideological kinship with Co-operation as conceived here.

## CO-OPERATIVE AND ECONOMIC PROGRESS

The foregoing summary of the purposes, organisation and extension of co-operative associations of various kinds in the national economy, will give some idea of the magnitude of co-operative enterprise in modern economic life, and of its adaptability to a great variety of human needs.

Numerically too, Co-operation has reached imposing dimensions. As already mentioned, there are no more recent overall statistics than those produced by the ILO for 1937, but even those throw a remarkable light on the quantitative strength of the Movement. In that year there were over 810,000 primary co-operative societies throughout the world with over 143,000,000 members, mostly family households, grouped in the following types:

<i>Groups</i>	<i>Societies</i>	<i>Membership Millions</i>
Urban or industrial societies		
Consumer societies ... ..	50,000	59·5
Housing societies ... ..	21,500	8·4
Non-agricultural occupational societies ... ..	57,000	10·9
Rural or agricultural societies... ..	672,000	63·9
Miscellaneous ... ..	9,500	0·5
	<i>Total</i> 810,000	143·2

The division between urban and industrial co-operative societies and non-agricultural occupational societies does not give a wholly adequate picture of the social structure of the membership of co-operative societies. A considerable number of the members of consumer societies belong to farming populations, often working with industrial workers and others in joint organisations. On the other hand, co-operative credit banks, which are classed among rural or agricultural societies, include a fairly large number outside the farming community in organisations like the European "Peoples' Banks" of the German pattern and the North American credit unions.

It has already been said that individual members of societies represent families. Even allowing for the contingency that many families are members of more than one co-operative, it is obvious that co-operative enterprises all over the world represent several hundred million people, and that the Co-operative Movement and its philosophy have therefore very important bearings on all sections of economic life.

Statistics of a more recent date (1952-1953) placed at the disposal of the author by the ILO's Co-operative and Handicrafts Service (and reproduced in an annexed table) highlight the extraordinarily rapid expansion of co-operative enterprise during the war and post war years. It has spread even to countries where a large part of the population leads a nomadic existence, but particularly to countries where Co-operation was only in its infancy when the overall statistics of 1937 were compiled. Take the example of some South-Eastern Mediterranean and Near and Middle East countries:

<i>Country</i>	<i>Societies</i>	<i>Membership</i>
Egypt ... ..	2,100	875,000
Greece ... ..	8,800	850,000 (minimum)
Iran ... ..	15	12,000
Iraq ... ..	19	1,500 (minimum)
Israel ... ..	2,600	550,000
Turkey ... ..	2,100	1,250,000 (minimum)

This chapter would be incomplete without a few examples of national co-operative activities and their impact on the overall economic and social development of countries or regions emerging from backward or even destitute conditions, to a modern standard of living.

All the countries comprising Scandinavia have developed co-operative organisations of considerable strength and importance in the last two to three generations. In those countries which were the last to enter the field of consolidated co-operative enterprise—Finland and Iceland—co-operative development went hand in hand with economic advancement from a considerably lower level than that obtaining in other Scandinavian countries.

In Finland co-operative enterprise only emerged on a noteworthy scale in the first years of this century. Aided by the embittered feelings of the Finns held in the oppressive grip of Czarist Russia, Co-operation in a few decades brought a complete transformation to Finnish agriculture and trade, and achieved an astoundingly rapid improvement in the material and cultural standards of the rural and industrial populations. The famous "Pellervo" Society, established in 1899 by the agricultural economist *Hannes Gebhard* and others with far-sighted social and national feelings, gradually assumed a position of outstanding importance within the Finnish Co-operative Movement. Now practically every branch of agriculture markets by far the largest proportion of its produce co-operatively, with consequent advantages for individual producers, who are mostly small or medium sized farmers. The basis of the development of agricultural Co-operation was the co-operative credit (*Raiffeisen*) banks, which proved most effective instruments for accumulating capital and turning it to productive use.

Parallel with agricultural Co-operation, the Finnish Consumer Movement has made rapid and uninterrupted progress. It has adapted itself to the different needs of the various social and occupational groups, and now covers about 40 per cent of the total retail trade in foodstuffs and household necessities (the highest figure in the world, next to Iceland), and a much larger share (in some cases 80 to 90 per cent) in the supply of agricultural vocational necessities. The decisive part played by Co-operation in shaping modern Finland is acknowledged in all circles of the country.

Travelling westward from Finland to Iceland we find an almost identical repetition of the same development over approximately the same period of time. In Iceland, with a population of 160,000, one of the driving forces in the rise of the Co-operative Movement was the desire of the Icelanders to obtain national economic independence, which was regarded as of vital importance in achieving full national sovereignty. Co-operative activities launched in the most isolated districts of the island in the latter half of the 19th century on the initiative of powerful farm leaders, took longer to federate into a central organisation than in Finland, but have since demonstrated a rate

of progress incontestably unique. The societies, most of which are constructed on the multi-purpose pattern, play a predominant part in the organisation of production and marketing of the varieties of agricultural produce as well as in the supply of household and vocational necessities. They also partake in the marketing of the most important of Icelandic export commodities—the comparatively recent deep-freeze fish products in such distant markets as USA and USSR. Altogether about two thirds of the Icelandic population get their daily and occupational necessities through the societies. The central organisation, “Samband” takes care of imports and exports, inland marketing and centralised production, and is easily the most dominant economic organisation on the island. It runs steamship lines of its own, and buys and sells through branch offices in a number of countries in Europe and the USA. Thanks to Co-operation, the Icelandic nation, which previously endured a life of bare existence, now stands abreast of most other European peoples as regards material conditions.

Still further west, Nova Scotia, the easternmost province of Canada, provides a third illuminating example of the effects of co-operative enterprise on the economic advancement of a neglected region. A large part of the Nova Scotian population are fishermen drawing their livelihood from primitively organised deep-sea fisheries in the Atlantic. These fishermen have, by means of their co-operative societies, brought about a striking improvement in their material situation in an incredibly short time. Prominent local leaders of the Catholic clergy—particularly *Father Tompkins* and *Dr. M. M. Coady*—supported the fishermen’s initiative by providing organisers with the necessary knowledge of co-operative principles to develop “a working philosophy of action.” By erecting small plants for curing, drying and freezing, surplus catches were preserved and the cut-price effects of occasional big catches exploited by private marketing channels were mitigated or neutralised. By forming credit unions of the Desjardins type—which put the village moneylenders out of business—the fishermen gradually acquired funds for expansion. The results have so far been the spread of prosperity in the fishermen’s districts to a degree that seemed quite out of reach only a few years ago. Educational activities in the form of local study groups were based less on theory than on practical and organisational questions. They found a powerful supporter in the famous St. Francis Xavier University at Antigonish. From there in the course of years active impulses have spread to a great many countries eager to practise the same effective methods of self-help as the Canadian fishermen.

From these examples, which can be multiplied, we pass on to discuss the place of Co-operation in the field of internationally co-ordinated economic effort. We shall therefore examine somewhat more closely the role played by a co-operatively organised economy in the general development of modern life, and the tasks devolving on co-operative enterprise in the solution of the numerous problems connected with the strivings after joint international action by Governments associated with the United Nations Organisation; by other governmental and non-governmental international organisations; and by progressive elements everywhere.



## CONSUMER CO-OPERATION AND COMMODITY DISTRIBUTION

WHEN the Society of Equitable Pioneers was founded in Rochdale 113 years ago, and retail societies began to spring up all over industrial Britain, their members understood perfectly well that the high prices of basic foods—resulting, as they saw it, from a badly organised private retail trade, and not infrequently aggravated by underweight and adulteration—reduced the purchasing power of their already inadequate wages. They were convinced this could be overcome by taking the supply of goods into their own hands, and it was with this aim that they established co-operative societies.

Judging conditions of British retail trade in this early transition period and up to our own time, dispassionately and objectively, a good deal can be said in defence of the private retailer but less in defence of the economic system that produced him. Competition was keen and the small shops were often too small to provide a living standard much above that of their customers—the workers.

The feeling of insecurity and fear of failure weighing on the “independent” trader (not independent, however, of the interplay of powerful economic forces largely beyond his knowledge, and understanding, and above all, his control) even caused him to employ dishonest methods on a petty scale to maintain his profits on a small turnover at a sufficiently high level to ensure him a reasonable income. The moral indignation aroused by such practices was one of the driving forces in the pioneering exploits in consumer Co-operation in Britain.

Early British co-operators were right in their instinctive belief that the main reason for high prices lay on the costing side. They not only preached, but practised better cost-saving methods in retail trade. Only a few years after the Rochdale society was founded there were local co-operative societies running several stores under the same management. They were able to purchase for customers whose requirements were known, and whose purchasing loyalty was guaranteed by their joint ownership of the enterprise. The English and Scottish co-operative wholesale societies were founded in the 1860's, thereby extending the advantages of joint bulk purchasing for a known market. This implied lower purchasing prices to the consumer.

The first President of the English CWS—*Abraham Greenwood*—was a man from the “inner circle” of the Rochdale Society, and the first to formulate the advantages of wholesale co-operative trading in the language of the business economist. He emphasised the price advantages of joint wholesale purchasing, the savings made possible by keeping branch stocks at a low level through the centralised buying and storage of goods; the saving involved in co-ordinated transport, with large consignments at lower rates, from the wholesale to the societies, and from a society's central warehouse to the branches. These are some of the basic principles of large-scale commodity distribution, later put into practice by capitalist multiples and voluntary associations of small private retailers.

