

Review of International Co-operation

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Special Centennial cover: designed by M. Treacy Waugh

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Editorial

The aim of this issue of the ICA Review is to take topics which are currently pre-occupying co-operative theorists, but which have been debated and written about in past Reviews, and to publish the contemporary articles side by side with those which were topical 20, 30 40, or even 60 years ago.



In this way we thought it would be possible to compare how these issues have been dealt with in different stages of our development and whether we are progressing and meeting the challenges of each era, or merely recovering old ground.

This has been an interesting exercise and has shown that, in one area at least, the rhetorical has not changed and the problem remains much as it did in early days of the international movement. This is obviously the question of women's participation, or lack thereof, at decision-making and representational levels of co-operative organisations. The fact that this remains a problem today was nowhere more obvious than at the first Regional Assembly for Europe, held in Prague, last October, where the women were conspicuous by their absence. MariaElena Chavez and Katarina Apelqvist address this issue, on pages 43 and 48 respectively, but as Ms Chavez points out, Emmy Freundlich's speech at the 11th ICA Ghent Congress in 1921 would not appear out of place if repeated at the 31st Congress in Manchester later this year.

Lack of time and space forced the editorial team to abandon the historical articles towards the end of this issue. Researching in ICA's archives proved to be too time-consuming, although entirely fascinating, and the abundance of well-written, topical articles submitted for publication quickly filled up the allocated space.

Two of the articles in this issue could be considered somewhat controversial. Employee ownership and participation rather than member ownership and participation is addressed in a fascinating paper by a dedicated co-operator, Benito Benati, whose conclusions are thought-provoking and may be considered somewhat "against the home side". We wish to encourage debate in this Review, rather than use it as a vehicle of propaganda, therefore we consider it healthy to publish all valid points of view.

Another article which we hope will encourage debate is the contribution of Hans-Detlef Wülker giving the German perspective on the Social Economy and how it affects co-operatives. We were very happy to have this article submitted for publication as it discusses an issue which needs to be addressed, especially in relation to the current revision of ICA principles. Specifically, it raises the questions - are co-operatives self-help organisations whose "raison d'être" is only to satisfy members' needs, or do co-operatives have a wider role to play in society, or, finally, should they be considered as instruments for the implementation of Government social and economic policy?

The position of the German co-operatives is that by lumping together co-operatives, which are institutions whose economic services should be concentrated on and restricted to membership, with mutual associations and foundations having a wider social role (including enterprises established by Government and public authorities to support the public), the position of co-operatives is weakened and a situation is created which poses a threat to co-operative identity. They warn that co-operatives must guard against being used as tools for development and the implementation of tasks which are not in their members' interests. The German perspective of the co-operative role is further explored in Hans Münkner's article on the revision of co-operative principles.

We would welcome articles supporting this view or giving a different perspective. This is an important issue for co-operatives and one that needs to be debated and studied seriously.

I have mentioned only a couple of issues brought to light in what I have found to be an extremely interesting issue to work with. I hope you enjoy reading it as much as we enjoyed putting it together.

Mary Treacy
Director of Communications



73rd International Co-operative Day



(Saturday, 1 July 1995)

Message from the International Co-operative Alliance

The ICA Centennial and the Next 100 Years of International Co-operation

As the International Co-operative Alliance enters its second century, its membership has reached over 750 million at grassroots level and the basic principles which it promotes have been applied to all aspects of economic and social life on every continent.

The "Co-operative Principles", based on the traditions of a variety of 19th century pioneers, and last revised by the ICA in 1966, are to be submitted for review at the ICA's Centennial Congress and General Assembly, in Manchester in September. The new proposal, as approved by the ICA Board in April, consists of seven principles: *voluntary and open membership; democratic member control; member economic participation; autonomy and independence; education, training and information; co-operation among co-operatives; and concern for community.*

The new version of the Co-operative Principles is to be contained within a "**Statement on the Co-operative Identity**", which also identifies the basic co-operative values as *self-help, democracy, equality, equity, and solidarity*. Co-operators, it says, believe in the ethical values of *honesty, openness, social responsibility and caring for others.*

While emphasising the self-help aspect of co-operatives, the new principles also stress the wider role which co-operatives play in the community and extend the principle of education to reflect the importance of information in spreading the co-operative message more widely.

The United Nations General Assembly has declared the first Saturday of July, starting in 1995, as the **United Nations International Day of Co-operatives**, coinciding with and reinforcing the ICA's own International Co-operative Day, which was first celebrated in 1923.

The United Nations thus recognises the contribution of co-operatives to economic and social development as an indispensable factor in promoting the fullest possible participation in the development process of all population groups, including women, youth, disabled persons and the elderly.

In his report to the General Assembly, in July 1994, the UN Secretary-General, Boutros Boutros-Ghali, stated that "co-operative enterprises provide the organisational means whereby a significant proportion of humanity is able to take into its own hands the tasks of creating productive employment, overcoming poverty and achieving social integration".

The UN encourages Governments to consider fully the potential of co-operatives for contributing to the solution of economic, social and environmental problems in formulating national development strategies for sustainable development.

In this Centennial Year, the International Co-operative Alliance calls on its members to work with their Governments and with United Nations Information Centres worldwide to celebrate the UN International Day of Co-operatives, and to promote the Principles of Co-operation in their members' magazines and other publications.

The ICA also encourages its members to inform Governments about the work and potential of co-operatives and to develop information programmes which make use of new communications technology, thereby targeting young people who will be the opinion leaders and decision makers in the next 100 years of international co-operation.

The Moral Aspect of Co-operation

By G. J. D. C. Goedhart*

The Co-operative Movement has been generally regarded as a means of obtaining the necessities of life cheaper than elsewhere, or as the source of a useful dividend at the end of the year which would afford to the poorer classes the opportunity of purchasing commodities of which they would otherwise have been deprived, and which the strictest thrift in the ordinary channels of expenditure could not have provided.

It is a very singular circumstance that such an entirely erroneous conception of co-operative principle should have become accepted, and still more that it should have held its own for so long a time. The very first Manifesto of the renowned Pioneers of Rochdale propagated an altogether different gospel and placed in the forefront of its programme the ideals of true co-operation. The aims of the promoters of the co-operative idea at that time were much broader; they emphasised the great necessity of building up slowly, but continuously, a new moral world and a better system of society. From that time until now those aims



have been expanded to the co-operative world by quite a number of leaders in the different countries who have owed their influence to their grasp and advocacy of the moral aspect of co-operation. The late J. T. W. Mitchell, during his Presidency of the English Co-operative Wholesale Society, put the co-operative creed into a nutshell when he said 'there are many ways in which to improve the condition of mankind, but the noblest of all is through co-operation.' That the Pioneers of Rochdale were moved in the first instance by moral considerations is proved by their Manifestos, their constitution, and by every declaration of their faith, which they issued to the community. Is it not in evidence in the very inception and

* This article was taken from the Review of International Co-operation, No. 10, October 1928. Mr Goedhardt was President of ICA from 1921 to 1927.

development of their little Store in Toad Lane? They had behind them the dreadful experience of the conditions of life and labour which prevailed during and following the period of the industrial revolution. They realised by bitter experience that the poorest of the poor were squeezed out by middlemen, who took usury from the poor and in return delivered to them adulterated goods at false weights and extortionate prices in exchange for their miserable wages. This was the moral evil which gave them the force and courage to begin their struggle against adverse conditions and to continue it until it achieved a successful issue. This, too, was the reason why they made efforts to examine the causes of the economic wrongs under which they lived, and to seek out the means of ending the old bad order by striking at its causes. It is manifest that one result of this examination must be - seeing that they started unprejudiced by ulterior motives - to convince them that they could not do to others what their oppressors had done to them, that is, to make profit out of their fellow creatures by all the means in their power and at the highest possible rate. They must, on the other hand, assure to their members and customers the delivery of pure goods of high quality and full weight; they must, moreover, aim eventually to influence the conditions under which the necessaries of life should be produced and thus assure to the workers engaged in agriculture, industry, and commerce, the best conditions. As we know full well by the terms of their famous constitution, they aspired even

to control the forces of education and of government, while amongst the aims which they regarded as immediately realisable they placed the control of the whole field of production on co-operative principles. In order to attain that goal they needed capital, and the initial step to that result was the increase in the number of adherents to their Society and cause.

As a first effective step in the accumulation of capital, apart from the modest subscriptions of their members, they decided that the entire surplus of their mutual trade should not be divided amongst the members but should be placed partly to reserve and to the extent of 2.5 per cent for educational purposes. The education that they had in view was that of instructing the community in the advantages and benefits of Co-operation, that is to say, in genuine propaganda for the ideal, and afterwards, when the recruits had become established members of their Society, in training them to become real co-operators.

By adhering closely to these two principles British co-operators in the first instance, and, afterwards, the co-operators of other countries obtained the means of developing their Movement and extending its ramifications from the supply of food to clothing, housing, credit, insurance, indeed to the satisfaction of practically every human need. The organisation of Wholesale Co-operative Trading and productive enterprises under the control of Federated Consumers' Societies, and the import of nearly

every kind of goods have become the ordinary activities of a well-organised Co-operative Movement in nearly every country.

This vast extension of activity and successful growth has not been undertaken merely in order to obtain a greater margin of 'profit' or surplus, but in order that co-operators might make the Movement they love serve the common good of everybody and thus raise human society to a higher level. Those who have not understood the true basis of the Co-operative Movement, or who were too much prejudiced against it to ascertain the truth, have entirely misrepresented Co-operation, and not the least in those cases where they have wished to limit its province to the amelioration of conditions of life to the poorest and most unfortunate. No, it was not for a few of human kind that Co-operation was intended to be the noblest means of improvement but for all.

Each for all and all for each is the universal motto of the Movement, and clearly indicates that Co-operation was, and is, the practice of the idea of social solidarity. Very slowly this idea has become understood amongst thinking men. So was it understood by the great William Ewart Gladstone, who once said to Sir William Maxwell, 'So long as you cling to the principles of Co-operation I am without fear for the future of my country. The help which a man gives to himself is always the best.'

As soon as this idea of genuine self-help is generally understood we shall

see a tremendous increase in thrift. The laws against dishonest competition, against adulteration, and against usury, will then become superfluous, and the tremendous sums which Governments are compelled everywhere to pay for their application just now will remain in the Exchequer, for Co-operative Societies have no interest whatever in even attempts at fraud, deceit, or imposture. 'Its aim is a continuous ordering,' according to Carlyle, 'as the necessary condition for every improvement of the social conditions prevailing in the world.' Moreover, the great number of middlemen between producer and consumer, which increases visibly every day and is the cause of more wrongs, more dissipation of resources and the building up of the gigantic expenses of competition and advertising with all its numerous consequences, will be diminished just in proportion as a better organisation of production and distribution can be devised and by which unconscionable annihilation of human energy and the waste of commodities, under which we now groan, shall be eliminated. Only think of the tremendous stocks of goods which are being carried at the present time under the existing system in the numerous stores and magazine of private trade; the goods that deteriorate, and in various ways diminish their value so that they have to be sold at prices which even do not cover the expense of storage. Think also of that not inconsiderable proportion which becomes ruined and utterly unsaleable. Think of the great multitude of shopkeepers and the greater multitude of assistants, book-

keepers, clerks, and delivery men who today, when their customers as the result of successful advertising, reductions in price, etc, choose other shops, become idle for days and weeks on end. How much capital, unremunerative and useless, all this requires and how great are the losses which are thereby imposed upon human society as a whole!

Moreover, considering how much this system forces upon the middlemen and factory owners the necessity of producing continually something new in order to drag consumers away from their competitors and to force their fellow producers to sell their stocks at prices below their initial value, in order that their shops may be filled with new articles; that thereby new victims must fall daily and that the community must pay the deficits of the merchants - the general loss is evident and clear.

The enemies of the Co-operative Movement have the amiable custom of ascribing the increase of such misfortunes to Co-operative Societies, though they know that the number of Co-operative Stores everywhere is still much too restrained to have such a great influence, and even if they did not know it, or failed to grasp the fact, a glance at the statistics that are published by the Movement itself would teach them how matters really stand. It is true that at the present time throughout the world there are nearly

50 million families organised co-operatively.

This figure is an encouragement to the leaders, for after all it is a fairly good result of 80 years of propaganda, but what does it indicate in comparison with the millions and millions of merchants and manufacturers who represent the interests of private trade and production, who often even succeed in securing part of the trade of members of Co-operative Societies and in this way of diminishing the influence of Co-operation?

It is undeniable that as long as the members and leaders of Co-operative Societies of the whole world fail to realise that the Co-operative Movement is the best and noblest way to raise human society to a higher level, that is to say, so long as they do not see in their membership of the Co-operative Movement a moral command to the most minute loyalty to the co-operative ideal, the attainable satisfaction and joy in our principles will not be realised. So long as the development of Co-operation is only slow and laboured it will not be able to attract all those whose altruistic disposition would lead them to join its ranks. Therefore, we must uphold continuously, without equivocation, to every nation, every creed, every human being, the noble and moral principles of Co-operation as a moral necessity.

Foundations of Co-operation

Rochdale Principles and Methods

by Thomas William Mercer (London)*

The acquisition by the British Co-operative Movement of the original Co-operative Store in Toad Lane, Rochdale, provides a new opportunity for an examination of the principles and methods of its founders. All the Rochdale Pioneers had character. Had they lacked vision, courage, determination or self-reliance they would not have embarked upon the enterprise they started, and certainly would not have achieved success.

About the character of the Pioneers nothing need now be said, for it is self-evident, plain for all to see. What needs examining is the thought that informed their actions. Their principles of organisation and the methods they adopted in conducting their Society and Store still demand close scrutiny, for about Co-operation, as about every organisation of humanity, in time there gather legends until the light of truth is at last obscured by old traditions and the dense fog of unrecorded history.

* Mr Mercer was considered by the late W.P. Watkins, the well-known British Co-operator who died this year aged 101, to be one of the most brilliant British exponents of Co-operation of this century. He was also Will Watkins' predecessor as Tutor at the Co-operative College. This article was taken from the Review of International Co-operation, No. 9, September 1931.

The Rochdale Pioneers made public statement of their immediate purposes and ultimate aims; they did not publish a statement of their principles of action. Possibly they were too practical to be philosophers; but it is obvious that he who would know their principles must investigate their methods. For it was in the methods they adopted that 'The Principles of Rochdale' are made manifest, or rather, since it is necessary to be exact, their methods were in reality the only principles the men of Rochdale knew.

What, then, can such a scrutiny reveal? What philosophic concepts are hidden in those methods as gold is hidden in a rock? The Rochdale Pioneers were probably the first body of co-operators to welcome all men and women into the fraternity of their Society. No person had to enter into membership through a narrow wicket-gate, and no man or woman who wished to join their number ever was shut out. Here is a fact of immense significance. Behind it lies the greatest principle mankind will ever discover - the Principle of Universality.

On the day that the Pioneers adopted the method of 'open membership' they laid the foundation stone of the International Co-operative Common-

wealth. Never while it holds fast to this grand Principle of Universality, can Co-operation degenerate into any form of particularism. Before the impact of that principle all the barriers of race, colour, creed, class, and party are broken down. Never can a Co-operative Movement built upon the Principle of Universality be less than universal in its scope, its purpose, its spirit, or its appeal.

The Pioneers decided that the capital they used 'should be of their own providing', that the method of "one member one vote" should obtain in the government of their Society; that all members, whether men or women, should have equal rights; and that the powers of management should be placed in the hands of officers elected periodically. These methods are familiar today. They were less familiar in 1843, and were probably then borrowed from the programme set forth in the 'People's Charter'. What secret do they hold? Those methods are the very substance of the Master Principle of Democracy.

When the Pioneers included those simple methods in their rules they made the original Co-operative Declaration of Independence. They refused to hire capital from persons not of their own body, for they were well aware that he who borrows is a servant of him who lends, and they were not willing to be enslaved to any money-lender. And what is even more important, they recognised that Democracy is not only a form of government, but also a declaration of

the Rights of Man. By the method they adopted the power to govern was given to each member as a human being, irrespective of the amount of the capital each owned. Long before States had learnt to distinguish between the rights of man and the claims of money, the Pioneers established the Principle of Democracy, as the second basic principle of Co-operation.

It was only to be expected that the Pioneers would decide that 'only the purest provisions procurable should be supplied' to members of their Society, and that 'full weight and measures should be given'. Self-interest demanded that decision, for had not the members formed the Society for their own protection? Yet the adoption of these trading rules was more than a proclamation of their common honesty. It was the Pioneers' way of proclaiming their faith in justice, their adhesion to the golden Principle of Equity. Justice is the heart of true democracy, and it may be held that the one principle supports the other. It does, and the entire philosophy of Co-operation lies in the harmony of its several principles, each of which is essential to the whole.

But it was not only in these rather elementary trade regulations that the Pioneers applied the Principle of Equity. They also decided that all 'profits' arising from the trading operations of their Society should be divided among the purchasing members *pro rata* to the purchases of each. In this method the Principle of Equity is clearly to be seen. Justice

demands that no human being shall be robbed, either as producer or consumer; and while this is not the place to discuss the Marxian 'theory of Surplus Value', who will say that by this method of distributing profits made on mutual trade any worker can be exploited?

The Pioneers decided that in their store 'no credit should be given or required'. What principles were they applying when they made that simple business regulation? Magical as the truth appears, it is the truth that they were applying three foundation principles at one and the same time. However otherwise credit-trading can be regarded, it is method that necessarily creates additional expense. And the Pioneers desired to cheapen the cost of goods, to eliminate all forms of wastefulness so that their own needs could be more cheaply satisfied. Economy was one goal they aimed at, and the Principle of Economy is irreconcilable with debt.

Moreover, the Principle of Equity had here also to be applied, and how could justice be done if one member's gains were another member's losses? 'Each for all and all for each' does not justify any one-sided bargain. And how can there be true democracy where equity does not obtain? As they formulated their anti-credit law, the three Principles of Economy, Equity and Democracy all ran together and stood foursquare like a solid wall.

Latterly, or so it appears, some co-operators have been rather inclined to belittle the value of the Principle of

Economy. Prosperity has made all familiar with big expenditures, palatial buildings, and great stores made beautiful by glass and brass and marble fittings. Yet there is still much virtue in Economy, and co-operators of the present generation, even while they must cater for the requirements of a newer age, ought to be as economical as were the Rochdale Pioneers.

William King, whose own wise teaching influenced Smithies, Ashworth and their fellows, observed that 'the saving people are the friends of the world'; and at the end of an almost universal orgy of unwise spending is there a single nation in the world that could not profit by the example of Co-operative Societies, ever anxious to adapt means to ends without incurring unnecessary expenditure and so frustrating one of the major purposes that the worldwide Co-operative Movement exists to serve?

In planning the constitution of their Society, the men of Rochdale, who had first applied the Principle of Democracy by resolving that 'the management should be in the hands of officers and committee elected periodically', also enacted that 'frequent statements and balance sheets should be presented to the members'. So familiar are all with that simple rule today that co-operators commonly regard it as one of small importance. But it embodies that Principle of Publicity which is the surest safeguard of every democratic institution. Wherever there is darkness

there is falsehood, concealment and corruption, and the roots of institutions are poisoned by influences that would perish in the light of day.

Here is one of the fundamental principles that clearly differentiate all true Co-operative Societies from the trust, the combine, and the joint-stock company. 'Private Enterprise', whatever form it takes, loves and seeks refuge in the darkness, but a Co-operative Society is instinctively compelled to apply the Principle of Publicity in the compilation or publication of its reports and balance sheets and in its general meetings. At times, perhaps, conditions enforced by this principle are more than a little irksome; but how can a society that departs from it retain the confidence of its members or be justified in claiming that it 'provides things honest in the sight of all men?' Disciples of the Rochdale Pioneers who recognise the indispensability of the Principle of Publicity are bound to propose 'secret diplomacy' not only in national Cabinets and Chancellories but wherever that enemy of Democracy and Equity is found.

It is less easy to discover the Principle of Unity in the structure of the original Rochdale Society of Equitable Pioneers or in any rule or practice of its founders. But the principle itself is so conspicuous that it cannot be hidden. What was the Society itself but a manifestation of the Principle of Unity? A Co-operative Society must express and demonstrate its members' will to unity or it never can be one whit nobler than any petty chandler's shop.

The principle that is not expressly embodied in any particular rule or established practice is in truth the one that binds that whole together as with a golden cord. Co-operation can no more be separated from the Principle of Unity than motion can be divorced from power or air be parted from the wind.

And when this Principle of Unity was first wedded to the Principle of Universality in Rochdale, Co-operation acquired a mighty power of motion and the now world-wide Co-operative Movement began to grow and move. For 'the Principles of Rochdale' cannot be limited in their application. The Principle of Unity that held together the original little store in Toad Lane was destined to call into being, first, a Co-operative Union and a Co-operative Wholesale Society in every country and, secondly, the International Co-operative Alliance and the International Co-operative Wholesale Society, and will yet create the International Co-operative Bank, the International Co-operative Transport Service, the International Co-operative Press and all the different economic and financial organs that will one day be needed to sustain the structure of the International Co-operative Commonwealth.

What other fundamental principle of Co-operation is there to be found in Rochdale? It is the energising Principle of Liberty. 'By night all cats look black', as Heine said, and in periods of confusion, change and turmoil it is oftentimes difficult to distinguish clearly between one democratic movement

and another, especially when all are unwisely 'lumped together' and labelled 'the world-wide movement toward Socialism'. Co-operators who proceed along the road mapped out by the Rochdale Pioneers can never lose their way in the welter of opinions and ideas if they hold fast to the Pioneers' own Principle of Liberty. This is the principle that differentiates Co-operation from Collectivism, Statism, and all the new political movements that seek to find a short cut to Utopia through the cast-iron gateway of the State.

When guarded and balanced as it was in Rochdale by the Principle of Unity, the freedom of Co-operation can never degenerate into any form of lawlessness or anarchy. It is liberty within the realm of self-made and self-accepted law and in this principle of Rochdale is the living soul of every separate Co-operative Society and the world-wide Co-operative Movement. Nowhere in a true Co-operative Society founded on the Rochdale Plan can there be room for any element of coercion or compulsion. Any person is free to become a member, and every member is at liberty to withdraw when he so desires. The member is under no compulsion to purchase from his society, neither is the retail society under any compulsion to purchase from the Co-operative Wholesale Society of which it is itself a member.

There are co-operators who now hold that this freedom is a cause of weakness, that it is imperative that individual members should be compelled to purchase from their own

retail society and that the retail Societies in their turn should be compelled to draw supplies only from the Wholesales. There are weaknesses and disloyalties all co-operators must unanimously condemn; but those who would limit the Principle of Liberty in its application fail to perceive its ever-increasing value.

Liberty is the sole guarantee of continuing economic efficiency in the Co-operative Movement. As long as the retail society and the wholesale society are under the necessity of securing patronage on their merits, by giving satisfactory service and supplying goods not less economically than other traders and suppliers can, there cannot be any serious fall in their general level of efficiency. The Principle of Liberty completely dispels that fear of 'the stationary State' to which John Stuart Mill so often called attention. There is risk wherever there is freedom, and every Co-operative Society in the world is at times weakened by apathy and disloyalty among its own members. But efficiency is not to be obtained by depriving members of their liberty. Loyalty is strong only when it is inspired by the enthusiasm and knowledge it is the task of co-operative educationists to generate and spread. If ever the Co-operative Movement should disregard the Principle of Liberty it would cease to be a living movement, for on the day it said farewell to freedom its own soul would be dead.

Judged by our modern standards, a majority of the Rochdale Pioneers were

unschooled and untaught men, workers who only wanted to help themselves and improve their own condition. Yet there was deep wisdom in all their methods. Unlike most philosophers, the Pioneers were men of action. Nay, they were Philosophers of Action; and he who would master their philosophy, which is the philosophy by which the World Co-operative Movement lives, must seek for it in their actions - even in such simple acts as the sale of oatmeal, sugar, flour and tallow candles! It may be that methods that had real worth in Rochdale must be altered or replaced by others as circumstances change. No peculiar sanctity attaches to any one particular rule or system that was part of the original framework of the Rochdale Plan. But the 'Principles of Rochdale' must for ever be fundamental, and are as binding on all their successors as a natural law.

Forms and methods must be changed or modified lest the Movement should stagnate; but always the same test must be made. 'Does this proposed new method, rule or system conflict

with the Principles of Rochdale?' is the question living leaders of the Movement are in conscience bound to ask. If it does, how can it be acceptable? If it does not, then no question of principle arises, and the proposal can be examined dispassionately, pragmatically, on the lower level of expediency and convenience, for the only test which is then applicable is that asked by common sense - 'Will it make the Movement more efficient?' or more simply, 'Will it work?'

John Ruskin, in one of the most profound and searching of his works, defined the 'Seven Lamps of Architecture'. The seven 'Principles of Co-operation' are the stars by which the Co-operative Movement will always have to steer. Universality, Democracy, Equity, Economy, Publicity, Unity, Liberty - these are the fundamental Principles of Co-operation, and when all are rightly fitted and joined together in one harmonious whole the co-operator finds the philosophy he needs and the entire Co-operative Movement is built securely on a solid and unmoving rock.

Revision of Co-op Principles and the Role of Co-operatives in the 21st Century

by Hans-H. Münkner*

Why revise the current list of co-op principles of the ICA?

Are co-operative principles standing hard and fast as a bulwark in a changing world? Should co-operative principles be revised because they have outlived their purpose? Will co-operatives die out like dinosaurs which lose their living space in a changing world unless they adapt themselves to their new environment? Is it possible to change the principles of co-operation without losing the identity of co-operatives? Will revision of the co-operative principles also mean to change the well-known and tested model?

The answer to all these questions is no.

"Modern co-operatives" were invented in the middle of the 19th century in times of the Industrial Revolution as a form of organization

* Dr Münkner, Professor at the University of Marburg, Germany, presented this paper at the open symposium on "The Role of Co-operative in the 21st Century", organized by the Japanese Consumers' Co-operative Union, Tokyo, on 1 October 1994.



enabling people to cope with rapid and far-reaching social, economic, political and technological change. The 21st century will also be a time of rapid change in all these fields aggravated by additional, serious ecological problems.

The hypothesis of this paper is that the general ideas behind the concept of co-operation, the principles guiding co-operators to do the right things and the basic organizational pattern appropriate to pursue the typical co-operative objectives, are valid independent of time and circumstances, whereas the practical rules of application are not.

The call for revising the co-operative principles is partly caused by the

impression that important principles are lacking in the ICA list and partly by misunderstandings of differences between values, principles and practices.

Accordingly, the topic will be dealt with in three steps:

- An attempt will be made to clarify the still rather confused issues of what a co-operative is and what are the values, principles and practices of co-operation;
- the changes that have occurred in the environment of co-operatives will be analysed; and
- it will be discussed, how co-operatives can adjust themselves and react to these changes, trying to find solutions by offering ways and means which enable people affected by the changes to use the co-operative approach or form of organization to improve their conditions, to cope with problems threatening them, for which neither the market nor the state appear to offer solutions.

Ostensible and real need for revision of co-operative principles

For decades, co-operative enterprises have pursued the policies of surviving on the market in full competition with commercial firms by imitating the business policies of their competitors. The slogan has been: "**grow or perish**". Yet, many large co-operatives have perished despite growth or because of uncontrolled growth, overstretching their resources and capabilities.

What is obvious in its extreme form is less visible, if this policy is implemented in small steps, which, however, all go into the same direction. Attempts to adjust the co-operative model and particularly the co-operative law to the needs of survival of co-operative enterprise in a highly competitive market, having mainly been directed towards overcoming "structural weaknesses" of the co-operative form of organization, (which could also be seen as typically co-operative sources of strength) which means in clear terms by bringing the co-operative model closer to the company model.

This refers to:

- Opening new ways of raising capital from members and non-members and ultimately from the capital market, e.g. making co-operative shares more attractive for investors, giving capital a more powerful position in the co-operative;
- giving board managers more autonomy to manage the co-operative enterprise without too much interference from the membership in general meeting or their elected representatives;
- recruiting external professionals (non-members or proforma members) to serve on the board of directors, because there are no sufficiently qualified managers within the co-operative group (which may be true - but there are qualified elected leaders who can

determine the overall -policy of their co-operative and ask the professionals to execute this policy service of genuine member-representatives on the board and professional managers employed by the board);

- facilitating amalgamation into large societies rather than propagating functional integration or networking among smaller societies;
- auditors of co-operatives concentrating on financial audit of the company style rather than on specifically co-operative "performance audit" or management audit in relation of achieving the objective of member promotion;
- practicing business with non-members as an important and indispensable part of co-operative business, thereby levelling the differences between members and ordinary customers, leaving dividend on share capital as the main incentive for membership, like in companies;
- accepting taxation laws which treat special services or conditions offered exclusively to members as hidden profit distribution, taxed accordingly.

The question is whether these adaptations to the company model are necessary and useful or whether they lead into a wrong direction, namely, to level the characteristic features of co-operative enterprises turning them into ordinary business firms.

Originally, co-operative societies were self-help organizations, with members in charge of setting the goals for joint action, determining the rules to be applied and controlling the elected leaders democratically.

These characteristics of co-operative societies as autonomous, member-controlled self-help organizations for satisfying members' needs are not expressly stated in the current list of co-operative principles of the ICA. The reason for this omission may be a hidden agenda, namely that in the former Socialist countries and in the developing countries co-operatives were not perceived as autonomous self-help organizations, but rather as instruments for the implementation of centrally planned programmes and projects.

With the political changes that have occurred during the past several years in the former Socialist countries and the disappointing results with State-controlled pseudo-co-operatives in developing countries, the character of co-operatives as self-help organizations and the need to grant them autonomy in running their own affairs is now generally recognized. It would, therefore, be appropriate to express this reorientation towards the original concept of co-operation in the list of principles by adding autonomy and member-promotion to this list.

Another problem area which has been left unsettled for the sake of harmony in the world co-operative movement is the question of priority of goals in co-operative societies. Shall co-

operatives serve first and foremost their members, who finance, control and use their joint co-operative enterprises or shall co-operatives serve more general purposes, the welfare of the general public (like in the Maharashtra Co-operative Societies Act of 1960 and the Singapore Co-operative Societies Act of 1979), the economy of the nation, social justice, peace etc., in which case co-operatives may need to seek public funds, which in turn would justify government control over the proper use of such funds.

