

**CO-OPERATIVE ALLIANCE**

Auxiliary Committee of Worker's Productive  
and Handicrafts Co-operatives

**FIRST INTERNATIONAL SEMINAR**

**THE WORKER'S  
PRODUCTIVE  
CO-OPERATIVES  
AND  
THE INTERNATIONAL  
CO-OPERATIVE  
PRINCIPLES**

Château de CHAMARANDE (France)

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The first International Seminar of the Worker's Productive Co-operatives

has been directed by Mr. William WATKINS,  
Former Director of the International Co-operative Alliance.

It has gathered co-operators from :

- CZECHOSLOVAKIA,
- FRANCE,
- GREAT BRITAIN,
- ISRAEL,
- ITALY,
- NEDERLANDS,
- POLAND.

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It has enjoyed the friendly hospitality of the co-operative "LA CONSTRUCTION MODERNE FRANCAISE".

Its preparation was in charge of "CONFEDERATION GENERALE DES SOCIETES COOPERATIVES OUVRIERES DE PRODUCTION" (France).



First International Seminar  
of Workers' Production and Handicrafts Cooperatives

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I<sup>st</sup> Day : MEMBERSHIP OF WORKERS' PRODUCTION COOPERATIVES

I. Who can be a member of a Cooperative ?

A) Disqualifications - requirements under statute or articles of association.

1. General legislation may specify general disqualification in the case of :

- a - unauthorized minors;
- b - persons convicted of certain offences

2. The law on Cooperatives or the articles of association may exclude :

- a - persons who are active as employers in the same field as the cooperative.
- b - persons who are not employed as workers in the cooperative.
- c - persons whose occupation is inconsistent with employment in the cooperative.

3. The articles of association or usage of the Cooperative may require cooperative candidates :

- to belong to a trade union;
- to belong to a political party;
- to profess a specific religion.

B) Automatic admission - selective admission :

Two admission policies are conceivable in a cooperative, automatic admission and selective admission.

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### I. Automatic admission :

All workers who satisfy certain conditions are automatically admitted to membership. Under this policy there are two main formulas :

- a - all workers who are members of the trade union of a specific trade in a given locality or region, are members of the cooperative. They work in the cooperative in turn, according to needs and possibilities;
- b - all workers in the cooperative are admitted to membership after a probationary period of 3 months, 6 months or one year.

### 2. Selective admission :

Under this scheme, admission to membership is a matter for the general assembly alone, which has absolute discretion. There are, however, variations, ranging from situations where the decision of the general assembly is governed by certain pre-established rules to those where the general assembly has a completely unfettered power of decision. In general, the absolute discretion of the assembly is not regarded as a means of rejecting candidates, but as the culmination of a selection procedure which may be based on :

- a - seniority in the cooperative;
- b - economic conditions;
- c - trade skill;
- d - cooperative maturity.

#### a) seniority in the cooperative :

The length of probationary period required before admission is generally one year or less. Probationary periods of 2, 3 or 5 years, however, cannot be regarded as exceptional;

#### b) economic conditions :

Production cooperatives which follow a selective admission policy to membership nearly always limit their recruitment to workers to whom they can offer guaranteed employment for a reasonable period;

#### c) trade skill :

Some cooperatives, of a highly corporative character, refuse membership to all workers who do not possess a specific trade qualification. For example, in one cooperative of skilled joiners, engineers, sales and administrative staff, truck drivers and labourers cannot become members of the cooperative. This conception is quite exceptional.

Cooperatives regard membership as the confirmation of a certain standard of professional conduct, which is not related to the level of trade skill or speciality practised, but rather to the professional conduct of the candidate for membership, whatever his job:

d) cooperative maturity :

This requirement has its corollary in the probationary periods of more than one year. These periods are generally justified by the desire to be certain of the candidate's cooperative behaviour.

3. Selection procedure :

A great many cooperatives which make admission subject to certain trade or cooperative qualifications, accept as a consequence of this attitude the need to organize the trade and cooperative training of workers for themselves.

Furthermore, selection procedures, with a degree of complexity varying with the importance of the cooperative, are being more and more frequently introduced. These procedures relate much more to the motives of the candidate, his professional conduct and his attitude towards his workmates and the community, than to his technical knowledge or his familiarity with management problems.

4. Limitation on restrictive practices :

Some legislations affirm the function of workers' cooperatives to identify the statut of a worker with that of an associate by requiring the admission of all employed workers after a certain period, say five years.

Similarly, legislation or the articles of association frequently forbid any provision making membership subject to acquiring more than one share in the interests of the cooperative.

It seems to follow from all the known practices that the principle of free membership cannot have the same scope in workers' production cooperatives as in consumers' cooperatives. It can, it would appear, be interpreted as follows:

- a) no one is bound to join a cooperative;
- b) everyone can leave freely, provided he satisfies his obligations under the articles of association;
- c) the cooperative should always be prepared to extend membership to all those whose work it utilises in regular fashion.