It is obvious how co-ordination led to the rapid expansion of co-operative retail

trade at that time. Competition between private retailers was practically unrestrained: many bought at third or fourth hand and in whatever markets their scanty knowledge suggested. The turnover of the average retail outlet remained strikingly small as competition hardened and running expenses became abnormally high. Co-operative co-ordination meant better utilisation of capital and labour and the possibility of lower net prices of goods in co-operative stores. The system of planned large-scale trading, facilitated by increased application of the federal structure in the Co-operative Movement, lowered both costs and prices, not only in industrialised countries like Britain, but in every country where the Movement gained a footing, irrespective of whether the local units were large or small.

Consciousness of this fact on the part of members of retail societies was not blurred or eclipsed by the knowledge that a larger or smaller part of the cost saving was passed on to them as dividend on purchases. In practice, if not always as a result of logical reasoning, they were fully aware of the fundamental character of consumer Co-operation as a system of joint purchasing at theoretical cost price and they soon became sufficiently familiar with the mechanics of co-operative commodity distribution to appreciate the concept of the net price (dividend deducted). They learnt how to judge and control expenses, at least in the store where they shopped regularly, by the degree of efficiency shown by the personnel and by the order or disorder shown in sale and store rooms. The constant supervision of the routine activities of the co-operative shops is entirely lacking in private retail trade. As a rule the customer dissatisfied with a private trader simply changes to another shop.

Since the birth of consumer Co-operation the structure of commodity distribution in countries of the type dealt with here has undergone modifications, but its general character is remarkably unchanged. Although modern forms of private enterprise have gone in for large-scale commodity distribution through large-scale stores whose aim is to simplify selling procedure and utilise labour in the stores more effectively, small scale units still dominate retail distribution in most countries.

There is, therefore, a consequent lack of integration at other stages of distribution. In Britain, for example, it was calculated at the close of the war that of 750,000 shops in all branches of retail trade, no fewer than 685,000 were private businesses run either by their owners single handed or with the help of one or two assistants. In Sweden, according to the most recent retail census (1953) fifty six per cent of all retail trade outlets had an annual sales volume of less than £6,500.

It has not been seriously contested by any political economist or other observer of developments in commodity distribution, that the predominance of small scale enterprise in retail trade in countries with a normal density of population is an anachronism severely handicapping economic progress. Commodity distribution shows an unmistakable trend towards widening its sector within the national economy. The volume and variety of consumer goods is steadily increasing; concentration and large scale organisation in industry stretches the length of the distribution channels; modern "sales promotion" creates a need for auxiliary forces employed in display, advertising, publicity; and the demand for additional services in distribution is rising. A Parliamentary report recently published in Sweden shows a total increase in the national volume of distributive goods of 65 to 75 per cent in the period 1931 to 1951, a twenty per cent increase in the number of sales points, and a 46 per cent increase in the manpower

engaged in the various distributive services. The rise in distributive productivity over this period falls far below that registered in industry and other branches of production. Since the situation is not essentially dissimilar in other countries, it should be vitally important to speed up rationalisation in commodity distribution all the more because the possibilities of mechanisation or other man-power saving techniques in distribution are much more restricted than in industry and transport.

Investigations in several countries have shown that trading costs in consumer societies are lower than in private trade of the average small-scale type. Wherever retail co-operative trade was able fully to develop its federal structure before capitalist chain stores gained a firm footing, it has managed to hold its own against them. In organisational and technical respects consumer co-operative movements in all the more co-operatively advanced countries are keeping abreast, or even ahead of, private large-scale distributive enterprises. Self-service in food stores and supermarkets was introduced into a number of European countries by the retail societies, whether on a large or small scale.\* The fact that the co-operative form of trade in most countries has been able to advance as quickly as it has despite keen competition from small and large-scale private distributive enterprises, is convincing testimony of definite advantages in prices and service.

It is sometimes argued that ideological "propaganda" (in reality the educational activities of the Movement) has given Co-operation an unfair advantage. If this be granted, it may justly be objected that prejudice and counter propaganda have more than offset it. The fact is that propaganda appeals for loyalty in purchasing are without real effect unless Co-operation is also able to offer adequate advantages in prices, quality, and so on. *The basic ideology of consumer co-operation is to provide its members with goods of the best quality at the lowest price.* Far from being a business slogan, the truth of this statement is evidenced by the widely recognised fact that *the Co-operative Movement is the most powerful factor in forcing a continuous reduction of costs and effective competition in the field of modern distribution.* This competition, resulting in widespread and persistent reductions in retail prices, has compelled small-scale retail enterprises to adjust their working methods and, in some countries, to establish joint purchasing organisations at the wholesale and import stages (voluntary chains) while wherever Co-operation has pursued a deliberate price-reducing policy, large-scale distributive enterprises have been forced to give consumers a share in those benefits in the form of lower prices.

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\* In Sweden, consumer Co-operation was the first to introduce self-service in food stores. In 1955 the number of self-service stores operated by co-operative societies or under construction numbered about 1,500, or one-fourth of all their food stores. The whole private sector of the food trade runs about as many.

## CONSUMER PRODUCTIVE ACTIVITIES

THE advantages of consumer co-operative trading, however, are not confined to lowering trade expenses. Since, in accordance with the Rochdale principles, only a limited rate of interest is paid on share capital, capital costs are low; commission for the *entrepreneur* is avoided, costs of advertising and publicity can be, and usually are, considerably reduced. Above all, integration which is carried beyond the trading stage is a big advantage. The retail movement is developing and centralising its *production* and thereby making an equally powerful and effective contribution to economic progress in promoting productivity. In this way it not only renders itself increasingly independent of middlemen, but actively influences the cost and price structure in industry as a whole, and cuts across restrictive practices in industry and distribution.

Access to a known, regular, firmly established selling market of substantial dimensions enabled the Co-operative Wholesale Societies in England and Scotland 80 or 90 years ago to start their own industries and eventually employ mass production methods when mass production was still relatively unknown for many daily necessities. The great stimulus given to the British movement by this new development is emphasised by an economist outside the Co-operative Movement.\*

“A second feature of the Co-operative development (in the period up to World War I) was a growth in the scale of operations. This took many forms. Both the productive and buying activities of the Co-operative Wholesales were increased. Large scale factories were established and large contracts were placed with manufacturers and overseas producers for the purchase of goods and for the import of foodstuffs. Further, many societies joined together to form federations which undertook certain processing and retailing activities on behalf of all the member societies. For example, federal societies were established to undertake bread baking and laundering on a scale beyond the potential of the individual societies forming a part of the federation.”

The writer touches another vital point concerning co-operative production, namely the increased strength of the Movement in negotiating with large-scale industries on conditions satisfactory to manufacturers and other suppliers who are increasingly aware of the Co-operative Movement's potentiality to enter into production on its own account, should there be dissatisfaction about prices or discounts quoted by suppliers.

The stimulus to consumer Co-operation to enter production has been considerably strengthened by the growth of monopoly tendencies and other restrictive practices. No doubt in all countries whose economic systems are based on private ownership and free enterprise, there are important sections of industry and trade where reasonably free competition still maintains its rule. On the other hand what political economists have euphemistically called “imperfect competition” is rapidly spreading in most spheres of modern private enterprise. In present day industrial complexes—trusts, combines, amalgamated concerns, cartels, trade associations—private control over price fixing,

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\* James B. Jefferys: *Retail Trading in Britain, 1850-1950*. Cambridge University Press. 1954.

carried out to a higher or lesser degree by means of practices such as the division of markets, allocation of production quotas, prevention of new enterprises, etc., has become a rapidly growing threat to economic progress and to the struggle of consumers for a higher standard of living.

To deal with harmful industrial restrictive practices, to find the best ways of promoting productivity and to encourage the renaissance of a brisk competitive spirit is also ultimately the concern of private enterprise itself. Without effort on its part no notable success of anti-monopoly State measures seems to be likely, for the competitive spirit cannot be reborn by legal compulsion alone. Nor are such efforts entirely lacking; there are trade associations mainly active in reducing costs by the interchange of scientific research and new production techniques: for analysing elements of costs and sales margins with a view to advancing sales by means of lower costs and prices; and for opening up new markets to meet legitimate potential needs. The attitude of the Co-operative Movement to trade associations, cartels, and power combinations has not been to fight them on the grounds of theoretical opposition. The Movement has taken up the fight against monopoly organisations on concrete issues whenever their harmful effect to consumers became apparent.

It is appropriate to repeat here that within the sphere of private enterprise itself cartels, etc., that restrain competition, have not always had it all their own way. There have been, and still are, enterprises which prefer to rely on their own initiative and financial strength, and to follow a policy of expansion rather than to take refuge within a trade association. In some cases, in order to strengthen their independence *vis-à-vis* the authoritarian aspirations of monopolies, they have expanded along vertical lines in order to secure their raw material sources as well as their distributive outlets. To all forces making for the maintenance of independence in industry and trade, consumer Co-operation is a valuable asset. There are numerous instances where a common interest has promoted more or less regular business relations with independent industrial enterprises, and there are even examples where common interest has led to active collaboration at the manufacturing stage.