This is certainly not a matter of either - or - but clearly one of priority.

Experience has shown that the individual person is more likely to join a co-operative society voluntarily, to commit his or her resources, to remain a member and to participate actively in the joint undertaking, if he/she can receive visible and tangible results in return (if there is member satisfaction).

The strongest, most convincing and most reliable incentive for members in co-operatives is the expectation (and better still the experience) that one's own problems can best be solved co-operatively. Members may decide to have other priorities for their co-operative, if they are unselfish, socially-oriented and wish to express their solidarity with others who need help. But this is not the standard form of members' behaviour and should therefore not be seen as a co-operative principle.

Hence, in a realistic set of co-operative principles taking account of the

"weaknesses" of the human being, to think of his or her own immediate problems first, without losing the responsibility for the community, for the world and for the future generations from sight, a new co-operative principle should be added to the list to put the priorities right, e.g. under the heading "community responsibility" and as the last principle: "Co-operatives recognize their community responsibility". While focussing on members' needs, they respect and protect the global environment and serve the interests of their communities through democratically approved policies.

Furthermore, a definition of a co-operative society, which should precede the list of co-operative principles, should make reference to the self-help character of co-operative societies.

Need for a clear distinction between co-op values, principles and practices

Recent attempts of the ICA to define co-operative societies by the general ideas on which the concept of co-operation is based, by the typical co-operative value system, by the principles which co-operators should use as guidelines for their co-operative activity, have not contributed to clarification of these issues but rather increased the confusion.

In order to arrive at a clear concept of co-operation, a definition is required to determine what a co-operative society is or should be and there is almost general consensus that such a definition is given in Recommendation

127 of 1966 of the International Labour Conference concerning the role of co-operatives in the social and economic development of the developing countries.

A co-operative society "is an association of persons, who have voluntarily joined together to achieve a common end through the formation of a democratically-controlled organization, making equitable contributions to the capital required and accepting a fair share of the risks and benefits of the undertaking in which the members actively participate" (para 12 (1) (a)).

This definition covers all:

- the typical co-operative philosophy (values and principles) and
- the typical co-operative structure.

When trying to define the general ideas behind the co-operative concept, it is necessary to go back to the past in order to develop a clear vision for the future.

Co-operatives were invented as organizations having a high potential of innovation in times of rapid change, just like companies were invented as a form of organization allowing to accumulate large sums of money for investment from anonymous sources (hence the French name "société anonyme"). They are a form of organization allowing people to pool resources (other than capital), turning a multitude of small potentials into a force to reckon with (on the market and

in political debate). They are a means individuals can use to gain access to new ideas, new technology, opportunities, institutions, which the individual acting alone would never have. Co-operatives offer protection within a group of persons having common needs and aspirations, making it possible to try innovations even against the general trend.

Co-operatives are a tested model of organized collaboration, offering a set of rules which make it possible to reconcile conflicting elements in a well-balanced synthesis, that usually create conflicts in society:

- freedom and dependence,
- tradition and progress,
- individual self-reliance and group solidarity,
- egoism and social responsibility.

Some of these general ideas behind the concept of co-operation are identical with basic human rights:

Freedom of association, i.e. freedom to work together with others on a voluntary basis, for every lawful, self-determined purpose as long as such co-operation is felt to be useful and beneficial and does not encroach on the rights of others.

Protection of private property, including the right of the individual to pool any part of his or her property in a group and to keep private property in form of individual businesses or households, using co-operatives for certain services only or to pool all their property creating a collective.

Experience has shown that service co-operatives are more easy to form and operate than collectives.

Equality of all human beings without discrimination by creed, race or sex.

Freedom to contract, i.e. to make legally-binding decisions within the limits of the general law, to create self-imposed obligations under agreements or by-laws of organizations.

Protection of these rights under law and access to independent courts if these rights are infringed.

This enumeration shows that co-operative ideas were certainly influenced by the Declaration of Human Rights during the French Revolution and by the Constitution of the United States of America.

Persons who accept the co-operative way of doing business, who agree with the general ideas of the co-operative concept and accept these ideas as orientation for their way of thinking and acting, turn a combination of abstract general ideas into their personal co-operative value system.

Co-operators believe in self-help, mutual assistance, group solidarity, equity, social justice and social responsibility with varying interpretation and emphasis on one or the other of these ideas. They organize their relationship with their co-operative society and with other members of the co-operative group and often even their way of life, on the basis of this value system.

These general ideas have been transformed by co-operators into a set of specifically co-operative guidelines according to which the typical co-operative structure is filled with life. The combination of these guidelines forms a system with individual guidelines sometimes reinforcing, sometimes restricting each other: The co-operative principles.

Approach to revision

When looking at the ICA list of co-operative principles, it can be observed that the list is incomplete and to some degree incorrect.

Some important principles are missing, while rules of practical application were included, although they are variable practices.

Additions to the list of principles

The need to add self-help, mutual assistance and member promotion on the one hand, and autonomy of co-operatives being private self-help organizations on the other to the list of principles has already been discussed. By these additions in future State- or party-controlled co-operatives and general interest enterprises can be longer be counted among co-operatives and are clearly not covered by the co-operative principles.

It is contemplated to add still another principle to the official ICA list: community responsibility.

This principle could help to diffuse tensions which may arise within the international co-operative movement,

if self-help is included but solidarity and social responsibility are not. The advocates of co-operatives as self-help organizations believe that co-operatives have to serve the interest of their members and not of anybody else. Others believe that co-operatives have a responsibility not only for their members, but also for the community in which they work and in general for the well-being of mankind - a view expressed by the ICA Commission on co-operative principles in 1966 in very strong terms.

This issue is becoming increasingly important in view of the globalization of problems like deterioration of the environment, social inequalities, spread of worldwide diseases, which threaten not only the individual members of co-operatives, but the entire world population. Such problems cannot be solved by individuals or local groups and not even by national States, but only on a global level.

However, co-operatives concentrating their efforts on community or global issues may find it difficult to attract members willing to make personal contributions to a common cause without receiving direct personal rewards. The idea of community responsibility may need to be propagated through co-operatives, by making their members aware that all are sitting in one boat and only if every individual changes his/her lifestyle and becomes conscious of his or her community responsibility, these global problems can be tackled and eventually solved.

This is why the following "new" co-operative principle is proposed, which is not really new because it has always been implied, but which would be given more emphasis if expressly stated as follows:

"Co-operatives recognize their community responsibility. While focussing on members' needs they respect and protect the global environment and serve the interests of their communities through democratically approved policies".

Changes of the environment in which co-operatives have to operate

At the turn of the millenium the world is facing problems of a hitherto unknown, global dimension. It is no longer possible for any group of people or for any nation to concentrate on solving its own problems in isolation. The interdependence of all inhabitants of our globe is becoming more and more obvious. All are affected and all have to react to problems like changes of climate, pollution of water, soil and air, globally spreading diseases like cancer and Aids and poverty or political unrest, forcing millions of people to leave their homes and to migrate to places where they expect better living conditions.

The most important changes that have occurred and are still occurring in a worldwide dimension are of political, demographic, social, economic, ecological and technological nature.

Political changes

The most prominent and very far-reaching change in this category is the

decay of dogmatic socialism as a form of government, with large numbers of public institutions, State enterprises and collectives in many countries being privatized or wound up, leaving disoriented, frustrated and impoverished masses behind. The structural adjustment programmes in many developing and some industrialized countries, causing hardship especially to the lower income strata of the population, rate second. Liberalization of the economies with deregulation, decentralization and the reduction of state interference in economic affairs, opening chances for enterprises for the rich, educated and powerful to gain at the expense of the weak, poor and ignorant - a classical scenario for the development of co-operatives.

Politicians are becoming increasingly aware of the need to pay attention to social and ecological problems of development, last but not least as a result of activities of pressure groups and ecological activists turning their protest movements into political parties.

Demographic change

The world is witnessing two adverse demographic trends which together accumulate into worldwide problems.

In the industrialized countries, the birthrates are falling while the life expectancy of old people is growing steadily. This leads to a situation where a declining number of active citizens will have to provide social security for a growing number of senior citizens, who after retirement are entering a

third age which may well last 20 - 30 years. In Germany within the next 30 years the total of taxpayers and insurance contributors will be largely outnumbered by old persons claiming social security payments. What used to be a population pyramid turns into a population mushroom.

In the developing countries the trend is reversed. In Africa and many countries of Asia and Latin America, except China, the birthrate is still at high levels with the majority of the population being below the age of 20. Instead of successful birth control, medical progress helps to reduce mortality of newborn children and to extend life expectancy. The resulting problems are an increasing scarcity of land, conflicts over the use of land, soaring urbanization with slum and squatter settlements around cities like Lagos, Nairobi, Lusaka, Manila, Bangkok or Rio de Janeiro growing at breathtaking speed.

The uneven distribution of population, wealth and opportunities, but also internal conflicts and civil wars cause mass migration.

Social change

Worldwide the decay of value systems can be observed, reinforced by the demographic development pointed out earlier and reinforcing demographic imbalances. The family structures, which for time immemorial have been reliable and effective systems of social security, are disintegrating. In many industrialized countries, large, multi-generation families have long ceased to be the

standard structure. Instead, nuclear families with one or two children are the norm, but they are already replaced by single households. Under such conditions, the question of caring for the aged has to be thoroughly reconsidered.

In the developing countries, the joint family system is still a strong and reliable social security network, which, however, starts to show strains, especially where poverty, scarcity of land and political unrest forces people to migrate, leaving children, women and old people behind.

Another far-reaching change is occurring with regard to the role of women, both in families and at the work place. In the industrialized countries, efforts are made after a long political struggle to give women equal chances in access to education, jobs and positions in institutions of any kind. This trend is favoured by and at the same time reinforces changes in family structures and has repercussions on birth rates.

Also in the developing countries the struggle for equal opportunities for women has been going on for the past several decades with opposing forces based on tradition and religion.

Economic Change

The most far-reaching economic change is the transition from centrally-planned economy to market economy following the collapse of socialist states. In all countries, there is a growing disparity between the rich and the

poor. Even in the rich industrialized countries uneven distribution of wealth and growing poverty has reached dimensions unimaginable a few decades ago. The number of unemployed and homeless people is growing steadily. In a banking centre like Frankfurt, more than 30% of the inhabitants (some 650,000 people) are depending on social welfare payments¹¹.

The trend to have less but better-paid jobs and to transfer jobs to countries with lower labour cost, thereby increasing the number of unemployed people living on social subsidies, cannot continue much longer without causing serious social unrest. Therefore, the political and economic actors will have to seek solutions for a more equitable distribution of work and wealth.

In the developing countries, mass poverty, high unemployment, inflation, unfavourable terms of trade for export crops and the burden of foreign debts give a bleak picture. The structural adjustment programmes seeking to accelerate economic growth, increased production and exports at almost any cost is lacking the social policy element, so much so that new programmes looking after the social dimension of adjustment had to be designed. Reductions of investment in social infrastructure (education, health) in countries which would urgently need improved economic and social conditions is not compatible with the requirements of long term sustainable development¹².

Ecological Change

Pollution of water¹³, soil¹⁴ and air¹⁵ has reached dimensions which can no longer be ignored, neither by the ordinary citizen nor by the politicians.

Climate changes leading to droughts, forest fires, floods and typhoons are causing increasingly heavy damages and forcing people to reconsider their lifestyles and attitudes towards a more careful use of natural resources.

In the industrialized countries, control of pollution, prevention, disposal or recycling of waste, use of alternative and renewable sources of energy and development of appropriate technologies are in focus, but still far from being high on the agenda. Measures of making enterprises pay for damage caused by them to the environment are still not as effective as they should be.

In the developing countries, desertification due to monoculture, population pressure, overgrazing, use of dangerous chemicals as fertilizers and pesticides and the destruction of forests are the most important ecological dangers causing and being reinforced by global changes of climate.

According to the assessment of the FAO and the World Bank the limits of sustainability of the world ecological system have been reached or even passed. The following stress symptoms support this point¹⁶ :

- tropical forests are reduced by 11 million ha* per annum,
- the loss of humus layer on agricul-

* 1 hectare (ha) = 2.47 acres

tural land exceeds regeneration by 26,000 million tons per annum,

- wrong farming methods turn 6 million ha per annum into new desert,
- thousands of lakes are biologically dead and many more are dying,
- the level of ground water is falling in large parts of Africa, China, India, North America,
- some 1000 species of plant and animal life are extinct every year, within the next 20 years one-fifth of all known species will have disappeared,
- the pollution of ground water and its effects have to be studied,
- as to the global climate, the temperature will rise by 1.5 to 4.5 degrees celsius until the year 2030,
- the sea level will rise by 1.4 to 2.2 meters by the year 2100.

Technological Change

The development of global information and communication networks has brought people closer together, facilitates the diffusion of information and innovations and allows communication over any distance.

What has been developed as labour-saving technologies has turned out to cause mass unemployment, allowing production of goods and services with a minimum of manpower.

Technological innovations have paved the way to use energy and raw materials more effectively or to substitute

scarce raw materials by new artificial products. Transport and communication systems have made it possible to transfer jobs to places where labour is cheap, to separate production and assembly plants. Thanks to modern technology fewer farmers can produce more food than ever before and are even paid by the State to reduce their production to avoid surpluses. On the other hand this high productivity is brought about by heavy use of chemicals which in turn contribute to the pollution of water, soil and air.

In the developing countries industrial development programmes are still favouring capital intensive, labour saving ("advance") technologies, although these countries are short of capital but rich in cheap labour. Appropriate technologies have been developed for use of solar energy e.g. to cook food without using firewood¹⁷, to catch rainwater to be used during the droughts, to introduce sophisticated irrigation schemes, new high-yield varieties of plants; however, all this known technology is not reaching the masses of the population.

The requisite technology for decentralized systems of energy supply based on renewable sources of energy has been largely developed; they are comparatively cheap to manufacture and skills needed for their operation relatively easy to acquire :

- Solar thermal conversion (still in development phase),
- photovoltaic conversion (effective for plants up to 10 KW capacity in remote areas),

- wind energy (e.g. for water pumps),
- hydro-energy, small hydroelectric power stations (most promising method),
- bio-conversion (most effective method with bio-mass production not competing with food production).

However, the dissemination of these technologies is still limited, because their importance is not sufficiently recognized by the decision-makers and planners in the competent authorities. As long as they are not produced in large quantities, the systems are more expensive than the (usually subsidized) other sources of energy on the market. The average low income earner cannot afford to purchase and install the recommended systems, even though they can supply the end user with relatively cheap and ecologically safe energy¹⁸.

Roles of Co-ops in the 21st Century

Co-operators and their co-operatives have to react to the changes of their environment. To ask what co-operatives can do for their members is asking the wrong question. The right question is : "how can individuals solve their pressing problems by way of organized self-help?" As self-help organizations of their members, the tasks of co-operatives are to enable their members to solve the problems, which the members perceive as threatening, by forming or joining co-ops.

In the industrialized countries, many of the difficulties, which the early co-

operators had to face in the last century, are solved by an existing, well-established and highly developed system of co-operative societies (some of which show the described trends towards the company model), but also by liberal constitutions, guaranteeing human rights, social security networks, effective labour laws and competition laws, for which the early co-operators had to fight, and by a strongly competitive market for consumer goods, services etc.

Today, there are additional problems threatening the individual citizen and motivating persons to take self-help actions and form or join co-operative societies.

- Fighting unemployment by forming self-managed enterprises for self-employment or developing innovative forms of job-sharing and part-time employment leading to a more equitable distribution of work and income; organizing community co-operatives, where public funds usually provided as unemployment benefits are pooled with the work force of unemployed persons to create hybrid forms of self-help organizations providing jobs with the help of public funds for carrying out work in the interest to the community and for the benefit of the public (e.g. the community co-operatives in the United Kingdom or co-operatives for social solidarity in Italy)¹⁹.
- Taking joint action against exploding cost of health insurance by organizing preventive health care on

a co-operative basis, while the public and private health sector is firmly oriented towards high-tech and high cost curative medicare. This could be done by forming medical co-operatives employing their own doctors or running their own hospitals as already practised in countries like Japan, Spain and Singapore.

- Taking measures against isolation and marginalization of a growing number of elderly persons²⁰ without family ties, by forming self-help organizations of senior citizens in form of service co-operatives, housing co-operatives, paramedic centres or other mutual aid groups, developing innovative forms of combined savings, housing, health care and insurance services which people may use as an alternative for disappearing family structures.
- Mobilizing citizens for joint action against further destruction of the environment by giving preference to ecologically safe products and technologies, by pooling consumer power through consumer co-operatives, shareholders' associations and pressure groups to force producers for consumer goods to adopt ecologically sound production methods.
- Promoting the use of renewable sources of energy by encouraging research, production and sale of appropriate technology through industrial co-operatives, consumer co-operatives and specialized service co-operatives.

(e.g. the use of electric delivery vehicles by Co-op Kanagawa, Yokohama).

- Avoiding or recycling waste as a branch of activities of consumer co-operatives or special recycling co-operatives.
- Forming agricultural co-operatives for ecologically-sound production of food and cash crops.

In all these fields co-operators could empower their co-operatives to assume the role of innovators. While commercial competitors would primarily ask whether such innovations are profitable, co-operatives could opt for entering a new field if it would provide long-term benefits to the members and to the community, provided it would be economically feasible.

If they want to become the forerunners in the post-industrial society, co-operatives will have to invest in member information and education and in new ecologically-sound technologies. Their membership base gives them the potential to initiate changes, if such innovations are effective in improving the living conditions of their members and their families in the long run. Of course, co-operatives, like any other enterprise, will need funds to finance their operations. However, organizations built on the principle of deliberately limiting the power of capital, cannot expect much from external investors. Whether or not innovations in co-operatives can be undertaken and financed, will largely depend on the capability of leadership and management to mobilize members' resources.

Members will be prepared to make more than symbolic capital contributions and pay the price for new services of their co-operative, if the benefits resulting from these innovations are real and convincing. Members will determine the chances and the limits of co-operative activities. Without member support or against the resistance of members, such innovations could not and should not be made.

In the developing countries, co-operatives in the 21st century will play their classical roles known in the industrialized countries during the 20th century: supply, marketing, savings and credit, consumer, housing, transport, insurance, wholesale and retail trading, services of any kind, industrial co-operatives etc. But they will also have to cope with problems of high unemployment, degradation of the environment, introduction of new technologies and providing substitutes for a decaying system of family-based social security in form of new social networks beyond family and clan boundaries in an ethnically mixed society.

Conclusion

What will be the changes after adoption of the revised co-operative principles? For the first time, the ICA will give a clear general definition of what a co-operative society is and thereby define the basic co-operative structure within which the co-operative principles will be applied.

The definition contained in the ILO Recommendation 127 and quoted earlier in this paper could be used for this

purpose. Another definition could be the following :

"A co-operative is a group of persons who have united voluntarily to meet common economic and social needs through a jointly-owned and democratically-controlled enterprise.

In order to meet these needs most effectively, co-operatives join together in federations, joint undertakings and other alliances at local, regional, national and international levels.

Co-operatives are based on values of self-help, mutual responsibility and equity. They stand for honesty and transparency."

Such a definition together with the revised (complete and correct) list of co-operative principles will have the following effects :

- Co-operatives will show a stronger profile.
- Essential differences between co-operatives and other forms of organization will be stressed rather than hidden. Attention will be equally given to the co-operative enterprise and to the members and the co-operative group. The members' role will come into focus.
- Co-operatives will develop their own strategies and management tools, appropriate to their goals and to their structure as an organization of persons operating a joint enterprise. E.g., in co-operatives strategy will have to follow struc-

ture, e.g., preserving one essential characteristic of co-operatives, namely to be locally rooted, to have close links to members and lower transaction costs than their commercial competitors.

- Co-operatives will reassume their role as innovative organizations, which members form or join to solve their problems caused by rapid social, economic, political and technological change²¹. Being organized in a worldwide movement, co-operatives are well suited to contribute effectively to solving global problems.

These new orientations will have far-reaching repercussions :

A clear definition will exclude non-co-operative organizations from the co-operative movement and from membership of the ICA.

- Emphasis on the self-help character of co-operatives and their autonomy will exclude State-controlled organizations and semi-public structures.
- Emphasis on member-orientation will exclude general interest enterprises.

After decades of levelling the profile of co-operatives by assimilating their rules of operation gradually and continuously to the company model, co-operatives will have to concentrate on designing typically co-operative forms of goal-setting, management, financing, evaluation, audit and networking

to use the advantages of their specific form of organization, which non-co-operative organizations cannot imitate, as an edge over their competitors.

Co-operatives will focus on members²² which means that co-operatives will :

- invest in human resources and in particular in members and in the co-operative group, i.e., in education, training, and in building up information and communication channels;
- activate members and mobilize their resources for joint action (possibly expelling inactive members)²³;
- make full use of members' potentials;
- redesign classical organizational structures to offer more opportunities for active member participation.

In future, co-operatives will have to turn members' role from fictitious to real. This means that advantages of membership must become visible and tangible. Membership must make sense and must be a privilege rather than a formality. Members must perceive their role as that of a stakeholder and not of a simple shareholder, holding nominal shares. Members' satisfaction must become an essential criterion for measuring the success of co-operatives.

All this means to come back to the simple fact that there cannot be co-operatives without co-operators.

These changes will only occur if the co-operative leadership follows the move

- from low to high profile of co-operatives,
- from management-dominated co-operative enterprises imitating company practice to member-dominated co-operatives developing their own rules of operation,
- from co-operatives perceived as ordinary enterprises serving customers (members and non-members alike) to co-operative societies, being composed of groups of persons who operate their jointly-owned enterprises according to their own priority, which will usually be: serving members mainly or only,
- from management assuming the role of (largely uncontrolled) trustees to management implementing policies determined by an active, informed and critical membership.

This will make it necessary to reconsider the contents of leadership and management education and training, covering not only general management skills but specific methods of co-operative management and in particular the skill of managing co-operative groups. Co-operative leaders and managers need not only economic, but also social competence.

Co-operative education as a principle should be worded accordingly :

"Co-operatives rely on education and training for their development. They

educate their members so they can play their roles; their leaders so that they can provide sound direction; their employees so they can improve their co-operative knowledge and professional competence, and the general public so they can better understand the values of co-operatives".

The main challenge of co-operatives in the 21st century will be to fill the growing value vacuum by offering a consistent and convincing value system, complete with guidelines (principles) which can direct people towards finding solutions for their most pressing

problems by helping themselves, by accepting responsibility for their own future, relying on their own strength and on the force of combined efforts, on self-help and group solidarity.

In a world where honesty and clarity appear to be no longer the normal standards of human behaviour in political and economic operations, the clear pledge that co-operatives stand for honesty and transparency will be an important component of this co-operative value system, provided co-operative leaders live up to these ideals.

References

- ¹ For instance in the Co-operative Societies Act of Maharashtra, 1960, s.4; in the Co-operative Societies Act of Singapore, 1979, s. 4 (2).
- ² See Böök, Sven Ake : Co-operative Values in a Changing World, Report to the ICA Congress Tokyo, October 1992, published by the ICA, Geneva 1992.
- ³ Cf. Ringle, Günther : Genossenschaftskultur - Konzeption und strategische Bedeutung, in *Verbandsmanagement* 2/1994, S.6.
- ⁴ Cf. Penn Awa Eddy : Co-operative Legislation and Citizens' Rights, in : International Labour Office, Enterprise and Cooperative Development Department : The relationship between the state and cooperatives in co-operative legislation, Report of a Colloquium held at Geneva, 14-15 December 1993, Geneva 1994, pp. 5 et seq; Henry, Hagen : Co-operative Law and Human Rights, International Labour Office, op. cit., pp.21 et seq.
- ⁵ "...Cooperation at its best aims at something beyond promotion of the interests of the individual members who compose a cooperative at any time. Its object is rather to promote the progress and welfare of humanity". Cf. Report of the ICA Commission on Co-operative Principles, London 1967, p.10.

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Co-operative Purpose, Values and Management into the 21st Century

by Dr Peter Davis*

In all the discussion on co-operative values and the difficulties of maintaining co-operative democracy there has been very little said about co-operative purpose. Yet I believe that without a clear definition of co-operative purpose we will never be able to clearly differentiate co-operative management culture from general management culture. Co-operative purpose can provide a co-operative - level performance criteria that will enhance the functional level criteria related to the specific type of activity in which the co-operative is engaged. This co-operative purpose provides the basis for the development of both a philosophy of co-operative management development and a criterion for judging co-operative management performance. Finally, I argue that the analysis based upon a co-operative purpose provides the clue to the resolution of the tensions, already noted in the literature, between professional management, the increasing complexity of commercial decision-making, and membership involve-



ment and control of their co-operative societies.

When our environment changes we may reasonably need to reconsider our purpose and as part of this process review our basic values and principles. All the serious literature concerned with strategic environmental issues for co-operative development recognises the growth in importance of management professionalism for the success of the co-operative enterprise and the tensions this creates for co-operative principles. Both Sven Ake Böök's book *Co-operative Values in a Changing World* and recent papers by Ian MacPherson *The Co-operative Identity in the 21st Century* and Reimer Volkers, *Report on Management Systems and Corporate Gov-*

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ernance, stress the turbulent and changing global environment and problems of management loyalty to co-operative ideas as co-operatives increase in size to meet the challenges.

In my recent paper *Co-operative Management and Organisational Development for the Global Economy*, I identified six key environmental changes. Firstly, the intensification of competition and the growth in size and concentration of capital-based businesses. Secondly, a major shift towards labour market de-regulation amongst the O.E.C.D. countries and former Communist States. Thirdly, the crisis for the continued funding of State welfare provisions among the O.E.C.D. countries and former Communist States. Fourthly, the competitive pressures and lower labour costs of the newly industrialising nations, particularly in the Pacific Ring. Fifthly, demographic change bringing an increasingly ageing population in some of the world's key economies. Lastly, I noted as a major environmental change, the erosion and even breakdown of community. This breakdown of community can be seen in both the decline in rural employment and community as well as in the rise of homelessness, poverty, alienation and crime in the world's major cities. The continuing population transfer from countryside to town is leaving behind ageing and declining rural communities whilst adding mounting pressures to overcrowded urban centres. Each of these environmental factors have in different ways exacerbated the polarisation of wealth and poverty in the world's economies as never before.

The impact on co-operative management and active membership of these changes can be seen in their growing sense of cultural isolation and uncertainty not to say downright demoralisation and even the threat of subversion¹. We live in an age where the expansion of capital stock is seen as the legitimisation for managerial prerogative. Individualism has replaced community and the philosophy of consumerism, which dominates much co-operative management thinking in the UK, has little to offer to counter the trend towards self interest and away from mutual interest.

Thus to the question "Why are we here?" the answer is blandly left as "a co-operative is an autonomous association of persons united voluntarily to meet their common economic and social needs through a jointly owned and democratically controlled enterprise...."² (ICA draft Statement on Co-operative Identity). Exactly what are the common economic and social needs to be met? This is the hub of the matter for it is only upon our clear understanding of the economic and social purposes of co-operatives as co-operatives that we are in a position to judge co-operative management performance. I recognise of course that in the co-operative movement there are a very wide range of commercial activities covering most aspects of human social and economic life. All these activities are conducted across a wide range of cultural and technical contexts.

But this is precisely why the overall issue of the unifying co-operative pur-

pose (or mission) with which I began is so important.

We acknowledge common values, and as Sven Ake Böök has already pointed out³, it is vital that co-operative management is committed to them. The question really becomes how to direct those values and principles in such a way that enables us to articulate a specifically co-operative management philosophy and practice that enables and empowers co-operative management to lead and direct co-operative enterprises in the modern world. It is precisely here in terms of a statement of the primary overarching co-operative purpose that I believe we can provide such a framework. Such a definition also provides co-operative members with a clearer understanding of the general as well as the particular purposes of co-operatives and gives members a criterion for evaluating management's co-operative performance alongside their commercial performance. Thus there is improved potential for the members' involvement and democratic control of their co-operative enterprise. This is I believe a fundamental issue to be resolved in the discussions that are taking place concerning the co-operative identity into the 21st century. So what is this overarching co-operative purpose?

The common economic and social need which runs throughout all co-operative enterprise - the purpose for co-operation itself - is to redress the increasing imbalance in market power through enhancing both collective and individual ownership of capital resources by its members. This was the

case starting with Owen, King and Raiffeisen and as we consider the continuing polarisation of economic power within the global economy today we can see that this overarching purpose is still valid. It may be that the co-operative is a worker co-operative bringing people together to create secure and satisfying employment that cannot be found on the open labour market, or that the co-operative has members who are small farmers seeking to get greater leverage in the sale of their produce to an increasingly concentrated and powerful distribution system. The co-operative could be a group of people who are unable to get sensible credit arrangements or who are unable to purchase or acquire housing at a reasonable price or for rent through the existing market system. The co-operative might be one of consumers who are anxious to be able to purchase at the right price products meeting ethical as well as other criteria. These co-operators all have in common their individual vulnerability and powerlessness in the marketplace and the inadequacy of their personal wealth to meet their needs for subsistence and welfare.

Secondly, for association to be practised people must first and foremost be encouraged to act together. It is this acting together in unity that is the essence of association. All successful co-operatives, therefore, unite and involve their members in an economic and social community. From the earliest times co-operation has been about how to exercise power and how to live. Hence the concentration on education as such an important compo-

ment in the co-operative programme. Morality was always an important component in the programme of co-operative education. The call to "love thy neighbour as thyself" underpins the practice of fraternity even if many of those who espouse the concept of fraternity within the co-operative perspective may do so from the standpoint of a secular humanism rather than the Gospels. There can be little doubt that "empowerment" as an objective or goal for humanity in its own right is deeply unsatisfactory and can lead to individualism, selfishness, greed and ultimately to fascism. In the context of mutual association, however, empowerment can only be experienced on the basis of unity and fraternity.

In human terms the unity and fraternity that lies at the very heart of the co-operative purpose can only be fully experienced if under-pinned by a community based on love. All successful human communities are founded on this principle.

The degeneration of so many well-intentioned efforts on behalf of the oppressed into sectarianism, and that excessive zeal concerning rights which gives little thought for responsibilities (including many religious zealots) can be traced to this lack of love as a guiding principle. It is not a case, as with the popular song, of "All you need is love" - co-operatives need a lot more besides - but I am arguing, alongside all those going back to St Paul, that without love all our efforts towards building community within and between our associations will come to

nothing. Co-operative rules, organisation and principles must be more than an outward framework.