## II. The member in the production cooperative :

This difference in the conception of the principle of freedom of membership is based on the extent of the obligation of the production cooperator to his cooperative and vice versa.

The consumers' cooperative or the housing cooperative provides a limited service in return for a limited commitment.

The workers' production cooperative is designed to ensure its members a complete professional career under the best condition. It requires in return that its members shall devote to it the whole of their professional skill, a great part of their human value and all or part of their personal savings.

The extent, duration and force of the reciprocal obligations are such that the training and information of members, desirable in every form of cooperative activity, becomes an absolute necessity in workers' production cooperatives.

### A) Cooperative demography

For this very reason, workers' production cooperatives cannot escape the duty of keeping a very close watch on the age of future members. The arithmetical ratio between the age groups of the various cooperative members, which can be expressed graphically by an age pyramid, can, if it is correctly balanced, ensure the permanence or expansion of the society's capital and the continuity of the cooperative.

#### 1. The capital aspect :

If the cooperative works with the capital contributed by its members, the contribution of new capital by young members is essential to replace the capital of members who retire for personal reasons or because they have reached retirement age. The amount of these contributions is calculated in accordance with the plans for the expansion or the cooperative and the forecasts of the withdrawal of members.

The saving capacity of workers being necessarily limited, it is clear that the number of new members to be admitted will be all the higher, the greater the proportion of capital held by the oldest members.

#### 2. The continuity aspect :

Where the individual capital held by members merely has a token value and the cooperative works with collective capital, the regular rejuvenation of the membership group remains necessary, not only for obvious physiological reasons, but also for professional reasons.

The workers' production cooperatives, formed by highly skilled professionals, naturally tend to crystallise in traditional trade practice. At the present pace of technical change, it is no exaggeration to say that attachment to the trade can kill the undertaking. The demographic rejuvenation of the cooperative ensures its technical rejuvenation.

B) Rights and obligations of members

This question is dominated by the twofold capacity of worker and member of the cooperative.

As an associate the worker-member has rights which are not enjoyed by any paid worker.

But this capacity of associate involves obligations which, to some extent, limit his rights as a wage-earner.

The success of the workers' cooperative largely depends on the equilibrium which can be established between the position of each cooperator as an associate and as a wage-earner.

The examination of the ways and means by which each cooperative movement represented at the Seminar can ensure this equilibrium will be one of the main objects of our first day's work.

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I<sup>st</sup> day - Conclusions of the group.

### Membership in Workers' Co-operative Productive Societies

The Seminar agrees with the main lines of Mr Antoni's introductory statement which touches on all the essential problems relative to admission to membership in Workers' Co-operative Productive Societies.

The discussions revealed that the solutions adopted in different countries differ according to the legislation, the rules and usages in force. In example, in Czechoslovakia, young people can be accepted as apprentices, when leaving school at the age of 15, and enjoy all membership rights, except election to the board of management. After the age of 18, they are admitted to full membership rights.

Although a certain number of Co-operatives recognize a limitation in respect of persons convicted of criminal offences, the participants were of the opinion that the limitation should be applied with the greatest caution. Moreover, all participants were agreed that adherence to a political party or particular religion could not be admitted as conditions as membership. On the other, membership of a trade union could in certain cases be regarded as a legitimate condition of membership. In Czechoslovakia however, a workers' active trade union membership is suspended when he joins a workers' co-operative productive society. In Israël however it is obligatory for a member to continue to participate actively in his trade union.

The Seminar was unanimously of the opinion that admission of membership of a workers' co-operative productive society ought never to be automatic, but always selective. The selection procedure should be based on seniority in the co-operative, the economic conditions, professional competence. In addition, a probationary stage should enable the new member, before admission, to receive training with a view to his acquiring in due time a mature outlook as a cooperator. It for the society to promote this maturity through appropriate education.



The Seminar affirms that a co-operative should always be prepared to admit to membership all whose labour it employs in a regular manner, and emphasises that, if restriction is allowed to creep into the practice of workers' co-operative productive societies, they run the risk of losing their co-operative character and endangering their very existence.

Moreover the use of restrictive practices could expose the workers' co-operative productive societies to the reproach of exploiting the labour of workers who are not members for the benefit of members of the society.

Restrictions are all the more dangerous when we consider the long duration of the mutual engagement of the cooperator and his co-operative productive society. For this reason, the co-operative cannot omit to pay due regard to the age of prospective members, which is decisive for the continuity of the co-operative's activity. Moreover, the new capital of the young members is necessary to replace the capital withdrawn by the older ones who retire.

If adherence is voluntary, the member has consequently the right to leave a workers' co-operative productive society. But the society also possesses the right - and it has the duty - to protect the interests of the other members. Thus it can impose conditions and definite procedures laid down in the rules, especially in regard to the repayment of share capital.

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First International Seminar  
or Workers' Production and Handicrafts Cooperatives

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Second Day : DEMOCRATIC CONTROL  
IN WORKERS' PRODUCTION COOPERATIVES

In all forms of cooperation, the common expression of democratic control is the rule, "one man, one vote".