In the history of consumer Co-operation there are numerous examples of co-operative organisations successfully making their contributions to the public interest in particularly harmful monopoly situations, compelling monopolies to readjust their prices to the new competitive conditions and gaining valuable concessions from them. Thus, in Sweden where the consumer movement has successfully acted against powerful cartels and monopolies—as in the margarine, flour milling, rubber, and most recently the detergents industries—it has been proved that the results of the extensive price reductions on the national market, enforced by the Movement, have been most beneficial to the national household. The increase in the purchasing power of the Swedish buying public effected by the savings of consumers' outlay on excessively high priced articles, resulted almost immediately in rapidly rising sales of former monopoly-priced articles. The benefits also extended to the private de-cartelised industries and their workers, in the form of larger sales and an increasing and more stable level of employment, while normal profit opportunities for the enterprises were preserved. Similar results have been experienced in a number of other countries; in Britain, going back to the days of

powerful intervention by the Movement in flour milling, bakery, margarine, and soap industries; in Denmark, in the monopoly-controlled cement industry and the fertiliser market; in Finland in the construction and installation industries; and in the USA in the oil and fertiliser industries. These are only a few examples.

## AGRICULTURAL CO-OPERATION

**L**IKE consumer Co-operation, but perhaps to a higher degree, agricultural Co-operation shows its adaptability to varying economic surroundings and types of civilisation. In general terms it can be said that agricultural Co-operation has not only enabled small farming units to apply large scale cost saving methods in the processing and marketing of their goods, but has often brought about remarkable improvements in the quality of marketed commodities through better methods of cultivation and an appreciable rise in agricultural yields. Finally, in the distribution of their produce to the ultimate purchasers, it has shortened the distance between producer and consumer, thus reducing trading costs and producing an increase in the national purchasing power, shared between producers and consumers. Its benefits to members of agricultural societies, to agricultural communities and to national economies based largely on agriculture is self evident.

To appreciate these benefits one must first realise that agricultural conditions vary widely from country to country. Such a realisation provides a clue to the understanding of the different constitutions and working methods of agricultural co-operative organisations, and also to the different objectives pursued by different organisations in the same country. Consumer Co-operation, on the whole, shows a homogeneous character in these respects. Agricultural Co-operation, however, has to adjust itself far more to social structures, prevailing economic systems and even to political activities. Agricultural countries with production mainly for export present a different picture from countries mainly supplying the home market. Agricultural countries, or branches of agricultural production in some countries where the majority of producers are small or medium sized farmers, present a different picture from that of countries dominated by large farms or commercialised large-scale farming.

If we take Denmark, the classical country of agricultural Co-operation, we find a typical example of an agricultural co-operative movement whose membership is preponderantly made up of small farmers. In conjunction with the orientation of Danish agriculture towards exports, this makes for a high degree of centralisation and solidarity. Centralisation in its turn was the driving force towards standardisation and improvement of quality. In Denmark, milk producers very early organised local co-operative dairies. With the development of butter exports to Britain and a few other markets where competitive factors were operating, it soon became clear that the handling of these exports required resources beyond those at the command of local dairies. The first step was to organise special butter export societies. The next step was to organise opinion among the dairies in favour of export control. The co-operative dairies secured voluntary support from an overwhelming majority of their members for such control,

and finally the Government made them compulsory. The gains for the Danish national economy from this drive for quality improvement can be measured in hundreds of millions of Danish kroner in the course of years. Similar efforts led to corresponding results in the co-operatively organised bacon and egg export trades. Likewise, the local rural supply societies for feeding stuffs and fertilisers found it expedient to combine their efforts directly to influence import trade and fight attempts at monopoly practices. Central import societies were set up as early as 1898 to 1901. Since then they have transacted an overwhelming share of the export business.

According to a semi-official assessment of the influence of Co-operation on the Scandinavian national economy\* the rise of the agricultural movement in Denmark was the main solution to the severe agricultural crisis that hit the country when world grain prices collapsed in the 1870's. The swift transition to animal production and the remarkably smooth and effective adjustment to the export markets that followed would have been almost impossible without the organisational and educational work carried out by the co-operative dairies, slaughter houses, bacon and egg export societies, and other marketing societies. At present about three-fifths of Denmark's total exports consist of agricultural products, the vast majority of them through co-operative channels.

Finland provides one more concrete illustration of the far-reaching importance of co-operative initiative in the agricultural field. Since the turn of the century, Finland, through its highly centralised co-operative marketing organisations, has been making spectacular and effective efforts to switch to animal production. Political events affecting national independence, as well as persistent currency difficulties, necessitated as high a degree of national self-sufficiency as possible in the production of grain. Thanks to the special efforts of the central organisation of rural supply societies in the field of seed growing, it was possible to extend the grain growing area for rye up to the Arctic Circle, and for wheat to a latitude not far below the borderline for rye. Consequently the country was almost self-supporting in bread grains before World War II (85-90 per cent). The war cost the country Karelia and other parts of the grain growing regions of Eastern Finland, but by further efforts a crop of bread grains of the same volume (about 700,000 tons) was harvested in 1953.†

Educational activities are indissolubly bound up with agricultural Co-operation and largely condition its success. The remarkable progress of agricultural Co-operation in Ireland would not have been achieved without the ardent, self-sacrificing educational activities of patriots like *Sir Horace Plunkett*, *George Russell*, *Father Finlay*, and in his practical work confined to the local level, *Patrick Gallagher* ("Paddy the Cope") A remarkable level of self-education, and a consequent lively interest in matters of state government and local communities, characterises those farmers in Scandinavia who are active members of agricultural societies. The importance of agricultural Co-operation in raising the intellectual level of citizens is widely recognised by all progressive circles in agricultural countries throughout the world. Only by providing small farmers with the means of improving their material conditions can genuine interest in their work and ambitions be raised to the level required to give the national economy the initial

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\* Freedom and Welfare—Social Patterns in the Northern Countries in Europe—sponsored by the Social Welfare Ministries of Denmark, Finland, Iceland, Norway, and Sweden. 1954.

† Nils Westermark: *Finnish Agriculture*. Helsinki. Pellervo-Seura. 1954.

incentive towards increasing productivity by modern methods. Experience has shown that this can be achieved by rural Co-operation, starting in its simplest forms and making its fundamental principles understandable to everybody. Thus, agricultural Co-operation, intimately tied up with elementary and vocational education, is the starting point of all efforts to promote co-operative organisations generally. The problem of achieving a footing even for simple forms of agricultural societies is not easily solved. Hundreds of millions of farmers in countries not yet free from feudal oppression, or suffering from over-population, draw their subsistence from infinitesimally small holdings. In the Nile delta in Egypt, for example, the average farm holding amounts to two acres, as against thirty acres in Denmark. While, on an average, four persons have to subsist on the average Danish farm holding, the Egyptian one has to provide subsistence for at least six. Yet considerably smaller are the average holdings in India and Indonesia. Over large agricultural areas of the world modern agricultural machinery, artificial fertilisers, and feeding stuffs are unknown. Despite these handicaps, pioneering work to establish agricultural, credit, marketing and rural supply societies, societies for joint cultivation, irrigation and water supply, etc., has begun and in many cases achieved considerable success.

Alongside these agricultural organisations are others, mainly in the marketing field, whose membership is made up solely of large producers or of large and small producers together, and whose activities are mainly directed at influencing the market in favour of producers' interests by concentrating the supply of produce and reducing the costs of processing and marketing. To this category belong a great many farmers' co-operative marketing organisations in different parts of the world—for example, those set up by the Californian fruit growers, the Canadian wheat pools, and the South African wine producers—whose members are commercial enterprises as well as individual producers. There should be no objection to the efforts of agricultural producers to protect their professional interests by such organisations, so long as they are governed by fundamental co-operative principles. In general, as progressive large scale enterprises, they should be regarded as a positive and valuable asset to the national economy of their respective countries.

The question has arisen as to whether co-operative marketing organisations when they are large enough, theoretically, to control the supply of certain agricultural products on the national market, should not be classed with industrial monopolies. The reply may be given that the conception of a monopoly in economic theory is determined not merely by the magnitude of concerted efforts to control the market but also by the methods and practices employed. In the main, the motives of members of agricultural societies is to ensure a fair return for their labours. In this respect the position of the working farmer is not essentially different from that of the industrial worker. Furthermore, marketing societies organised on the basis of the Rochdale principles, are *open* societies. Systematic restriction of production or supply with a view to controlling prices is, for the most part, impracticable and meaningless—this because of the special mechanics of agricultural markets operated by hundreds of thousands of individual producers and usually subject to the interplay of international market forces. Moreover co-operative marketing organisations are increasingly employed by governments as instruments for carrying out their agricultural policies, and are thus made active partners in State marketing boards and the like as well as being subject to effective State control.



The part played by other forms of co-operative enterprise in speeding up economic progress and increasing productivity in the national economy may be summarised briefly. Urban societies of the Credit Union type have demonstrated their importance to the national economy by encouraging savings habits. Insurance movements established on co-operative principles have as a rule been able to reduce operative costs because of their close collaboration with organised co-operative movements of other types, and provide a more rational form of insurance cover in the interests of policy holders. In some European countries where co-operative insurance is particularly well developed political opinion when faced with the choice between nationalisation or a free field for the development of Co-operation in insurance, has preferred the latter. Careful study shows the same advantages in regard to efficiency, rational organisation and operation everywhere, because of the fundamental fact that the owner of the enterprise and the persons utilising its services are one and the same—the profit motive and its disadvantages are thus eliminated.

In the light of modern theories, on the basis of which full employment policies are now being pursued, the immediate tasks of the Co-operative Movement in industry and trade are clear in their main outlines. They are: actively to contribute to a steady increase in the purchasing power of the general public by counteracting the effects of inefficient and out-of-date distributive methods, and to stimulate the expansion of industrial production through vigorous and carefully planned intervention against monopolies. In almost all countries monopolies are counteracting full employment and as a result are slowing down progress. The Co-operative Movement, contributing to the success of a social policy of full employment, should also claim with all its strength full freedom of action for itself in order to expand within the national economy, to enter new fields of activity, and to demand the abolition of all legal obstacles to co-operative expansion and the abolition of State controls.