Some of our founding fathers at least (King, Raiffeisen, Ludlow, and many others down the last century and up to today) recognised the fact that if co-operative solutions are to be brought to fruition then what is required is co-operative relationships and a spirit of co-operation within the association itself. It is arising out of this idea of love in community as being a human end in itself with its own intrinsic value that we can identify community building as providing a central purpose for co-operative associations.

An amended version of the ICA draft statement on Co-operative Identity⁴ that addresses the question of co-operative purpose would, therefore, read as follows.

Definition

"A co-operative is a voluntary, democratic, autonomous association of persons, whose purpose is to encourage members to grow in community and to act collectively both for the intrinsic value of being part of a living community and to overcome their problems of economic dependency and need by providing access to, and ownership of the means of subsistence and welfare.

Co-operatives as they grow develop managerial strategies, structures and policies that enhance their ability to meet these co-operative purposes".

These changes to the draft definition of co-operative identity enables a

much sharper evaluation of the effectiveness of co-operative management. It implies three clear co-operative criteria upon which management performance can be judged in the co-operative context.

- a) The first criterion being the strengthening of unity, involvement and community within co-operative membership.
- b) The second being the accumulation of collective and individual economic resources by members.
- c) The third and final primary criterion being the extent of democratic control exercised by members.

These three criteria are in addition to, not in place of, existing functional level criteria. The functional level performance criteria will remain as important as ever and of course depend on the specific nature of the service or function that the co-operative enterprise is providing.

We can now turn to the development of the ICA draft statement of values and principles in order to provide for a co-operative management that is differentiated from capital based management. A management truly reflecting co-operative values and culture and that can more effectively lead and develop co-operative associations in competition with capital based corporations and smaller firms.

Reviewing the historic sweep of co-operation across the world over the last 150 years, one cannot but acknowledge that a key value within the co-opera-

tive enterprise has always been that of service. Service fundamentally and ultimately to the membership and service to the wider community. The collective element within all co-operative associations encouraging the collective growth of capital under democratic control has extended the concept of service to include and incorporate the value and practice of stewardship. Stewardship of the members' property has always been understood as a key responsibility for co-operative management and lay leadership alike. In the modern world, it is equally clear that co-operative service to the community leads to co-operative stewardship of the environment as well as the material possessions of the co-operative enterprise itself. The values of service and stewardship are not yet clearly enough articulated in the current statement of co-operative values.

If we link the idea of association as "a community acting together" to the values of self-help, mutuality, equality and equity, and adding in those of service and stewardship, we can see that association involves members not only working together, but working for each other as well as for their wider society or community. Self-help and self-interest are tempered by the recognition of mutual interests and the practical fact of the need to help each other and to serve the common good.

There is one other value that is not new to co-operative culture and purpose that can be found from the earliest times under-pinning co-operative activity and that is the commitment to quality. From the first attempts to sell

unadulterated bread in Rochdale in 1844 the co-operative movement has aspired to and often delivered the leading edge of quality in product and service to its members and customers. It is a value that we should give greater emphasis to in our modern context. Not least because it has become something of a "buzz word" which needs to be rescued and placed at the very centre of our ethical and environmental concern and purpose as we develop co-operative membership, management and business. The idea of quality as customer-driven is a basically shallow misrepresentation of the concept. There is no true quality without mutuality. That is the recognition of the process of production, distribution and consumption as being a united whole. For example, we cannot accept a carpet, however low priced and however well made, if the labour was that of a child. Consumers and producers have mutual responsibilities for quality to each other and for the environment upon which we all ultimately depend for life itself. The co-operative value of quality is informed and defined by the co-operative value of mutuality and it is when we deliver on these principles and ensure their recognition in the marketplace that the co-operative difference and purpose will be most readily understood by the general public.

For the redressing of the economic balance of power and the enrichment of our members is as a result of our united efforts, not the exploitation of the weak, vulnerable and ill-informed either through poor working conditions or poor quality products or serv-

ices. For these reasons I would argue that the ICA draft statement of co-operative values should read:

Values

"Co-operatives are based on the values of community, self-help, mutual responsibility, quality, equity, service and stewardship. They practice honesty, openness and social responsibility in all their activities."⁵

These additional values of community, mutuality, quality, stewardship and service to others can hardly be said to be new. Their re-emphasis now, however, is particularly important and relevant. It enables us to better define the principles governing co-operative management practice and culture and suggests the inclusion of a further key principle into the existing ICA draft statement. I would suggest that under the principle of Democracy, the words from "Men and women responsible for the administration of co-operatives..."⁶ to the end of the para be deleted, and that the rest of the paragraph stands as it is written.

I urge that instead of this rather weak generalisation, that I have just suggested we delete, should come a further new co-operative principle under the heading of:

"Co-operative Management"

"Co-operative management is conducted by men and women responsible for the stewardship of the co-operative community, values and assets. They provide leadership and policy development options for the co-operative association based upon professional training and co-operative voca-

tion and service. Co-operative management is that part of the co-operative community professionally engaged to support the whole co-operative membership in the achievement of the co-operative purpose."

Co-operative management is based not on the exercise of authority but by encouraging involvement and participation as part of the co-operative community itself. Their professional practice is based on the ethical values of community, quality, service, stewardship, honesty, openness and social responsibility. Their prime function is to provide co-operative leadership for the lay-membership and its elected leaders in the development of policies and strategies that will empower the association in pursuit of the realisation of the co-operative purpose.

It is by the incorporation of co-operative management as part of our co-operative community and as representing an important principle of co-operation itself that we can work out the tension produced through increasing scale between management and democracy within the co-operative enterprise. The establishment of a principle of co-operative management enables the co-operative enterprise to be managed professionally and co-operatively in such a way that member involvement and democracy will remain key aspects of co-operative practice. By having the principle of co-operative management we also lay the basis for a criterion upon which co-operative management training and development can be judged and a criterion by which management performance in

the co-operative context can itself be judged. The exercise of ultimate control by the lay-membership can only be effective when we have in place a clear and undisputed co-operative purpose giving members a clear criterion by which to judge co-operative management performance. At the same time, without a clear criterion, we cannot expect co-operative management itself to rise to the challenges of the 21st century and to be confident in the exercise of their leadership roles and responsibilities within the co-operative enterprise. It is not just the membership that we need to empower as we face the challenges of the 21st century. We must also empower co-operative management by giving it the value base, and the principles upon which to develop its practice and the confidence to know how it can act and why it is acting. For there is a clear ethical basis for the co-operative purpose as I have defined it above in terms of providing for the individuals' independence from the rich and powerful and in the provision of distributive justice through the countervailing people's power of co-operative associations. The statement of co-operative management principles will, I am certain, encourage many top quality professional managers to enter co-operative service in the pursuit of not only personal career advancement but also for the satisfaction of being part of a community engaged in an enterprise whose purpose is to improve the quality of life of its members and that of the wider society.

Co-operative management must, therefore, be a profession in the truest

and best sense of that word. There is no profession worth the name that is not based on clear ethical principles and values, including the value of service to those to whom the profession is responsible, whether these are patients, business clients, litigants or in our case co-operative members. Co-operation to succeed needs the best management. We need a confident management and one that can be trusted with the many complex and difficult decisions that require their specific professional expertise. The growing dependency on managerial knowledge and expertise by lay-members must be accompanied by a growth in the professional and ethical standards of co-operative management. The myth of co-operative managers as civil servants carrying out the policies of the elected board must be replaced by a

new reality of a co-operative professional management that is a part of the co-operative community it serves. A management leading from the front, committed to the realisation of the co-operative purpose, guided by co-operative values and principles and, in partnership with the elected directors, ultimately answerable to an informed and involved membership. It was the late Will Watkins who wrote that for Co-operatives the principle of Unity is more important than Democracy⁷. Without a living co-operative community we will have neither unity nor democracy. A principle of co-operative management that reflects the underlying purpose of all co-operatives will enable and maintain the co-operative direction of the co-operative enterprise towards the ever greater realisation of the co-operative community.

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For a fuller treatment of these matters readers may write to Dr Peter Davis c/o Management Centre, University of Leicester, Leicester, LE1 7RH enclosing a s.a.e. requesting copies of his two recent management discussion papers, *Co-operative Management and Organisational Development for the Global Economy* (1994) and *Co-operative Management and Co-operative Purpose: Values, Principles and Objectives into the 21st Century*, (1995). Price £2.00 each. Cheques payable to University of Leicester.

Women and the Co-operative Movement

by MariaElena Chavez*

The ICA has come to realize that the participation of women in the Co-operative Movement will be imperative if the Co-operative Movement is to respond to the present and future needs of society.

Many believe this to be a revelation that will require the future attention of the Movement. Many are convinced that this new idea is a reflection of the trends in women's struggle for equality in the 1960s and today's call by women and men for gender integration and awareness. However, we should go back into ICA's history and recall that, 'the place of women in the Co-operative Movement' has been an issue that has been addressed and discussed throughout the history of the ICA starting at the first Co-operative Congress. As we celebrate our Centennial, let us critically look at our past and, before embarking into the 21st Century, ask

Has the Co-operative Movement made efforts to increase not only quantity but more importantly the quality of women's participation?

Many men and women would reply, "In all countries where there are co-operative organizations, it is invariably stated that the women must be won over to the co-opera-

tive idea if the movement is to attain its object. Yet very little has been done in most countries to win the women to co-operative cause..."

This observation, made by Emmy Freundlich in 1921, remains true today despite the many ICA resolutions and policies. To cite only one example, the 11th International Congress assembled in Ghent called on member organizations to make "the election of women to the management boards of co-operative Societies obligatory...". The European Region reiterated this call only last year in a more subtle and perhaps less emphatic move, calling on member organizations to include more women on their delegations to the Regional Assembly. Rhetoric has been abundant, action minimal. One hundred years after its creation, the ICA is continuing to deny itself the benefits of women's leadership by their under-representation at decision-making levels within its membership and its governing bodies.

As we move into the 21st century, the decision-makers of today will need to address the issue of gender. Each national movement will need to take concrete action. We know that co-operatives can improve the lives of women by providing them services, now let us prove that co-operatives can be leaders in addressing gender issues and improving the overall economic and social status of both men and women worldwide.

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The Women's Organisation in the Co-operative Movement

by Emmy Freundlich*

The changes in the Dutch Co-operative Women's Movement, through which it has lost its administration and thereby its character as a National Organisation, will induce many National Women's Organisations and Co-operative Unions to consider whether the Women's Organisation has the desired form for the development of the Co-operative Movement as a whole. At a time when special conditions make it necessary for many Co-operative Movements to restate their fundamental principles, it is desirable that the principles of the Women's Guilds and their relation to the whole Movement should be clearly understood.

Two kinds of Women's Organisations can be distinguished in the Co-operative Movement: the wholly independent Guilds and the various forms of Women's Groups which form a more or less integral part of the organisation of the Movement. From the historic point of view it can be easily understood that the English Women's Guild, the mother of all the Guilds, was established as an independent Women's Organisation, because at that time



(1883) the right of women to any kind of public activity was strongly contested. Their intellectual inferiority was daily emphasized and their activity as women could only be assured if, as a preliminary step, they could work among themselves and understand each other. Apart from this, there existed at that time special laws and regulations in many countries forbidding women to speak in public or participate in any public institutions, and permitting them only to meet together as women. The valuable part of this independent Women's Organisation was that it served as a rallying-point: it appealed to women to unite, and showed them the way they must take if they wanted to secure equality with men and participate with them on an equal footing in all public activities. Just because this right was denied to

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them they had to show, where they alone could show it, what they were able to achieve if allowed to do so. Encouraged by the example of the English Guild, Guilds were established on the English model in other countries, especially in the English-speaking and Scandinavian countries, and also in Holland.

A quite distinct form of Women's Organisation developed in Central Europe, where Women's Organisations were established nearly forty years afterwards - in Austria in 1912, and elsewhere still later - when the women had already passed through the first stage in their struggle for emancipation and had no longer to give proof of their ability to organise and agitate, but were asked to devote the knowledge and capacity they had already acquired to the Co-operative Movement. But, despite this fact, women's right of self-administration in these countries was not abandoned. The form of organisation was, it is true, somewhat different from that of the independent Guilds. No new institution was established but it was, nevertheless, provided that women could elect their own representatives and adopt resolutions without any hindrance. In some countries special Women's Committees are established in Consumers' Societies to carry on the work of propaganda and education among the women. In others, as, for example, in Austria, women are appointed to the Members' Committees which exist in every branch and act as the representatives of the Women's Organisation. They elect their Central Committee at the Annual Conference, and assume

the leadership of the women and the representation of their interests.

Both forms of Women's Organisations are provided for in the rules of the International Co-operative Women's Guild, and every National Organisation with a Central Committee elected exclusively by the women may become a member of the Guild, regardless of the form of organisation. The condition for international collaboration is surely the independent administration of the Women's Movement within the National Organisations. It would be impossible, even superfluous, for women to be organised internationally if they were only representatives of the Movement as a whole and not, first and foremost, representatives of the women, because the representative of the whole Co-operative Movement is the International Co-operative Alliance, and double representation is superfluous and might even prove dangerous. Independent administration of national affairs is impossible without central representation which guides and coordinates the local groups. Women can otherwise never learn to express their will, which is an essential condition for democracy. In fact, the very essence of democracy lies in free expression of the will, in that understanding among the masses which enables them to formulate their will and, above all, to deliberate on what they must do in the interests of the community.

The International Co-operative Women's Conference has adopted a two-year plan which the women in all countries are endeavouring to carry

out, in most cases in full agreement with the National Central Organisations, the Union and Co-operative Wholesale Society. But one condition for the success of the plan is surely that women should have an opportunity to discuss the plan, adopt resolutions, consider what is of greatest interest to them and the methods which should be employed in order to rouse the masses of indifferent women. In countries where the women can act more independently there is a more lively interest in the Co-operative Movement on the part of the women who very often become the principal supporters of the recruiting and educational activities. Why should women lose the right to administer their own affairs? Dangers are often apprehended which do not exist. We admit that Women's Organisations may initiate and carry through undertakings which may not be successful and even prove downright failures, but this may happen in any organisation, and occurs sometimes in the Co-operative Movement. We all have to learn, and must pay for experience. One who knows and continually follows what is going on in other countries cannot understand why this right of women to administer their own affairs - such as household economy, the education of children, social questions of interest to women, etc. - should be denied to them by a Movement whose motto is self-help and democratic self-government.

The Co-operative Movement does not adopt the democratic principle chiefly because of its abstract justice, but because experience has shown - and the whole history of Co-operation is proof

of it - that as its activities develop, giving them strength to discharge it. This is as true in the case of women as of men, and is the successful way of educating women, through their Guilds, on behalf of the Movement.

In this connection we must not underestimate the greater interest taken by women in the Co-operative Society, which they love and which has become to them a second family, just because they enjoy the right of self-administration. We have seen in Austria how loyally women have supported their Co-operative Societies, how frequently they have shown themselves more determined than the men when difficulties had to be overcome.

Another point that must not be overlooked, especially now, is that new movements of a more or less militarist character are making their appearance, all representing dictatorial régimes which endeavour to reduce women to an inferior position, and exclude them from participation in public life. Women are not to be permanently excluded any more than the workers, but they must attach all the more importance to supporting only those movements which assure them the freedom which they must have if their influence on the whole of public life is not to be lost again. This would be a serious threat and a danger to the Co-operative Movement, which needs thinking women. Every social movement must strive to procure for women opportunities of preventing the will of a leader, rather than the trained and developed will of the masses, from being decisive. The greater the rights which are given

to women in the Movement as a whole, the lesser will be the difficulties arising from the self-administration of women. There are a few National Movements which attach great importance to the fact that the leaders of Women's Organisations should be elected by the Movement and not only by the women. Sometimes there are political reasons, because the Movement has to resist outside influences.

We admit at once that great problems are involved which cannot be solved easily, because they have a far-reaching influence on the future development of the Movement. Even if the question whether the collaboration of women is of value can be regarded as settled within the Co-operative Movement, because no one who knows the conditions will contest it, nevertheless, the women's question, like that of democracy in general throughout the world, has been raised again. In the interests of the Movement, and because we see its democratic character in danger and must defend it, women's right to self-administration in their own particular sphere is not to be questioned. The external form of organisation may be a national question which each National Movement must settle

according to its requirements, but the right of women to elect their own leaders and representatives must never be violated. Women can only speak on behalf of women, if elected by them, just as every Member of Parliament can only speak in the name of his constituents if he is actually elected by them. This applies, above all, to the Central Organisation which assumes the responsible direction, and which maintains relations between the National Organisations.

We hope we have shown that these are not trivial questions of women's rights, but questions of importance to the whole Co-operative Movement. At the present time, especially, the Co-operative Movement can only assure its own freedom and existence if it assures to all its members the necessary degree of freedom to which they are entitled within the Movement. But thereby it acquires greater importance in the eyes of ever larger circles of women because, if they lose many of their rights in other spheres, women will in preference seek movements which give them their freedom. The decisive consideration is not the form but the principle in which we all believe, and which we trust will soon be recognised again everywhere, including Holland.

My Vision of a Co-operative Future

by Katarina Apelqvist*

We are fast approaching a new century and the prospect is daunting for the world at large and for the Co-operative Movement unless we change things.

We live in a world dominated by large-scale, multinational capitalism and neo-liberal ideology which has made profit and the pursuit of profit a goal in itself. Governments no longer regulate market forces, market forces regulate Governments.

We have lost sight of profit as a means to make human development possible for everyone regardless of sex, race, colour or creed. Efficiency has become an obsession and is now solely defined in terms of quantity and profit at seemingly unlimited human and environmental cost. Efficiency should also be defined in terms of quality, human well-being and sustainability.

It is deeply disturbing that the Co-operative Movement in North, South, East and West seems to increasingly

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equate survival and success with ideals and behaviours based on essentially neo-liberal ideology.

The present economic order has been engineered by men, for men. Consequently it is based on male values, norms and priorities. Economic growth and power have been primary goals around which the labour market and society have been hierarchically formed. In hierarchical structures fundamental human needs regarding relationships, physical security and health are subordinated. Women and children, in particular, have suffered as a result.

Women's needs and ways of life have been ignored based on the dual assumptions that only men's needs

should be taken into account and that this would automatically benefit women and children.

Women have been exploited both as unpaid carers in the home and as paid workers in the workplace. They have been forced into subordinate positions in both spheres and their work has been grossly undervalued. In a segregated labour market they have carried out the lowest paid, most monotonous, often risky work at the bottom of the hierarchy.

The hierarchical structure as a vehicle for growth and power has been destructive for men too. When the main focus is growth, people are seen as tools, not as human beings. This results in poor wages and work environments, which in turn lead to physical and mental illness, lack of security and unemployment.

It is evident today that where market forces have been given more and more freedom a small minority reaps enormous benefits whilst the majority is faced with deteriorating working conditions, social insecurity and unemployment. In such a society, excessive elevation of the few is at the cost of the deprivation of the many.

This leads to a deep mistrust for leaders. Politicians and Governments are seen as corrupt. The result is people's contempt and indifference. Similar trends can also be seen in the Co-operative Movement of today.

In a privatized, globalized and restructured economic world order fewer and

fewer are participating in the formation of their futures. Exclusion and non-participation, which have previously always been the curse of women, are becoming more and more gender-neutral. The gap between the powerful male minority and the growing ranks of powerless women and men is widening with alarming speed. In such a world, sophisticated as well as blatant criminality is increasingly accepted, and ethnic conflicts, violence, rape and wars actively encouraged.

Given these prevailing conditions it is of great concern that we seem to be moving away from co-operation which, in its purest form, offers solutions to many of the problems outlined. More than ever before, the co-operative concept is needed to meet people's social and economic needs, providing sustainable livelihoods.

Through integrating women's values, skills and experiences in the application of the co-operative concept, a democratic microcosm of society can be developed, where mutual concern and economic and social security thrive. This can be further achieved on an international scale, thus fostering solidarity between nations. Co-operatives should be an obvious alternative to the current growth and profit-oriented economic systems which make the rich richer, and the poor poorer.

My vision is that from now on we will return to true co-operative values and principles. Instead of values and principles remaining as empty abstracts we must consistently transform them into concrete actions. It's time for co-opera-

tives where social book-keeping is as important as traditional book-keeping and a surplus is aimed at, and recognized, only as a means to make human well-being and sustainable development possible.

This will be impossible without equality between women and men!

Women constitute half, or even more, of humankind. They are active economic agents and contributors to co-operative, national and global economy by paid productive work as well as unpaid reproductive work. They are the basis of the Co-operative Movement. Their subordination to men in the Movement must be put to an end. They must finally be recognized as equal partners.

The co-operative values and principles demand co-operative actions to ensure women's human rights and to ensure the utilisation of women's values and competence in all co-operative activities at all levels. The concept of democracy will only assume true and dynamic significance when co-operative policies are decided upon jointly by women and men, on terms based on both women's and men's needs and values.

It is remarkable that the similarities between co-operative principles and women's typical ways of conceptualising and working have gone unremarked until comparatively recently. In women's cultures human needs and their fulfilment are central. Women's cultures are characterised by self-help, collaboration, mutual re-

sponsibility, equality and equity, honesty, openness and social responsibility. Co-operative values, in other words.

Women's reproductive role comprises not only responsibility for giving birth to children. It also comprises responsibility for the physical and emotional nurturing of all members of the family. This provides the essential foundation for family members to function within the labour market and in society as a whole.

This fundamental work for society within the family has traditionally been unseen and is marginalised even today. Furthermore, women's access to resources to fulfil these vital tasks has been alarmingly reduced. Economic restructuring programs all over the world have made women of the South, East, North, and West pay a terribly high price economically, physically and socially. The strain on women is becoming unendurable. This poses an immense threat to society.

Women have been forced to learn how to manage their homes and families with meagre resources. Millions of lives, which would otherwise have been lost to starvation and disease, have been saved by women's actions and thinking, which are guided by responsible rationality. This rationality is in contrast to growth rationality which typifies men's actions and thinking. Both kinds of rationalities, in dynamic interaction, are needed to solve the problems that humankind faces.

Women often extend their field of responsibility to neighbours and to the

community. In fact, women organize and constitute the backbone of community services, in very many countries on a voluntary, unpaid basis.

Research and everyday reality show women's capacity for coping creatively with insecurity and high-risk situations.

Women's budgetary and management skills, achieved in the family and community are equally needed in much wider economic contexts.

If women's skills are not utilised we will continue to over-exploit natural, human and economic resources with catastrophic results. The connection between reproduction and production must be acknowledged and influence economic and social structures. Women can provide the bridge between the family, the labour market and society. However, to make this possible, women's intolerable conditions must be recognized, women's systematic subordination combatted and power shared between men and women.

Women's cultures are characterised by additional perspectives and practices equally needed for the development of the Co-operative Movement and societies typified by participation, equality and true democracy.

Women have a non-hierarchical approach to organising work. Discussion is preferred as a leadership behaviour rather than the giving and receiving of orders. Allocation of tasks is skill-related. Collaboration and flexibility are

preferred to male-oriented competition and climbing the hierarchical ladder. Relationships are more important to women than personal privileges. Women have a holistic view of problems and their solutions while men have a linear view.

Decision-making by consensus is important to women. Decisions made by consensus elicit stronger motivation and accountability as well as a more reliable implementation. Through consensus decision-making, team building, skills development, evaluation, reassessment and results are improved. Whilst consensus building can take a longer time, implementation tends to be quicker.

Consensus-based approaches require an understanding of, and respect for all participants, their needs, skills and creativity. The participants themselves formulate their needs and decide on ways to meet them. In short, the democratic participation of individuals must be sought. If this participation is realised both economic and human development will be the result.

The easiest way to achieve this active participation is at levels among groups of people in villages, or among neighbours in the towns and cities. It is much more difficult to achieve in hierarchical organisations. Hierarchical organisations obstruct democratic participation.

If my vision of future co-operation in its pure form is to become reality, priority must be given to encouraging people at the grass roots level in rural

and urban areas to form small community groups/networks with the aim of initiating pre-co-operatives and co-operatives.

The following model illustrates how this can be done:

1. Disseminating knowledge about co-operation as a methodology for business activities, giving concrete examples of solutions to everyday problems.
2. Training of local inspirers/advocates.
3. Activating trained inspirers/advocates, preferably community members, within communities and neighbourhoods.
4. Initiating single-gender and mixed-gender gatherings and seminars.
5. Forming groups/networks.
6. Group members identifying their resources, defining their goals and deciding upon the deployment of resources and methodology.
7. Supporting/mentoring from established co-operatives, including advisors/consultants.
8. An advisor acting as a catalyst to facilitate the process without actually participating in the group (the process includes judging the viability of the project, finding and raising credit, dealing with formalities in contacts with authorities).
9. Providing access to credit.
10. Assisting in forming co-operative societies.
11. Assisting in management training.

It is central to this entire encouragement process that established co-operation's role should not be to mould and run these pre-co-operatives and co-operatives but to support the members' own choices for mutual work and to support mutually agreed decisions.

With regard to input on how to run co-operatives, it should be taken into account that women prefer to acquire knowledge through discussion, reflection and linkage with everyday work.

The role of inspirers and advisors must include support for women in their demands for equal rights in decision-making and a way of working which is suitable to them. Mixed co-operatives' goals must reflect this.

To secure women's right to influence decision and working methods the only solution in some cases will be to form a women's co-op and allow men to join only if mutually acceptable goals and management can be agreed on. Cultural differences should be observed by the development of segregated co-operatives where appropriate.

At the local level there is already a widely diverse range of businesses initiated and run by women within the informal sector. For women working in this area, knowledge about co-operative business methodology can contribute towards giving formal stability to work in which they are already informally involved. The formal co-operative approach can open routes to valuable financial and technical assistance and the co-ordination of finances,

production, training and marketing with other co-operatives.

At this local level mostly women have taken the initiative to work across ethnic and political borders - an initiative which can be spread with the assistance of co-operation.

The established Co-operative Movement, locally and regionally, should assess where and how women can be assisted and encouraged.

Of particular interest to women both in rural and urban areas all over the world are childcare and elderly care co-operatives. Such co-operatives lighten women's burdens and make income-generating activities possible. A most important factor is also that childcare and elderly care co-operatives can, or should, involve fathers, and possibly grandfathers.

Local work in pre-co-operatives and co-operatives give people access to the following:

- Collaboration and shared responsibility
- Empowerment
- Change/Development
- Influence/Power

As already stated, this is much more difficult to achieve in hierarchical organisations, as they do not allow women the opportunities to develop and contribute to the organisation to the best of their abilities. In fact, hierarchical structures do not promote the full development of men either.

Unlike traditional hierarchical organisations, forward-thinking organisations are based on an assessment and respect for individual skills and needs, how individuals can support and develop each other, and how this can benefit the organisation.

Maximising opportunities for full human development requires radical changes to co-operatives. Equality between women and men is an essential prerequisite for maximising opportunities for full human development. The social dimension to all activities must be acknowledged.

Women must have equal influence, on their own terms, throughout this process of change.

Achievement of these radical changes at all levels within the co-operative movement is the major challenge before we enter the next century.

The first pre-condition of change is to surface hidden structures. Without making visible what is really happening to women and men in existing structures there will be no motivation for change.

But surfacing hidden structures and their consequences is not enough. There is also a need for competence development for change. If the outcome is to be successful, those involved must influence and decide the content of training and the design of the change process from a gender perspective themselves.

When choosing appropriate content and methods we must fully under-

stand and be influenced by the fact that there are distinctive female and male approaches to work. The impact of these choices will also be different for women and men. Therefore, if change is to be achieved, different approaches will need to be adopted for women and men.

A mandate from top level management is imperative but inadequate to ensure that the necessary analyses and efforts are made. An individual or group should be given special responsibilities as initiators, knowledge disseminators and supervisors. And managers should be encouraged by incentives and held accountable.

A skills development for change program should be characterised by the holistic perception with which it is hoped that future goals and methods of working will be hallmarked.

Such a program could include, for example:

- Professional skills and ethics (economics, technology, marketing, leadership, administration, information/motivation, organisation, job evaluation)
- Physical development (health aspects, body awareness/ideals, health profiles)

- Psychological development (self-understanding, professional identity, family identity/role, self-confidence, attitude change)
- Group development (participation, responsibility, communications training, differences in language and communication styles, conflict management, group development)

Gender analysis and gender awareness should be integral elements in all parts of the program .

Experience of today's male work structures has taught us that the process of change is a complex and often slow-moving process. However, if we consistently apply the co-operative principles of participation and democracy for all from now on, we should have great opportunities to enter the new century with much better pre-conditions to solve the problems which confront people, society and not least of all the co-operative movement.

My vision is of truly beneficial and productive future co-operative organisations, based on how the organisation can benefit individual and mutual human development to achieve social and economic progress for all regardless of sex, race, colour or creed.

Gender Perspective of ICA Europe Reports

by Raija Itkonen*

Background

The ICA European Region decided to review the reports on the issues of its work programme from a gender perspective. The first Regional Assembly held in Prague in October 1994 nominated a task force comprising Raija Itkonen, ICA Europe gender issues coordinator, Moira Lees, Assistant Secretary, CWS, UK, and Coordinator of Corporate Governance Project, and Mary Treacy, ICA Communications Director, to do the reviewing. The review covers East-West relations, Corporate Governance, North-South issues, Co-operative Communications and Co-operative Schools.

What is Gender?

Gender, like class and ethnicity, is a source of inequality. Gender inequality is also a universal phenomenon. In most countries socio-cultural constraints discriminate against women, making them disadvantaged in their societies. Therefore, the



common thinking in co-operatives as in other contexts follows the trend that the concept of gender relates only to women, who are the problem and who should also find solutions to it, as evidenced by the composition of the task force. But gender is a cultural construct of sex roles. The difference between sex and gender is that sex refers to the attributes of women and men which originate from their biological differences, while gender refers to the distinctive qualities of women and men that are culturally created. Thus these differences are not inherent or a fact of nature.