The rule is inflexible, but its practical application varies.

The tens of thousands of members of a consumers' cooperative cannot, whatever their rights within the General Assembly, exercise more than a remote control over decisions, the reasons for which are, in many cases, unknown to them.

The members of a workers' production cooperative devote the whole of their professional activity to the joint undertaking. Naturally, they are more familiar with the problems and in a better position to discuss them.

Workers' cooperation is therefore the form of cooperation which gives the greatest wealth to the content of the concept of "democratic control". But it is also the form in which the application of this principle is the most delicate.

In practice, it is not always easy to distinguish what falls within the social sphere and can be discussed by everybody, and what falls within the technical sphere and can only be discussed by those who are competent to do so.

Furthermore, the division of labour means setting up a technical hierarchy based on skill and knowledge in technical and management matters, or, in other words, on objective criteria. This technical hierarchy, based on confidence, example and comradeship, or in other words on affective criteria.

Striking a balance between the objective and the affective criteria in the running of the cooperative means reconciling democracy with efficiency. This reconciliation may give the cooperative an irresistible force by putting an end to the alienation of workers. If it fails it involves the failure :

- of the cooperative as a human group
- of the undertaking as a production unit,
- or both.

The information of members at all levels and by all means is therefore a paramount activity for the cooperative.

#### I. THE GENERAL ASSEMBLY

The General Assembly of members is vested by law with all the powers of the cooperative. It is important that its organization and working methods should be fixed so as to allow very wide participation by all members without creating disorders or delays inconsistent with the requirements of industrial and commercial operation.

##### A) The powers of the Assembly

Only the law can limit them. The articles of association, however, and, in appropriate case, the rules of procedure, must necessarily organize the work of the Assembly and limit its competence to the question which it can reasonably deal with, which can be divided into four categories :

- 1) questions relating to the articles of Association;
- 2) consideration of the progress of the society's affairs;
- 3) admission of new members;
- 4) election of management.

##### 1. Articles of Association :

The articles of association are binding on the parties and only the General Assembly, which brings all the members together, is entitled to adopt them or vary them. This idea seems to be accepted by all cooperative Movements. Some of them, however, require a qualified majority of 2/3 or 3/4 of the members for the adoption or variation of the contract constituted by the articles. The vote on these questions is generally by open ballot.

## 2. Consideration of the progress of the society's affairs :

With some differences of form, this consideration consists mainly of the consideration of the annual financial report and an activity report generally presented on behalf of the board by the senior officer.

The vote on these questions is either by secret ballot or by open ballot. In some cooperative movements, there is a tendency to present, in addition to the accounts showing the financial results of the company during the past financial year and its balance sheet, a "cooperative balance sheet" based essentially on demographic and social considerations and recording, in particular, the admission of members, information, training and promotion activities and the social activities of the cooperative.

## 3. Admission of new members :

In certain cases, the admission of new members is regarded as the inalienable prerogative of the general assembly. In systems where admission to membership is automatic, the general assembly is merely informed of new admissions for simple information or confirmation.

## 4. Election of management :

The board of directors, executive committee or management committee must be elected by the general assembly by secret ballot. According to country, the Chairman and managing director, manager or senior officer is elected either direct by the general assembly by secret ballot or by the board or management committee from its own members.

# B) ORGANIZATION AND WORKING METHODS OF THE GENERAL ASSEMBLY

## 1. Intervals of meeting

In general, workers' production cooperative hold their statutory general assembly once a year, for the objects defined above. This is, however, not enough for the information of members, for preparing the selection of the management and for studying the aims which combine to form the society's policy.

In these circumstances, workers' cooperatives generally find it necessary to hold several members' meetings during the year.

## 2. The legal nature of general assemblies :

The legal nature of these assemblies varies with their object and with the nature of the decisions they have to take. A distinction can be drawn between the statutory or compulsory assemblies with the objects listed above, the holding of which is generally subject to forms laid down by law, and

information meetings called by the society itself as often as it thinks fit and in the form it thinks best.

### 3. Preparation of assemblies :

The preparation of assemblies is very different, according as they are compulsory assemblies or assemblies for the purpose of information.

Compulsory assemblies must conform to the provisions of the law and the articles of association; information meetings may take any necessary action for the sound understanding of the questions to be discussed and the active participation of the greatest number of members.

Thus, the documents for information meetings may adopt a simplified presentation or graphic or visual representations which are not allowed for the official presentation of the accounts.

In general, it is easier to obtain the active participation of members in information meetings, and since these meetings are not subject to legal forms, the adaptation to cooperative life of the most modern forms of presentation and exposition will be given the greatest attention. It is particularly important to note that, while the statutory general assembly is devoted to a general review of the problems of management and its results, the same problems can be approached in an information meeting in an analytical and concrete form which enables every cooperative worker to link up the analysis of general problems with the concrete activities with which he is directly concerned.

## II. DELEGATION

The general assembly reigns, but cannot govern. The powers of management will therefore always be delegated.

