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President: Mr. J. B. P. MARAMIS (Indonesia).

AGENDA ITEM 9

The role of the co-operative movement in economic and social development (E/4807 and Corr.1)

1. Mr. JANSSON (Acting Director, Social Development Division) recalled that the interest of the United Nations and the specialized agencies in the co-operative movement dated back to the early days of the Organization's existence. Since then, reports and studies had been published and discussed, and seminars and conferences had been organized by the United Nations, the regional economic commissions, FAO, the ILO and other interested bodies. In that connexion, special mention should be made of the work of the International Co-operative Alliance, which had done much to promote the co-operative movement in developing countries, particularly in South-East Asia. However, when the General Assembly had requested the Economic and Social Council in 1968 to consider the question of the role of the co-operative movement in economic and social development and the Council had adopted resolution 1413 (XLVI), it had been a long time since United Nations policy-making bodies had discussed the question.

2. The concept of co-operation had changed considerably during the 125 years of the co-operative movement. While it had originated as a reaction against the social injustices of the industrial revolution and had served only a small number of people, co-operatives might now each have a membership running into many thousands and were formed not only for consumer purposes but covered a large number of areas such as production, marketing and supply of services.

3. In contrast with what usually occurred in the industrialized countries, the co-operative movement in the developing countries functioned in close association with the Government. That was particularly necessary when the concept of co-operation had to be assimilated into the national culture. For example, some countries had been obliged to make membership of certain forms of co-operatives compulsory. The concepts of "pre-co-operatives", "supervised co-operatives" and "para-co-operatives" were increasingly being recognized as legitimate forms of co-operative enterprise.

4. It seemed that the concept of the co-operative had gained universal recognition and that the co-operative movement was sufficiently widespread and flexible to make a significant contribution to development. The number of co-operatives, their membership and their turnover had

shown a steady increase over the years. A number of Governments referred to co-operation in their national constitutions and attributed to co-operatives a prominent place in the national economy, as well as in the organization of social, civic and cultural activities. Other developing countries indicated in their development plans which sectors were to be developed through the co-operative movement.

5. The report of the Secretary-General (E/4807 and Corr.1) was not intended to be a complete inventory of what could be achieved through co-operatives; it tried merely to indicate briefly the role that co-operatives could play in six fields of particular importance for the Second United Nations Development Decade. Foremost among them was agriculture, including its planning, diversification and modernization aspects. But co-operatives could play an important role also in industrialization, especially in the development of rural industrialization. They could also be the channel for mobilizing savings and directing investments into local enterprises which were beneficial to the local population. Furthermore, an agricultural or industrial co-operative could facilitate the transfer of new knowledge and new technology at a level that would permit their practical application. If the co-operative movement was sufficiently widespread in a country and covered many sectors of production and distribution, it could play an increasing role in international trade and facilitate the exchange of primary commodities and manufactured and semi-manufactured articles. Lastly, co-operatives could play an extremely important role in human and social development, particularly in the areas of education and training, employment and the supply of services in such fields as health, education, housing and, above all, insurance.

6. The objectives of the co-operative movement were as much social as economic. The movement brought together different kinds of people who had to take decisions, bearing in mind the good of the majority and who eventually acquired valuable experience by participating in economic affairs. In that respect, the co-operative society had to be viewed as an important social institution, which should be integrated into the existing social structure.

7. The report of the Secretary-General had taken into account the preparations for the Second Development Decade. Indeed, the report had been included on the agenda of the Preparatory Committee for the Second United Nations Development Decade. He regretted that the existing draft of a strategy for the Second Development Decade mentioned the co-operative movement only very briefly, solely in the passage on agriculture. It was to be hoped that the Preparatory Committee would take account of the Council's debates and realize that the co-operative movement could play a role in almost all sectors of economic and social life.

8. In conclusion, he thanked all the organizations which had helped to prepare the report and were ready to take part in a concerted programme of action for assisting Governments in the area of the co-operative movement through increased technical assistance and long-term research.

9. Mr. TARABANOV (Bulgaria) welcomed the interest shown by the United Nations in the question of the co-operative movement. The development of the developing countries created problems which could be more easily solved through the co-operative movement, especially in its most efficient form, the production—particularly the agricultural production—co-operative. His delegation had supported the Polish delegation's suggestion that the question of the role of the co-operative movement should be placed on the agenda of the twenty-third session of the General Assembly. Bulgaria was convinced that co-operatives were the best way of mobilizing material and human resources democratically, facilitating profit-sharing and improving the life of the people.

10. The report of the Secretary-General was an excellent analysis of the areas in which the co-operative movement could play an essential role. His delegation endorsed the considerations and conclusions expressed therein. In its view, however, the report did not sufficiently highlight the role of production co-operatives in agriculture and industry. Moreover, his delegation did not share the view that the essential role of agricultural co-operatives was to grant credit to farmers. Finally, the report did not consider the possibilities offered by collective farming societies, which the experience of many countries, including Bulgaria, had shown to be the best means of increasing productivity in those areas where small farms predominated. By consolidating small farming units, collective farming societies enabled the benefits of the "green revolution" to be enjoyed.