Gender Equality

The objective of gender equality is to provide women and men with equal opportunities in every field. This means combating traditional stereotyped roles at home, in culture,

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politics and economy. An invisible gender pattern dominates all aspects of life: culture, language, employment, social relations, etc. Therefore, a wide variety of instruments are needed to eliminate this pattern. Gender inequality is sustained by assigning care work and domestic labour almost exclusively to women and by low value on women's work in general. In most countries women are working-citizens and care-citizens but not full citizens in the economy and power structures. Without major restructuring of the division and value of work, the gender hierarchy will not change. Gender equality is for women and men. Humanity needs a society which recognizes both equality and difference. Women and men are different. Although this is a scientific fact, difference is not the opposite of equality, nor does difference deny equality. Equality will be achieved only when the work, experiences, knowledge and values of women and men have equal esteem and influence in society.

Development Trends

There are great differences in economic, social and cultural conditions worldwide, but the common factor is women's secondary position compared with men - despite the fact that women constitute more than half of the world's population. But today there is a growing agreement that equal opportunities for men and women are needed to release all human resources and thereby the achievement of sustainable human development. More and more development agencies and NGOs are

also targeting women with their programmes as experience has shown that in doing so their programmes have more impact due to the fact that, if women are recipients and are given the means of upgrading their status, it will benefit the whole of society.

Many global conferences like the International Conference on Population and Development in Cairo in Autumn 1994, the World Summit for Social Development in Copenhagen in March 1995, The Fourth Conference on Women in Beijing in Autumn 1995 and the Second UN Conference on Human Settlements (Habitat II) in Istanbul in 1996 focus on gender equality as a prerequisite for achieving better overall security. It is obvious that these conferences will put very much pressure on the implementation of shared power and shared responsibility between genders as cornerstones of sustainable structural change and development.

Co-operative Identity

The forthcoming Centenary of the ICA in Manchester in September 1995 will consider a Statement on Co-operative Identity, including a definition of co-operatives, a listing of the Movement's key values, and a revised set of principles intended to guide co-operative organisations to meet the challenges of the twenty-first century. The European gender review is timely in view of the Manchester Meetings because advancing gender equality and equity, and mainstreaming women in co-operative policies are prerequisites for the future credibility of co-operative identity.

An Opportunity for Co-operatives

The 150-year-old history of the Rochdale system of co-operatives is brimming with good intentions regarding equality between women and men. The idea of gender equality has, in fact, existed in the Co-operative Movement from the very beginning. Nevertheless, co-operatives have not really appreciated gender equality as one of their special characteristics and success factors. Today co-operatives should not overlook the fact that gender equality will gradually acquire legitimacy of its own.

They should instead reveal their great potential and take the opportunity to become organisations that surmount the hurdles of tradition, discrimination and inequality. The recipe is to put the power of gender diversity to full and positive use as a co-operative characteristic, and the factor underpinning co-operative success.

East-West Relations

The transformations in the former centrally planned economy countries altered the economic and social environment in Eastern and Central Europe. Under the old system, formal gender equality existed and there was a higher participation of women in the labour force than anywhere else in the world. However, such gender equality was to a great extent built on the idea of protecting women and giving them a chance to fulfil their roles as wives and mothers. Social benefits such as free or low-cost nurseries, kindergartens, medical care and recreational facilities financed by the State or workplace were extensive. It appears

as though these practices are now operating against women's interests, having deteriorated their workplace image and resulting in greater gender bias in recruitment.

Although it is difficult to get any gender-based information on the impact of the transformation process, women seem to have very limited influence on shaping the institutional, structural and policy changes of co-operatives or other institutions. Women play an important role in the economy of Eastern and Central European countries (ECEC) as they represent on average half of the labour force and are, in most countries, equally and often better educated than men. The low valued and poorly paid positions they predominantly hold, however, bear no relation to their education. The gender division of work is also very traditional, leaving women with major household responsibilities. Women's representation within formal associations is, as yet, poorly organized, thus they have limited chances to defend their interests. Consequently, they are an easy target for redundancies.

Co-operative laws, together with constitutions, statutes and by-laws are basic instruments to combat gender discrimination. They ensure both genders the right to participate on the same terms. However, equality and justice between women and men cannot be achieved through legislation only. Positive actions are needed to reach the goal.

One form of positive action in co-operatives would be to review all

policies from the gender perspective in order to include women's views on the problems of transition and thereby eliminate the danger of marginalizing women as members and employees without utilizing their knowledge, energy, and skills to build viable co-operatives. The lack of concern about gender equality in the co-operatives' transition process can have serious consequences on their credibility as democratic organisations based on members' needs.

Positive action should include the elimination of traditional views on gender roles and the promotion of women's image as active partners in decision-making and the building of new co-operative structures.

One important tool is the development of data and statistics in order to expose the differences between women's and men's conditions. Gender equality should be promoted not only because women are subordinated but rather because women's skills, experience and education are needed for co-operative competitiveness.

Gender integration in ECEC co-operatives also requires gender focus in foreign aid projects. So far a rather low priority has been given to gender-specific programmes by these co-operatives.

Corporate Governance

Co-operatives live very often in two separate worlds - in a world of co-operative values and ideals and in a world of business and such conflict will adversely affect their success.

Co-operatives claim to be based on values and principles; they also approve of policies and pass resolutions. But do they live up to them? Although much time, energy and human and financial resources are expended on them, the answer is very often negative. And since values, principles, policies and resolutions are merely alleged, co-operative credibility is inevitably destroyed.

The separate worlds of theory and practice are often reflected in the roles and responsibilities of governing bodies versus full-time professional leadership, resulting in conflicting goals and behaviour. But co-operatives need elected leaders and professional management who are guided by co-operative values and principles and are committed to the implementation of the co-op goals in partnership.

Co-operators are now about to consider the revision of co-operative principles. The survival and future success of co-operatives depends on their ability to translate their values and principles into practice. The ideals should be woven into a sincere, honest and open business policy. Therefore the principles must be - although challenging and goal-oriented - realistic and trustworthy.

Gender imbalance in co-operatives is one of the most striking contradictions between co-operative theory and practice. However, eliminating the unequal power relationship and gender segregation and creating a new partnership between women and men could bring new strength to co-

operatives. This partnership means removing every obstacle from women's active participation through shared power and shared responsibilities.

Women can bring new perspectives to co-operative management control systems and corporate governance. Research supports the fact that women have skills to offer in view of the changing challenges in working life. If women are given the opportunity to break the glass ceiling and advance to committees, boards and professional leadership positions, they can prove that strong, innovative and effective leaders do not come from the male mould alone. They can demonstrate that the command-and-control or top-to-bottom systems often associated with large, traditional co-operatives, can be replaced by a non-traditional leadership style which allows people to participate and contribute. This can increase co-operative chances to improve efficiency and success in the changing world. Diversity of leadership styles and a combination of the strengths and talents of women and men can change systems and routines within organisations and bring new competitiveness into the co-operative form of enterprise.

The importance of gender equality should be recognised at Board level and gender issues should be on Board meeting agendas. It is important that resources, including management time, are made available to examine and progress the issue. As women are the ones who are disadvantaged mostly in gender issues, each co-

operative should set itself targets for increasing opportunities for women. In a co-operative, the targets should cover both membership, with the intention of improving female representation on committees and at Board level, and employees; the latter to improve opportunities in the workplace including increasing the proportion of senior female managers. The targets should be achievable within a fixed period of time and should be made public to members and employees. Development programmes to achieve these targets need to be organised and progress has to be monitored and reported.

Proposed Equal Opportunities Plan

- recognition of gender equality as a co-operative characteristic and success factor
- recognition of the strength of democracy and partnership
- action plan with time-specific targets for achieving equality
- adopt the goal of democracy and partnership in all co-operative policy-making structures and create mechanisms for its implementation
- create the conditions for the equal participation and employment for women and men
- develop career advancement programmes for women and men through career planning, tracking, mentoring and coaching
- establish data bases on the qualifications of both women and

men to be used for appointment to quality jobs and senior managerial positions on an equal basis

- provide gender sensitivity training to encourage women and men to respect diversity in work and leadership styles, i.e. elimination of traditional thinking on the gender roles of board members and in the labour market
- encourage both men and women to seek non-traditional occupations
- monitoring and reporting progress.

North-South Issues

"Of the 47 least developed countries in the world 32 are in Africa. Economic decline, recession and external debt continue to worsen their situation. More than a third of the people of Africa live in abject poverty and are unable to meet their most basic needs. In 1991, this number was estimated at about 250 million".

"The agricultural sector can contribute up to 50 per cent of the GDP, while the agricultural population can make up to 85 per cent of the total. The heavy burden of poverty falls disproportionately on women, especially female-headed households whose proportion is increasing and is now around 35 per cent. Feminization of poverty has therefore become a reality. Although women constitute more than half of the population, have limited access, ownership and co-ownership to land and housing, they nevertheless provide 60 to 80 per cent of the food supply. In formal employment, they

are concentrated in low pay, low grade sectors with poor promotion prospects. Women are the backbone of both cash crop and subsistence farming, yet their non-marketed productive and reproductive activities are neither marketable nor recognized as economic outputs. They are thus denied the tools and means of sustainability and still confront considerable discrimination that constitute a major obstacle to productivity".

"Women in Africa, as the main providers and traditional managers of food at the family and household level, can play a key role in the equitable distribution and redistribution of scarce resources. Strengthening of women's potential for management of food and food aid resources can ensure that women's priorities, and their families' well-being, are better served".

"Women in Africa must be empowered to participate in economic structures and policy formulation and in the productive process itself. It is now recognized that the contribution of rural women in Africa is critical in development. Women's empowerment will enhance their capacity to realistically alter the direction of change for their well-being as well as of society as a whole. It is also crucial to engage the younger generation of women as active partners for changes. Consequently, strategies and actions are needed in order to move away from the current welfare orientation to address the economic empowerment of women, and in particular strengthen

and support their participation in trade and industry; stem the growing disparity between rural and urban conditions; and move towards environmentally sustainable actions for poverty alleviation through sustainable development".

"The educational process reinforces existing gender inequalities which in turn shape the perceptions that influence curriculum designers, textbook writers, audio-visual aids designers as well as teachers and pupils. However, the impact of appropriate policies and programmes to address the gender disparities in education is yet to be assessed. Decisions on what is to be learnt at what level and by whom and delivered by whom are male-dominated, thus perpetuating gender-based stereotypes".

"The absence of gender-disaggregated data based on separate records for men and women, is a source of gender blindness and gender bias against women."

The above quotations are from the African Platform for Action adopted by the Fifth Regional Conference on Women, held at Dakar from 16 to 23 November. This Platform of Action, prepared for the Fourth World Conference on Women, provides ample information about gender inequality in Africa from the African perspective and should as such direct the co-operative North-South relations and development activities. Gender equality should be included among the highest objectives of co-operative

development work. Investing in gender equality is an effective use of scarce development resources: women in the South are economic and social agents and not passive recipients of welfare.

Co-operative Communications

The past twenty years have seen an explosion in the field of communications. New computer technology and satellite and cable TV increase the access to information and create new opportunities for participation and development. Humanity is experiencing a fundamental transformation period labelled "the information society".

The communication and information systems, the press, radio and television have great influence on people's understanding of the world, their knowledge, values and attitudes. They are powerful tools which can either work for the advancement of gender equality or contribute to maintaining stereotypes of women and men and support the present power imbalance and the division of responsibilities which prevent equality.

The media picture of genders is not just and impartial. Men continue to have more important positions in the media and male-dominated areas enjoy great esteem, whereas media less often views life from women's perspective. Media output generally focuses on the fields of politics, the economy, engineering, military skills, sports and transport, which continue to be male

domains. Women are rarely presented as dynamic forces with their own views. They are more often portrayed as victims or used to attract attention without any real connection to the matter in question (photos, advertisements). When women are used as experts, they generally represent social or cultural affairs. The expertise of women in other fields and women's positive contributions to society are seldom reported in the media.

In view of the above, it is recommended that co-operatives review their communication and information strategies, policies and practices from a gender perspective and reveal, recognize and take into account the existing inequalities. The network of co-operative communications and information systems is extensive. It comprises meetings, negotiations, media, research, education and training etc. New technologies will increase their importance. With a systematic gender-positive and gender-balanced approach they can have a significant impact in implementing gender equality in co-operatives and building a more positive image of co-operatives as democratic and progressive forces in society.

Greater involvement of women in the technical and decision-making areas of communication and media would increase awareness of women's lives from their own perspective. In order to combat gender segregation and produce new role models, co-operative media should portray women as leaders and managers.

Further recommendation for action is to ensure that the information revolution treats genders equally. Everyone should have access to new technologies and be equipped to work with them. Computer and technological skills should not be gender-labelled.

Co-operative Schools

Education is a basic human right and necessary for the advancement of gender equality. Equal education benefits both girls and boys and results in more just and democratic relationships between women and men. However, a gender-segregated educational system and a gender-segregated labour market continue to exist. School education continues to steer girls and boys towards traditional gender roles.

In view of the project on Co-operatives and Schools, co-operatives are recommended to see to it that their work with schools supports gender-equal education. It is felt that much development work has to be done to make the content and methods of education equal to both genders. School material leaves women's contribution to history hidden. Women's achievements and their thinking continue to be invisible both in the curriculum and in the attitudes and values of the educators.

Equality must therefore be mainstreamed in the planning and implementation of the project on Co-operatives and Schools. It is important to produce materials that appeal equally to girls and boys and awaken

their interest in co-operatives as economic organisations meeting members' needs. The school approach should also promote non-traditional careers for both girls and boys providing examples which improve their awareness of the importance of shared power and shared responsibilities at home, at the work place and in the society.

Conclusion

In his background paper on Co-operative Identity in the Twenty-First Century Professor Ian MacPherson writes: "Between 1970 and 1995 there has been a rapid expansion of market economies around the world. Traditional trade barriers have changed significantly and many of

those changes - for example, the creation of free trade areas, the decline in Government support for agriculture, deregulations in the financial industries - threaten the economic frameworks within which many co-operatives have functioned. To prosper, in many instances merely to survive, co-operatives have to examine how they will react to these changed circumstances.

Inevitably, these changes mean that most co-operatives are facing much more intense competition."

It is for this reason that the power of gender equality and individual diversity should be put to full and positive use as one of the factors underpinning co-operative success!

Collaboration Between Co-operatives

by Robert Davies*

Throughout Co-operative Movements there has been considerable discussion on the Co-operative Principles, stemming from the Report of the ICA Commission on Co-operative Principles. The Commission recommended, and the Twenty-third Congress of the ICA in Vienna in 1966 confirmed, the additional Principle that 'all co-operative organisations, in order to best serve the interests of their members and their communities, should actively co-operate in every practical way with other co-operatives at local, national and international levels'. To choose as the theme for the Thirty-sixth International Co-operative School 'The Collaboration of Co-operative Organisations, Locally, Regionally, Nationally and Internationally', was therefore extremely topical. The School was held at Jablonna, near Warsaw, from 26th October to 4th November 1967, at the invitation of the Central Agricultural Union of 'Peasant Self-Aid' Co-operatives. The venue added point to the subject of the School for the pattern of the Polish Co-operative Movement provides in itself an interesting 'case study' for such a theme.

* Mr Davies was appointed Administrative Secretary of ICA in 1968 after John Gallacher's resignation. This article was taken from the Review of International Co-operation, Vol. 61, No. 2 1968.

In consequence, the ICA looked forward to the holding of a School on a topical subject attracting participants from the whole gamut of co-operative organisations. In the event, it was disappointing that of the fifty-six participants from sixteen countries, the majority came from the retail and wholesale co-operative movements. Co-operative banks and co-operative insurance were represented, but in very much a minority.

The Polish Co-operative^b Movement nominated fourteen participants and these came from dairy, marketing, gardening, housing and building, savings and credit, workers' productive, agricultural and consumer co-operatives. Without this Polish participation, nothing would have been heard from co-operators directly engaged in non-retail co-operatives - retail co-operatives.

However, all participants regarded the theme as extremely important and were concerned to explore ways in which there could be closer collaboration between different types of co-operatives. There was initially a basic question to be answered: what reason is there for co-operative movements engaged in quite different fields of business or activity to consider collaboration with each other? Is the fact

that they conduct their business according to the same principles sufficiently strong a link? Should they collaborate purely because of the emotional loyalty to Co-operative Principles? There was a minority voice to answer: No - why should the application of Co-operative Principles in a business mean collaboration with other business often of quite an alien nature. The overwhelming majority of participants answered Yes: this *was* a strong reason for collaboration, for if they were accepted as bona fide co-operatives, and subscribing to the principles of Co-operation, this included the principle of 'Co-operation amongst Co-operatives'. And as participants listened to the speakers, especially those representing the ICA's International Committees, and as in the Working Groups they discussed points raised by those speakers, there gradually built up support for the view that such collaboration between co-operatives could be, and in very many cases has been, good business practice.

Mr N. Hoff, Secretary of the ICA's Co-operative Wholesale Committee, spoke of the work of that Committee and its attempts at collaboration in Europe. The nature of the discussion on Mr Hoff's talk showed the School's practical approach by concentrating on topics such as whether the emphasis should be on purchasing or production collaboration; if there were to be joint undertakings between different co-operatives, particularly at the international level, should there be a single production plant for the product, in one country, or should there be production plants in several countries? No

straightforward answer to all the points could be made because of the different legislation in each country. National legislation may also affect trade marks, although there was general support for aiming at an international CO-OP trade mark. It was emphasised that much more knowledge and research is needed, but that the existing knowledge was not disseminated widely enough and that much more use should be made of the Co-operative Press to do this. An interesting suggestion was that the ICA should study the possibility of creating a centralised agency to meet the import needs of European consumer co-operatives. No dissenting voice was heard against the view that there must be wholesale-retail integration and that, if this could be effected, it should make for better international collaboration in this field.

Consideration of international co-operative activities inevitably involves international finance and the financial aspect of collaboration straddled almost every topic raised at the School. Mr H.-U. Mathias, Managing Director of the International Co-operative Bank in Basle, gave an excellent analysis of international co-operative finance and the working of the International Co-operative Bank. The Working Groups certainly felt that the Bank was necessary and fulfilled a need, but there was clearly concern that the Bank should ensure that it was based on Co-operative Principles - even though it might be necessary for economic reasons to raise non-co-operative money. Any money of this kind should not exceed a certain percentage. As an ideal, na-

tional co-operative movements should raise their own capital, but practice differed. It was hoped that financial restrictions at present militating against support of the International Co-operative Bank by planned economy countries would be eased so that such support could be given.

Many critical points were raised - perhaps because of a suspicion of all international finance and the feeling that perhaps even international co-operative finance would not be able to remain true to its principles. In replying, Mr Mathias stressed that all stockholders of the International Co-operative Bank are co-operative organisations, including co-operative credit organisations, and that there is no intention to accept any private stockholder.

Co-operative insurance societies play a large part in co-operative finance, and in speaking on behalf of the ICA's Insurance Committee, Mr Kjell Gustafsson, of Folksam, Sweden, stressed the collaboration that was possible between co-operative insurance and other forms of co-operation. It was the case that co-operative insurance societies collaborated with non-co-operative organisations and this aspect of the work of the insurance societies provoked much discussion. The general view was that such collaboration should be discouraged. Specific examples were given of the links which could be effected between co-operative insurance societies, co-operative housing societies and co-operative consumer societies. It was felt that this kind of collaboration should be publicized as much as possible. Na-

tional attitudes may prevent collaboration between co-operative insurance and co-operative housing, e.g. in many countries State aid is available for housing, and even co-operative housing is, in some cases, able to attract State assistance. These were included in some of the problems affecting housing co-operatives posed by Mr Evan Solkjaer, Manager of one of the largest Danish co-operative Housing Societies, speaking on behalf of the ICA's Co-operative Housing Committee. Some of the suggestions put forward by the Working Groups were very interesting and included the possibility of the International Co-operative Bank financing national housing projects. It was asked how closely was it possible for housing co-operatives to work with workers' productive co-operatives? Mr Solkjaer gave details of a meeting between representatives of the ICA's Housing Committee and the Workers' Productive Committee to discuss possibilities of closer working, and it is hoped that additional practical action will stem from the real wish to collaborate, evident in these two Committees. Already the export is being encouraged of prefabricated housing components as well as housing equipment, and in Scandinavia there are many examples of kitchen equipment and bathroom ware, manufactured by workers' productive co-operatives, being used in the construction of co-operative housing blocks.

Housing co-operatives could ensure a close connection with consumer co-operatives and take the initiative in ensuring that such co-operatives were established in co-operative housing

estates. Participants were able to see practical examples of such close collaboration on a number of occasions in Poland, where there was clearly a close collaboration between the two types of co-operatives.

Mr Kaminski, of the Central Agricultural Union of 'Peasant Self-Aid' Co-operatives and a member of the ICA Agricultural Committee, spoke briefly of possible collaboration between agricultural co-operatives and other types. In particular, he outlined a possible extension of agricultural co-operatives into the field of processing. There was already a link with insurance societies, especially in developing countries where co-operative insurance of harvests was widespread. Tension exists between agricultural producer co-operatives, which naturally want the highest price for their produce, and consumer co-operatives, which aim for the lowest price for their consumer goods. This was acknowledged, but it was felt that this tension should be lessened so that there could be collaboration between the two, and 'contract farming' was mentioned as a possible trend likely to make for better relations. Additional cause for conflict could occur when both types of co-operatives want to go into processing. A French view, very strongly held, was that perhaps joint enterprises could overcome this difficulty.

An opportunity to discuss the general international collaboration of co-operatives was given by Mrs Barbara Rog-Swiostek, Director of the Foreign Relations Department of the Polish Supreme Co-operative Council, who

posed two main topics for discussion - the role of the ICA and its Sub-Committees in developing contacts between Affiliated Co-operatives, and the degree of co-operation between co-operatives and international non-co-operative organisations (both governmental and non-governmental). Discussion of her talk centred on what were considered weaknesses of the ICA in disseminating information about the work of its Auxiliary Committees. Everyone felt that the ICA was not advertising itself enough and could be much more of a world pressure group.

In the final reports from the Working Groups it was clear that participants could find no simple solution to the problem of collaboration. More knowledge about other movements; exchange of personnel at all levels between movements, even between different types; good lines of communication, both vertical and horizontal, were all stressed as ways of encouraging collaboration. It was emphasised that trading activities of co-operatives must be successful and this must come before all other aims. The other aims must follow, for it was these aims that distinguished the Co-operative Movement from other organisations. In cases where conflict did arise between co-operatives, the differences should be discussed and a solution sought, rather than letting collaboration fail through thinking that as there was bound to be a conflict there was no point in trying. Collaboration was stressed specifically in three areas of activity - first, in trading matters, secondly, in technical and scientific matters and thirdly, in social

and cultural matters. The examples from various speakers at the School and the practical examples seen in Poland showed what has so far been achieved in trading collaboration. With the speed of technological change, collaboration in technical and scientific matters should increase considerably. In this field, the legislative and political factors are at a minimum. In social and cultural matters, collaboration should include all levels of co-operators.

Following the concentration of co-operative enterprises, there must be emphasis on participation if the democratic basis of co-operatives is to survive.

The lecturers from the ICA Committees tended in the main to speak of international collaboration or of collaboration within countries of their own national organisation. It was therefore useful to have a series of lectures and discussions designed to give participants background information about the Polish Co-operative Movement. Excellently prepared material was available and Mr Janusz Sobieszczanski, Mr Tadeusz Szelazek and Mr Tadeusz Romanowski, all delivered excellent papers which evoked considerable questions and discussion. In addition, it was possible to arrange brief talks by representatives of different types of co-operatives in Poland - housing, invalids' savings and credit, consumer and the Polish horticultural export organisation, HORTEX.

The School was fortunate to have the opportunity of welcoming Dr Mauritz

Bonow, President of the ICA, and Mr Gemmell Alexander, Director of the ICA.

Dr Bonow gave an excellent survey, far-reaching and incisive, of the Co-operative Movement throughout the world. He put forward some interesting comments on the Co-operative Movement in market economies and in planned economies and showed how, behind the normally used economic phrases, great changes were proceeding, tending to make for more similarities than might be thought. He emphasised the great difference between both these two types of economies, and that of the developing countries, which, in general, tended to be stagnant economies dominated by a fairly primitive agriculture. The School's emphasis on the need for trading collaboration between co-operatives was echoed by Dr Bonow, who traced the steps necessary towards freer world trade. EEC, EFTA and COMECON must be accepted as realities and the Co-operative Movement must be prepared to use these larger markets, initially within these groups, and later across them, where even now beginnings were being made. It was certain that private commercial agencies would certainly use these large markets. Taking the joint enterprises already in existence in Eurocoop, Dr Bonow wondered whether such collaboration would be possible between Eastern Europe and Western Europe. He thought that, if there were economic advantages to be gained, then the ideological barriers could be overcome, and instanced the recent Fiat arrangement between Italy and Po-

land. In developing countries, Dr Bonow pointed out that 52 per cent of the world population was in the Far East trying to live on only 12 per cent of the world income, whilst in contrast in North America, the USA and Canada had 7 per cent of the world population with 40 per cent of world income. In Western Europe, national income had been doubled in the last 20 years, and in Eastern Europe, it had been doubled in less than this, but in the developing world, with their stagnant economies, the only thing that was growing was population. Aid from the richer nations was stagnant and the problems of food and of population growth were the two great problems to be solved if there was not to be disaster by the end of the century. He thought the Co-operative Movement must do more to urge the national Governments to take action and whilst the national movements acted at this level, the ICA must act at the international level through non-governmental and inter-governmental agencies. He thought that the Co-operative Movement was the most important supplementary means of help for the developing countries because it was encouraging self-help at the 'grass roots'.

It was significant that donor Governments were increasingly seeking aid from their Co-operative Movement and, whilst it was most welcome that government finance would be available, only the Co-operative Movement itself could provide the 'know-how', and the movements must ensure that good people were sent out to developing countries, not the rejects! The

ICA must do all it can to ensure increased efficiency from international aid for the Co-operative Movements in the developing countries.

Mr Alexander, Director of the ICA, ranged widely over co-operative topics stressing from practical examples many of the suggestions put forward by the Working Groups. He showed how often co-operative contacts were haphazard and thought there should be machinery for regular contacts for co-operatives of different kinds. He disagreed with some of the participants on the question of co-operatives collaborating with non-co-operative organisations, for he thought that co-operatives should not shun contact with non-co-operatives; they should have the courage to see what was beneficial and adapt that to their own use without endangering the true character of the co-operatives. He thought that the Co-operative Movement's ambivalent attitude to Governments was an excellent example. Many co-operatives had to function within a government plan. Again, government finance was often needed - a co-operative fertiliser plant may need government money and co-operative trade 'know-how' in order to support operations.

A recent example of this could be seen in Kenya where the Government provided money (to be paid back) and a leading Swiss dairy firm provided machinery to set up a wholly independent co-operative dairy. Mr Alexander saw a big future for the International Co-operative Bank which he thought must play an increasing part

in developing collaboration between co-operatives across national boundaries. There was scope for the European co-operatives to use it more fully. Other regions could possibly develop branches of the Bank rather than to set up regional co-operative banks.

Generally, the Director saw hope for increasing collaboration between co-operatives internationally, for the ICA was the only non-governmental organisation that was not split politically and it was most significant that every time a new co-operative group had been formed it had been done within the ICA.

In conclusion, the 36th International Co-operative School was hard-working, stimulating, practical in its approach. As always, those participants who had come to work and to learn found time too short for both. We hope

that many of the ideas raised will be followed up by participants' own co-operatives. Everyone will certainly remember the warm and friendly hospitality of the Polish co-operators with whom we came in contact and who were so clearly concerned for us to see all aspects of a Movement of which they were deservedly proud. The collaboration of the host organisation, the Central Agricultural Union of 'Peasant Self-Aid' Co-operatives, was excellent and the thanks of all participants and ICA are due to the offices and staff of that organisation who did so much to ensure the smooth working of the School.

At the conclusion of the School, thirty-six participants stayed for a four-day study tour of Polish co-operatives based in Western Poland in the Voivodships of Wrocław and Poznań. R.P.B.D.

The EURESA Experience

by Thierry Jeantet*

The Origins of EURESA

The insurance market is gradually changing not only because of the effects of the European single market but also because of new types of competitors (banks for example), new forms of sale (direct mail, telemarketing, etc). The insurance societies belonging to the Social Economy are those closest to consumers, the insured; they should use this time for listening to the problems of the consumers and to their new needs in order to be once again ahead of the others. Social Economy stands for a bit more than consumerism, it also means solidarity and shared responsibility: these notions are more topical today than ever before because of the social and economic developments in Europe. Also from that point of view the member societies of Euresa want to play their role. They are certainly not the only ones wanting to do that, the other companies belonging to the Social Economy have similar aims for their respective sectors. This shows that co-operatives, mutuals, associations and other organisations with this kind of a social dimension are more stimulated than



worried by a single Europe and they want to contribute to its development in their own way.

The alliance between the founding societies (Unipol, Macif, P&V, Folksam) was formed or strengthened at the end of 1990. The societies had contacts before then, particularly through their membership in the International Co-operative and Mutual Insurance Federation and its European association. Cross-ownership, although modest, existed between Unipol and P&V. The management had to a certain extent got to know each other during European seminars. The approaching of the single European market served as a stimulus. As from 1986 I organised on behalf of GEMA (whose Secretary General I was at that time) a series of

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meetings in Stockholm, Bologna, Brussels... so that the leaders of the French mutuels could get to know their counterparts. During this period, people have intensified their dialogue, they have noted the basic similarities between the societies and how they could concretely complement each other. They have appreciated that although each society was important in its respective domestic market, it would be too small in a European single market. They also felt that the traditional insurance companies should not be allowed to monopolise this European market.

Distinguishing Features

The decision not to be like everybody else was from the very beginning a clear decision made by the members of Euresa. Euresa should be a part of the Social Economy and and at the disposal of the Social Economy. It was an ethical and strategic choice. Why otherwise should the member societies have taken the risk of blurring their identity since that in itself is one of the keys to their success?

The Social Economy certainly is the basic link among the member societies of Euresa: it assures overall coherence. It is an important asset. Confronted with large traditional groups it is important not to imitate them but rather to find original solutions which will progressively allow the policyholders to take advantage of the European dimension as P&V, Unipol, Folksam, Macif and now also Maif have already done. The actions of Euresa are taken in this spirit. Confronted with the today's large private traditional

groups it is also important to create a kind of network with insurance societies belonging to the Social Economy and which are able to respond to the needs of the single European market. Through Euresa member societies can be identified and they can also easily identify other potential partners: other insurance societies belonging to the Social Economy, co-operatives, associations or mutuels, trade unions, for example. It is not by accident that Euresa works closely with the European Trade Union Confederation and with the European part of the International Association of Mutuality (health insurance). Our societies and Euresa do not indulge in grand spectacular manoeuvres, or in creating conglomerates, or in buying up competitors, etc.