### A) COLLECTIVE MANAGEMENT OR PERSONAL MANAGEMENT ?

Since the powers of management must necessarily be delegated by the assembly, the question arises whether they will be exercised by an individual or by a group.

#### 1. Personal management :

There have been, and still are, cooperative systems in which a Managing Agent elected by the general assembly exercises all the powers of management and reports, only to the assembly. This formula has, however, become exceptional, since, while it is true that an individual must necessarily represent the society, especially when it is a question of committing it in relation to third parties, the existence of a deliberative body to

advise that individual and take the major decisions collectively is nevertheless regarded as essential in nearly all cases.

## 2. Collective management :

While personal management is practically unknown, collective management is very rare in workers' production cooperatives.

While many consumer cooperatives are managed by a board of managers, each of whom is personally responsible for a branch, but who meet every day to take the major decisions together, this form of management, to the best of our knowledge, is fairly rare in workers' production cooperatives.

## 3. Mixed management :

In practice, in most cases, workers' production cooperatives are managed by one responsible person, Chairman or General manager, assisted by a deliberative body known as the board of directors, or executive or management committee. The intervals of meeting of this deliberative body and the distribution of duties between it and the representative of the society vary between countries, and, in the same country, between cooperatives. Furthermore, while there are cases in which the elected board corresponds to the summit of the technical hierarchy, there are others in which the technical responsibilities and the policy responsibilities of the cooperative are in the hands of different persons. The interrelation between the personal authority and the collective authority of the cooperative hierarchy on the one hand and the technical hierarchy on the other is one of the most delicate problems of a workers' production cooperative.

It is one of those on which the pooling of the experience of cooperators in all countries might throw the greatest light.

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2<sup>nd</sup> day - Conclusions of the group.-

Democratic Administration in Workers' Co-operative  
Productive Societies

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The Seminar is unanimously in favour of the rule of "one member, one vote". Nevertheless the special case of unions of societies ( France, Italy ) should be borne in mind, where, other formulas may be adopted ( voting subject to penalty or according to turnover ). Where voting is by delegation, the Seminar agrees in thinking that any one delegate should not represent more than five members. In Czechoslovakia, the board fixes the number of members each delegate may represent, but he has only one vote.

The general assembly is the supreme organ of the co-operative. It is desirable to increase the number of meetings for the information of members. In Poland and Czechoslovakia the minimum is now two per year. The Seminar believes that it is necessary to prepare for the general meeting by convening information meetings in each sector in societies with a large membership or covering a large geographical area.

Besides considering the report and approving the balance sheet and taking decisions on questions assigned to it by rule, the general meeting should discuss and approve an annual plan of development. The general meeting should also appoint the delegates who represent the society in various co-operative federations. It is also recommended that the printed balance sheet should be distributed to the members at least several days before the meeting.

In the case of large societies with over 500 members, it would appear indispensable to hold local meetings in outlying districts which should be supplied with information and exercise, as far as is possible, some powers of a general meeting, but which should also elect delegates to the general meeting. It is also recommended that the members of local units should be kept informed of the economic results achieved by these units.

It is the general meeting which determines or ought to determine whether decisions shall be made by open or secret voting.

The Seminar expresses the hope that the suggestions made by Mr. Antoni for the graphical presentation of the economic and moral results of a co-operative will be adopted by all societies. It also proposes that, where such a commission does not already exist, a social commission should be set up in every society to co-ordinate its social welfare activities.

For small co-operatives, personal management can be accepted, if it is counterbalanced by a good information service. On the other hand, a mixed system of individual and collective responsibility is more to be recommended for medium or large societies. For good management a society needs three deliberative organs :

the general meeting,  
the board of management,  
the supervisory council.

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It is further recommended that the International Committee should arrange to collect additional information on the articulation of management and administrative functions in workers' co-operative productive societies.

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First International Seminar  
of Workers' Production and Handicrafts Cooperatives

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3<sup>rd</sup> DAY : LIMITED INTEREST ON CAPITAL  
DISTRIBUTION OF SURPLUS ACCORDING TO TRANSACTIONS

Every business works on capital. Under the prevailing system, this capital is provided by the State or private capitalists. Under the cooperative system, there are two main alternatives :

- 1°) capital provided by the State, individual subscriptions of cooperators being merely token;
- 2°) capital formed by the savings of cooperators.

Under both alternatives, the reserves are collective, and the rate of remuneration of capital and the arrangements for the distribution of surpluses, raise the same problems.

The object of our discussion is to study the application of common principles under different economic systems .

I. THE FORMATION OF CAPITAL

The formation of capital raises two essential problems :

- its sources : they may vary widely according to the economic system in force in the country concerned;
- its increase: often connected with the idea of the return on the business : it depends essentially on the necessities appropriate to the sound management of the cooperative.

A) Initial capital :

Initial capital may be collective, individual or mixed.

### 1. Collective capital :

It may be contributed by the State or by social welfare organizations (associations or trade unions). The cooperators are then responsible for the sound management of the funds entrusted to them;

### 2. Individual capital :

Each associate contributes to the society the fruits of his saving and retains a right of individual property in the funds thus made available to the cooperative, since he can claim repayment in certain conditions.