The Co-operative Movement is fully able to pursue its aims without claiming any special State benefits or privileges. It is, for example, often accused of claiming tax exemptions but has, in fact, in very few cases done so. Where different systems of taxation for co-operative and private enterprise exist they are usually motivated and justified by fundamental differences—as for instance between the dividend on purchases in co-operative enterprise, and the dividend on capital in private enterprise.

On the other hand, Co-operation has demonstrated its willingness wherever necessary, to offer to and receive from the State and public authorities, assistance in promoting public welfare. As to the growing tendency of the modern democratic State to enter into economic enterprise, the co-operative movements hold varying views as to the effect of State action on efficiency and productivity, on preservation of personal freedom, and on the capacity of the trade union movement freely to negotiate the labour conditions of its members. In all democratic states however they are unanimous in claiming full freedom of action for the Co-operative Movement.

## AN AWAKENING WORLD

**W**ORLD War II surpassed all previous wars in the extent of human suffering, loss of life and material devastation. Moreover, at the close of the war, countries were confronted with an inrush of political, economic and social problems. They awoke to see that the problems to be solved in the world were no longer restricted to conflicts between classes in the industrialised areas, but had extended to latent clashes between whole groups of countries—the “haves” and the “have nots.” They saw that the peace so dearly bought would not be a lasting one unless a new feeling of world solidarity and understanding could be born.

This world is still awakening. The process is slow. Whole nations are still imbued with uncompromising nationalism. Even individuals who consider themselves radical cosmopolitans or ardent internationalists often give way to nationalist self-consciousness as soon as the power interests of their own countries are at stake. True internationalism working for practical ends is still only half-way on its road. Half-awakened, the peoples in many parts of the world are affected by feelings of uneasiness and apprehension, faced with the cry for equity between nations. All nations are confronted with these and other gigantic problems brought to the fore by an international organisation of governments called into existence at the close of the war—the United Nations Organisation.

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The task of the United Nations in the economic and social fields—with which the International Co-operative Movement is concerned—can be defined simply as doing all in its power to secure human rights and to raise living conditions throughout the world to a level where they will be able to secure human dignity for all men and provide the material conditions for universal cultural and moral progress.

It will be clear to all that the implementation of these tasks is confronted by enormous difficulties. Fundamental human rights are given widely differing interpretations in countries where the State claims the individual as his property, and in others where the individual can move freely, think, speak and criticise the Government, and join groups and organisations to defend his rights and work for further economic and social improvements. The Co-operative Movement, based as it is on free and voluntary participation and on political, racial, and religious tolerance, cannot but take the most comprehensive view of the concept of human rights.

As to economic objectives there are widely differing concepts. When speaking of an improved standard of living from the viewpoint of the Western industrialised world the points of departure are; increased resources for a decent way of living, such as adequate nutrition, hygienic dwellings, working hours offering sufficient time for recreation, security against sickness, unemployment and unproductive old age. But taking a wide view living standards on the two “halves” of the world show shocking discrepancies. This will be brought home to everybody if we look a little more closely at the lower half of world population. Investigations made by the Food and Agriculture Organisation of the United Nations show that only 750 millions

of the world's population—one-third—live regularly on a diet equivalent to the normal 2,750 calories a day, while the rest (1,500 millions) are either insufficiently nourished or strikingly undernourished; about 1,150 millions belong to this latter category. Harassed by starvation, disease, and exhaustion from their primitive methods of toil, the lower half of the world's population earn a real annual income of £40 and have to draw their essential living from the minor share of the world's goods and other goods which they help to produce. They would regard an improvement that raised them say to the level of the industrial population of Britain a century or a century-and-a-half ago, as a substantial one.

The points of departure for improving the world's material conditions are thus very different. The task has to be tackled by beginning where the need is greatest, and it can only be carried out by all countries, prosperous and poor, in common. The work of UN and its specialised agencies to this end, is carried on along many different lines. In the majority of them the International Co-operative Movement comes into the picture as an ardent supporter, and co-operative enterprise as an invaluable instrument in achieving special purposes of vast importance. The International Labour Organisation existed before the establishment of the United Nations, and on the advice of Albert Thomas, its first Director General and a militant French co-operator, set up a special department called the Co-operative and Handicrafts Service (recently reorganised and extended) to promote and study all forms of Co-operation. The ILO is encouraging all forms of co-operative activity, particularly in undeveloped areas, and its work is carried out *in conformity with the methods indicated, for example, in the World Labour Report of 1953.*

This report says: “ [Finally] co-operative organisation is regarded in many countries not only as a means of improving living standards, but also as a medium through which the basic units of the social and economic structure may be brought into an effective relationship with the public authorities for the application of social and economic development measures, in view of the fact that co-operative institutions by their very nature and structure, are in a position to encourage the active support and participation of the people in measures affecting their own welfare, and to ensure an equitable division of the benefits of such measures.”

In sponsoring Co-operation the ILO is concerned with the promotion of action by States who are members of the organisation. Its activities are manifold and important. They include advice on drawing up co-operative laws and regulating the constitution and legal status of co-operative societies, appropriate methods of Government assistance in education in co-operative theory and practice, and the organisation of assistance in the administration and auditing of societies. Over the years a number of regional conferences to encourage and advise Governments in these fields have been arranged in Asia, the Near and Middle East, and various parts of the American continent, etc. The collection and dissemination of co-operative information is another of the tasks of the ILO Co-operative and Handicrafts Division, as well as the maintenance of relations with other inter-governmental organisations concerned with Co-operation—for example, FAO and UNESCO—and with the International Co-operative Alliance.

Similar tasks are pursued by the Food and Agriculture Organisation in sponsoring rural Co-operation through its Rural Welfare Division. They include holding regional

and other technical meetings, sending experts to various countries to advise and assist in furthering co-operative projects, providing technical supplies, holding training centres, granting fellowship to students of rural Co-operation, and maintaining relations with other international organisations concerned with rural Co-operation.

In 1950 a great United Nations action was launched to induce all UN members to assist each other in practical projects to raise the living standards in all countries, particularly in the under-developed ones. The Expanded Programme of Technical Assistance was put into effect with an initial capital of \$20 million pooled by fifty-one member countries. The amount, may seem insignificant in proportion to the enormous needs for capital investment in the countries concerned. Estimates for even the most urgent needs of these countries reach such astronomical figures as £15 million to £20 million over the next ten to twenty years. Yet it is a comparatively small sum in comparison with the total war expenditure on World War II and the total amount of State expenditure for armaments that can be expected over that period.

The Technical Assistance Programme is not a programme for supplying capital to be invested in under-developed countries, but for carrying out technical projects designed to further the social and economic development of all countries, within the pool, which apply for assistance. The complete list of projects and surveys of national natural resources, sanitation, education, rehabilitation, communications, social welfare, and so on, is too long to be given here. The projects connected with co-operative activity have been divided up between the various specialised agencies of UN and come within the operational sphere of ILO, FAO, UNTAA, and UNESCO. They comprise the planning of and assistance in implementing individual projects; the sending of co-operative experts to countries desiring to develop Co-operation; granting fellowships; carrying out studies and research into economic and social reform projects where co-operative organisation may be called to assist—and so on. Considerable funds have been allotted by the agencies to help co-operative developments. UNESCO, in addition, by its various projects to advance elementary and adult education, exchange of persons, and promotion of international relations between people's movements generally, is doing an extremely valuable work in preparing the soil for co-operative development and in strengthening the bonds of solidarity and friendship between co-operators in different countries.

When assessing the value of these UN activities it should not be forgotten that the success of all co-operative efforts ultimately depends on the degree of administrative participation that can be expected from the members themselves. In "new" countries so much depends on the degree of solidarity between the leaders and those they lead. In countries with co-operative patterns of the "paternal" type, developed and supported by Governmental action, it may happen that leadership is handed over to a group of officials who by education and social position are out of touch with the fundamental needs of ordinary people. Another point about "paternal" co-operative organisations is the reason why they are established. In colonial territories and countries with quasi-democratic governments they may be established merely as perfunctory organisations, or even deliberately built up to serve interests directly or indirectly opposed to those they are intended to serve. For example, co-operative marketing organisations may even

be established by government assistance in an export branch of production, to serve as a trade channel from native producers to exporting associations dominated by private interests. One should not overlook the dangers involved in this procedure; it may contribute to the preservation of a system within the economy that in reality counteracts the people's desire to develop their resources and organise their economy in accordance with their own needs and ambitions. However, where Co-operation has been established and is working in harmony with the population's economic interests, it will serve as a most effective instrument in attaining these other goals.

This whole problem is of tremendous importance both to world economy and world peace. The need for rapid economic advancement of the under-developed countries in order to mitigate the tension between the "haves" and "have nots" is a very urgent one. Even with all the advantages the Western world had in the 19th century in the field of pioneering technical development, the industrialised countries built their economies gradually. Industrialisation was a slow and painful process. The industrially and agriculturally under-developed countries which are now trying to build their economies on firm democratic foundations, are in a much greater hurry. The political pressure behind them is insistent. Democratic governments have a hard battle to fight with authoritarian and frequently nationalistic currents of thought in countries of this type. The dangers involved in an authoritarian build-up of the economies of under-developed countries are evident to many recent observers. The American statesman and diplomatist, Chester Bowles\* for instance, has stressed it:

" Unless people develop a sense of participation in their own betterment, a spiritual sense of belonging within their own communities and within a secure society, economic growth may bring more, rather than less, unrest. Progress cannot be made from the top down. It must grow from the bottom up, largely through the efforts of people determined to help themselves."