Euresa prefers to build brick-by-brick. And, furthermore, for how long will the financial alliances last? Look how fast certain combinations between insurance companies (and sometimes also banks) are made and unmade. But there are of course also large, lasting and threatening groups. They pose a risk to the insurance societies of the Social Economy each time they acquire one more insurance company (e.g. the recent purchases made by Allianz); these groups can take the commercial initiatives and attempt to acquire a dominant market position.

Although the member societies of Euresa reject "capitalist" strategies, they certainly try to consolidate their own structures, their equity. This is an important subject. Measures have already been taken. Equity shares (mi-

nority) in mother companies or subsidiaries have been taken. Other ideas are being studied.

Three years old

Euresa is both too old and too young! Euresa GEIE and Euresa Holding were born on paper in 1990 but became operational only in November 1992. After this latter date, the management of the GEIE and the board of the holding have established two sets of objectives: those related to the collaboration between the societies and those concerning the geographic projects.

Before going into them, I want to stress one thing: the positive participation of the management and the specialists concerned of the member societies in the various projects and tasks. Euresa is the fruit of a work in common, a contact as direct as possible between one another. This contact creates a certain dynamism. Better understanding - links are created.

So what has happened during these two and a half years :

Collaboration between members

The work of Euresa's project groups have lead to the following:

Life Insurance

Euresa-Life was created (April 28, 1993) - an insurance society registered in Luxembourg and established to work in LPS in Europe. It is already marketing its products in Belgium and since shortly also in Sweden and is ready to do so in Italy.

Agreement about transfer of insurance contracts from one member society to

the other for policyholders who are moving to another country (July 1994).

Non-life Insurance

- Creation of a manual for policyholders travelling abroad - already distributed by P&V, Macif, and Unipol;
- Agreement about authorised automobile repair workshops (P&V and Macif to be extended to Unipol through IMA), strengthening of the links between IMA/SOS Copenhagen (February 1994);
- Drafting of a complementary legal protection insurance product for the European space;
- Agreement about the transfer of contracts similar to the one concerning life insurance.

New Technology

Establishment of electronic mail and a system for claims handling abroad. Exchange of information and know-how related to hardware as well as software. Comparative studies, for example, regarding document processing, the use of new information technology for customer communication, etc.

Finance, Treasury, Investment

Euresa-Finance, a finance society registered in Luxembourg, was created only recently to create and administer financial products for member societies and their policyholders.

Prevention

For the moment, mainly information exchange.

The Social Economy/Trade Unions
The Bologna conference on "The new social frontiers in Europe" was organised in November 1993 with the participation of the ETUC and the trade unions in fifteen countries, the AIM, and representatives of the European Commission. Three joint seminars would be held in 1995 and 1996. The first one (February 1995) dealt with pension funds.

European Legislation
Support to other working groups.

The Geographic Projects
The objective of the member societies is to assist in creating and developing insurance societies linked to the Social Economy in other European countries.

European Union - Greece
Euresa entered into the capital of the insurance society Syneteristiki General and participated in the recent creation of Syneteristiki Life. This Greek society is linked to the trade unions in the country.

Portugal
This year, Euresa, and its Portuguese partners (Social Economy + the Municipalities' Associations + the Trade Unions) jointly created a non-life insurance society, responding to the needs of the Social Economy.

East and Central Europe - Poland
Since its very beginning Euresa has assisted the Polish insurance mutual TUV in partnership with the Foundations close to Solidarnosc, the cooperative banks and the Banque d'Initiative Socio-économique.

The Future?
It is up to the members to decide what

they want to do together within the framework of Euresa. This is done progressively at strategic meetings. Euresa is only in its beginning phase. It is a small tool. First of all, we have to consolidate and develop what has been created: for example collaboration between the members in the field of information technology: the knowledge acquired as regards material, systems and software products used among members enables us to anticipate an even closer and more structured co-operation in this area.

Let us particularly look at things from the policyholder's perspective: We have to offer him or her every possibility of having a good insurance cover when travelling or taking up residence in another country. Here there is need for more Euresa inventions both as regards insurance for private individuals and insurance for enterprises, both in non-life insurance and in life and pension savings insurance. Parallel to that we have to analyse the products and services sold in each country to see if there are new areas of collaboration which would be in the interest of our policyholders. Maybe developing "sister" concepts - adapted to national conditions. There are other areas to be explored. We have to make sure that the societies started by Euresa or where Euresa has contributed capital are successful: Euresa-Life and Euresa-Finance, but also Euresap, Syneteristiki, TUV. There will no doubt be other projects in the future. Together with its members, Euresa is developing a pragmatic and progressive system of co-operation, oriented at all times towards the Social Economy.

Commercial Development, Free Trade and the Co-operative Movement

by Emmy Freundlich*

The Liberal Idea of Economy
The economic organisation of the Middle Ages was the self-supporting agricultural unit in the rural districts, and the organisation of trade and crafts, more or less on the lines of guilds, in the towns. The development of world trade, the invention of machinery, the extensive possessions—not easily realisable—of large traders and money-lenders, and the financial needs of Governments and rulers constituted the forces which clamoured more and more insistently for "freedom in economic development." It is not without significance that the idea was born at the beginning of last century and that its birthplace was Manchester, where the first technically developed industry was established. The place and period stamp the character and importance of this economic freedom and its aims far better than can be expressed in words. Economic freedom meant freedom for the rich, the moneyed man, who did not wish to be handicapped by laws and organisa-

tions when in search of opportunities to invest his money in young, capitalist enterprises. It meant further the abolition of all medieval restrictions on commerce and trade; the worker was to be free to seek work from the employer, the employer free to engage the worker, with the right to treat him like merchandise and pay him a wage corresponding to the laws of supply and demand. All barriers were to be abolished, the State was to be nothing more than a watchman protecting the lives and property of its citizens, defending the State and the people against foreign enemies, and having the right to tax the income of its citizens to the extent required. Army, Police, and Justice are exclusively domains of the State, everything else is reserved for the free activity of the subject.

In a country like England the idea of free trade harmonised with this system of universal freedom, with the general absence of economic regulation, in which everything was permissible to the strong. England at that time was the great industrial workshop of the world, and remained so until the end of last century. Whoever wanted to build a factory had to purchase his machinery from England, and to learn

* Ms Freundlich, President of the International Co-operative Women's Guild, wrote this article for the Review of International Co-operation, No. 3, March 1931.

the management of an industry one had to go to England. England enjoyed all the rights and privileges which a country enjoys that is technically and organically more highly developed than other countries. Agricultural production was entirely abandoned and cultivated land was turned into pasture and garden. England was able to do this because in exchange for her industrial products she had no difficulty in obtaining all the foodstuffs which she required. For decades we have seen the sugar produced in Central Europe being used in England for feeding pigs whilst the children in Central Europe had to go without. With the repeal of the corn laws England was converted to Free Trade for a century, and for a long time the establishment of free trade was the aim of all economic organisations. As in the mother country, everyone was to have the opportunity to offer his goods on the world market and to realise a profit, and in this he was neither to be helped nor hindered.

The Co-operative Movement

Co-operation, this new, free and independent system of economy, brought with it two new economic ideas, because the lack of economic rights is just as unbearable to the masses of the people as the lack of political rights. Whilst the Chartist or political movement was crumbling, the economic communities, the trade union and co-operative organisations, were able to assert themselves and have become permanent factors in the economic life of the people. In a country where the individual enjoyed absolute freedom of activity the idea of establishing or-

ganisations was gaining ground, because such organisations were not established under pressure of the government but as a result of the realisation of the need for the organisation of the labour market and the exchange of goods. The trade unions aim at organising the workers, preventing fluctuations in the market value of their labour by restricting the exploitation which is so costly to the community. Co-operation, on the other hand, by organising everyday needs, lays the foundation of the organised supply of the requirements of the masses. In a world of chaotic freedom they seek to establish new economic order and utilise the power of an idea by making it the basis for new economic relations.

What is original and valuable, both in the trade union and Co-operative Organisations is that they try to unite the Middle Ages with Liberalism, the freedom of one system with the unity of the other. This union is to be brought about voluntarily, by education and understanding, and the freedom of organic unity will then link the freedom of the individual to beneficial work in common. And for this reason Co-operative Societies, wherever they exist, are neither free nor compulsory, they are not blindly the servants of the Liberal economic idea, but always have their own aims and special tasks. These we will now consider in the light of present day commercial policy.

Protection

In 1847 the corn laws were repealed in England and the country converted to Free Trade. The German Reich was proclaimed in 1870, and its economic

policy led to two important decisions for Europe and the world, namely, the adoption by all States of gold in place of the silver standard, and Protection. But what was possible in England was not possible in Central Europe. Europe could not be transformed into a purely industrial territory, because the peasants there were far too numerous and played too important a part in the democratic structure to be sacrificed. Germany had adopted general and equal suffrage. In England the peasantry was destroyed before the introduction of universal suffrage, but in Germany it could not be left to its fate, and attempts were made to protect the peasants against the growing American competition. Nearly all European States which cannot transform themselves into purely industrial States follow the example set by Germany, so that there are only a few Northern European states, namely, Belgium, Holland, Denmark, Norway and Sweden, which adhere to Free Trade. It would take us too far if we tried to outline the causes which led these countries to the adoption of Free Trade. In a short article we are simply able to point out the facts. After the war, and as a result of the Peace Treaties, the scarcity of goods made itself felt more and more acutely. Customs duties were constantly increased, chiefly because America, the largest supplier and buyer on the world market, adopted a policy of Protection. Europe fights desperately for its existence. If we speak of Free Trade to-day we do not and cannot mean the old Liberal idea of Free Trade. Even if we wished we could not ruthlessly abolish all customs duties to-day, because in doing so we should rush into

new and dangerous economic catastrophes. If the idea of Free Trade could still be made an object to be striven for it could only be realised after a long period of development. By free exchange of goods we understand to-day not the old Liberal idea of Free Trade, but rather that protective duties should not be increased and attempts made to reduce them.

But within its own sphere of activity the Co-operative Movement does not desire any kind of individual free exchange. It aims at the establishment of an International Co-operative Wholesale Society, to organise and direct this exchange within the Co-operative Movement. If we do not make progress, and the International C.W.S. is developing only very slowly, it is not only because of existing economic and commercial difficulties, but also because of the pronounced individualism of some of the national Co-operative Movements, which do not act in the true co-operative spirit. But this exchange is not Free Trade and can never be Free Trade, if it is ever to be established. It will organise and supply the needs of 56 million co-operators and form the nucleus of the common organisation of world economy. These things must be very clearly understood, and very clearly distinguished, if we wish to know what the Co-operative Movement may accomplish as its aim during the transition period in which we are living.

Trade Monopoly

We must never overlook the fact that there is a State in Europe, i.e., Russia, which has converted its trade into a

monopoly. Many enthusiastic Free Traders are great admirers of Russia. They do not seem to realise the great influence which this monopoly is able to exercise on all Free Trade tendencies. All States bow down to this monopoly, and even the most relentless opponents of Bolshevism collaborate with and submit to the conditions of this monopoly. World Free Trade implies for Russia the renunciation of this system, and capitulation to democracy and the free exchange of goods, in other words, development on lines diametrically opposed to the Five Year Plan and the collectivisation of agriculture. This must also be taken into account when considering the commercial policy of Europe. It is not without reason that the question whether Russia should take part in the discussions of the All-European Conference which is to be convened by the League of Nations is so difficult to decide. Some people perhaps believe in this backward policy, but no one can wait till this question is decided. Europe must find the way which it intends to follow, and this way lies in the direction of substituting unregulated exchange by organised exchange. This is the fundamental idea of the United States of Europe, the guiding idea of the attempts which are being made to unite all agricultural States for the common sale of their products and to establish great Inter-State Trading Companies. The aim of these companies is to organise the exchange of goods between the agricultural States of Eastern Europe and the industrial States of Central Europe by means of special agreements which will allot a fixed quota to each State. The establishment of such

Companies is also the basic idea of the plan of the English Labour Government for the organisation of trade between the mother country and the dominions. The Wheat Pools also, which are intermediate between Co-operative and State Organisations, are based on this idea and financed with the help of State guarantees. All these attempts show the large number of party programmes which exist, how greatly the idea of trade has changed, and how dangerous it would be if the Co-operative Movement were only to look back to the Liberal idea of Free Trade, and ignore the needs of present day development. If the International Labour Office and the Trade Unions are trying to bring about the establishment of equal wages and conditions of labour in all countries, and that, after all, is the chief aim of conventions, their efforts can only be successful if other economic conditions can be made equal.

There is no doubt that many of these attempts may prove very dangerous to the interests and the standard of living of the masses. One has only to remember the danger that such international agreements may be controlled by international cartels or imply the sanction be the State of such international cartels. Not all their aims are pure and honourable or in the interests of the people, and in this respect it is the principal duty of the Co-operative Movement to remain loyal to its own principles and to safeguard the freedom and interests of the peoples.

The Co-operative Movement, which represents such a valuable union of

compulsion and freedom, can do more in shaping the future economic system of the world if it understands the real position to-day and tries to extend its economic and political power so that it may itself become the basis of organised trade. If we succeed in making the Agricultural and Consumers' Co-operative Societies the basis of the trade monopolies of the States we shall have done more to assure our own future than if we re-affirm old ideas, which have never been, and never could have been, the ideas of the Co-operative Movement.

We must consider critically all experiments which are made throughout the world, never trust in words and always ask how things would look in practice, so that we may not be mis-

used for alien, especially not for nationalist, purposes, but realise that the future belongs to organised economy and the time of unrestricted freedom for all kinds of economic activity is past. Unless we wish to return to the compulsory organisations of the Middle Ages, Co-operation must try to carry out in the new economic organisation the idea by which it is animated, and to which alone it owes its internal strength—Freedom. Freedom, certainly, but only in the service of the greater community. Higher than all national economic interests are those of world economy.

To re-model this, to redeem it from depression and poverty is the task which co-operators must undertake, even if it leads them to new paths.

Co-operative Trade in the Americas

by Juan Diego Pacheco*

Trade, Not Aid

Trade is not synonymous with development, although development is not possible without trade, since trade extends richness. The generation of richness depends ultimately not in productivity but in the capacity of trading the products and services so generated. Ecuador has the highest world level capacity for producing bananas, but this was of no use when the European Community closed its market. This reality applies to all businesses, *including co-operatives*, in all countries, regions and continents.

The combined effect of the end of the Cold War, the consolidation of the European bloc with a highly protectionist orientation, the exhaustion of the model of substitution of imports which imposed limits on the development of this region for over four decades, the fanaticism for the market focus of international organizations, and some initial stories of success such as Chile, Mexico and now Brazil, have left one

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single item in the agenda for all economic protagonists of the American Continent, including co-operatives: trade.

Trade in the Americas

Since the beginning of the nineties, after more than four decades of protectionism, there is a prevailing tendency throughout Latin America of promoting trade and forming commercial blocs which appear as the only efficient alternative for competitiveness and penetration into world trade. Responding to the new circumstances, all Governments have focused on promoting international competitiveness, giving priority to signals from the market, promoting the acquisition of managerial skills, and trying to attract direct investments. Diplomacy itself has become an affair of marketing.

In this framework of accelerated managerial economic opening, four principles guide the course of regional and worldwide trade:

- 1) rules are set by the rich ones;
- 2) domain of information is domain of the market;
- 3) to have access to a market is not a big problem, to retain it, is;
- 4) only those who are competitive survive. This applies to all economic agents, independently of whether they are liked or not, of whether they are co-operatives or not.

The sector is then taking actions at the national or continental level, to attain competitiveness and to ensure survival, which is ultimately the product of the combination of productivity at the business level and the correction of distortions at the macroeconomical level. Since most of these sectorial and national actions (unilateral opening of markets, elimination of customs tariffs, elimination of the fiscal deficit, privatization, etc) are taken from the guidelines of international financing organizations, there is no need to go over it in detail.

America's Trade Blocks: Battle Fields

Although it is true that the economic adjustment measures implemented by the International Monetary Fund, World Bank and International Development Bank have had a strong impact on the countries during the last five years, their ultimate goal is to improve the countries' capacity for development in international markets.

Geographically, the Region of the Americas is composed of 48 countries and foreign territories with a population of over 600 million. Anchored by two of the wealthiest countries in the world, Canada and US, the combined Gross Domestic Product (GDP) of the Americas is US\$7 trillion.

The making or reactivation of the commercial blocs is now considered a positive form of multilateralism and not as a protectionist menace. From this perspective, the Americas may be divided in 5 main blocks: NAFTA, MCCA, CARICOM, MERCOSUR, ANDEAN PACT.

NAFTA: The North American Free Trade Agreement, formed by United States, Canada and Mexico is the largest trade bloc in the world in terms of size: 300 million square kilometers and 365 million inhabitants and US\$6.4 billions of economical activity. This bloc alone represented 18% of the world trade and 85% of the trade of the American continent with the rest of the world. The participation of Mexico in the activity of the bloc which represents only 21% of the total trade is strategically important for the other countries of the continent.

MERCOSUR: Formed by Argentina, Brazil, Uruguay and Paraguay, is a market of 190 millions of inhabitants and a territory of 11 million square kilometers. With a total of US\$76,100,000 of trade, it has a participation of 1% of the world trade level and 5% of the American continent trade level. This continental bloc has more solid links with Europe: most of

the exports (49%) go to Europe and Asia, (33% and 16% respectively), and only 27.6% of the exports are within the continent.

Andean Group: Formed by Colombia, Peru, Venezuela and Ecuador, is today an open State of 100,000,000 inhabitants within a free trade zone which is soon to become a single customs tariff area. Intra-regional exports of this group in 1993 have reached a satisfactory level of US\$ 2.2 billions. Some countries of this bloc have recently confronted some internal political problems (war Ecuador-Peru, disputes between Colombia and Venezuela), and drug trafficking which have a negative effect on the strategies for commercial penetration.

Central American Common Market: Is one of the oldest blocs of the region which was started in the sixties and at the beginning of the seventies suffered by exhaustion of the imports substitution model. In the nineties, after a crisis of several years, it was reactivated, focusing on open markets and penetration of international markets. The attainment of peace in the region has allowed the group as such to have a better perspective and to increase the intra-regional trade from 500 millions in 1986 to 1,300 millions in 1993.

CARICOM: It has a population of 12.5 million inhabitants and a territory of 305,500 square kilometers. On 1990, CARICOM reports a participation of 0.1% of the world trade and 0.8% of the trade in the American continent. This trade is mainly focused on the United States and the Andean Bloc. In

spite of its vicinity to Central America, the trade with this region is not significant.

A considerable number of bilateral and trilateral agreements of free trade form the changing reality of this region. The United States is very important for the trade in the region, being the market for over 90% of the exports from Mexico and Central America, 74% for Canada and CARICOM.

Once the emotional shock, although not the economical shock, caused by the Mexican crisis is over, financial markets and the economies of the region have retaken their positive trends. An element which is a good perspective for the economic protagonists and that should be seen closely by the co-operatives, is the political agreement reached in the Summit of the Americas (MIAMI, DEC, 1994) about converting the whole American continent in a free trade zone. Probably, this goal foreseen for the year 2005 will depend on external factors, such as the consolidation of the European and Asian blocs and, definitely, on the commercial will of the United States of America.

Co-operative Challenges

It may be said that, up to present, the Co-operative Movement in Latin America has overcome a stage of 'political answers' to the new context and it articulates more effectively and quickly a business-oriented response, with strategies for the penetration of the markets by co-operatives based upon a philosophy of specializing and improving the productivity, quality, service, and of course, price.

Co-operatives in the United States and Canada make fast progress towards 'business oriented' approaches towards Latin America, in production and services. Besides the problems known by all, changes in world trade are also generating adequate opportunities for the Co-operative Movement to develop and increase the capacity to provide services to its members, and focus on production and services that generate aggregated value, rather than in traditional activities which generate raw materials.

The fast growth pace of the service sector, which is more and more profitable, gives co-operatives opportunities of trade because co-operatives can reach sectors of the population that traditional private sectors cannot reach.

The fact that co-operatives have continental and international networks for financial aspects (COLAC - WOCCI), insurance (ICMIF, CUNA), exchange of commercial information (COOPNET - COMPUNET), and the business opportunities available, provides better possibilities of success in the penetration of world trade.

A significant part of this war for penetration and consolidation of the positions of co-operatives will no doubt take place in the co-operative institution itself, as economic and social agent. However, the most significant battle will take place in the minds of the leaders and managers who, understanding the new scene, must be capable of leading the processes of production reconversion and, at the same time, maintain the identity of co-op-

eratives. Out of those two battles, the last one is the most difficult.

In view of the new challenges, organizations should be armed with new weapons. The relevance of the co-operative sector according to its economic activity should be underlined in the present commercial conditions and it should be reflected in the organizational aspects at the national and international level. To a large extent the crisis of the apex organizations in the region comes from the difficulty of giving answers to the specific demands each co-operative economical sector has when dealing with the markets.

Precisely by strengthening the organization of the different sectors, it is possible to establish links with the structures of the private sector that defend the interests of the industry at the national level and with those entities of the public sector who are responsible for negotiating trade agreements and giving follow up to the economical integration process. These two actors have strategic importance because of the information they handle and the power they exert.

According to the conclusions of the Regional Conference "Commercial Blocs: Co-operative penetration", (Quito, August 94), organized by ROAM, in order to effectively penetrate into international markets, co-operatives must effect processes of reconversion in three main structures: *Cost structures, capital structures and organizational structures.*

Fixed costs must be minimized, co-operative capital based on savings and

contributions and the organizational structure should respond to the changing conditions of the environment. All these changes are in agreement with the co-operative values and principles.

We must recognize that the panorama described does not leave many alternatives: either there is reconversion or co-operatives will disappear. ROAM has designed, together with Desjardin International Society for Development, a methodology for the reconversion of productivity of co-operative organizations, which is now being evaluated.

ICA Actions

Members of the International Co-operative Alliance of the region evaluated this problem in their Regional Meeting of the Americas, designating ACI for an active role to support their efforts to achieve competitiveness in their respective markets.

The Regional Office is attempting to achieve three concrete results:

Reconversion

Promotion of the concept and methodology to assist in the processes of reconversion of productivity of the co-operatives.

Information

To expand the opportunities of information exchange and to promote trade by preparing and distributing a report by countries, called "Doing Business with the Co-operatives of ...". This effort receives the support of DID and SCC and encompasses 10 countries, and will be available in Spanish, English and French.

Joint Venture

Continental conference (MIAMI, DEC 95) on joint venture of co-operatives. We will have the support of the Multilateral Investment Guarantee Fund (World Bank) to guarantee possible investments of co-operatives from developed countries into the co-operatives of Latin America.

Specialized Bodies: Will give support to specialized committees as business forums and official request to support the competitiveness of the sector.

Trade Initiatives

On the other hand, members of ACI in the region are acting quickly to promote the co-operative trade exchange. At the *regional level* the confederation of Co-operatives of the Caribbean and Central America have created the marketing company, COREXI, based upon the trade project that has been developed for several years.

The Central-American Marketing Co-operative, formed by agricultural co-operatives of the region have been established with the support of the CCA, Co-operative Canadian Association. CCA have also begun a program of co-operative trade focused on the promotion of business exchange between Latin America and Canada, which could be very promising, taking into account that the trade between Canada and Central America grew by 63% during the last two years.

NCBA of the United States also develops since 1984 the Co-operative Business International (CBI), a successful program of co-operative business ex-

change, which offers services in trade and marketing, investments, joint venture and consultancy services. Although its activity has been focused in Asia and Europe, CBI is expected to have a more important role in the framework of the Region of the Americas.

In the different countries of the region there are new consortiums and marketing agencies that join the old ones, such as EXIMCO-OP from Brazil, FEDECO-OP, the marketing organization for Coffee Co-operatives in Costa Rica, and CRUZ AZUL in Mexico.

Experience is showing that even with the new adjustments, the unfairness of

the world market and the fanaticism of the market, co-operatives are able to make spaces for themselves and create successful experiences for the benefit of their members. Experience also shows us that institutional support may accelerate these processes, but it can also suffocate them. Trade requires a certain speed, flexibility and maneuvering space, which is normally absent in traditional structures.

In trade exchange, too much institutional framework is of no help, because in the end, businesses and trade exchange, as with many other things, including co-operativism, *is a matter of the people.*

Abbreviations

CARICOM:	Caribbean Community
COLAC:	Confederación Latino Americano de Cooperativas de Ahorro y Crédito
CUNA:	Mutual Insurance Group
CCA:	Canadian Co-operative Association
EXIMCO-OP:	Exportadora e Importadora de Cooperativas Brasileiras
ICMIF:	International Co-operative and Mutual Insurance Federation
FEDECO-OP:	Federación de Co-operativas de Caficultores R.L
ROAM:	Regional Office for the Americas
SDID:	Développement International Desjardins
SCC:	Swedish Co-operative Centre

Technical Assistance - President's Statement on the ICA Long-term Programme

by Dr Mauritz Bonow*

Before outlining what the Technical Assistance Sub-Committee considers should be the Long-term ICA Programme of Technical Assistance¹ or the Promotion of Co-operation, let us see the road which the Alliance has already travelled, the main lines of its promotional work and its effectiveness, remembering that, in the opinion of the Paris Congress which instructed the Authorities of the Alliance 'to draw up a programme of action by the Alliance and its members for the promotion of Co-operation in all its forms in the developing regions of the world.....' it should be possible on the results and experiences of the Short-term Programme to consider and draw up a Long-term Programme.

Short-term Programme

After declaring that the Alliance should not envisage a Programme which would compete with that of the United Nations and Inter-Governmental Agencies, rather that the practical contribution of the Alliance should be

* Dr Bonow was President of the ICA from 1960 to 1975. This article appeared in the Review of International Co-operation, No. 11, November 1960.



supplementary to the work of those Organisations, the first recommendation of the Technical Assistance Sub-Committee was that the ICA should make its contribution in the sphere of education, training and propaganda, especially for present and prospective leaders and for members of Co-operative Societies in the underdeveloped countries.

The types of assistance of practical value envisaged by the Short-term Programme were: -

The supply by the ICA of elementary literature in vernacular languages for use by existing Co-operative Organisations in under-developed countries in their own work, similarly, the supply of visual aids, projectors, films, film strips.

The organisation by the ICA of Regional Educational Training Conferences; Special Schools, also regional, for co-operators; Technical Training abroad for selected persons in under-developed countries; the provision of Scholarships and Bursaries for sustained studies.

Visual aids in the form of projectors, particularly mobile film units, have proved a most effective type of assistance for education and propaganda.

Where Need is Greatest

In the sphere of Regional Schools or Seminars, those organised in Jamaica and at Carcassonne in France were most successful, and it is anticipated that the South-East Asian Seminar at New Delhi in November will have equally satisfactory results. Technical Training and Study Courses have been arranged for several selected persons in under-developed countries, and although the results of these facilities are not immediately discernible they promise to bear fruit.

While such individual projects are of considerable value to the Organisations on whose behalf they are planned, the real problem for the Alliance and its affiliated Organisations was, and is, to promote and encourage the development of Co-operation in the several regions of the world where the need is greatest. These regions were defined in the Paper submitted to the Paris Congress by the Director of the Alliance as being - the Middle East and North Africa; South-East Asia and the East Indies; Africa,

south of the Sahara; the Caribbean and parts of Latin America; Oceania.

S.E. Asia

The first region chosen for the ICA action was South-East Asia. The plan for this region started with the exploratory visit of Dr Kéler in the last months of 1955 and early in 1956 and was supplemented by the Kuala Lumpur Conference in January 1958. The first ICA Regional Office in New Delhi started its activities in a provisional way during this autumn, pending the appointment of a Regional Officer and just on the eve of the Congress the Regional Officer has been appointed. The representative of the ICA now working in New Delhi has inter alia planned a Regional Seminar, not only by Co-operative Organisations but by Authorities as well, is underlined by the fact that it will be inaugurated by the Indian Prime Minister, Jawaharlal Nehru. The permanent ICA Education Centre will furthermore start its activities after the termination of the Seminar. The ICA Centre, which is mainly financed by the Swedish Co-operative Movement, is planned to organise Seminars, Courses and Conferences not only in India but also in other countries in South-East Asia. So far as this region is concerned some very important measures have thus already been undertaken, having not only a short-time character but aiming at a sustained long-range activity.

The Future

Let us now pass to the future. Bearing in mind the experience and knowledge gained since the Paris Congress, one of the most outstanding requirements

is integrated planning at international, national and regional level. The Technical Assistance Sub-Committee accordingly considers that the main lines of the Long-term Programme should be:

1. The Continuation and Completion of the Exploration of the Developing Regions, by experts, in order to provide the Alliance with first-hand accurate information of the existing Movements, the extent of their development, their problems and the type of ICA assistance needed.

After South-East Asia the next region in which ICA action is planned is Latin America and Mr Rafael Vicens, General Secretary of the Co-operative League of Puerto Rico has received a definite assignment from the ICA which he will take up in January 1961.

At the same time, preliminary steps are being studied for a programme of action in Africa. Here the pattern will be rather different. The Alliance hopes to have the collaboration of Authorities in different parts of Africa.

So far as French-speaking North Africa is concerned the efforts of the Alliance will be joined with those of the Institut Français d'Action Coopérative and the Union of Swiss Consumers' Societies whose project and 5-year plan have been announced to the Congress.

2. A Programme of Intensive Research as regards, for example, Co-operative Marketing, Processing and Supply; Consumers' Co-operation; the Multi-Purpose Society; Development of Cer-

tain Co-operative Forms; Economic Trends and their Possible Significance for the Co-operative Movement.

As far as possible the research will be undertaken by people in the particular region and the Alliance looks forward to considerable collaboration with the UN Specialised Agencies, also the Governmental and Non-Governmental Agencies.

3. The promotion of Education at all Levels. The establishment of Educational Institutes or Centres where they are needed for the training of leaders, for the training of teachers to teach Co-operation at village level, also, in suitable instances, to provide higher education; the organisation of Regional Seminars and Conferences on specific aspects or forms of Co-operation, or for particular cadres of co-operative officials.