If the number of worker associates, or the total amount of capital thus contributed is insufficient, the cooperative may, by way of exception, call upon the disposable capital of other contributors who do not take a direct part in production.

This case only exists in France, the proportion of external capital being, in any event, very limited;

### 3. Mixed capital :

This is the combination of the two forms indicated above, part of the necessary funds coming from individual associates and part being provided to the cooperative by central bodies.

## B. THE CONSTITUTION OF CAPITAL APPROPRIATE TO THE ECONOMIC DEVELOPMENT OF THE BUSINESS

Whatever the form adopted at the time when the initial capital is constituted, the amount of funds needed for the sound running of the business is a problem of financial equilibrium.

On the other hand, the ways and means of increasing these funds remain very dependent on the economic setting of the cooperative.

### 1. The optimum amount of capital :

This depends both on the business activity and the size of the group in question.

#### a) Business activity :

Certain activities, such as the chemical industries or iron and steel, require the use of costly and elaborate means of production, both at the stage of applied research and of production; others, such as the performance of services, can be carried on without any heavy investments. These are certainly the favoured activities of producers' cooperatives.

b) The size of the group :

The dimensions given to each business determine the amount of capital to be committed. Nevertheless, the market in which the cooperative is situated is often one of the essential factors.

2. The methods and limits of increasing capital :

Capital may be increased :

- either by increasing the contributions of the initial subscribers, or,
- by not distributing all or part of the profits earned by the cooperative.

a) increase of capital by initial contributors. The choice of the macro-economic aims to be achieved by the state or the organizations concerned, determines the amount of collective capital invested in each business.

The increase of individual capital is limited by the low saving capacity of the associates, whose only source of income is payment for their labour, and even so, the business will not attract these savings except so far as it remunerates them;

b) increase of capital by ploughing back profits :

There are two ways of ploughing back profits :

- the capitalization of the individual distributions made to each worker associate;
- the constitution of reserves ; while they remain in the hands of the business, reserves nevertheless have a certain character of collective capital as regards the associates; in the event of the dissolution of the cooperative they are transferred to other cooperatives or to certain bodies of general interest.

## II. THE ADMINISTRATION OF CAPITAL

Administering capital means, first of all, being able to remunerate, it and then, and above all, keeping it at the level of the cooperative's needs.

### A) Remuneration of capital :

1. Is it necessary to remunerate capital.

The principle of the remuneration of capital has been the subject of numerous controversies on the theoretical level (Rochdale, Owen, etc..).

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In practice, however, capital is always remunerated, either by the payment of interest proportionate to the amount contributed by each associate or by the payment of a rent based on the importance of the means of production made available to the cooperative.

In any event, in our opinion, the payment of a rent is based on the following ideas :

- in the case of collective capital :  
it makes it possible to determine the value of the way in which the funds are used ;  
with very few exceptions (public utility services), productivity should be sufficient to remunerate the capital invested;
- in the case of individual capital :  
the interest paid remunerates a risk freely accepted by the contributor;
- it also takes the form of the remuneration or "accumulated labour", since the savings constituted and invested in the business by the associate workers are derived from their prior activity within the cooperative.

## 2. Forms of remuneration :

### a) Bases :

It seems difficult to dissociate remuneration from the amount of capital invested, in view of the ideas on which this remuneration is based. There seems no justification for remunerating capital in the absence of profit ; whether the capital is contributed by the associates or made available to them in the form of a means of production, its remuneration where there is a loss, would mean reducing the capital;

### b) Rate :

While it is universally accepted that the interest paid on capital should be limited, it is necessary for the rate to be fixed in the light of the financial market rate, since otherwise the cooperative will not be able to rely on the contributions of its members.

## B) THE CONSERVATION OF CAPITAL AND THE PROBLEM OF REPAYMENTS

Since the optimum capital ~~is fixed~~ is fixed by the special imperatives of the administration of each cooperative, it is important to maintain it at that level; but it is in danger of being diminished either by repayments or by losses.

## 1. Repayments :

The conservation of a collective capital only raises problems of repayment where, from the outset, it has been made available to the cooperative for a limited period only.

Individual capital, on the other hand, must be repaid on the withdrawal, retirement or death of the associate.

### a) subscribed capital - repaid capital :

It is important, in the first place, to define the criteria for the repayment of shares in the society. Three criteria can be adopted :

- the incidence of devaluation : should repayment take account of currency devaluation during the period when the funds have been at the disposal of the society ?

- the sharing out of hidden, concealed or official reserves; cooperative principles forbid the distribution of reserves in any form whatever. Any valuation of shares which took account of accumulated reserves would run counter to cooperative theory;

- losses : should they be taken into account in calculating the repayments to be made ?

### b) Length of notice for repayment : renewal of capital. Whatever the amount to be repaid, the cooperative is bound to require a certain length of notice for such repayment, consistent with the stability of its capital.