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\* Chester Bowles. *The New Dimensions of Peace*. New York, 1955.

## THE ICA AND POST-WAR WORLD ECONOMY

THE establishment of the International Co-operative Alliance in 1895 was the result of efforts in various countries, particularly Britain and France, dating as far back as the 1860's. In the course of the 1890's the Owenite influence on Co-operation was declining, but the foremost sponsors of attempts to form a Co-operative International were found among representatives of workers' productive organisations and champions of co-partnership in industry, such as the Christian Socialists in Britain. In some quarters consumer Co-operation was looked at askance as a makeshift vehicle for social revolution along the roads indicated by *Robert Owen* and *William King*. However, it was only a few years before consumer co-operative organisations took their fair share of the leadership of the Alliance, and more co-operative lines of thought came to dominate its policy-making activities.

In this first period (until World War I) consumer co-operative organisations made up the majority of affiliated organisations. In the inter-war period the Alliance became more and more representative of all types of co-operative organisations while continuously expanding its activities and influence on co-operative development within the affiliated organisations, due to a large extent to the eminent organising abilities, far-sighted practical policies and strong personality of its General Secretary, *Henry J. May*, of Britain, who held office from 1913 until his death in 1939, and in whose memory the educational activities of the Alliance are now carried out by the Henry J. May Foundation.

The International Co-operative Alliance is not only by far the largest international, and the only universal co-operative organisation, it is also one of the largest international non-governmental organisations represented at the United Nations.

The ideological basis of the ICA is the conception of Co-operation as a universal social idea and as an international movement for economic democracy. It realises that all national movements have common interests, the defence of which demands common action and international solidarity. Its main activities are to promote the development of Co-operation throughout the world through education and publicity, to assert its common interests in international relations and to sponsor progress in the different forms of co-operative activities gathered within its organisational framework.

The constitution of the ICA is based on the same principles of democratic control as the Co-operative Movement in general—a Congress assembling every three years and composed of delegates from affiliated organisations; a Central Committee of representatives of the national movements; and an Executive Committee elected by the Central Committee from among its members. The special technical fields of co-operative activity are taken care of by independent auxiliary committees which report to the ICA Congress. The co-ordinating agency is the Secretariat in London. Its tasks are to prepare the agendas for meetings of the Executive and Central Committees and Congress, and to make the necessary arrangements for the meetings; to administer the ICA funds; to take care of press and publicity activities; to undertake special investigations and research; to collect and disseminate information and to maintain international relations.

The present expansion of the Alliance's membership can be seen from the following table:—

#### MEMBERSHIP ACCORDING TO TYPES OF SOCIETIES

TYPES	1954	
	INDIVIDUAL MEMBERS	% OF TOTAL
Consumers' ... ..	62,239,614	51·36
Agricultural ... ..	15,390,149	12·70
Credit ... ..	35,026,940	28·91
Building and Housing ... ..	1,796,918	1·48
Workers' Productive and Artisanal ... ..	833,783	0·69
Various ... ..	5,886,321	4·86
<b>TOTAL ... ..</b>	<b>121,173,725</b>	<b>100·00</b>

#### GEOGRAPHICAL DISTRIBUTION OF MEMBERSHIP

CONTINENT	SOCIETIES	1954	
		MEMBERS' TOTAL	% OF TOTAL
Europe... ..	106,263	76,659,725	63·26
America ... ..	23,098	15,873,559	13·10
Asia ... ..	255,128	28,081,946	23·18
Oceania ... ..	684	477,218	0·39
Africa ... ..	1,222	81,277	0·07
<b>TOTAL ... ..</b>	<b>386,395</b>	<b>121,173,725</b>	<b>100·00</b>

With its affiliated primary members (representing mostly families) the Alliance represents more than 80 per cent of the total primary membership of all co-operative societies in the world recorded by the 1939 ILO census. With due regard to the overall increase in membership of co-operative organisations and the number of new ones established between 1939 and 1957, it may yet be stated that the vast majority of co-operators are represented in the Alliance through their national organisations. By a decision taken at the ICA Congress in Paris (1954) the rules of the ICA were modified so as to enable the Alliance to receive into membership as "associate members," co-operative organisations which up to now have been standing outside because they have not yet attained independent status, but are still under the tutelage or even control of governments. In recent years the ICA has recruited as new members organisations in Pakistan, Brazil, Egypt, and Mexico, and in territories emerging from colonial dependence—Ceylon, Malaya, Sudan, Ghana, Jamaica, Nigeria. The overall opportunities for recruitment of younger co-operative organisations either as associated or ordinary members, will be evident from the ILO co-operative statistics.

Since its inception the International Co-operative Alliance has been actively concerned with the development of world economy and has had to formulate and express the attitude of International Co-operation to currents in political opinion on vital economic and social problems, as well as to forming policy in these fields. Over the years the weight of its opinions has been growing steadily. The Alliance's lines of action on international economic questions affecting the national economies of countries forming part of the increasingly coherent world economy have widely influenced the policies

inside the separate national economies. In this way the Alliance has contributed to shaping new trends in world economic development and to making changes for the better in traditional views of economic relations between one country and another.

The Alliance has voiced the opinions of the International Co-operative Movement at every opportunity—in resolutions at its Congresses, and in its publicity and propaganda activities. When a still wider international platform was available, it regularly took advantage of these facilities—for example, in the League of Nations, the International Labour Organisation and at the World Economic Conference in Geneva, in 1927.

When the United Nations Organisation was established after World War II, these facilities were further widened. Article 71 of the Charter provides that the Economic and Social Council of the United Nations may make arrangements with the international non-governmental organisations for consultation with the Council on matters falling within its competence. The ICA was the second organisation (the Trade Union International was the first) to be admitted to the most responsible category of non-governmental consultants—Category A.

During the first decade of the Council's activities the Alliance was untiringly active in the spirit of the original statements made at the San Francisco Conference regarding the part to be played by non-governmental organisations. Liberalisation of international trade, control over international cartels and combines, implementation of the principle of free and equal access for all nations to the riches of the world; the promotion of co-operative principles in the material and cultural emancipation of the long-neglected areas of the world—these are only a few, though the most important, problems of world economy to whose solution the Alliance has made active contribution. As to the social and humanitarian activities of the Council, the Alliance has been no less active. Equal rights for women, the acknowledgment and implementation of elementary human rights in social, political and economic life in all countries and territories; the extermination of shameful colonialism and racial discrimination—in these and other fields covered by the Charter of the United Nations, the Alliance has joined its voice with that of other progressive organisations.

There is not sufficient space here to follow more closely all of the Alliance's contributions to the work of the Economic and Social Council but a few may be singled out. One is the problem of establishing control over the growing number of cartels and other monopoly combinations which had already attracted the attention of the UN economic experts and government delegates at the Economic Conferences on Trade and Employment in 1946 to 1948. The Alliance took an active part in the 1947 to 1948 Havana Conference, whose deliberations led to the inclusion in the Charter of the proposed international trade organisation, of a special charter on the control over cartels, etc., detrimental to international trade. Even before this conference the Alliance introduced a proposal to the UN Economic and Social Council for an investigation of the world oil market. The proposal was shelved, but some years afterwards one of the regional UN commissions—the Economic Commission for Europe—carried out and published a study which showed the extraordinary impact of the big oil combines' pricing practices on the European economy.

These first incursions of the Alliance into the field of monopoly control have been followed up by active participation in debates on this subject in the Economic and



Social Council; for instance, on the draft convention on international monopoly control elaborated by a special committee set up on American initiative in 1951. A resolution adopted by the ICA Paris Congress, appealing for the abolition of legislative restrictions or bans on new enterprises in commodity distribution, was handed over to the Economic Commission for Europe after an investigation had been carried out by the Secretariat of the Alliance.

Another example of ICA work is its participation in the UN Technical Assistance Programme. At the inception of this programme in 1950, and at later sessions of the Council, the Alliance gave its verbal opinions on the planning and carrying out of promotional activities. The importance of appropriate co-ordination of the different forms of co-operative enterprise in the assisted countries was explained, and advice given on the timing of the projects, with a view to facilitating and intensifying collaboration between the ICA and the UN agencies concerned.

These actions were followed by another. A resolution adopted by the ICA Copenhagen Congress in 1951, clarified the relations between the two UN agencies primarily concerned with the UN side of promotional activities, and the two non-governmental organisations (The International Co-operative Alliance and the International Federation of Agricultural Producers) directly interested in the development of Co-operation. Discussions in 1951 and 1952 between the executive officers of the four organisations indicated that, because of the wide area of common interest, a precise demarcation of spheres of activity was not always desirable or practicable. The efforts of the Alliance to avoid overlapping and to bring about a satisfactory co-ordination of practical collaboration, have since resulted in a speeding up of co-operative development through UN activities, and spontaneous action in almost all parts of the five continents. By collaboration between the Alliance and various UN agencies (including UNESCO) co-operative seminars and conferences have been arranged, the exchange of co-operators and co-operative employees facilitated, and several other practical and educational projects carried out or planned.

Collaboration with the Organisation for European Economic Co-operation, to promote productivity generally in industry and trade, has been taken up and working relations for general or technical purposes with a number of non-governmental organisations like the International Federation of Agricultural Producers, the International Chamber of Commerce, the World Federation of United Nations Associations, the Trade Union International, have been in existence for some time.