Obviously the Alliance itself cannot create Educational Centres in all regions - neither is that necessary. Where Educational Centres or Colleges exist it may be possible for the Alliance to help in developing them further. The Alliance may also find it possible to use existing Centres and Colleges for Seminars, etc. There will also be co-ordination between National and ICA efforts as in the case of the ICA-KF Education Centre at New Delhi.

Other important developments to be kept in mind are the establishment of an International Centre for higher education, and the promotion of the teaching of Co-operation at existing non-co-operative training centres like that of

the International Federation of Free Trade Unions.

In developing existing National Educational Centres or Colleges the provision of textbooks, etc, in vernacular languages would probably arise. Some such needs might be met by the translation of existing books which could be financed by the ICA. But in most cases it would probably be necessary for textbooks and primers to be written by educationalists in the countries and for the Alliance to finance the printing of them.

4. Collaboration with the United Nations and other Agencies in the field of Research; in the organisation of Courses and Seminars; in the preparation of handbooks on the practice of particular types of Co-operative Organisations; the production of films; the choice of experts to spend varying periods in developing countries giving advice and practical training to the co-operators of those countries; in carrying on pilot projects, and in other practical ways.

5. Promotion and Expansion of Trade between Co-operative Organisations in Developing Countries and the highly developed Movements in Western Countries; also the Promotion of Co-operative Insurance Societies, Co-operative Banks or Credit Institutions.

Problem of Finance

While the Technical Assistance Sub-Committee recognises that assistance in these spheres has been given by certain National Wholesale Societies, In-

urance Societies and Banks - a number of young Movements urgently need commercial relations for the export of their own products and the import of essential consumer goods.

The Sub-Committee, therefore, recalls the appeal of the Stockholm Congress 'to established Co-operative Trading, Agricultural, Banking and Insurance Organisations to create, wherever practicable, business connections with similar Organisations in the lesser-developed countries.

In the detailed planning, as well as in the carrying out of its programme, the Alliance will need, and is confident that it will receive, the help and advice of the experts in the National Movements and of its Auxiliary Committees.

Finally, there is the all-important question of finance - which is the crux of the whole problem.

The Central Committee has endorsed the recommendation of the Technical Assistance Sub-Committee that the promotional work of the Alliance shall be regarded as part of its normal activity and be financed from its income from subscriptions. But as even the increased income resulting from the acceptance by Congress of the proposed amendment to Article 18 of the Rules will be quite inadequate, this Statement on the Long-term Programme must close by a reiteration of the call of the Stockholm Congress to affiliated Organisations to continue their contributions to the Development Fund on an increasing scale.

A New Era for Co-ops and the Implications for Co-op Legislation (with Focus on European Union and Developing Countries)

by Hans-H. Münkner*

Introduction

Is there a new era for co-operatives, as the topic given to me implies? Does this topic refer to changes which have already occurred or those expected after the revision of the Co-operative Principles of the ICA in 1995?

Already now a new era for co-operatives has started in the former socialist countries with the reorientation of the Marxist-Leninist model of State- and party-controlled co-operatives serving as transmission belts for the dissemination of socialist ideology, for the transformation of private property of means of production into co-operative property and working within a centrally planned economy, to private autonomous co-operative societies operating in a market economy.

Also in the developing countries, a new era for co-operatives has begun with the implementation of structural

adjustment programmes, which aim at cutting down government expenditure by reducing Government's involvement in economic affairs, dissolving government structures like para-statal trading organizations and marketing boards and trimming down staff of government services. All this has direct effects on the work of co-operatives and is seen by some as a chance for, by others as a threat to co-operative development.

The question of whether there will be a new era in the EU countries is more difficult to answer. It appears that co-operatives in Western Europe have come to a crossroad, where the decision has to be taken whether to proceed with the trend to view co-operative societies mainly as co-operative enterprises, largely emancipated from their membership base and to assimilate co-operative enterprises progressively to the company model, or whether to break this trend and to stress the typical features of co-operative societies, emphasizing their character as self-help organizations, belonging to and patronized by their

members, organized in an association which owns and controls the co-operative enterprise.

The advocates of the trend to assimilate co-operatives to companies claim that co-operatives adhering to historic co-operative principles cannot survive competition in the open market. Those propagating a stronger co-operative profile distinguishing co-operatives and their enterprises more clearly from the company model claim that in order to survive, co-operatives have to develop their own strategies, fight with their own weapons and use their membership base as a source of strength. It is hoped that the revision of the Co-operative Principles of the ICA will give co-operatives a stronger profile of their own and guidelines for their development.

In the following, it will be discussed what are the prospects of co-operatives in the EU countries to enter a new era of their development, what will be the chances of co-operatives in the developing countries to survive in the new environment created by structural adjustment and what will be the implications for co-operative legislation.

Co-operative Legislation in EU-Countries

Before starting the discussion, it is necessary to point out that the co-operative movements in the EU-countries are very diverse, that they have different historical roots, operate in different social, economic, legal and political settings and that, accordingly, general statements valid for all co-operatives cannot be made¹. The trends de-

scribed in this part of the paper refer mainly to large co-operative societies (both in terms of membership and volume of business) serving a broad spectrum of members (e.g. co-operative banks, consumer co-operatives), while smaller co-operatives or those serving a clearly defined group of members (e.g. farmers', craftsmens', retail traders' co-operatives) follow these trends to a lesser degree or not at all.

There are countries having a general co-operative legislation for all types of co-operatives (e.g. Germany, Austria, Spain) leaving co-operative societies with a great margin of autonomy to make by-laws suitable to their needs, while other countries have detailed legislation for each type of co-operative society (e.g. France) and still others have no co-operative legislation at all (e.g. Denmark).

Trends in Co-operative Development In the EU countries the trends are:

- to form larger co-operatives at primary level by amalgamation,
- to strengthen the position of the board of directors by giving directors more autonomy to manage the co-operative enterprises (thereby reducing the influence of the members on business policy),
- to improve the professional qualification of board members by recruiting external professionals to serve as directors on the board,
- to strengthen and stabilize the capital base of the co-operative enterprises (although the share capital of co-operatives is by definition variable),

* Dr Münkner, University of Marburg, presented this paper at a meeting of the Japanese Society for Co-operative Studies in Tokyo, October 8th, 1994.

- to broaden the economic basis for co-operative enterprises by carrying on business not only with members but also with non-members.

In the case of credit co-operatives turned into co-operative banks these trends are reinforced by banking regulations, requiring co-operative banks to comply with the law governing all banks, whereas credit unions, which are savings and credit co-operatives working deliberately outside the banking law, have to comply with typical co-operative limitations, (e.g. limitations of size of membership and of business with non-members) and have their own law and their own supervisory authority².

Effects of These Trends on Co-op Legislation

The trend to amalgamate into larger units is favoured by amendments of the co-operative legislation (e.g. in Germany, provisions simplifying and facilitating amalgamation by transfer and allowing amalgamation of two or more amalgamating societies to form a new one³).

The existing system of vertical integration, created to enable small, locally-rooted co-operatives, working close to their members and in a size of business within reach of their members, to benefit from being part of a large and powerful network, becomes less important for the large societies, but cannot be financed exclusively by the smaller and weaker societies.

The trend to strengthen the position of the board of directors by increasing its

autonomy vis-à-vis the members in general meeting is partly caused by the trend to create larger societies, partly due to the fact that co-operatives are no longer working in niches where they alone offer services to their members, but in an open market, where commercial firms are offering the same services to customers (including co-operators) as the co-operative enterprises (e.g. small loans and other banking services for low-income groups, consumer goods of good quality at a reasonable price).

In German co-operative law, the powers of the board of directors are described with the same words as the powers of the board of a company:

*"The board shall direct the affairs of the co-operative society in its own responsibility, it is bound to respect the provisions of the law and of the by-laws"*⁴. An earlier provision requiring the board also to respect decisions of the general meeting was deleted in 1973.

Greater autonomy of the board of directors can only be achieved by limiting the powers of the members in general meeting, for whom the co-operative law usually provides for the following key powers which cannot be removed or delegated:

- to make and amend by-laws,
- to decide on the annual returns and the distribution of surplus at the end of the financial year,
- to remove office-holders from office,
- to decide on amalgamation, division and dissolution of the society.

Another power of the members usually to be found in this list is to elect the board of directors. This power is also contained in the German Co-operative Societies Act (section 24 II) but may be delegated, e.g., to the supervisory committee, which is usually done.

In other words, the members remain in control of the basic financial matters of their co-operative, if they are sufficiently informed and qualified to make their own well-founded judgement rather than rely on what is proposed by the board - which is usually not the case, especially in large societies.

This leads to another trend to recruit professional managers to serve on the boards of co-operatives from outside the membership group. Where the co-operative law prescribes that only members can serve on the board (e.g. section 9 II of the German Co-operative Societies Act) they have to become members in order to be eligible for service on the board, without being "genuine" representatives of members' interests, as the lawmakers intended to achieve by this provision. In other countries like Belgium, the Netherlands and the United Kingdom it is left to the by-laws of each society to make such provisions.

A combination of external professionals and honorary member representatives on the board and an appropriate division of tasks between them would combine the advantages of the two approaches.

Where only professionals are serving on the board, e.g. in many German co-

operative banks (meeting a requirement of the Banking Act, KWG), the members' interests are given priority at the board level only, if the professionals so decide.

This means that the economic requirements of the co-operative enterprise (institutional efficiency) usually rank before and are seen as a precondition for member-promotion. This may lead to an "emancipation" of the co-operative enterprise from the co-operative group and in the last analysis to a detachment of the co-operative enterprise from its membership base.

Once the election of professionals is legally permitted and has taken place, such development towards co-operatives without co-operators cannot be prevented by law, but only by the attitude and co-operative spirit of the professional board members. This underlines the importance of co-operative education and training of co-operative managers on top of ordinary management training.

Growth of the co-operative enterprise usually goes together with an increased demand of capital to finance the growing co-operative enterprises, and to invest in the most advanced technology. To reach or maintain high market shares may require more capital than the members are able or willing to provide in terms of share capital, member loans, deferred payment of patronage refund or reinvestment of undistributed surplus.

In this case, the "classical" provisions contained in co-operative legislation to

ascertain that capital plays a limited role in co-operatives, namely:

- shares to be held by members only,
- combination of share contributions with members' additional limited or unlimited liability for debts of the co-operative society,
- limited transferability of shares,
- refund of share contributions upon withdrawal at par value,
- indivisibility of reserves,
- limited return on paid-up share capital,
- restrictions on investment of the funds of co-operative societies for the purpose of capital gains,

are seen as obstacles in the way of co-operative development in terms of growth and market shares.

Several measures have been taken by the European lawmakers acting on the initiative of co-operative apex organizations, to give co-operative enterprises better access to more sources of capital, without turning the co-operative society into a joint stock company (an almost impossible task).

One method used for this purpose is to make co-operative share capital more attractive by:

- detaching the shares from additional personal liability of the members,
- allowing to offer a stabilized dividend on paid up-share capital (similar to interest but still being a kind of dividend)⁵,

- making individual shares in excess of the minimum shareholding withdrawable without affecting membership⁶,
- allowing staggered minimum contributions to share capital in proportion to business done with the co-operative enterprise or to the use made of co-operative facilities by the respective member⁷,
- giving members a claim on part of the accumulated reserves of the society in case of termination of membership under certain conditions to be laid down in the by-laws⁸.

In addition to these rather "conventional" modifications of the co-operative law, which are not prescribed for all co-operatives, but for which co-operatives may opt in their by-laws, the French, Spanish and Italian lawmakers have added other possibilities which co-operatives may adopt in their by-laws, namely:

- to broaden their membership base by a new category of "investor-members" who are persons interested in investing some capital in the co-operative society without having the intention to use the services or facilities of the co-operative enterprise (former members, employees, relatives of members but also institutions like mutual insurance associations, professional bodies, semi-public organizations, chambers of commerce or agriculture etc.). These investor-members are given a preferred status with regard to dividend on share capital as compared to "genuine" members⁹.

- In Spain, the investor-members, once admitted, have the right to vote and to be elected to serve on the board of directors, but there are limits set in the law fixing a percentage of the total membership and of the share capital beyond which the investor-members may not grow¹⁰.
- To issue co-operative investment certificates, which members and non-members can acquire.
- These certificates do not convey membership rights but only rights to a dividend, if the society is turning out a surplus. The holders of such investment certificates represent their interests in special meetings to be held before the general meeting and elect representatives who are entitled to attend the general meeting of the co-operative society. This is a special form of a non-voting preferred share, which may even be sold at the stock exchange¹¹ or to issue participation certificates (titres participatifs) on which a partly-fixed and partly-variable remuneration is promised¹².
- In France, a co-operative society may provide in its by-laws to issue preferred non-voting shares to members and non-members. If the promised remuneration of the preferred shares is not paid during three consecutive years, the holders of such shares obtain voting rights¹³.

With this wide range of innovations regarding instruments to raise more capital, the co-operative society is

moving closer to the company model, making concessions to investor-members and holders of investment certificates or participation certificates, which gives them preferred treatment over "genuine" members, as far as their capital contribution is concerned. However, despite all these "adjustments" the co-operative does not reach the vigour of the original company model with its unlimited access to the capital market.

These new instruments for strengthening the capital base of co-operatives are also contained in the draft European Union Co-operative Law¹⁴, according to which all financial instruments valid in the State in which the European co-operative has its registered office, may be used¹⁵. Accordingly, the new forms of raising capital for co-operative enterprises could be applied even in a country where they are not permitted under national co-operative law by forming a European co-operative with a partner society in a country where these instruments are allowed.

It is open to doubt whether these new instruments will provide the expected additional funds without affecting the character of co-operative societies as organizations in which capital is serving people rather than dominating them, without making concessions to the power of capital and without levelling the profile of co-operative societies.

The last item on the list is business with non-members. It is argued by professional managers of large-scale co-op-

erative enterprises that business with non-members is needed to keep the co-operative enterprise competitive and to earn sufficient income to cover the increasing operating costs. Accordingly, the provisions in co-operative law prohibiting or limiting business of co-operative enterprises with non-members are considered to be obstacles in the way of co-operative development¹⁶.

On the other hand, where members and non-members are offered the same services and facilities at the same conditions and where patronage refund is replaced by dividend on share capital, there are no incentives to become or remain a member of such a co-operative society.

Often, the requirements for admission to membership are lowered, so that membership becomes almost a formality (low minimum share contribution, no personal liability). In this case members practically turn into simple customers of the co-operative enterprise.

From the purely economic point of view it is argued that all these modifications of the co-operative law are necessary to allow co-operative managers to manage the co-operative enterprises as efficiently as their competitors, to provide the necessary capital where they can find it, to offer best possible services to those who want to use them.

From the co-operative point of view some of the options offered by the lawmakers to co-operative societies to adopt in their by-laws are clearly in

contradiction to co-operative principles. By these amendments the lawmakers have put up signboards pointing in the wrong direction.

If these trends continue, co-operative enterprises will turn gradually into manager-dominated "employees' enterprises" with the professional directors acting as trustees for the members and customers as well as for the shareholders and investors.

Unlike in companies, these co-operative trustees will not be controlled by powerful shareholders, as long as co-operatives retain their rule: *one member - one vote*, or will use a moderate system of proportional voting and exclude the rule "one share - one vote".

A New Era for Co-operatives

A new era for such co-operatives could start, if the trend to assimilate co-operative enterprises to companies would be reversed by going back to the typical co-operative profile, by showing this profile rather than hiding it, by making use of the typically co-operative advantages against their competitors like:

- having a membership base with active members who are better "customers" than non-members,
- being locally rooted, having lower transaction cost due to better knowledge of local conditions and effective two-way communication between members and the co-operative management,
- offering exclusive services and incentives to members which activate

members to use the co-operative services and facilities and which attract other persons to become members,

- being integrated into a vertical system of co-operatives at regional, national and international levels, which allow to combine the advantages of manageable size and closeness to the membership base on the one hand with the advantages of large-scale organization on the other.

In order to put this new trend into practice, it will be necessary to make adjustments to the internal organization and external performance of co-operatives by not making use of all possibilities offered in the co-operative laws but only of those which strengthen the profile of co-operatives as a special form of self-help organizations, e.g. a new law in Belgium of 1991 requiring all registered co-operative societies to decide whether to work with unlimited liability of their members for the debts of the society or to limit the liability of their members to their share contribution and be treated very much like a company¹⁷.

It will be necessary to take deliberate measures to activate the advantages of the co-operative form of organization rather than trying to overcome presumed weaknesses, which co-operatives are said to have as compared to companies. In the long run, co-operatives will not become stronger by introducing new rules borrowed from a different model (i.e. the company). This means:

- to pay equal attention to the co-operative enterprise and to the co-operative group (i.e. the association of members financing, controlling and using their joint enterprise),
- to invest in broadening and strengthening the membership base by making deliberate efforts to recruit new members and activate existing members¹⁸,
- to stress members' role as a stakeholder and not as a simple customer and nominal shareholder and to call upon members to contribute, if more capital is required to keep the co-operative enterprise strong,
- to make membership more attractive by offering exclusive advantages for members only and keeping business with non-members low, at less favourable conditions. An ideal instrument to accomplish this is patronage refund, which for instance could also be used by co-operative banks as a refund on interest paid for loans or as an additional payment for interest received on savings¹⁹,
- to readjust the organizational structure of co-operatives by providing for better chances for active member participation, e.g. by supplementing meetings of delegates in societies having a large membership, by section meetings with real powers to decide matters of local concern locally and the right to elect representatives for the meeting of delegates and other committees²⁰,

- to set up two-way information and communication channels and intermediate organizational structures like sub-committees, councils with meaningful tasks and responsibilities, introducing voting by letter and decisions by referendum²¹,
- to insist on genuine member representatives serving on the board, working together with professional management on the board or outside the board, thereby changing the style of management from largely uncontrolled trustees to democratically-controlled advocates of members' interests,
- to introduce new methods of planning and measuring member-oriented efficiency of the co-operative enterprise by means of promotion plans and promotion reports, both submitted to and approved by the members in general meeting. This would allow to make member-oriented efficiency an item to be covered by annual audit²²,
- to give a minority of members the right to call for a special management or performance audit if they feel that their interests are ignored by management.

Most of these measures can be introduced without amending current co-operative legislation in the EU countries.

The above-mentioned amendments could be useful to turn the signposts set by the law into the right direction (i.e. to delete such provisions which authorize co-operatives to adopt by-

laws following company practice rather than co-operative principles). This would also apply to the draft European Union Co-operative Law which contains many provisions following the trend of assimilation to the company model²³.

In the words of the ILO Recommendation No. 127²⁴ the task would be *"to detect and to eliminate provisions contained in laws and regulations which may have the effect of unduly restricting the development of co-operatives ...through failure to take account of the special character of co-operatives or of the particular rules of operation of co-operatives"*.

From State-controlled Pseudo-co-ops in the Developing Countries to Autonomous Co-ops Based on Self-help - A New Era in Developing Countries

In many of the developing countries a new era for co-operatives has begun with the collapse of socialist regimes, with the growing weakness of heavily indebted Governments and with the introduction of structural adjustment programmes. Since the 1980s Governments are becoming aware that to view and use co-operatives as development tools and to supervise co-operatives by government services does not promote but rather impede co-operative development.

Many Governments can no longer afford to provide promotion, supervision and audit for a large number of co-operatives free of charge.

The government agencies for co-operative development are often over-

staffed, underequipped and largely ineffective. Many of the government powers to control co-operatives, contained in the co-operative laws, remain fictitious because the government machinery is unable to make full use of its statutory powers.

On the other hand there is doubt whether co-operatives which for decades had been operating as monopolists in a planned economy, will be able to survive, if they suddenly have to work independently on a liberalized market. Co-operative enterprises created artificially from above by external intervention without having a membership base usually become "dormant" or have to be wound up, if the external support is withdrawn.

The examples of the credit union movement and of informal groups prove that there is a capacity to form and develop successful self-help organizations with local talents and local funds without government control, if the administrative and legal environment permit.

Accordingly, while many State-supported and State-controlled pseudo-co-operative structures may collapse in a climate of de-officialization and deregulation, the chances for the development of autonomous co-operatives based on self-help of their members will be enhanced by democratization, liberalization of economic activities and greater respect of the human rights of freedom of association, protection of private property and guaranteed access to the courts.

In the new era of co-operatives in the developing countries, co-operators will be treated as adults who are responsible for their own decisions and who have the chances to succeed but also run the risk to fail, when entering into business.

The question of who will fill the gap created by the withdrawal of the State, needs still to be answered. Who, if not the State, will provide co-operative promotion, education, training and audit, if the co-operative movement institutions are not (yet) strong enough to do so. Could non-governmental organizations or foundations carry out this work? A solution to these problems would be found more easily, if the Government would opt for a strategic withdrawal, rather than to cut its support from one day to another. But experience has shown that it is not sufficient to do this in form of a vague promise. What is required is a clear, public commitment with a fixed timetable.

Implications on Legislation

These changes will make it inevitable to revise the current co-operative legislation thoroughly.

The new, reduced role of Government will have to be reflected in the co-operative law by maintaining only such government powers which will have to be carried out permanently, i.e.:

- registration of co-operatives and keeping of the register,
- monitoring the compliance with the law in form of a strictly norma-

tive control, based on annual returns to be submitted to the registry,

- control of the proper conduct of audit (super-audit),
- the right to carry out enquiries on application of members, board members or creditors of co-operatives and on own motion of the supervisory authority in emergency cases,
- control of liquidation of dissolved societies.

The formation procedures for co-operatives will have to be reconsidered, giving applicants the right to have a new society registered, if all requirements set out in the law are met. Pre-registration audit carried out by the registration service could be limited to formal criteria: minimum number of members, submission of all necessary documents, duly signed etc., leaving the assessment of future viability to co-operative institutions and NGOs (i.e. making a viability statement of an authorized organization one of the documents to be submitted to the registration service before registration). This is for instance done in section 11 II (4) of the German Co-operative Societies Act, but also in the co-operative laws of Singapore²⁵ and Zambia²⁶, to mention two examples.

All government powers to supervise co-operative activities, to arrange elections, require approval of decisions, to interfere with the day-to-day management of the society's affairs, to second government officers to act as manag-

ers, to remove office holders and to replace them by caretaker committees will have to be deleted.

This would mean to implement recommendations already contained in the ILO Recommendation 127 since 1966.

New Approaches to Legislation and Development

Participative Lawmaking²⁷

The chance of a new start under more favourable conditions could be used to make authentic co-operative laws with participation of the co-operators rather than copying models from other countries or leaving technicians to draft new co-operative laws in the seclusion of their offices.

Participative lawmaking means to involve all groups interested in co-operative legislation in a broad public discussion of the problems to be solved by co-operatives and of the adequate legal framework needed to achieve this. The process of participative lawmaking includes:

- discussions of practical difficulties encountered when operating co-operative societies at local and regional level,
- compilation of comments and recommendations on how to improve the situation as food for thought for the legal draftsmen,
- public discussions of a first draft of the law,
- a national seminar to evaluate the results of the discussions at the grassroots and to prepare a second

draft which could be submitted to the legislative bodies.

This process of participative lawmaking, besides providing useful information to the legal draftsmen, would have a tremendous pedagogic effect of making many co-operators understand that co-operative law is not a set of rules imposed by the State upon them, but rather a collection of useful rules guiding them to avoid problems and to carry out their work successfully.

The Foundation Model for Promoting Co-operative Development

Instead of continuing the practice of using government services for promoting co-operatives with the inherent danger of politization and bureaucratization, the establishment of a co-operative development foundation could be a better alternative.

The trust fund of the foundation could be created by a government donation and by external donors. The proceeds of the trust fund would serve to finance a nucleus of staff of a co-operative service centre. Additional funds could be earned by offering services to co-operatives for which charges would have to be paid. This would insure that only such services would be offered that find a market and are worth their price. The foundation model would solve two problems which so far have proved to be the main bottlenecks.

Once the trust fund is established, the co-operative service centre could work on a secured financial basis, would be independent of annual allocations out of government funds and could pur-

sue a long-term policy reducing the danger of permanent administrative and political interference.

The service centre could attract highly qualified and motivated promoters and would grow according to its performance and its ability to earn additional income. The Indian Co-operative Development Foundation (formerly Samakhya) may serve as an illustration²⁸.

Summary

We are witnessing the beginning of a new era for co-operatives in the developing countries and in the former Socialist countries, characterized by the change from State-controlled co-operatives to autonomous co-operatives being private self-help organizations of their members.

It is more than a good coincidence that these changes occur at a time when the ICA considers a revision of the co-operative principles at its centenary and the ILO plans a revision of Recommendation 127 propagating to expand its application from developing countries to all countries²⁹.

At the conceptual level the world-wide new vision of co-operatives being private self-help organizations of their members, enabling them to cope with problems of rapid social, economic, political and technological change, is actually the original vision that the founder fathers of the "modern" co-operative movement had in the middle of the 19th century.

In the developing countries and in the former Socialist countries, this concept of co-operation is new, because it means to abandon rules, which were imposed on co-operatives under colonial government or doctrinarian party rule and which turned co-operatives into development tools in the hands of government or of the ruling party.

In the EU countries, a new era of co-operatives means something different. Many co-operatives have been existing for decades or even for a century. During their development, emphasis has been placed increasingly on development of co-operative enterprises into large, powerful units with a professional management always ready to react to changes in the market and to moves of their competitors. The initially intended active role of membership has almost been lost from sight or is regarded even as the burden of the past, which should be removed.

Under such circumstances, a new era would begin, if co-operative leaders and managers would rediscover that for co-operatives their membership base is the *raison d'être* and, if deliberately activated, the membership base can be a source of strength for which competitors envy the co-operatives, while professional co-operative managers tend to ignore it.

In a period of rapid change with new problems like extremely uneven distribution of wealth, growing poverty, long-term unemployment, deterioration of the environment, disintegration of family structures, people affected by

these changes look for ways and means to adjust themselves to the changing conditions among other things by forming or joining self-help organizations. The established co-operatives in the EU countries as well as co-operatives in other parts of the world will have to reorient their objectives and to reorganize their activities so as to meet these new needs of their members. Otherwise the members will lose interest in co-operatives and look for other ways and means to cope with their pressing problems.

This means that the new era for co-operatives would be one of rediscovering the role of co-operatives as innovative member-oriented and member-controlled self-help organizations.

It is on the basis of this new (or actually old) spirit of pioneering in times of rapid change that co-operatives will have a future. It is the right spirit, not the law that makes things move. A revised co-operative legislation can facilitate the work of co-operatives and will help to guide co-operators to sound practice, however, it will not be a substitute for an innovative approach to co-operative development.

On the other hand, restrictive laws can kill initiatives, create red tape and prevent innovations. Therefore, adequate co-operative legislation is important but its role should not be overestimated.

Denmark, where a strong co-operative movement has developed with an active, well-informed membership but

without special co-operative legislation can serve as an example to prove this point. In Denmark, co-operators use the provisions of general law to

design the appropriate legal framework for the co-operative which they decide to have and use this co-operative to achieve their objectives.

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- ² E.g. Credit Union Act of 1979, United Kingdom.
- ³ S. 93s of the German Co-operative Societies Act.
- ⁴ S. 27 I of the German Co-operative Societies Act.
- ⁵ S. 21a of the German Co-operative Societies Act.
- ⁶ S. 67b of the German Co-operative Societies Act.
- ⁷ S. 7 (2) of the German Co-operative Societies Act.
- ⁸ S. 73 III of the German Co-operative Societies Act; see also member accounts in the Netherlands and in the UK. Cf. Münkner, Hans-H.: *Chancen der Genossenschaften in den neunziger Jahren*, Veröffentlichungen der DG BANK Deutsche Genossenschaftsbank Band 19, Strukturfragen der deutschen Genossenschaften Teil IV, Frankfurt a.M. 1991, pp. 118 et seq. and other sources quoted there.
- ⁹ E.g. in France they may receive 2% more interest on share capital than "ordinary" members, Article 4 of Law No. 92/643 of 1992, governing the modernization of co-operative enterprises.
- ¹⁰ According to articles 40, 41 of the Spanish General Co-operative Law No. 3 of 1987, 33% of the share capital and 20% of the total votes.
- ¹¹ Articles 19 quinquies and octis, French General Co-operative Law No. 47-1775 of 1947 and decree 91-14 of 4 January 1991 governing the special meetings of holders of co-operative investment certificates.
- ¹² Art. 21 of the French Law No. 83-1 of 3 January 1983 on the development of investment and the protection of savings.
- ¹³ Article 7 of law No. 92/643, governing the modernization of co-operative enterprises, France.

- ¹⁴ Article 50 of the draft European Statute for Co-operative Societies, 1992 SYN 388 of 5 March, 1992. does not contain clear limits but prescribes that business with non-members may not become the main object.
- ¹⁵ Article 51 of the draft European Statute for Co-operative Societies, 1992 SYN 388 of 5 March 1992.
- ¹⁶ The respective provisions were deleted in Germany in case of consumers' co-operatives in 1954 and in case of co-operative banks in 1973. The Belgian co-operative law does not contain any provisions on this subject. The French General Co-operative law of 1947 excludes business with non-members in principle (art. 1, 3) but allows exceptions to this rule in special laws, e.g. in agricultural co-operatives: maximum 20% of the total turnover. In the UK there are no restrictions contained in the Industrial and Provident Societies Act under which most co-operatives are registered. However, under the Restrictive Trade Practices Act of 1962 with amendments up to 1976, agricultural co-operatives doing more than 30% of their turnover in three consecutive years with non-members, will not be recognized as producer groups. Under the Credit Union Act of 1979, Credit Unions are not allowed to transact business with non-members. The co-operative law of the Netherlands does not contain clear limits but prescribes that business with non-members may not become the main object.
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- ¹⁹ Cf. Berge, Helmut and Philipowski, Rüdiger: Zinsrückvergütungen in Kreditgenossenschaften, Marburger Beiträge zum Genossenschaftswesen 11, Marburg 1986.
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- ²¹ Cf. Münkner, Hans-H.: Genossenschaftliche Identität und Identifikation der Mitglieder mit ihrer Genossenschaft, Veröffentlichungen der DG BANK Deutsche Genossenschaftsbank Band 17, Strukturfragen der deutschen Genossenschaften Teil II, Frankfurt a.M., pp. 215 et seq.
- ²² See for instance Boettcher, Erik: Die Problematik der Operationalisierung des Förderungsauftrages in Genossenschaften, in Zeitschrift für das gesamte

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- ²⁵ S. 8 of the Co-operative Societies Act of Singapore, 1985 Ed.
- ²⁶ S. 11 of the Co-operative Societies Act of Zambia, 1970.
- ²⁷ Cf. Münkner, Hans-H.: Participative Law-making: A New Approach to Drafting Co-operative Law in Developing Countries, in: Law and Politics in Africa, Asia and Latin America, 19. Jahrgang- 2. Quartal 1986, pp. 123 et seq.
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ICA's Development Programme

- An Agenda for the 21st Century

by Jan-Eirik Imbsen*

Strategy

The overall aim of the ICA Development Strategy is to contribute to the effective implementation of the *ICA Policy for Co-operative Development*, viz. "the establishment and growth of independent, democratic and viable co-operative organizations, in which men and women participate on equal terms. These organizations must be capable of serving their members effectively and contributing to economic growth and social equity in their respective communities and/or countries".