The way in which this problem is solved depends closely on the policy for associating the workers and the magnitude of the cooperative's self-financing efforts. In practice, the greater these efforts, the easier it will be to replace the capital, and therefore the length of notice for repayment of capital can be shorter.

## 2. The capital is diminished by losses

Successive losses which diminish the capital and thus generate financial disequilibrium, endanger the cooperative, which must therefore find a remedy as quickly as possible, either by new contributions from its associates, or by reinvesting earlier profits.

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3<sup>rd</sup> day.- Conclusions of the group.

#### CAPITAL.-

The day's discussion chiefly on problems involved in the formation, remuneration and management of capital.

The policy of self-financing is not so easily applied by workers' co-operative productive societies as by some other co-operative forms. Where the capital needs are great, owing to the nature of the industry, self-financing, although indispensable, can hardly ever be sufficient. The proportion of societies' own capital (members shares + collective reserves of various kinds) to outside capital varies considerably from country to country.

The role of government in financing co-operative productive societies would not appear, from the evidence supplied by the members of the Seminar to be as important as is sometimes imagined.

Much more help is obtained, especially by societies in early stages of development, from federations and elder societies through banks, funds and other institutions specially set up for this purpose, sometimes with the participation of other co-operative' organisations trade unions and sometimes the state.

Discussion in the Seminar was in certain ways restricted by lack of statistical and other information. It would therefore be desirable that the International Committee should arrange for some research into capital formation in its affiliated federations so that the problem can be discussed again in a future Seminar. At the present stage, it seems impossible to draw any general conclusions or formulate any general directions. The importance of these problems is shown by the fact that the workers' productive societies have to make use of their continued existence in an economic world dominated by large-scale enterprise.

The optimum amount of capital for any society is never a fixed amount but must be constantly increasing.

The workers' co-operative productive societies, like other forms of co-operative in the free market economies, must increasingly compete for capital, including even share capital and savings deposits from their own members. They will therefore be obliged more and more to remunerate capital according to the co-operative principle of limiting the rate of interest, so that this remuneration includes no element of profit, like dividends on the ordinary shares of capitalist companies.

The problem of maintenance and conservation of capital is complicated for the workers' productive co-operative societies by the certainty that their older members will need sooner or later to withdraw their capital holdings after they reach the age of retirement.

The intake of new capital must always exceed this outflow in order to leave an adequate margin for a society's development.

The problem of compensating members for a loss of value resulting from inflation and the devaluation of money has so far not been solved in any country, owing to its insurmountable practical difficulties. The repayment of capital holdings to retiring members is subject in a number of countries to the right of the society to delay payment for a limited period fixed by the law on its rules. Societies do not always take advantages of this provision, but it constitutes a safeguard against possible financial embarrassment.

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First International Seminar  
of Workers' Production and handicrafts Cooperatives

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FIFTH DAY : EDUCATION

IN WORKERS' PRODUCTION AND HANDICRAFTS COOPERATIVES

Education is :

- a moral obligation on cooperatives
- a necessary investment for a business.

The cooperative therefore has a double obligation in the matter of education, as a business and as a cooperative.

In the case of a production cooperative, this necessity is reinforced; participation and collective management demand educated cooperators.

Reflection about education in production cooperatives can be centred on five points :

1. what could be the aims of education in production cooperatives ?
2. what are the different aspects of education in production cooperatives ?
3. what methods of education are suitable for production cooperatives ?
4. what are the different means used to organize education in production cooperatives (structure, men, financial resources)?
5. the problems raised by the development of education.

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1. To succeed in education, one must know what one wants; therefore, education must have aims

The aims of education are linked with the general aims of the production cooperative. Thus, it can be said that education is designed :

- to develop the cooperative spirit by an apprenticeship to a common vocabulary and way of thinking and by the development of aptitudes for initiative, responsibility and the furtherance of the collective interest;
- to prepare non-member workers to become members and to convert passive members into active members;
- to facilitate the economic growth of all cooperatives by imparting an understanding of the mechanisms of the economy and of modern business (laws of economic development, financial management, productivity, etc...)

Two questions may be asked :

- what are the aims pursued in the educational activities pursued by the production cooperative ?
- who defines these aims : the cooperators, the cooperative managements, the federations ?

2. What are the different aspects of education in a production cooperative ?

No doubt three fields of education can be distinguished :

- cooperative education
- trade and vocational education
- management education.

- a) Cooperative education is designed to enable the workers to run their cooperative and make it progress.

It is designed, in different forms for all the workers of the cooperative, workpeople, office staff, technicians, executives :

- for auxiliaries who wish to become members and for untrained members; initiation to cooperative life and the mechanisms of business;
- for members who want it, training in cooperative and business management.

Does cooperative education extend to everybody, or is it merely a means of establishing a cooperative elite ?

How can education be provided which will lead to genuine collective management ?

b) Trade and vocational education

The ideal of social betterment, quite as much as the imperatives of economic growth, makes trade and vocational education and advanced training inseparable from cooperative education.