As far as UN and its special agencies are concerned, the Alliance has much to gain from intensified co-operation with their executive bodies, whose vast organisational and technical resources can take rapid and accurate measures for the implementation of agreed action and can determine their timing with a realistic judgment of the existing obstacles and difficulties. The Alliance for its part can supply them with information of great value and can do much to influence the shifting currents of world economy by expressing the opinions of its millions and millions of adherents, and by taking part in joint action inspired by feelings of world solidarity.

## INTER-CO-OPERATIVE RELATIONS

**A**MONG the main tasks of the International Co-operative Alliance is the encouragement and promotion of inter-co-operative relations, in particular at the international level. Relations of this kind have in no way as yet been completely covered by the co-ordinating activities of the Alliance or any other international organisation concerned with the promotion of Co-operation. Such relations have existed at different levels ever since co-operative societies were established, in the shape of more or less casual business transactions, agreements covering long-term business or financial relationships, and even joint undertakings. The main problem urgently demanding solution to-day, is the co-ordination of such relations, nationally and internationally, with a view to increasing the influence of co-operative enterprise and providing still more obvious and weighty advantages to co-operatively organised producers as well as to consumers.

Collaboration between various forms of co-operative enterprise at the national level has also extended beyond common business matters to common interests in respect of legislation, taxation, general economic policy and State commercial policy, and to the co-ordination of the expanding activity of their respective organisations by agreements on demarcation of fields of activity, specialisation and appropriate division of tasks. Co-ordinating organisations of this type existed before the war in about a dozen European countries and in a few outside Europe. Much useful work on the study and furtherance of inter-co-operative relations—parallel with research into and the practical promotion of such relations by the Alliance and its auxiliary committees—was done by the International Committee for Inter-Co-operative Relations (succeeded after the war by the ILO Correspondence Committee on Co-operation). The International Committee was set up in 1930 on the initiative of the Director of the ILO with the nominally limited task “ to promote the development of moral and economic relationships between agricultural co-operative societies and distributive societies ” and the actually wider one, “ to act as a liaison body between the Co-operative Movement as a whole and international institutions, in particular the economic organisation of the League of Nations, the International Labour Office, and the International Institute of Agriculture.”

In a paper prepared for a meeting of experts convened by the ILO Correspondence Committee on Co-operation in 1953, the following summary was made of actual inter-co-operative activities and scope: “ Producers’ co-operatives may be desiring an assured market for their goods or seeking contact with other organisations that could support them with the means of production and the services their producing members need. Co-operative societies composed of consumers, tenants and proprietors and other users may, in their turn, be in need of manufactured products or construction materials. These different forms of co-operatives may then establish material business relations. The relations may assume an organic form, as when the members of a workers’ productive co-operative include not only the workers employed by it, but also consumers to whom it supplies a large part of its products. In several countries fishermen’s co-operatives and consumer co-operatives associate for the direct marketing of fish from producer to consumer. Agricultural co-operatives often obtain from the industrial

enterprises of consumer co-operatives their requirements of by-products for the preparation of fertilisers or animal foodstuffs. Again, consumer co-operatives in rural districts supply farmers with various raw materials and tools, while the rural supply co-operatives, or agricultural co-operatives with retail shops in towns, may make agreements for mutual assistance or for the settlement of specific economic questions."

The ILO Correspondence Committee also noted the support given by older and stronger co-operative organisations to younger and weaker ones.\*

The summary just given indicates, in general terms, the scope of present and prospective inter-co-operative relations at the national level. Close business relations have indeed long existed between the consumer and agricultural movements. With a clear conception of their community of interests they have often entered into long term agreements on prices and the procedure for price fixing. The volume of the business transacted between consumer co-operatives and agricultural marketing organisations in countries where both forms of co-operative enterprises are well developed, is demonstrated by the example of Sweden, where about 25 per cent of the total agricultural production, or (at 1952 prices) produce valued at 500 million Swedish kroner, was purchased in that year from the agricultural marketing organisations and distributed through consumer societies—20 per cent of the grain in processed forms such as flour and bread, and 20 per cent of the cheese, butter, butchers' meat and associated products. In Denmark, Finland, Norway, Switzerland, France, the Netherlands, Yugoslavia, and several other European countries there are also well developed and regular business relations of this kind. Conflicts arising from differences of opinion about prices are gradually being settled by agreements at national, regional, or local levels. The effects of collaboration in this particular field on national economies as a whole are obvious.

The growing feeling of solidarity between producers and consumers fostered by the Co-operative Movement, has also found expression in other fields. National agricultural and consumer organisations have established joint industrial enterprises, or have agreed to collaborate in the sphere of production, in order to safeguard the interests of agricultural producers and consumers alike against monopolies, or to utilise their joint financial and organisational strength for a cheaper national production or for large-scale supply from sources abroad. In several instances consumer organisations have established factories for the production of fertilisers, agricultural machinery, building materials, binder twine, and so on. These commodities are then distributed through the sales outlets of consumer and agricultural co-operatives or other channels.† At the local

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\* A most interesting example is provided by the Car Owners' Co-operative Organisation in Sweden. Thanks to the assistance provided by the Swedish C.W.S. to this branch of consumer organisation, it has in the course of a few decades developed into a powerful movement supplying its members with petrol, tyres, and motor car accessories on a scale to make it an influential counter force to monopoly tendencies prevailing in this field. The organisation handles 10 per cent of the total petrol sales in Sweden—18 per cent in the capital—has taken over general agencies for the national sale of various makes of imported motor cars, has constructed and is operating garages for the use of members and public, and is the decisive factor in the pricing of tyres and other accessories.

† In Sweden, where a large proportion of the farmers are affiliated to consumer societies embracing both urban and rural consumers, the Swedish Consumer Co-operative Wholesale embarked on large-scale production of i.a. superphosphate and synthetic nitrogen. At a later stage partnership was offered to and accepted by farmers' co-operative organisations. In Finland a special national organisation supported by consumer societies in the countryside, the rural supply societies and other agricultural co-operatives, has developed an important production of its own and commands a major share of the imports of agricultural machinery, fertilisers and feeding stuffs.

level there are instances of joint undertakings set up by farmer and consumer co-operative societies to arrange the production, processing and distribution of some commodity (such as milk and dairy produce) in the interests of both sides.

These relations are extending to many other fields—as for instance between consumer organisations and co-operative insurance societies; between agricultural co-operative organisations and rural insurance societies organised on co-operative principles; and between agricultural co-operative organisations of various types, mutually; between consumer co-operative organisations and co-operative housing and building societies; and by the organisation of joint production and supply of building and installation materials (Great Britain, Germany and Sweden) and between consumer co-operatives and workers' productive societies (in Britain and Denmark). Much still remains to be done to increase the healthy influence of these relations on the national economy. This task is being pursued both by the national movements of different types and by the International Co-operative Alliance, which considers it one of its most urgent practical tasks. Its auxiliary committees on co-operative banking, housing and insurance, as well as its committee on agriculture, are exploring not only new openings for collaboration in the international field, but also at the national level.

The conception of the international solidarity of the International Co-operative Movement, while not limited to the activities and tasks of the Movement itself, is naturally enough in the first place applied to the problem of promoting practical action. The view has been steadily growing within the International Co-operative Movement, and expressed in ICA publications and propaganda, that the problems of the most-overwhelming importance to international co-operative progress and to Co-operation's influence on world economy are those of practical inter-co-operative relations at the international level. The extension and co-ordination of international co-operative trading and efforts to constitute jointly owned and operated productive enterprises at the international level must be pursued, not only to complete the federal structure of the Co-operative Movement, which does not halt at national frontiers, but also as an effort to restore the international exchange of goods generally.

As far back as 1927 some of the guiding principles of international consumer co-operation were formulated by the Swedish co-operator Albin Johansson.\* “For international co-operative intervention,” he wrote, “we should choose such fields where international cartels control price fixing and make use of their power too inconsiderately. In such cases international co-operative enterprises may be the only force to intervene with any considerable prospects of success. In all certainty this fact may become instrumental in uniting co-operative movements in different countries in joint action. Such intervention may be put into effect only when the various co-operative organisations have adjusted their operations to the Rochdale programme and have attained a stable financial position, each in its own country. International co-operative organisations of this kind may, in the future, also be compelled to direct their actions against States which, on the basis of their domination of certain natural resources, control the international market for these commodities and use their power position in a way detrimental to the interests of other countries.”

This motive has proved to be of ever-increasing urgency for co-operative action at

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\* Albin Johansson: *Aktuella kooperativa problem*. Stockholm. 1927

an international level. Industrial combinations of a markedly monopolistic character are steadily penetrating the markets, in many cases strongly supported by their domination of raw material sources. Mention has already been made of the big oil combines. International agreements for division of markets, joint price fixing and the like, however, have been found to exist in many other fields. Defensive campaigns have been initiated by co-operative organisations in national markets where conditions were favourable for successful intervention. Joint action by national co-operative organisations will no doubt contribute to the success of such defensive campaigns in special cases. However it does not purport to be the whole solution of the vast problem of the rapidly spreading international monopoly organisations whose domination also rests on the adroit utilisation of existing trade barriers. Whilst offering an effective shelter to the operations of international cartels, in most cases they constitute an equally effective obstacle to the establishment and successful working of international co-operative undertakings.