The ICA's current Strategy for Co-operative Development that was approved by ICA's General Assembly in 1993, serves as a practical guide for the organization's Development Programme. However, socio-economic changes affecting co-operatives demand that the ICA continuously reassess its strategies to prepare it for the momentous challenges ahead, posed by an environment characterized in the developing world by (inter alia) structural adjustment, liberalization, and the disengagement of the State.

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The Strategy, therefore, seeks to introduce an approach to co-operative development that will address and meet the needs of its members while responding to the increasing demands for a sustainable as well as environmentally-safe development.

ICA's Regional Offices will also formulate Regional Development Plans, which should respond to regional concerns and members' priorities. Relevance, sustainability, and synergy between programmes are common denominators of these plans which will give direction and focus to regional activities.

Structure

The ICA Development Programme is implemented by the Development Sec-

tion in Geneva and by ICA's Regional Offices for Asia and the Pacific, East, Central and Southern Africa, West Africa, and the Americas. These offices co-ordinate and implement development programmes and represent and provide services to members within the region. Being extensions of the Head Office, the Regional Offices report to Geneva.

The role of the Development Section at Head Office is to promote co-operative development in general and ICA's Development Programme in particular. It co-ordinates and monitors the implementation of the various co-operative development initiatives at the regional level and assists the Regional Offices with planning and budgeting. In addition, it is responsible for establishing and maintaining contacts with development organizations, identifying opportunities for future collaboration and promoting and implementing ICA Policies.

Development Trust

The current framework has now been changed to one that we believe will enhance the sustainability of ICA's development function as well as its capacity to support co-operative development. The proposal calls for the establishment of an ICA Development Trust that will be responsible for the implementation of development programmes. The Trust will consist of Regional Trusts, which will be the implementing bodies of development activities in the respective regions, joined together in one Global Trust whose function will be coordinatory, promotional and supervisory. Both regional

and global Trust Funds will be established to finance activities, the money raised only from development partners and members. The composition of its Board will ensure control by the ICA Board.

The restructuring suggests changes in the structural set-up rather than in content (the role, function and activities). We do not expect major changes in the mandate or *modus operandi*, and the level of activity will continue to be determined by our access to funds to carry them out. In other words we would like to continue much as before, but with a bigger portfolio and a structure better adapted to carry out our functions and responsibilities.

Financing

The ICA is receiving requests for increased support from member organizations while having to contend with an increasingly competitive environment for financial resources for programmes in the South. Hence, the need for a coherent strategy that enhances ICA's capacity to access funding on behalf of its members. The ICA will therefore actively seek to broaden its resource base.

A recent study proposes a bigger role for the ICA in development work with a corresponding increase in the size and capacity of the development section. Whereas we in principle endorse the view that ICA should be a leader in this field (in collaboration and not in competition with our partners), it is difficult to foresee any substantial increase in the short term given the current prospects for the necessary addi-

tional funding. It would be more realistic to look into ways and means to better utilize existing resources (manpower, involving specialized organizations, etc.). However, the search for sustained additional funding remains a priority.

The *raison d'être* of the regional offices is their members who also cover part of their institutional and project costs. The importance of good member relations cannot therefore be overemphasized. Whereas donor funding is vital for project implementation, members' contributions remain a *sine qua non* for the self sustainability of the offices. At the same time, the non-financial support that the members can give to the offices constitutes the very foundation of their existence.

However, it is a sad fact that without the benefit of external support, the poorest movements will become further marginalized. It is therefore imperative that development partners continue to vigorously support in particular those movements which have a reasonable chance of becoming viable. In this context, co-operation between co-operators is viewed as a matter of solidarity and partnership. At the same time collaborative efforts are the key to the successful achievement of our objective of sustained development.

Added Value to Membership

Dwindling membership, especially in Africa and Central America, is a source of concern. Apart from a loss of income, it also erodes the base and the support that our offices depend on in

the regions, and it diminishes their representative basis.

An essential question that goes to the core of the organization and that we have to ask ourselves is of course why co-operatives should want to become members of the ICA. Our challenge is to find a meaningful answer to this question, an answer that does not only emphasize ICA's role as a provider of development projects. (In these days of an increasingly tougher economic climate, the cost benefit of the membership is inevitably looked at.)

It may be assumed that for at least some organizations a major motivating factor for joining the ICA is the prospect of programme assistance. Though understandable (an evaluation report last year concluded *inter alia* that the ICA was the perfect conduit for assistance at a regional level), it is based on a misconception of the regional offices as being primarily project offices rather than Regional (or continental) Offices in the fullest sense. This image needs to be corrected, and that requires a clear understanding of their role in the region.

Giving added value to the members therefore becomes the organization's biggest challenge. This means being able to respond to the needs of a multifaceted membership. We know that gaining access to a global network is an important incentive for organizations to join the ICA, in addition to the more "traditional" reasons such as representation, information etc. Although ICA is not perceived as a business organization per se, it may nevertheless

be important for the ICA network also to be recognised as a network with a business potential.

An Agenda for Development

One important function is to facilitate collaboration and integration between movements in the North and the South, and to help create new alliances in the context of structural changes. A priority in all regional offices is the alleviation of problems caused by the rapidly changing environment brought about by adjustment policies, liberalization of markets, disengagement of the State, etc. This has necessitated a review of strategies, one result of which was a study on Co-operative adjustment in a changing environment in sub-Saharan Africa.

In Latin America the core project is one which aims at enhancing the role of co-operatives as business enterprises. (The major regional event in that region for 1995 will be the ICA Regional Conference on Strategic Alliances and Joint Ventures, scheduled for 6-8 December in Miami. More than 600 co-operative leaders are expected to participate in the sessions designed to generate co-operative business and trade opportunities. Conference sponsors include the World Bank, Multilateral Investment Guarantee Agency, Inter-American Development Bank, in addition to our long-standing partners Développement International Desjardins, and Swedish Co-operative Centre.)

As the world-wide apex organization of co-operatives, ICA would like to assist co-operators in defining their co-

operative vision and perceived future role in socio-economic development. It should also serve as a tool to convert these into viable strategies and programmes for sustainable development adjusted to local conditions. A prerequisite for this is a common ideological foundation based on co-operative values and principles. Broad participation, decentralization and democratization are all elements of a strategy for sustainable development. They are also intrinsic features of co-operation. The basic co-operative values and principles are thus our best tools to realize true co-operative development.

ICA will still continue to support member-based national apex organizations that provide central leadership, guidance and services to its members. However, co-operatives without the potential for resource and member mobilization and whose primary functions are to serve as extensions of national political structures or as conduits for external assistance, will find it difficult to receive support.

The growth of national sectoral co-operative organizations with an income-generating base will be strongly encouraged. Such co-operatives have succeeded in serving their members even in conditions where ineffective apexes, established from above, without a foundation in the membership, have failed. The emergence and growth of non-traditional co-operative self-help enterprises that can provide a wider range of services, e.g. energy, health, communications, youth, school and university co-operatives, should also be promoted.

Although we agree that a primary level focus is essential in co-operative development in general, we would advocate supporting intermediary organizations that are capable of providing vital services to their members. We are also of the opinion that the ICA should not give direct support to primary societies. Such assistance, which we do not have the capacity to provide (unless through national/apex/sectoral member organizations), should be the task of co-operative donor agencies. The ICA should rather implement regional activities for which it is eminently suited.

We agree to the principle of movement-to-movement support, but at the same time we also recognize the importance of working together with Governments in creating an enabling environment for co-operative development. To that effect ICA maintains a continuous and constructive dialogue with government structures through Ministerial Conferences, meetings of registrars and other fora.

The attainment of this appropriate co-operative-government relationship is a major objective of ICA's Development Programme. As the world-wide representative of co-operatives, ICA is uniquely placed to influence government policy in this direction. With the support of other international and national organizations which support co-operative development, this concept of co-operatives as member-driven, private sector organizations is gaining widespread acceptance.

All of ICA's Regional Offices engage in regular policy dialogue of this kind

with national Governments, in collaboration with national co-operative member organizations. In two regions, Asia-Pacific and East, Central and Southern Africa, the organization of regular meetings of Co-operative Ministers has been a useful technique to promote greater government/co-operative understanding.

For example, since the 1990 ICA Ministerial Conference in Sydney, significant improvements in co-operative policy and legislation have been made or are underway in a number of countries in Asia. These initiatives in the promotion of policy dialogue should continue and be expanded.

Sustained co-operative growth requires an environment sensitized and conducive to co-operative development. Legislation constitute an important part of this environment. A legal framework favourable to the development of co-operatives as autonomous, self-help business organizations will also have a beneficial impact on overall development. ICA Regional Offices assist in national and regional efforts aimed at providing legal frameworks that will permit the emergence and progress of true co-operatives.

ICA participation in United Nations fora provides another means of accessing Governments and influencing policy. Accorded Category I Consultative Status in 1946, the ICA is invited to participate in UN meetings, receives information and documentation on a wide variety of development questions, and consults and co-operates with UN staff.

The ICA will continue to collaborate with the United Nations Secretariat and a number of UN agencies including the International Labour Office (ILO), the Food and Agriculture Organization (FAO), and to work through the Committee for the Promotion and Advancement of Co-operatives (COPAC), which aims at improving co-ordination among members' activities for the promotion of co-operatives worldwide.

ICA has made the point to the UN that the Co-operative Movement is a logical partner for the implementation of programmes and activities. This is now being reflected in major UN documents such as the Declaration and Programme of Action of the World Summit for Social Development. In future the ICA will be requested not only to provide information on the co-operative movement but to collaborate concretely with the UN in the implementation of such recommendations and become a true partner of the UN.

Sustainable development has been at the forefront of the ICA co-operative development strategy. We recognize that development is a complex process that embraces a range of non-economic factors including those relating to social development. At the same time we have to acknowledge that economic growth is fundamental to the achievement of these objectives.

The ICA is convinced that the participatory approach to development is the only way in which to assure sustainable development. Therefore, the ICA

Development Programme, implemented through its regional offices, focuses on assisting national co-operative movements to grow to meet the needs of their membership which in turn supports the development of their countries and regions. To further emphasise its importance, sustainable development is one of the two main topics at this year's Centennial Congress.

Co-operation among co-operators is an ICA principle. Such co-operation should begin "at home". It is therefore essential that horizontal collaboration between ICA's regional offices be intensified. The introduction of electronic networking has facilitated such communication within the organization. We strongly believe that increased interregional exchange will enhance the quality of our outputs.

ICA's bigger agenda may well prove to be its strength in times of donor fatigue and tightening purse strings. Being part of and representing a global body with a mission and objectives that make them more than just providers of projects, the regional offices have a mandate that by far exceeds that of most donor organizations. This mandate is, however, not enough to guarantee the continued existence of the offices unless it has the necessary financial backing.

Human Resource Development

Being a prerequisite for co-operative development, HRD constitutes the backbone of ICA's development programme and aims to assist co-operatives in building up coherent and sus-

tainable systems for improving their human resource base.

The ICA will assist in the development of regional and national policies and strategies for HRD as well as in the design of methodologies, training programmes and activities. Such policies and strategies must be developed, implemented, monitored and adjusted to changing needs. The focus should be on activities like upgrading and updating managerial skills (strengthening technical qualifications without neglecting the value-oriented foundation of co-op business), and promoting regional networking.

HRD programmes should contribute to the attainment of regional development objectives as identified in office strategies and plans. In order to have an impact on co-operative development in the regions with our relatively limited resources, it is absolutely essential that the HRD project supplement and reinforce activities that are carried out within the framework of identified priorities. For instance in Africa the focus is on assisting member organizations adjust to and survive in the new economic and political environment. Only then will we ensure the relevance, and enhanced effectiveness, of our HRD project activities.

Needless to say, the strategy and workplan should reflect and address the concerns and needs of our member organizations. This, in turn, presupposes a participative approach which entails the active participation of member organizations in needs assessment and the setting of priorities.

Such an approach will give our members a vested interest in what we are doing and may serve as an incentive for member contribution.

The dependence on donor funds is a problem. We concur with the principle of time limit for donor assistance, but would advocate flexible limits in regard to certain activities that rarely become self-sustaining, e.g. education and training. Although most co-operative leaders seem to agree to the importance of co-operative HRD, experience tells us that, faced with imminent problems, few can afford to give priority in their budgets to something that does not promise immediate return.

The Gender Issue

Co-operatives are a tested model of organized collaboration which provide avenues for both women and men to pool human resources, converting individual potential into a socio-economic force. They are a form of organization which women can use to help themselves. With their democratic structure, co-operatives offer women as members and employees opportunities for participation in and influence over economic activities. Women gain self-reliance through this participation, as well as access to opportunities which they would not have been able to obtain on their own.

ICA's Policy on Women in Co-operative Development calls for the vigorous promotion of women's role and gender issues in general, and for the ICA to be a catalyst and co-ordinator

of gender programmes, to identify and mobilise donor support, and to assist in formulating policies, strategies and programmes designed to advance the role of women in co-operatives. Given the international nature of the organization which gives it access to various fora where it can further advocate gender issues, and its structure with its specialised bodies that act as vehicles for the institutionalised promotion of gender issues, the ICA should be well equipped to realize this agenda.

Gender programmes are being run at every regional office. The former Secretary of the Women's Committee, deploring in an article in the last issue of the Review the elimination of the posts as women's officers in the regions, can therefore take heart. Our very dedicated staff charged with the implementation of these programmes organize seminars, produce materials and carry out other activities that are geared towards the participation of women in co-operative development. Head Office is equally involved in this work in which we enjoy excellent collaboration with a number of international organizations.

Regional gender consultations have now been held in every region. These meetings have enabled us to bring together co-operators, men as well as women, to discuss gender integration in co-operative development. These meetings have not only contributed to increased gender awareness, but also produced useful documentation on the status in the regions (e.g. fourteen country studies on women in co-op-

eratives in conjunction with the Asia/Pacific consultation).

It should also be mentioned that the ICA is very involved in the preparations for the Fourth World Conference on Women in Beijing next year. We have so far participated in preparatory meetings in New York, Jakarta, Mar del Plata, Vienna, and Dakar. Our aim is to have co-operatives recognized as institutions that contribute to the advancement of women.

Our job is to realize co-operatives' potential in improving the position of women, and we must not be afraid to venture into uncharted waters. The ICA has recently embarked on a joint project with the World Health Organization which, if a success, may validate the use of the co-operative approach in "new" areas. The project is an intervention study to develop and test an enabling approach to reduce HIV/STD transmission in a fish trading community in the Luapula Province in Zambia. The objective will be to bring about social and economic empowerment among marginalised women through co-operative development which we hope will in turn contribute to reducing HIV transmission. We would be very happy if we could show that the co-operative approach can be a valuable supplement to the standard approaches for HIV prevention.

Conclusion

In an article in the Review 35 years ago, Dr. Bonow (see page 86 of this Review) was quoted as saying that the co-operative movement must do more to urge the national Governments to take

action and whilst the national movements acted at this level the ICA must act at the international level through non-governmental and inter-governmental agencies. He thought that the co-operative movement was the most important supplementary means of help for the developing countries because it was encouraging self-help at the grass roots. He concluded that the ICA must do all it can to ensure increased efficiency from international aid for the co-op movements in the developing countries.

As in the past ICA will continue to vigorously promote co-operative development through ICA's Development Programme which will faithfully execute the organization's policies and strategies for the benefit of its members. The relevance of our service delivery is also our justification. Retaining our ability to respond to development needs and aspirations is our challenge as we stand on the threshold of a new century.

International Joint Project on Co-operative Democracy - A Scottish Perspective

by Iain Macdonald*

Readers of this magazine will not be unfamiliar with the view that the traditional consumer co-operative has long ceased to resemble the vibrant democratic structure of old and that for most people the memory of their mother's dividend number was as near as they came in contact with it.

This is not a view which I share and having worked with the Co-operative Wholesale Society to revitalise the democratic structure of the Scottish Co-op over the last eight years it is clear that the Scottish Co-op has a very clear democratic structure, has a large active membership and at the same time is enjoying significant commercial success. All, of course, is not perfect. There is much more work to be done and it is true that the 1960s and 1970s did see some diminution of democracy in the Co-operative Movement which interestingly enough went hand-in-hand with a fall in its share of the retail



trade. The CWS, to its credit, realised that there was a genuine link between democratic involvement and commercial success and that we should exploit that which makes us different from other conventional businesses. Happily this call is now being taken up by other Co-operative Societies throughout Britain and a lot of good work is now going on to this end.

It was from this background, therefore, that we in CWS were approached by Co-op Kanagawa in Japan who, at the 1992 International Co-operative Alliance Congress in Yokohama, had advocated the setting up of a project on co-operative democracy and had approached colleagues from Italy, Canada, Sweden and the UK. Some

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of you will know that the theme of that Congress was built round the publication of a comprehensive study by the Norwegian Co-operator, Sven Ake Böök, who has initiated a great debate in the Movement about the Principles and Values of Co-operation. It is the intention of the 100th ICA Congress to be held in Manchester in September this year to receive a report on the reactions to Sven Ake Böök's work and so make comprehensive proposals for the operation of the Co-operative Movement in the next millennium.

The Japanese Co-operative Movement has long had a tremendous interest in the philosophical side of the Movement - for instance, the Chief Executive of Co-op Kanagawa is much more involved in democracy and participation than he is in trade which he leaves to his deputy - and they felt that one way they could contribute to this "great debate" was to set up a project involving a group of Co-ops from other countries. Then, in conjunction with the ICA Centennial Congress, a report would be presented with the findings of this select group on how democracy and participation can work hand-in-hand with commercial operations.

This Project is now nearly completed and I have been co-ordinating the British end of the Project. This was a deliberate move recognising the progress that has been made by the Scottish Co-op and (as is the purpose of the project) our country is presenting a case study and practical

examples of how democracy has or has not been important in a given area. It is therefore not the Co-operative Movements of Japan, Sweden, Canada, Italy and the UK that are involved in the project but specific Co-operative organisations, namely, Co-op Kanagawa, Kooperativa Institutet, Co-op Calgary, Associazione Nazionale Cooperative Di Consumatori, and Scottish Co-op (which as you will know is the retail wing of the CWS in Scotland).

As far as the Scottish Co-op is concerned, we have prepared materials referring to the current trading position of the Scottish Co-op, the level of membership activity and how we fit into the wider structure of the consumer movement in Britain. In addition, we have linked our position with the governmental structure of the country and indicated how that link affects our trading position, i.e. an economic/social analysis of Strathclyde Region has been used to compare and contrast the differing structures in each of the other countries with Scotland.

Much of my work with the Scottish Co-op over the last few years has been the setting up of a new committee structure of fifteen committees, identifying and encouraging activists to be involved in these committees who, in turn, liaise with area managers and concern themselves very much with the performance of the shops in their area. One of the more successful examples of this was the setting up of the Oban & Lochaber Branch

Committee and it is that committee and area which is the subject of our case study. This shows how an area with comparatively low co-operative turnover and almost non-existent membership has now grown to be one of our most successful areas from a trading point of view and one of our most active areas from a membership point of view. Indeed, we have just entered the final part of our development programme and members in our outer islands are now part of an innovative committee linked by telephone conferencing. It is positive examples of this sort which are being given from each of the five participants and it is this work which is being compiled for presenting to the Congress. Most of the compilation of the report is being handled by Professor Jack Craig of York University, Ontario and regular meetings have been held in each of the countries to ensure that the document is as accurate and informative as possible. The Scottish meeting was in New Lanark last September - a very timely reminder of the role of New Lanark and the great Robert Owen in the promotion of co-operation especially in the 150th Anniversary year of the Rochdale Pioneers.

The Report itself is split into two parts. The first part is very much based on the practical side and includes case studies of five areas of each country's Co-operative Movement. However, the main section of Part I is a description of how we feel participatory democracy can be made to work in the 21st Century. This section is split into five main themes.

The first theme is that of expanding members' participation. This describes a system of members' participation in expanding membership and in decision making. It talks of the need to create new fields for members' activities and also promotes participation in management, including the management of the business itself.

The second theme picks up on this last point and talks in greater depth about the relationship between members and management. It looks at the role of the co-operative and how it should grasp the needs of the members. We feel in this case it is necessary to innovate a system of communication that actually elicits initiative and naturally develops into promoting a system of members' education which includes a comprehensive system of training. Indeed, it is in this area that the Scottish Co-op makes some very definite proposals which I will describe later. This theme also develops the role of top management in taking strategic initiatives to promote participatory democracy whilst using the resources of both staff and members.

The third theme is on the innovation of an organisational structure which will allow members a greater say in running the business and to initiate ideas. Some time is taken here to work out what this structure actually could be.

The fourth theme expands the potential relationship with employees and how staff can support a

partnership with members. Clearly, in this area, no democratic structure can work effectively without the support and participation of staff. The report also makes it clear that staff have to be more involved in actual decision-making and looks at how worker participation in management has been developed elsewhere.

The last theme is on economic and social responsibility and looks closely at the more philosophical and futuristic aims of the Co-operative Movement, not unlike the continuing hopes for a Co-operative Commonwealth. Here we try to set out the importance of establishing a co-operative identity and the ability of any co-op to ensure that people both inside and outside the organisation are aware of what that organisation is all about. We feel here that introducing systems of social audit and social accounting are very important.

Part I of the report actually details techniques for a participating membership. These techniques are grouped under five theme headings already identified and try to ensure that the practical suggestions are linked to the more academic proposals of the report. In addition, each technique, of which there are fifty, are linked to examples of good practice in one or more of the participating countries. Indeed, one of the main aims of the report is to try and ensure that all levels of the Co-operative Movement can use the report for practical purposes. The second part of the report goes into the more academic area of the theory of

participative democracy and describes the methodology used by the Joint Project in research and procedure. Finally, there is a very helpful reference section which, in itself, will be of great use to many co-operative organisations.

As I explained earlier, the Scottish case study, other than describing developments in the Oban & Lochaber area, also shows how a comprehensive training programme has been developed for members of Co-op committees in Scotland and how this is being developed elsewhere in the United Kingdom, and, indeed, is seen, as has already been stated, as an important feature of this report.

This training course is perhaps the most innovative development since setting up the committees and it is run by tutors from the Co-operative College. All committee members receive a package of information detailing the movement and giving information about other co-operative organisations in Scotland, such as credit unions, worker co-operatives and community businesses. A video entitled "This is the CWS - The People's Business" is also issued. Participants are then asked to do a pre-course exercise based on the information pack and video and are debriefed on arrival at the course. The course concentrates on the role of the branch committee which, in practice, revealed many interesting features about how the committee could be regarded. With the participants, the tutors explore the role of the branch committee from several possible

angles, including ways in which they, as individuals and collectively, are involved in their community; the challenges faced by that community; the relationship they feel they have or should have with the CWS and the Scottish Co-op; and finally, and most importantly, the powers of the branch committee (within CWS rules) and the ways in which these can be exercised. The word "power" is used in its widest possible sense, but manages to convey the extent to which a branch committee can be influential. For instance, branch committees have the power to:

- nominate to the CWS Board;
- nominate to the Co-operative Union Sectional Board;
- send a delegate to the Regional Committee;
- initiate motions to the CWS Half-Yearly Meeting;
- initiate motions to Co-operative Congress;
- receive and discuss reports from the area manager;
- receive and discuss reports on member relations and staff training;
- advise management on trading and member policy issues;
- ensure that staff are educated in co-operative principles;

- receive reports from other CWS trade groups in the area;
- act as the representative of the society in contacts with the local community;
- disburse finance at a local level.

These powers make the difference between a committee which accepts its traditional and relatively subservient role and one which maximises its potential. The training programme concludes with a simulation exercise in which a committee meeting takes on board many of the activities and problems which any committee might encounter.

In recognition of the importance the Project places on training, a Symposium to discuss the Project's Report is being held at the Co-operative College, Stanford Hall on Saturday, 16th September 1995. This is designed to allow delegates and others attending the ICA Congress to look at our Report in more depth and to promote its adoption. Details of the Symposium will be sent out with delegates' information.

This year's Congress will be a watershed in the Movement's history and we hope our Report will help to revitalise co-operatives all over the world and so face the challenges of the 21st Century.

Employee Ownership and Participation

by Benito Benati*

The experience of the Co-operative movement in Italy has given rise over the last century (and especially over the last 50 years) to results of extraordinary importance from both an economic and a social and human point of view.

However beautiful and exciting this experience may be, I am interested from a human and social point of view in a more advanced and complex problem than the Co-operative phenomenon: I refer to the more general problem of worker (or rather, labour) participation in the property, management and enjoyment of the profits of the enterprise where they are employed.

Well into the mid-'80s, there was a widespread ideological belief among the European Left and Western European trade unionists according to which the capitalist economy was a means for exploiting the working class, and should therefore give way to a new economic and social order of a socialist and collectivist nature.

* This article was adapted for the Review of International Co-operation from a speech by Mr Benati, Manager of the Industrial Co-operatives of IMOLA (Italy) at the 5th International Employee Ownership Conference, at Oxford-Merton College, in January 1995.



The momentous events which took place at the end of the '80s have once and for all historically proven an undisputable truth: the free market economy is the only one really able to function in a modern and evolved society; it is the only one which can ensure welfare, progress and is the only possible foundation for freedom, culture and respect for the unalienable rights of the human person.

However, as the most eminent figure of the Catholic Church authoritatively said "... (it appears) unacceptable that the defeat of so-called real socialism should leave capitalism as the sole model for the organization of an economy".

The capitalist economy as such cannot be accepted without controls or corrections, totally at the mercy of so-called "market rules".

If this should take place (and it is taking place in many cases and countries) there would be serious harm to the basic rights of the human person, unlimited enrichment and unacceptable impoverishment, grave violations of the unalienable freedom of man, inseparable from his very existence.

This is why the more educated, evolved and socially sensitive countries tend to introduce increasingly complex and sophisticated balancing regulations in their legal system, in order to govern a market economy by means of rules, offering incentives or deterrents so as to assure increasing equity and respect for the common good.

One factor which today appears both inequitable and laden with dangers and malfunctions for the market economy itself, is the property set-up of the capitalist economy.

In this moment in history, a rapid change in the balance of the values which have till now typified firms is taking place.

Financial capital - however important and indeed indispensable it may be in the initial setting up, in later developments and in the management of an enterprise - is gradually losing importance due to three main reasons:

- (a) the widening, evolution and globalization of financial markets;
- (b) the increasing complexity, specialization and consequent rigidity of the labour market;

- (c) the ever more complex and specialized functions, requiring increasing education levels, which technological progress demands from labour, be it intellectual or manual.

We are experiencing great abundance of capital around the world, and its incredibly fast transfer from one market to the other.

If a reliable entrepreneur owns a business based on a product offering assured success and requiring capital, the world telematic financial market can move millions of dollars from Tokyo to Frankfurt in a few seconds.

What is much more difficult is ensuring a business with positive prospects the necessary contribution of a manpower which must have increasingly high levels of specialization. In fact:

- (a) Manpower, above all in the more evolved countries, and when it already enjoys a satisfactory level of pay, tends to move as little as possible. This holds especially true for the new industrial countries, where conditions are often uncomfortable, but which are increasingly attracting the economic activities of the Western industrialized nations, and where the demand for highly-specialized manual and intellectual labour is greater.
- (b) The rapid development of technological research and scientific progress - and hence the growing technological content of labour -

have made schools, universities and training systems of the enterprises lag far behind in teaching manual and intellectual labour compared with the needs of scientific progress.

- (c) Yet another factor: a growing percentage of manpower (especially people aged between 45 and 60) is unable to move over to the new methods of production, and ends up by introducing further elements of disturbance and rigidity in the labour market.

Concerning this issue, one can say that the key factor today in a capitalist enterprise is not so much capital (although this of course is always necessary!) but management quality and the quality, level and qualification of the manual and intellectual manpower: a human factor, in other words, and not one of financial capital.

However, and despite this, the property system of the capitalist enterprise is still set up according to the classical division of the end of the last century, when the enterprise was something quite different from what it is today; that is to say a place where the person with the money (even if he has little brains) is inside and gets the profits; while the person without the money (even if he has a lot of brains) is shut out and only gets a salary.

In my opinion, this is a very serious and growing contradiction which carries the risk of introducing elements of crisis and conflict inside the enterprise.

In fact human capital - aware as it is of its importance inside the enterprise - is less and less willing to accept being cut out of three basic functions:

- company property;
- strategic management (which is something different from operational management);
- company profits.

In fact, human capital is quite aware that the good results of the company depend largely on its efforts.

Inside the company, the manpower is becoming increasingly educated and schooled; there is a growing number of engineers, university graduates, highly qualified technicians, highly professional workers who are entrusted with managing machines and installations of great value.

These people are demanding more and more participation in the company: in its government, capital and results.

The Catholic Church, in the person of the present Pontiff John Paul II, has taken a timely and very clear stand on this issue.

At paragraph 43 of the Encyclical "Centesimus Annus", he wrote:

"(The Church)... recognizes (...) the legitimate nature of workers' efforts to obtain complete respect for their dignity and greater participation in the life of the company, so as to be able to work in a sense "on their own" and using their intelligence and freedom, while still working together with others and being directed by others.