Each cooperative draws up a plan of vocational education and advanced training in the light of its prospective evolution. Vocational education is thus linked with personal advancement within the business and with its economic future.

In order to provide this education and vocational advancement, the cooperative may organize an internal training course for a specific trade category ( e.g. school for foremen ) or call upon outside training organizations such as Technical Training Centres, Social Betterment Centres, Training Centres for Senior Executives.

Vocational education and advanced training are closely linked with betterment of which they constitute one means. Do they always allow the worker to climb all the steps and become executives?

c) Management education

Management education is of paramount importance, both in facilitating the expansion of the cooperative and in maintaining democratic management.

Therefore, in order to avoid upsetting the balance of powers in the cooperatives, this education should be conducted on two fronts, the technical managers and the elected managers and should deal with business management as well as the leadership of a cooperative group.

Advanced training sometimes meets with resistance from certain managers who hesitate to leave their business, or are reluctant to admit that they have anything to learn.

But no doubt the major problem is how, by training elected managers, to prevent the technical managers from involuntarily becoming the competent, but isolated chiefs of their cooperative, business chiefs but not cooperative leaders ?

3. What methods of education are suitable for production cooperatives ?

Education in the workers' cooperative movement is not separated from work and responsibilities. Nevertheless the greater speed of change in technique and in the economy means that this training "on the job" provided by the life of the cooperative itself must be completed by classroom sessions which give it its full meaning.

These sessions and courses must retain the initial spirit. They must start from the practical experience of the participants and must not misuse the classroom. Case studies and group work are therefore essential to ensure that the participants express themselves and understand the link between the facts (and, where appropriate, their own special problems) and general ideas. For example, management training will start from an analysis of production costs on the workshop floor and the corresponding problems of working capital.

Active methods (personal work, group work, practical exercise, conduct of sessions by the participants) should instil life into the cooperation, initiative, expression and responsibility expected of cooperators in their business.

#### 4. What resources have the production cooperatives for carrying out these educational activities ?

All these activities require resources; suitable structures, competent men and adequate finance :

- these resources may exist within certain cooperatives or unions of cooperatives (federations of industries or regional unions);
- but the national organizations are perhaps in the best position to help the cooperatives or the unions. Even so, it is necessary to guard against centralization by education. Education should be adapted to each cooperative to help it to prosper and not to make it fit in with general models;
- it is also desirable for each cooperative to have its education officer. His place is sometimes difficult to define; he must enjoy the confidence of the management without being identified with them, since education demands freedom of expression and excludes any judgment of a cooperator by his superior.

#### 5. The problems raised by education

Education, while it solves certain problems, such as better collective management, and the understanding of business evolution, also imposes certain requirements. In this sense, also, it is a factor in progress:

- Education is inseparable from information. It must be based on information. Education sensitizes, stimulates and develops curiosity and prepares for the active reception of information from above. It creates the habit of constructive expression which facilitates information from below. But in its turn, the active circulation of permanent information accentuates the need for education;

- Education can only bear fruit if the structures of cooperation are formative. In a workers' cooperative, the performance of professional work and the stages of collective life provide educational possibilities. The head of the cooperative service is also a natural educator and the general assembly and the various technical or social meetings can play a much more effective part than educational activities organized outside. A cooperative should be just as well organized as any other business without this preventing its structure from being marked by an educational spirit.

Education therefore requires genuine democratic operation and business methods which allow everybody, at the level of his own duties, to give proof of initiative, responsibility and mastery of his job.

- Inseparable from betterment, and relying on the pride which every worker should have in his business, it is therefore only possible for and in cooperatives in expansion. A factor of growth, it also presupposes it.

Thus education presupposes and requires both democratically run cooperatives, in which information is circulated, and which, at the same time, assume their responsibilities for economic evolution.

It is an indispensable trump card for success in the venture, now more than a century old, of reconciling, and even of rendering inseparable, economic efficiency and democratic management, the progress of the business and the advancement of all its workers.

For these reasons, it is essential that each cooperative, and each federation or confederation should include an education policy as an integral part of its general policy.

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Fourth day.- Conclusions of the group.

### THE COOPERATIVE SOCIETY AS AN EDUCATIONAL INSTITUTION

The Seminar agrees that a co-operative society in its twofold capacity as an association and an enterprise, has a double obligation in the matter of education. How these obligations are fulfilled depends in a great measure on the means, especially the finances and the personnel available.

In every country, the smaller and poorer co-operatives need to be helped by the larger and richer, more particularly through the educational activity of the regional and national federations.

Where the system of public education is defective, where the members have not been able to benefit from it, co-operative societies sometimes find it necessary to provide elements of their members' general education before their co-operative training can be adequately organised.

The aims of co-operative education are first,

- to diffuse knowledge, especially full and up-to-date information, among the members;
- next to develop technical competence in both the economic operations of the societies and the functioning of their democratic organs;
- finally, to train members, elected administrators and managers in co-operative responsibility and solidarity.

The Seminar emphasises the importance of the role of example and the exchange of everyone's experience from the moment that a worker enters into co-operative employment.