Yet a few undertakings of this kind have been brought into existence, and have proved useful in checking or at least mitigating the effects of international cartels and combines. In the beginning of the 1930's, the Scandinavian *Luma* Association was established as a counter-stroke to the expanding domination in the Scandinavian markets of the international cartel of electrical lamp manufacturers. Whilst achieving immediate and sustained effect on price fixing in Sweden—where the initiative was taken—its activities in some other countries where national factories had to be established have been restricted in the main to the pooling and interchange of technical experience and “know-how.” Another international co-operative undertaking—this time implying concerted co-operative action on an international scale—was brought to life in 1945 with the International Co-operative Petroleum Association. The Association was planned to start as a small concern but later on to own oil wells, produce its own crude oil and refine it, as well as to carry it to the consumers in importing countries. Battling against heavy odds—the big oil combines of the world being in almost exclusive possession of the refining industry, ocean plants in ports and the distribution outlets—it has nevertheless shown steady expansion. It now counts national member organisations in all five continents.

To afford wider facilities for international co-operative organisation with the objective of defending consumers against monopolies of all kinds, a thorough revision of the world-wide thinking in terms of economic nationalism, which still dominates the trade policies of all countries, is urgently needed. The UN Charter incorporates clauses providing for free and equal access of all nations to the raw materials of the world and for the building up of a free international exchange of commodities and services aimed ultimately at creating a unified and solidified world economy. Obviously there is still a long way to go towards the implementation of these objectives.

The unequal distribution of the raw material resources of the globe is still one of the sinister factors affecting the prospects of world peace. One of the main economic doctrines of power-hungry authoritarian regimes in recent times was interpreted as a kind of right accorded by Nature herself to nations deficient of or entirely lacking in raw materials of “strategical” importance, to extend their domination across the national frontiers of neighbouring territories where such resources might be found, and to include them in their sphere of power.

This danger to world peace and good understanding between nations could be eliminated through the organisation of natural resources by international co-operative enterprises and co-operatively organised producers jointly developing concessions and sharing the benefits in accordance with fundamental co-operative principles. Even if there is still a long way to go to put such constructive ideas into practice, they should not be regarded as mere castles in the air. It is to the enduring credit of the International Co-operative Movement that it has forcefully demonstrated its whole-hearted support of these ideas.

International co-operation in the sense indicated here is still in its infancy, but it possesses great potentiality of expansion. Looking at the prospects for joint international co-operative undertakings in industry and trade, Co-operation enjoys economic advantages because of its inherent federal structure. As trading societies in different countries developed into larger importers, they naturally came to think of the increased benefits which would arise from purchasing on an international scale. Bulk purchase on such a scale would ultimately offer benefits to the consumer by way of cheaper prices for imported goods—groceries, fruit, meat, and so on.

Up to a point this became possible as national co-operative purchasing organisations developed on a scale similar to the British Co-operative Wholesale Societies. Exchange of ideas led in 1918 to the formation of the Scandinavian Co-operative Wholesale Society, *Nordisk Andelsforbund*—a joint purchasing agency for the wholesale societies of the consumer movements of Denmark, Norway, Sweden, and later joined by the two Finnish and the Icelandic co-operative wholesales. The Scandinavian purchasing agency handles all kinds of foods and raw materials for consumer co-operative plants and factories, as well as a variety of other commodities, in the buying of which bulk purchases offer considerable advantages. The Scandinavian Wholesale, with its offices in Copenhagen and a branch in London, has shown steady development and in 1954 had a total turnover of some £20 million.

Collaboration in the import of tea, coffee, spices and groceries, which began in 1902 between the English and Scottish Co-operative Wholesale Societies, led in 1923 to the establishment of the English and Scottish Joint Co-operative Wholesale Society, whose turnover in 1954 was £22 million.

There are special obstacles both inside and outside the Movement which prevent organisations for joint international trading from reaching the dimensions they would otherwise assume. Problems of organising them to conform to the basic co-operative principles—dividend on purchases, equal voting rights—may be solved most easily. A difficulty of a technical nature is the difference between consumer habits and choice of consumer goods in the various, even neighbouring, countries. In some cases it may of necessity restrict the organisations to regional operations which, on the other hand, may facilitate the carrying into effect of the idea of practical collaboration.

The obstacles caused by State commercial policies, customs barriers and other protective State measures are more serious. These were aggravated during and after the war by emergency measures affecting imports and consumption; allocations of imports according to quota systems; compulsory participation in import associations to transact joint bulk purchasing; currency restrictions; rationing schemes and the like. Such obstacles, and the hectic economic atmosphere in European countries during the early post-war period, brought the activities of the first joint co-operative purchasing agency

of more than regional scope to a standstill. The operations of the International Co-operative Trading Agency, established in 1937 on the initiative of the ICA and initially supported by consumer co-operative organisations in 14 European countries, have been in abeyance since 1951. But the problem is still being carefully studied and in 1956 the authorities of the Alliance decided to establish a new Auxiliary Committee for Wholesales to promote trading relations between them.

A further aspect of inter-co-operative trading relations is in the advantages accruing from organised trade exchanges between national consumer organisations in one country and agricultural organisations in others. The strongest incentive for the expansion of international co-operative trading should, in theory, exist in this field. Trade barriers naturally enough operate to the detriment of co-operative trade exchanges of this kind, just as much as to joint co-operative purchasing. Parallel with these particular obstacles other factors may have helped to retard organised exchanges in this field. First there is the obvious difficulty of organising trading on the basis of fundamental co-operative principles in order to share advantages equally between trading partners. As far as casual transactions are concerned—these probably form the major part of this exchange—the application of such principles is totally out of the question for obvious reasons. In some instances, however, successful attempts have been made at establishing joint international organisations for inter-co-operative trading of this kind. The New Zealand Produce Association which comprises the English Co-operative Wholesale Society and the New Zealand Producers' Co-operative Marketing Association is one example; another is the Danish Co-operative Bacon Trading Company in which the English and Scottish C.W.S. and the Danish bacon factories are the main shareholders.

All efforts to make co-operative service a driving force in the international field originate from the international co-operative organisations already founded or from those which are trying to extend their activities from single countries to embrace the world's markets. These activities are still of a comparatively slight nature but they are not sterile. To the extent a slowly improving world economy will allow them to grow, they will prove to be one of the most effective factors steering world economy towards a steady improvement in living conditions and social progress. By applying the co-operative principle of world solidarity and fairness to all, they are making invaluable contributions to moral and cultural emancipation and to the ultimate goal of world peace and goodwill and understanding among men.

## SOME CONCLUSIONS

CO-OPERATIVE enterprise is no enemy of other forms of enterprise operating in the complex pattern of world economy. These, emanating from widely different moral and social climates, are not only indispensable but even valuable as far as they express progressive ambitions of value to society, and are not motivated by mere lust for profit. The service motive alongside the profit motive may play an important part in private enterprise as a whole, but there are instances where this motive is entirely lacking. Nor

is co-operative enterprise hostile to competition, which it regards in principle as a stimulating element in economic progress. But it is necessary that some form of enterprise, or some undertaking enter the field of competition as champion, and exclusive champion, of the public interest, which can be identified with the consumer's interests. The ultimate objective of all economic activity is consumption. The disease affecting private enterprise is that competitive impulses seem at present to be receding from large sectors of its general horizon.

Leaving private enterprise to justify itself by results, co-operative enterprise only claims a free place in a world of various forms of enterprise, and a fair chance to defend itself against criticisms by *its* results. It claims the right to enter the economic field without handicap.

What is it that unites men (and their families) of different colours, races, languages, and ways of looking at the world, in common efforts inspired by principles drawn up by a small group of weavers in a small British industrial town more than a hundred years ago? The Equitable Pioneers gave the monumental and unanswerable reply: "We wanted to take our affairs into our own hands."

It is self-help through co-operation; an individual's honest struggle for his and his family's existence, facilitated and made more effective by group solidarity—the fundamental factor in the establishment of Society and of the conclusion of *Le Contrat Social*. It is the quality that has been the driving force behind economic and cultural progress from the dawn of civilisation. It is the eternal source of human efforts to overcome obstacles and to manifest man's determination to stand on his own feet under all circumstances, united with others of the same mind and the same resolute decision.

Co-operation is not an expression of the herd instinct in economic life. It is a way of thinking and acting by strong men who recognise that by joining hands with their weaker fellows they can make them links in a chain that becomes the stronger for their joining. It is a beacon lighting the way to freedom for all who want it; and what is more in the "public interest" than freedom and economic and social progress for all?

There are still millions and millions of starving people in the world—men, women, and children; on icy coasts, in sun-scorched deserts, in moist, unhealthy jungles, and in the slums of big cities.

For them Co-operation stands ready.

Alongside the statesmen, the scientists, the technicians, the economists, organisations and all people of goodwill who seek to create conditions fit for the maintenance of human dignity, CO-OPERATION STANDS READY to play its full part in answering the prayer of the neglected and destitute, the semi and wholly starved, of all in fact whose life is concerned with the desire to keep away hunger, exhaustion, and despair from one day to the next.

"Give us this day our daily bread."