Integral growth of the human person on the job does not contrast with greater productivity and efficiency of the job itself, indeed it favours them, although this may weaken established power structures. The company cannot be considered a mere "society of capital"; it is at the same time a "society of people" to which both those who furnish the capital required for its activity and those who co-operate with their work belong, in different ways and with specific responsibilities. In order to achieve these aims, a great movement of workers acting together for the liberation and promotion of the human person is still required."

This is the position of the Catholic Church.

In my activity as a manager with the Imola Industrial Co-operatives - the management of which is based on responsible worker participation - I have been able to see how, nearly always, when the worker:

- knows and shares in company targets;
- takes part in its strategic decisions;
- is not abused by the management in basic decisions;
- participates in the capital and profits of the company,

his job productiveness increases in a highly significant manner and malfunctions, areas of inefficiency, carelessness and irresponsibility are largely eliminated at the root.

To say it in a word: the company produces more, better and with less costs.

Here and there around the world, awareness that responsible worker participation is a positive factor for the company economy - and for the market economy as a whole - is growing, but, to say the truth, at a far slower pace than I think is required.

Particular far-sighted individual capitalists, scholars, scientific institutions have confronted this issue and initiated very significant experiences, well worth studying.

In this context, the experience of Job Ownerships - and the laws regulating them - carried out first in the United States and then in the United Kingdom, are a firm and important launching pad for anyone intending to promote research into and further development of this issue.

However one basic consideration is necessary: all the experiences carried out so far concerning worker shareholding in the companies where they work, have in one way or another started as a response to contingent and specific requirements of the company and/or workers, such as bankruptcy of the preceding ownership and its replacement by the employees in order to save their jobs, family problems connected to generational turnover, privatization of some formerly public activity, and so on.

As far as I know, none of these achievements are part of a strategic design within the framework of a more global economic policy, aimed at facing, in its more general guidelines, the issue of "capital-labour" next to "capital-finance" in company shareholding.

The idea I wish to put forward in this paper is that in these days, on the threshold of the coming millennium, times are ripe for setting ourselves the goal of reforming the capitalist system from within, in order to avoid it conflicting with the rules of a market economy, in order to keep it in step with our times, and in order to modernize it along the lines of the profound changes these last decades are bringing about in society as a whole and in companies in particular.

In the future, the market economy will be unable to function properly if company capital is to consist entirely of financial capital, excluding the human capital (or labour capital) which contributes intelligence, creativeness, and management quality and efficiency.

This is a necessary step if we wish to safeguard the market economy from the overly absorbing and totalizing defects and tendencies of financial capital: defending the market economy and having it work properly implies the need to intervene using rules and corrections each time an unbridled application of the so-called "market laws" contrasts or conflicts with the growth of a modern society.

Today seems to be a propitious moment for putting on our agenda the issue of employee participation in the stock capital, and hence in the management and in the profits, of companies, within the scenario of Western capitalist economies.

After the collapse of illusions about the possibility of setting up an alternative,

collectivist and socialist economic system, neither the trade unions nor the European Left should have any more doubts concerning the fact that market economy is the only possible economic system, and that therefore it is in the interests of each and all to make it work, keep it in good health and, if possible, draw the best benefit from it.

At the same time, now that the spectre of communism has faded away, entrepreneurs should no longer fear that the workers want to enter companies the better to undermine them; on the contrary, entrepreneurs should look favourably upon any initiative tending to move the workers from an antagonistic attitude towards the firm to an attitude of sharing in the objectives and interests of the company.

This is the great problem lying ahead of us at the outset of the third millennium. Problems however never go away by themselves, and all the less so in this case, where colossal economic interests, a different division of the wealth produced by the firm, centuries-old habits, and above all, a different way of sharing power within the framework of the economy, are at stake.

It is no mere chance that the encyclical "Centesimus Annus", in the part we quoted from, while introducing a notion which for simplicity's sake we might call "revolutionary" (but which is actually something far deeper), stresses how worker participation in the life (including the economic life) of

a company "may weaken established power structures" and requires "a great movement of workers acting together".

It is therefore in this paper that I wish to make an appeal to trade unions, to the parties of the European Left, to Catholic and other Christian communities which are aware of the social issues related to the economy, to scholars of social and economic problems, inviting each of them in his or her country to promote broad public opinion movements aimed at focusing the attention of individual national Governments and supranational economic and governmental organizations, with special reference to the European Economic Community, towards this issue.

It is necessary for the European countries to adopt laws and regulations as consistent as possible with each other, establishing the right of every worker - on a voluntary basis and depending on his free opinion - to share, be it even in a small way, in the ownership of the company for which he works, in full respect of the laws of a market economy and offering neither hand-outs nor "big government".

Today, this right is hardly ever present nor can it be concretely fulfilled.

It is necessary therefore to introduce laws within the legal framework of each country, guaranteeing employees the right to purchase shares - however small individually these may be - of capital in the companies they work in.

It will also be necessary to study and introduce adequate financing mechanisms in order to facilitate - where necessary - such purchases, as well as creating a market for employee stock (both inside and outside the company) so as to grant working shareholders the opportunity of unfreezing their investments when family or other circumstances should oblige them to.

I also would suggest a suitable fiscal policy, favouring both those workers who wish to become shareholders, and the companies which facilitate such a policy.

Tax facilities in this case would not be a sort of hand-out, but a duty-bound State financial allotment having the purpose of introducing rules improving the efficiency and productiveness of the market economy.

What could the impact and the consequences of such a "reform" be in the economy of the individual countries involved?

I think it would be difficult to answer this on the basis of macro-economic studies, nor would I in any case be able to do it myself.

I have read the opinions of some on this issue: I agree in part, in part, to be honest, I find them very abstract.

I restrict myself to expressing a highly personal opinion based on my specific field experience and on common sense, a resource which in economy, in the end, always has a certain value.

In my opinion, worker involvement in the future of a company and their being economically related to the results of the company produces - generally - considerable improvement in the economic efficiency of the company: production goes up, areas of inefficiency (especially those managers never see, and there are a lot!) plummet, labour costs and absenteeism are cut down, profits soar.

We have witnessed all of this personally in our industrial Co-operatives in Imola, which are based on worker participation.

In the short term, employment does not go up, rather it tends to go down.

However this tendency is reversed in the mid term, since the company, having become more efficient and having therefore improved the quality of its products, takes over new areas in the world market; this implies an increase in production and hence new investments and the creation of more jobs. My ideas may certainly appear to be Utopian, and they actually well may be so.

However, are not the growth of the modern world, scientific progress, the social and the political achievements we enjoy today, largely the outcome of ideas once considered to be "Utopian"?

- Human flight was certainly a Utopia once, but today millions of people fly every day;
- Universal suffrage was certainly a Utopia once, but today it is a reality around the world;

- The 40 hour week, paid holidays, old age pensions, health insurance were certainly Utopias once: yet today these achievements are almost universally present in Western economies.

I can add: who ever decided - or who ever could prove - that the owners of capital are the best administrators of a market economy? The labour world, in the most global sense, offers immense intellectual potential which it is certainly worthwhile tapping and empowering, not only in order to improve the economy, but to help the growth of mankind, the most precious thing there is in all creation.

Of course, nothing ever happens on its own, at least in this sphere: I hope you will allow me to address a friendly but very honest critique to labour unions, which too often understand their own role in a reductive and overly routine fashion: the time has come for them too to think more in terms of projects and of the need to operate with greater courage and imagination; in other words, "to fly higher".

It may come as a surprise that, with such a positive opinion of the experience of Co-operative enterprises, I am not entrusting these with carrying out my "projects" (actually quite theoretical) for improving the efficiency of capitalist enterprises.

Realistically, one should recognize that the Co-operative institution cannot be, on a large scale, the means for effecting the entry of workers into company capital.



SACMI Imola in Italy

This is due to several reasons, the main one I think being the following:

The Co-operatives arose, mostly at the end of the last century, as mutual-aid resources for certain categories of workers, enabling them to obtain job opportunities or other services for themselves. This means their capital was limited to narrow groups of workers, within definite professional categories. An iron working company, for example, if it is a Co-operative, can have as its only shareholders, mechanical workers working inside the company; this at least is the "sacred principle".

It is clear that with such a restriction it is impossible to handle complex issues, especially financial or management issues, which affect present day economy, whose horizon is necessarily the world itself.

There are of course contrary examples - like the Co-operative where I work,

and the Co-operatives of Imola in general - but these are special cases which do not in my opinion change the general rule.

Therefore, I believe that in the future the objective of global employee participation in company capital, management and profits needs to be achieved by means of a new kind of legislation, as I have tried to outline in this speech.

The Co-operatives will certainly continue to play a significant role in companies not requiring large financial means and in areas where companies are prevalently typified by service quality, by responsible human commitment and personal involvement.

Worker shareholding over the next decades may perpetuate and give historical development to the positive experience achieved by company management through the economical and juridical means of the Co-operative company.

The Social Economy & Co-ops

A German Perspective

by Hans-Detlef Wülker*

The Social Economy is of concern to the Presidents of the International Raiffeisen Union (IRU) and the International Co-operative Alliance (ICA) because we are convinced that European Community (EC) initiatives might, in the final analysis, threaten the existence of an independent co-operative system.

The 'Social Economy', a specifically French type of organisation, is defined as all co-operatives, mutual associations and non-profit associations. French and Belgian social politicians are trying to establish this form of organisation at the European level in Brussels, and thus to spread it throughout Europe. At present their aim is to bring together representatives from 'Social Economy' enterprises in a committee at European level. This committee is expected to articulate the problems experienced by all three forms of



enterprises at once and discuss them with the authorities in Brussels. It is, however, quite evident that, in the eyes of the bureaucrats in Brussels, the 'Social Economy' not only acts as a label for the three above-mentioned groups of enterprises, but is also used as a tool for the implementation of EC policies. In all fairness, it must be said that this task goes far beyond the French concept of 'Social Economy' and its original philosophy.

This is a dangerous approach. How serious the consequences of such a policy can be I would like to demonstrate with an example: during the period 1989 to 1991 the Department for the 'Social Economy' of GD XXIII (not, in fact, the department responsible for company law) worked out a draft European statute which was to be applied

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simultaneously to these three very different forms of management and organisation. This was done without any consultations with the groups concerned. We heard about it by chance, and following a large amount of lobbying by the major co-operative federations in Brussels - COGECA, Groupement, UGAL, housing and consumer co-operatives - its realisation by the Commission was prevented. It is hard to imagine what would have happened if this phenomenon of the 'Social Economy' had been firmly established as part of the new originally European company law. This European statute would have regulated the specific features of all organisations described as the 'Social Economy' and would have turned out to be 'a coat with many sleeves'. It is my conviction that, had this coup been successful, Brussels would no longer discuss the topic of co-operatives with the necessary intensity.

The discussion about the 'Social Economy' is charged with emotions because many of the Northern European countries see their co-operative identity and their independence threatened. At the same time it can be seen that representatives of the 'Social Economy' disregard the concerns of other organisations in a very undemocratic, intolerant and especially surreptitious manner, as happened only recently.

The advocates of the 'Social Economy' tell us that these discussions are purely semantic, that the 'Social Economy' is unproblematic and should be taken in the same pragmatic way as in France.

Indeed, it is true that the 'Social Economy' is regarded rather pragmatically in France. To the extent that co-operatives operate as enterprises; they can detach themselves from the social and political tasks expected of them in the 'Social Economy'.

At the same time, in respect of the countries of Central and Eastern Europe, the advocates of the 'Social Economy' declare that it may be seen as a 'non-Governmental form of socialism': a 'third option' to Capitalism and a State economy. Thus, co-operatives are instrumentalized in the same way as associations and mutual associations. This no longer reflects the French concept.

We believe that the IRU and the ICA, both organisations founded by co-operatives to work for co-operatives, should not lend their support to such a policy. Instead, they must exert pressure to insure that a clear demarcation line is drawn between the activities of co-operatives and those of enterprises which act in the public interest, for the good of all.

Before I talk about the 'Social Economy' and how it differs from co-operatives let me once again present the picture of co-operatives as we understand them. Co-operatives are part of private industry: they are private enterprises. They are founded voluntarily by their members. It is the task of these enterprises to provide services which will benefit the members. The members jointly own the enterprise and together they are responsible for it: they provide the capital, they are the

underlying organisational force, they take the decisions and they are the recipients of services. Co-operatives are self-help institutions of members for members. Their economic services are restricted to and concentrated on the membership. This solidarity is inward-looking and member-oriented for the benefit of both sides. Member-oriented solidarity means self-help.

For years French social politicians in particular, but more recently also those from Italy, Spain, Greece and Portugal have lobbied in Brussels with the aim of transferring the French organisation of 'Social Economy' to Brussels. It is the intention of these social politicians to bring together

- co-operatives,
- mutual associations,
- associations, and more recently foundations

as one big family in Brussels. According to the ideas propagated by the social politicians, these four groups should no longer stand on their own, but - as in France - combine their interests in Brussels as 'Social Economy' in a joint consultative body, represent their interests jointly and speak with one voice.

What it boils down to is that you have firstly credit co-operatives with a balance sheet total of several billions, Raiffeisen commodity co-operatives, retailers' purchasing co-operatives, pharmacists' purchasing co-operatives, taxi drivers' co-operatives, transport corporations, craftsmen's purchasing co-operatives, consumer co-

operatives (some of them with several hundreds of thousands of members) and housing co-operatives, secondly internationally operating mutual insurances and thirdly institutions such as societies for the promotion of theatres, socially committed charities, groups supporting hospitals, the mentally ill, national monuments and especially welfare activities: all expected to speak with one voice.

In many of the EU member states - above all in Northern Europe - this particular French form of organisation is not known. The 'Social Economy' in the French sense is not reconcilable with the social and economic structures of these countries. This is why the overwhelming majority of European co-operative federations - the Groupement, COGECA, the European Co-operative Retail Federation, the housing co-operatives and the consumer co-operatives are opposed to this enforced collectivism. They are firmly convinced that their needs cannot be taken care of by a consultative body of the 'Social Economy' which has to take into account such an incredibly wide spread of diverging interests on the part of its membership. They refuse to accept that co-operatives are to be made part of this group and have their interests represented through such a consultative body. This collectivism violates the principle of voluntary membership and especially the principle of subsidiarity which must be strictly applied in the wake of the Maastricht agreement. On the contrary, in their view each group must speak for itself in Europe, the autonomy of each group has to be respected, and

each group must engage in its own specific activities.

Definition and Philosophy

According to the views of the 'Comité National de Liaison des Activités Mutualistes, Co-opératives et Associatives' enterprises of the 'Social Economy', including co-operatives, regard themselves as tools with which to reactivate the values of solidarity in society. It is their aim to contribute to the solution of major social problems. They operate within the market economy, but are different in the sense that they originate from the desire to act for the benefit of the people. The service rendered is more important than the profit made. Enterprises of the 'Social Economy' introduce the social factor into economic life. Through them institutions are created which the traditional economy would not provide.

Solidarity with society is thus a decisive feature of these enterprises, as is voluntary work. Because of this idea of solidarity, says the National Liaison Committee, enterprises of the Social Economy devote themselves to serving the great cause of public interest, for the benefit of all. This is why enterprises of the 'Social Economy' form a third sector apart from the capitalist and public sector.

The history of the 'Social Economy' has to be understood against the background of developments in French social policies. Historically, it was the result of the following factors:

A general tendency in France towards a more widespread Government inter-

ventionism which dates back to the times of Napoleon III and has grown historically.

The fact that a statutory social insurance for employees had been introduced in France at a relatively late stage; prior to this social security for the people was provided by mutual associations. These are private organisations under Government control.

The somewhat uncontrolled development of associations, societies and clubs resulting from the very liberal character of present legislation which imposed practically no restrictions on the foundation of associations. As a result, it is possible to run what is, in practice a business in the legal form of an association.

The fact that these groups have come together under one roof is among other things because they are concerned about negative effects of an increasingly liberal attitude on the part of the French Government.

Analysis

According to our analysis the 'Social Economy' includes private sector enterprises, for instance the co-operatives. Enterprises of general interest economy are also part of it, i.e. enterprises which were established partly by the Government, by local Governments, and by public authorities with the aim of supporting the general public; and, in addition, the public sector and non-profit (public benefit) institutions.

What all the listed enterprises of the 'Social Economy' have in common is

the following:

- they have come together voluntarily,
- they work for people,
- they provide services generally, not only to members,
- democratic structures,
- secondary role for the interests of capital,
- special method for handling profits.

In our view Brussels therefore puts such very different enterprises as co-operatives, mutual associations and associations into the same category because of their legal status or their organisational structure.

However, one can bring together or merge for joint action or in one industrial sector only those companies which show certain affinities in terms of their economic aims, corporate objectives and ideological principles.

What is the position of the Commission?

'Social Economy' enterprises (including co-operatives) are to be used by Governments for very specific purposes like the resolution of social and development problems, social integration, the fight against massive unemployment, the integration of disadvantaged groups, environmental protection, health services and provisions for the elderly.

And the European Parliament - especially its left-wing majority?

It regards 'Social Economy' enterprises as instruments with which to solve problems in its regional development policy.

It regards such enterprises as employers in times of high unemployment. In the eyes of the European Parliament these enterprises deserve special support because they create and preserve employment. Enterprises of the 'Social Economy' enable workers to be actively involved in the restructuring of companies. They are very suitable if the workforce wants to take over companies which are on the verge of bankruptcy.

'Social Economy' enterprises are to receive public grants and privileges in return for their involvement in social policy. They will, in turn, have to subordinate themselves to regulations and restrictions - as illustrated in a study by Reiner Schlüter, GD XXIII provided information about the conditions which have to be met by these organisations before they are entitled to subsidies.

In the eyes of both the Commission and some parts of the Parliament it is the public-interest orientation of 'Social Economy' enterprises, which qualifies them to implement industrial projects which are of little attraction to profit-orientated companies because of their low returns.

The Delimitation of Co-operatives

Co-operatives are part of the private sector. They are service companies with the task of promoting their members economically and individually. They compete with profit-orientated corporations. Socio-political aims are not part of the philosophy of, for instance, German co-operatives nor of those of other EU-countries. They are

self-help organisations of members. These members are the owners of the business and together have the responsibility for it. Members provide the capital, support the organisation, take the decisions and are the recipients of services rendered by their jointly-owned enterprise.

Co-operatives restrict their economic (not their philosophical or social) support to their membership. This is inward-looking, member-orientated solidarity for the benefit of both sides. And member-orientated solidarity means self-help.

The enterprises of the 'Social Economy' in the French sense of the word, including co-operatives as public-interest, general interest economy enterprises or as non-profit economic associations, develop solidarity with the needy and the weak: in other words with outside groups in the general public interest. This means an externally directed solidarity. This kind of solidarity is external aid. Charitable social work is recognized and subsidized by the Government. As a rule it cannot survive without Government grants, even over a longer period of time.

Co-operatives are enterprises in the market. They have to prove their viability in direct competition with non-co-operative enterprises. They have to make profits in order to promote their members in the longer term. This also presupposes an efficient and competitive corporate organisation. The motivation of co-operatives is different from that of charities which give support to socially and economically weak

fringe groups and to marginalized people. Co-operatives have little in common with voluntary societies and with self-help groups.

Co-operatives pursue chiefly economic aims. In contrast, enterprises of the 'Social Economy' pursue social, but also political aims: they are institutions with which Governments implement their economic and social policy objectives. Consequently, some representatives of the 'Social Economy' regard it as a kind of 'non-governmental form of socialism'. Particularly in areas of social and economic policy from which Governments are increasingly withdrawing these institutions are to engage in activities which were formerly the prerogative of the State.

Co-operatives are voluntary private associations exclusively serving the economic needs of their members, and not the public at large. They do not have any direct social or socio-political tasks. They are politically independent and resist any form of enforced control on the part of the Government.

Co-operatives apply a very narrow definition of the principle of identity. In other words, they accept as members only those who simultaneously provide capital, actively participate in the business and receive services.

'Social Economy' enterprises apply a very broad definition of the principle of identity. As a result, in many cases they are, in comparison, subject to greater outside control.

Summary

Co-operatives are supported by individuals who pursue private interests and aims.

Enterprises of the 'Social Economy' are frequently supported by public authorities. They pursue public interests and aims.

Co-operatives pursue the economic interests of their membership.

Enterprises of the 'Social Economy' pursue the general well-being of the public at large.

Co-operatives are private and economic enterprises.

Enterprises of the 'Social Economy' frequently see themselves as an alternative, a third force alongside the public and capitalist sectors.

Co-operatives practise solidarity with their members for the benefit of both sides. They are orientated towards self-help.

Enterprises of the 'Social Economy' show solidarity with all those in need, both members and outside their organisation, acting in the general public interest. They therefore rely to a large degree on external aid.

Conclusion

It was the purpose of this paper to demonstrate that tasks and aims of enterprises are not compatible with the 'Social Economy' which some European social politicians want to see established. Each group of enterprises or organisations has a specific task in the

economy, in economic and social policy. One cannot, and must not, put into the same category a transport co-operative of bus companies and a theatre's fund-raising society merely because both want to fill seats.

Those opposed to this Brussels policy of 'Social Economy' believe that each of the following groups

- co-operatives,
- mutual associations and
- associations

have to pursue their specific interests on their own, in line with the corporate policy concepts and economic targets that they have set themselves. Their contacts are with institutions which are technically responsible for their area of operation or the respective General Directorates. For all three groups to be expected to speak with one voice would be enforced collectivism and would not do justice to any of the groups.

Moreover, many of the large co-operative groups, also under the umbrella of the IRU, regard these attempts by representatives of the 'Social Economy' as a major threat especially because EU regulations, which as a rule have to be transformed into national legislation, may force independent companies like, for instance, the co-operatives to assume the burden of tasks which have nothing to do with their specific business and consequently to lose their identity. They would then be used simply as tools. And this is what IRU and ICA must protest against.

In Memoriam

The family and friends of George Ganneby are greatly saddened by his unexpected death at his home in Stockholm at the age of sixty-six.

George was introduced to the ICA when he was elected Chairman of the ICA Tourism Committee (International Union of Co-operative and Associated Tourism - IUCAT) in 1988. During his tenure as Chairman he took responsibility for the revitalization of an ailing IUCAT and steered it to a subsequent merger with the IFPTO (International Federation of Popular Travel Organisations) in 1992, leading to the present-day TICA (French acronym for International Co-operative and Associated Tourism).

George was appreciated by co-operators at home and abroad for his diplomatic and efficient way of handling problems large and small. A specialist in finding that happy balance between business and pleasure, George believed and demonstrated that responsibility could be fun. Those of us who participated at the Berlin meeting in 1991 will always associate George with that pleasurable boat ride through Eastern Germany on the River Spree, an event so typical of George's way of caring for his fellow co-operators.

Up to the time of his death, George led a full and varied life, totally responsible for and expedient of his many professional and social commitments. George was a well-known personality in Sweden's co-operative, political and sporting circles. He was a Director of RESO AB at the time of his retirement, having started his co-operative career some 40 years earlier with Folksam. For a time he was Chairman of the Social Democratic party in his home town and at the time of his death he was Chairman and Director respectively of his local tennis and golf clubs with responsibility for elite and junior teams.

His fellow-TICA members will remember George as a friend, for his warmth, his ability to listen and his eagerness to seek solutions. We will also remember him fondly for his endless supply of gifts, and as a keen amateur of Bordeaux wines, particularly Saint-Estèphe.

Finola Marras





Book Reviews

Co-operation and Development

by Patrick Develtere, ISBN 90 334 3181 5, price 1,120 Belgian Francs, *Academische Cooperatief (Acco) c.v. at: Tiensestraat 134-136, B-3000 Leuven, Belgium, Fax: (32-16) 207 389.*

Co-operatives have received a lot of attention from Governments, international agencies and nongovernmental organisations in their attempt to step up development in Africa, Asia and Latin America.

What are the forces that have contributed to the establishment in less than a century of a co-operative sector presently involving more than 850,000 co-operatives and more than 330,000,000 persons in the developing world? What does explain the alleged high mortality rate and weak social and economic record of these co-operatives? How can one give legitimate and valuable reasons for the success stories in co-operative development? How can the uneven development patterns among and within national co-operative sectors be understood? And, how can one understand the present up-

surge of new co-operative movements outside the boundaries of State-led co-operative development schemes?

In this work, a social movement frame of reference is presented. It isolates the factors that led to serious distortions in co-operative development in the developing world. It also helps to understand how new co-operative movements, in close alliance with other social movements, can develop forms of economic empowerment.

Patrick Develtere studied Sociology at the Catholic University Leuven (Belgium). Associated with international organisations and NGOs, he worked and works with co-operative and social movements in Africa, Asia, Latin America and the Caribbean. He published on the subject in several international journals.

Who Was J.T.W. Mitchell ?

by Stephen YEO, *CWS Membership Services, Manchester, 1995, 93pp. ISBN 0 85 195 221 6*

The title already is an invitation to reading. The not-so-usual question tag at the end marks the departure of an intellectual quest to unfold the social project behind the man and the institution he represented.

But there is no mystery nor wonder. Peter Yeo does not want his reader to explore the meanders of 19th century co-operative history by himself, to discover who was J.T.W. Mitchell, the man whose pale, gray photo appears on the cover page. One would call him a soldier if he were not an apostle of consumer co-operation. The question mark is a provocation, the way to enter the subject without preambles: Well, let's go to the basics : since you probably do not know who he was, I will enlighten you - "The most important fact about Mitchell is that he was Chairman of the Co-operative Wholesale Society from 1878 to 1895, re-elected Quarter by Quarter all through that period. By the late 1880s the turnover of the CWS exceeded £6m a year, its 'warehouse at Manchester is a small town', and it was administering nearly a £million of funds, in shares, loan capital and reserves." (p.1).

These were times of glory, a Sturm und Drang period, when Stores were making considerable advance over other forms of co-operation. Since the beginning the hero is defined by his relation-

ship to a mighty institution, powerful by its finances, materialized on earth by heavy and numerous buildings, warehouses instead of castles. It's not so much the personage itself which is of interest, the real hero is the CWS, as a central pole of co-operative movement. The subject, Mitchell in the circumstances, is totally melted with the object of description in the vast panorama of co-operative politics. Was the man guiding the institution or was it the institution shaping the frame for the man's mind ? It is probably rather like in the famous Mayakovski's poem: We say Lenin and we think of Party, we say Party and we think of Lenin.

The story is told in supple, elegant sentences and keenly using the citations. The author, with his habitual erudition, is guiding ably the readers through Quarterly meetings, looking into the balance sheets, examining minutes, expenses, travel schedules. All the great people are there : we met Beatrice Webb at dinner table, E.V.Neale polemizing over an admission, G. J. Holyoake answering back on the meeting. The quarrels, personal opinions - and God, they were opinionated at those times - are accounted for in order to better show the intellectual currents shaping the development of the Co-operative Movement. Mitchell was at odds with Christian Socialists, he despised profit-sharing, did not believe

in socialism. No wonder that E.O. Greening, to defend his ideas, had to look for assistance of foreign friends and to set up the International Co-operative Alliance, whose first name, by

the way, was International Alliance of Friends of Co-operative Production. An essay can also be fascinating reading.

Alina Pawlowska

Weavers of Dreams - Founders of the Modern Co-operative Movement

by David J. Thompson, Davis, CA: Center for Co-operatives, University of California, 1994, pp. XV, 152 ISBN: 1-88564-05-2

Saga of co-op pioneers' struggle for justice, a must read for co-operators. The best way to celebrate and commemorate momentous events in our society is to write books about them. David Thompson has done just that. He has written a book, *Weavers of Dreams*, about the origins of the modern Co-operative Movement on the occasion of the one hundred and fiftieth anniversary of the founding of the Rochdale Society of Equitable Pioneers and the opening of their first store in 1844.

The message is familiar. Working people have long struggled to achieve a sharing and caring society. Co-operation in the Rochdale fashion has proven to be successful in accomplishing that objective. The courageous efforts of the weavers to establish economic enterprises over which they had control are placed within the larger historical context of the working peo-

ple's struggle for their rights during the industrial revolution of early and mid-nineteenth century England and Scotland. The phenomenon of formal co-operation and the development of co-operative enterprises blended with efforts in the struggle for a more humane society in which the ravages of capitalism and industrialisation would be leavened by respect for the dignity of the person. The Chartists, the Owenites, the Utopians and other worker groups joined the struggle for social and economic reform.

Weavers of Dreams eloquently singles out the philosophical and strategic foundation upon which the Rochdale Pioneers built their struggle. This foundation had three important dimensions: capital accumulation for the service of people, democratic organisation through which working people could assert control over their destiny and co-operative economic education

which provides the analytical tools and knowledge necessary for organisational vision and direction. It is important to point out that of all the components in the struggle for fairness and justice during the first half of the nineteenth century, the one which survived and had the most profound impact was the co-operative movement. It comprises in excess of 725 million people around the globe and stands as the people's bulwark against exploitation and injustice. Thompson's authorship is an eloquent and cogent reminder of the importance assigned to co-operative education by the Rochdale Pioneers. His skilful prose leads the reader to an appreciation of its increasing relevance today. So committed were the Pioneers to education that '... the co-op set aside 10 per cent of its profits to go toward education.' (p. 111)

The book presents the reader with a thorough appreciation of the variety and rapid growth of co-operatives in Britain and beyond. Of significant importance is the political leadership exhibited by the co-operatives in promoting and demanding higher public standards in food purity, healthier and safer working conditions and better housing. They actively campaigned against the Corn Laws, high tariffs and other trade restrictions which caused untold hardship for the poor and working people. So active was the po-

litical life of the movement that it established the Co-operative Party. It successfully contests electoral seats in both municipal and national assemblies to this day.

The message presented by David Thompson is credible and a pleasure to read. He relies heavily on primary and secondary sources for his information and supports his interpretations by reference to reputable authorities. The chapters are replete with interesting and amusing anecdotes. His prose is eloquent and inspiring. An example: 'Spirit furnished the members' capital, hope provided their inventory, hearts nurtured community, while their minds focused on their future'. (p. 38) The book includes a number of appendices of valuable information, one of which lists the names and vital information about each of the 28 members of the Rochdale Pioneers. It also includes a very comprehensive bibliography which will prove to be of great value to all students of co-operation.

Weavers of Dreams has so impressed this reviewer that I recommend it to every co-operative member, director and manager. It should be available for purchase on the bookshelves of every co-operative store and listed in the catalogue of books in every public library. This book makes learning enjoyable. Read it!

Sidney I Pobikusky