Education of this kind can and should be supported by courses for which the teaching personnel should be recruited from the co-operative Movement's own experts, as well as from universities and other educational institutions.

Opportunities of education should be open to all who need them, but it is evident that the progress of individuals will vary according to their talents and capacities. Care should be taken to ensure that no breach opens between a highly educated elite and the main body of co-operative members. This is a risk which cannot always be avoided because a high standard of training for management is indispensable to-day.

Even small societies which cannot allocate much money for education, can nevertheless do something useful, if they will appoint one member or administrator to be responsible for educational matters. He should work in close liaison with the federations to which the society is affiliated, for setting up a special committee for education. It is essential to ensure that the activities of such committees are not kept apart from the main stream of co-operative activity.

In the present period of rapid economic and technical evolution, the co-operative Movement must face the necessity of continual re-training for its personnel.

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CONCLUDING SPEECH BY THE DIRECTOR, CHAMARANDE 16 vii.1966

At this stage we ought to consider the general report on our Seminar. Unfortunately time did not permit the preparation and presentation of a report in the true sense. I would offer you instead some thoughts which occur to me and some lessons which we may have learned in the course of our discussion.

The Seminar was originally conceived and it has been conducted as an exchange of ideas and experience in the application of four essential principles of Co-operation, with special reference to the workers' co-operative productive societies. For that purpose we have been able to contribute experience from 6 countries, possibly 8, if we include the written statement sent by our colleagues in Mexico and anything about England contributed by myself. This is a fact which we may regard with considerable satisfaction when we bear in mind that the workers' co-operative productive societies are not so widely spread over the world as some other co-operative forms.

On the other hand, a factor encountered in some discussions was the limitations of the personal experience of the participants. This reflects, of course, the great diversity of the workers' co-operative productive movement and the impossibility of any single person (or even two or three) knowing everything about all the societies even in any single country. It may also not be out of place here to congratulate our colleagues from Czechoslovakia on the excellent manner in which they were organised to present their information.

Another remarkable fact is that there was no - or hardly any - disagreement among us in our conceptions of the various Principles. The differences in their application were also much fewer and slighter than might have been expected, when we take into account the great differences from country to country in the economic systems within which the workers' productive societies have to exist and work. In our discussion of capital, for example, we needed only to take note of the limitation of the rate of interest and the distribution of surplus according to transactions, that is in proportion to work done or wages and salaries earned, as principles we could take for granted.

Discussion therefore centred on the practical problems to be solved, such as the formation and management of capital, with due attention to the difficulties to be overcome and the risks and dangers, to be avoided - or accepted - in their solution.

Moreover, we have taken for the most part a positive rather than a negative attitude to our Principles. We have been more inclined to ask : what must we do to realise our Principles in practice? than to ask : what rules must we make to prevent our members or leaders from infringing our Principles or introducing other principles which we do not accept? That is a good thing.

Aggression is often the best defence.

One further observation. Since our discussions have remained on the plane of practice, we have found them often difficult to separate from one another. Under different headings we encounter the same problems. There is another reason for this, namely, that the Principles are not associated by chance. They form a system which must be applied as a whole. Right solutions found and applied in one sphere assist us to find and apply right solutions in others. Thus we found that open membership, properly maintained, is favourable to (perhaps essential to) the maintenance of a live democracy and to the increase and renewal of capital. Or again, it was impossible to ignore that, without effective education, there can be no economic efficiency or democracy.

More and more as our discussions proceeded, we found that our problems tended to centre upon one consideration which became dominant, especially in the expose and comments of Mr. Pasquier on the fourth day. This consideration may be put as a question : how to ensure the continuity of co-operative development in a world in movement, where technique, the organisation of labour, people's ways and habits, are changing so rapidly and where the cleavage between the generations seems wider than we have ever known it ?

Here we are confronted with the fundamental reason why the co-operative Movement and all the different forms of co-operation must organise their own education. They can, of course, make use of national systems of public instruction for various purposes of general education and vocational training. Yet the whole bias of these systems is towards maintaining the status quo ante - towards the preservation of the past, the conservation of old traditions and established institutions.



But what if the world's great need is to be liberated from its past and to outgrow traditional institutions so that, for example, it can evolve away from nationalism and other sacred egoisms towards international collaboration? The co-operative Movement has to break with conventional education just as much as it breaks with conventional economics. The particular value of the workers' co-operative productive society is found precisely in the fact that it can and often does bring about a radical change in the attitude of the worker to his work, his workmates and those under whose direction he works (and theirs to him) - and, beyond this, because it encourages and stimulates active rather than passive attitudes to the economic system, to democratic politics and to life in general.

The great task of the workers' co-operative productive societies is still, as Dr. Fauquet said<sup>x</sup>, to train men in individual and social responsibility. If the societies can continue to produce co-operators in adequate numbers they will be able to continue to produce other commodities, for they offer something which the world needs, if men are to become masters, rather than slaves, of their economic systems.

<sup>x</sup> former des hommes responsables et solidaires.