**APPENDIX I**

**INTERNATIONAL CO-OPERATIVE ALLIANCE**

**Membership of Affiliated Organisations in 1954\***

	<i>Whole Movement</i>		<i>Consumers' Movement</i>		<i>Membership in % of Population</i>	
	<i>Socs.</i>	<i>Membership</i>	<i>Socs.</i>	<i>Membership</i>	<i>Whole Movement</i>	<i>Consumers' Movement</i>
<b>EUROPE</b>						
Austria .....	5,073	1,665,522	88	337,295	23·90	4·84
Belgium .....	69	520,216	40	519,287	5·90	5·89
Bulgaria .....	2,204	1,298,915	2,204	1,298,915†	17·67	17·67
Czechoslovakia ...	1,322	2,207,268	597	1,595,452	17·04	12·32
Denmark.....	8,660	1,378,779	1,963	482,400	31·29	10·95
Finland .....	1,475	1,549,034	492	1,023,308	36·97	24·42
France.....	19,028	5,288,387	789	2,703,178	12·34	6·31
Germany (W.) ...	2,761	3,000,404	312	2,140,047	6·06	4·32
Great Britain .....	1,017	11,815,990	952	11,486,726	23·27	22·62
Greece.....	5,275	536,958	—	—	6·80	—
Holland .....	275	342,677	275	342,677	3·23	3·23
Iceland.....	56	30,605	56	30,605†	19·87	19·87
Italy.....	19,294	4,779,234	6,520	2,608,403	10·03	5·47
Norway .....	1,192	353,649	1,112	293,649	10·43	8·66
Roumania .....	3,509	5,015,943	3,509	5,015,943†	28·99	28·99
Sweden .....	2,185	1,165,789	725	1,070,170	16·16	14·83
Switzerland.....	929	647,335	929	647,335	13·15	13·15
U.S.S.R. ....	22,868	32,800,000	22,868	32,800,000	16·38	16·38
Yugoslavia .....	9,071	2,263,020	6,664	2,035,259†	13·11	11·79
	106,263	76,659,725	50,095	66,430,649	15·20	13·17
<b>AMERICA</b>						
Canada .....	3,375	1,559,508	703	805,531†	10·26	5·30
U.S.A. ....	19,268	13,888,073	3,201	1,507,391	8·55	0·93
Argentina .....	201	315,851	201	315,851	1·69	1·69
Brazil .....	235	100,000	—	—	0·18	—
Colombia .....	1	7,411	1	7,411	0·07	0·07
Jamaica .....	18	2,716	18	2,716	0·18	0·18
	23,098	15,873,559	4,124	2,638,900	5·96	0·99
<b>ASIA</b>						
India .....	198,598	15,179,633	9,191	1,797,475	4·03	0·48
Pakistan .....	39,079	3,547,616	417	1,464,400	4·43	1·83
Japan .....	15,655	8,726,572	355	726,572	9·92	0·83
Israel .....	1,796	628,125	420	130,000	37·21	7·70
	255,128	28,081,946	10,383	4,118,447	5·14	0·75
<b>AFRICA</b>						
Egypt .....	1	6,705	—	—	0·03	—
Ghana .....	413	32,579	—	—	0·79	—
Nigeria (E.).....	808	41,993	7	3,441	0·53	0·04
	1,222	81,277	7	3,441	0·23	0·01
<b>OCEANIA</b>						
Australia.....	683	475,918	683	475,918†	5·81	5·81
New Zealand .....	1	1,300	1	1,300	0·06	0·06
	684	477,218	684	477,218	4·64	4·64
<b>GRAND TOTAL</b> ... ..	386,395	121,173,725	65,293	73,668,655	8·89	5·41

\* Now 41 National Movements through the subsequent affiliation of Organisations in Ceylon (570,000 members), Malaya (56,650 members), Mauritius (23,800 members), Mexico, the Sudan (16,850 members), British Guiana and Eire.

† Producers' and Consumers' Societies.

**APPENDIX II**

**PRIMARY CO-OPERATIVE SOCIETIES AND THEIR MEMBERSHIP  
IN SELECTED ASIAN, AMERICAN AND EUROPEAN COUNTRIES**

			<i>No. of</i>	
	<i>Year</i>		<i>Co-operatives*</i>	<i>Membership</i>
<b>AMERICA:</b>				
Argentina.....	1950		1,413	702,932
Bolivia .....	1952		133	16,540
Brazil .....	1952		3,192	728,025
Canada .....	1953			
Marketing and Purchasing				
Associations .....		2,221	1,195,985	
Assn. with Consumers' Stores...		(869)	—	
Fishermen's Co-operatives .....		77	14,933	
Service Co-operatives .....		475	218,085	
Co-operative Insurance Societies				
based on Mutuality .....		403	—	
			3,176	1,429,003
Chile .....	1952		357	174,927
Colombia .....	1950		472	145,943
Costa-Rica .....	1952		12	2,556
Cuba .....	1952		70	15,000
Equador .....	1952		338	13,823
El Salvador.....	1952		37	9,903
Guatemala .....	1952		43	8,026
Haiti .....	1952		98	9,059
Honduras.....	1952		7	478
Mexico .....	1952		2,502	264,683
Nicaragua .....	1952		11	—
Panama .....	1952		13	461
Peru.....	1952		42	15,671
Dominica Island .....	1952		58	7,200
United States .....	1952		37,674	17,023,149
Uruguay .....	1952		58	41,000
Venezuela .....	1952		773	70,848
			Total	
			50,479	20,679,227
<b>THE BALKANS AND THE NEAR AND MIDDLE EAST</b>				
<b>Egypt</b>				
Co-operative Productive societies (including agricultural				
societies and rural credit banks).....	1953		1,737	599,000
Consumers' Co-operatives (including urban credit societies)	"		344	264,500
Housing Co-operatives .....	"		12	5,000
Unions.....	"		22	6,974
			2,115	875,474
<b>Greece</b>				
Agricultural Co-operatives .....	1952		6,783	680,000
of which:				
Credit societies .....		5,201	—	
Forestry societies .....		260	11,568	
Unions.....	1952		122	—
Urban Co-operatives:				
Consumers' societies.....	1952		300	150,000
Fishermen's societies.....	"		247	9,253
Handicraft societies .....	"		580	—
Transport societies .....	"		77	—
Workers' productive societies .....	"		103	—
Housing societies .....	"		610	—
			8,822	839,253

\* Including some unions.

<b>The Balkans and the Near and Middle East—continued</b>			
	<i>Year</i>	<i>No. of Co-operatives</i>	<i>Member- ship</i>
<b>Iran</b>			
Consumers' Co-operatives .....	1950	15	12,000
<b>Irak</b>			
Consumers' societies, agricultural societies, and Co-operatives in colleges and schools.....	1950	9	1,500
<b>Israel</b> .....	1952	2,628	550,000
of which:			
Agricultural Co-operatives .....	827	—	..
Productive and Service societies .....	349	7,842	..
Consumers' Co-operatives .....	378	—	..
Co-operative credit societies .....	97	245,500	..
Co-operative insurance societies on the basis of mutuality.....	6	—	..
Housing Co-operatives.....	467	—	..
Co-operative pension societies...	394	—	..
Auditing unions.....	11	—	..
Sundry co-operatives.....	63	—	..
<b>Syria</b>			
Agricultural Co-operatives .....	1952	19	—
Handicraft Co-operatives.....	..	2	—
		21	—
<b>Turkey</b>			
Agricultural credit Co-operatives .....	1953	1,316	680,139
Housing Co-operatives.....	..	275	156,240
Handicraft Co-operatives.....	..	125	75,350
Consumer's Co-operatives .....	..	100	163,471
Fishermen's Co-operatives .....	..	27	—
Co-operative banks on the basis of personal credit.....	..	30	22,345
Co-operative savings banks .....	..	18	—
Agricultural marketing Co-operatives .....	..	158	152,773
Agricultural Co-operative Unions .....	..	12	—
		2,061	1,250,318
<b>ASIA</b>			
<b>Burma</b>			
Registered .....	1953	13,556	—
Working .....	..	5,860	—
Registered .....	1951	11,742	3,500,000 (1948)
Working .....	..	4,922	979,799
of which:			
Agricultural .....	1,685	55,671	
Consumers'.....	2,858	864,633	
Industrial.....	142	36,002	
Fishery.....	136	6,384	
<b>Ceylon</b> .....	1954	9,425	1,308,261
of which:			
Primary Credit and Thrift .....	3,316	158,159	
Consumers'.....	3,044	762,018	
School Co-operatives .....	1,121	112,361	
Marketing and Production .....	1,489	226,626	
(including cottage industries: 454 Societies, 14,429 members)			
Transport and others .....	210	32,299	

**ASIA—continued.**

			Year	No. of Co-operatives	Member- ship
<b>Hong Kong</b> .....			1952-53	38	3,375
of which:					
Vegetable marketing societies ...	11	2,222			
Fishermen's Thrift and Loan societies .....	16	284			
Salaried Workers' Thrift and Loan .....	2	328			
<b>India</b> .....			1952-53	189,436	14,315,909
of which:					
Primary Agricultural Credit.....	111,628	5,126,002			
Primary Agricultural non-credit	35,568	2,732,047			
Primary Non-Agricultural Credit	8,234	2,515,120			
Primary Non-Agricultural non-credit .....	22,463	3,105,504			
<b>Japan</b>					
Local agricultural societies .....			1952-53	34,895	8,557,000
of which:					
Multi-purpose societies.....	11,651	6,827,230			
Fishermen's Societies .....			1951-52	5,043	1,005,474
Consumers' Societies.....			1951-52	1,472	2,841,312
<b>Pakistan</b> .....			1952-53	38,890	3,442,494
of which:					
Primary Agricultural Credit.....	26,648	1,142,480			
Primary Agricultural Non-Credit	3,488	216,602			
Primary Non-Agricultural Credit	2,201	177,892			
Primary Non-Agricultural Non-Credit .....	6,256	1,828,413			
<b>Thailand</b> .....			1953	10,050	345,528
of which:					
Agricultural and Salt Production	70	2,922			
Marketing .....	138	55,414			
Consumers'.....	217	104,440			
Credit and Thrift .....	9,622	181,989			
Electricity and Transport.....	3	763			