11. In Bulgaria, the farm units into which holdings had been consolidated had allowed agriculture to develop by facilitating the application of new techniques. The agricultural co-operative system had become an integral part of the nation's economy. The concentration of production in the rural economy had been carried through in two stages: the peasants had first organized themselves at the time of the transition from the capitalist to the socialist system; then, ten years ago, co-operative farms had been increased in size. A third stage currently under way was being made possible by the extension of the co-operative movement. Such concentration was essential to achieve increased productivity and easier co-ordination between agricultural production and the agricultural processing industries. The Bulgarian Government was trying to organize co-operatives in a form which would leave farms a certain amount of independence and improve production conditions, by increasing farm units from their present size of 3,000-4,000 hectares to 30,000 hectares.

12. Mr. HAMBRO (Norway) said that the Secretary-General's report gave a clear and concise description of the co-operative movement and the existing international machinery. The co-operative movement could not only contribute to the attainment of the objectives of the Second United Nations Development Decade in the areas of

production, consumption and income distribution, but could also play an important role in fostering attitudes favourable to development. Well-conceived development programmes had often failed to achieve their objectives because the human element had failed. While technical answers to the problems of increasing production were available, it was difficult to get those techniques adopted by millions of peasants resisting change. The training and education provided in the context of the co-operative movement should make it possible to win the support of that human element.

13. On the subject of international co-operation to promote and strengthen the co-operative movement, he referred to the question of the inclusion in the strategy for the Second Development Decade of a paragraph concerning the co-operative movement. The Economic and Social Council, by its resolution 1413 (XLVI), had already decided to take account of the role of the co-operative movement in the preparatory work for the Second Development Decade and the Preparatory Committee was also to consider that question. Whatever its final wording might be, however, the paragraph could not describe in detail the action needed to develop the co-operative movement. It was therefore gratifying to read in the Secretary-General's report that the United Nations, the ILO, FAO and the International Co-operative Alliance were prepared to expand their activities in that area and had a number of specific ideas on the subject. Notable work had already been carried out, but there was still much to be done.

14. It was essential for the ILO and FAO to continue their technical assistance activities concerning co-operative training and education and the marketing of agricultural products. In co-operation with the ILO, the International Co-operative Alliance and certain non-governmental organizations, FAO had initiated the International Agricultural Co-operative Promotion Programme, whose aim was to co-ordinate the various aid programmes and channel technical assistance more effectively, thereby improving productivity.

15. He paid a tribute to the International Co-operative Alliance which, despite its small financial resources, had provided most valuable technical assistance to developing countries.

16. Mr. KASPRZYK (Poland) said that Poland had always been interested in economic and social questions. Together with twelve other countries, it had sponsored General Assembly resolution 2459 (XXIII) on the role of the co-operative movement in economic and social development and had proposed practical measures and solutions to accelerate economic development in the developing countries, stressing the important role which the co-operative movement could play in that task.

17. Poland, which had considerable experience of co-operatives, had submitted to the forty-sixth session of the Economic and Social Council a memorandum on the role of the co-operative movement in economic and social development (E/4648). Economic and social development required that developing countries should achieve maximum mobilization of all their resources; co-operatives could elicit powerful social responses and amalgamate weak and dis-

persed economic units. Co-operatives had played a vital role in Poland after the Second World War in the task of economic reconstruction and in the social and cultural sectors.

18. The role of the co-operative movement in the developing countries had been confirmed by the Council in its resolution 1413 (XLVI). It was in pursuance of that resolution that the Secretary-General had prepared his report. The Polish delegation agreed with the Secretary-General's views on agricultural development and particularly on the question of land reform, which was essential in many developing countries. Since 80 per cent of the population of the developing countries were living in rural areas and absolute numbers of rural inhabitants would increase considerably over current levels by 1985, the role of co-operatives in the agricultural sector could not be over-estimated. The principles of the co-operative movement could also be applied to other sectors.

19. Referring to the question of international co-operation to promote and strengthen the co-operative movement, he urged support for all forms of international assistance in that field both on a multilateral and a bilateral basis. The United Nations and the specialized agencies could play a very important role by sending to the developing countries experts who would teach the local staff to organize and run co-operative enterprises. Special centres where staff from developing countries would receive theoretical and practical training could also be established. Finally, an international conference on the role of the co-operative movement in the Second Development Decade could help developing countries to accelerate the growth of their economies.

20. Mr. JHA (India) said that the Secretary-General's report rightly stressed the importance of the co-operative movement in agriculture. In the years to come special attention would have to be given to the rural areas, and development in the agricultural sector would have to be accelerated by associating small farmers and the rural masses with the development effort. The Secretary-General's report also contained a number of very interesting forecasts on the probable evolution of the situation between 1970 and 1985, particularly as far as the demand for agricultural credit was concerned. The modernization of agriculture would require considerably increased levels of agricultural inputs. Co-operatives would have to play an increasingly significant role in the sphere of credit and savings, as well as in marketing and supply services. Paragraphs 20 and 21 of the report defined various types of agricultural co-operative. In "integrated co-operatives" farmers retained individual ownership of their land, but decisions on cultivation were taken jointly, with the assistance of experts.

21. In recognizing that agricultural development alone was not sufficient to provide the basis for sustained economic growth in the developing countries, the report emphasized the merits of the co-operative movement in other sectors of the economy. Reference was made to consumer co-operatives, which could also stimulate industrial development through their efforts to supply consumers with better products at lower prices. Paragraph 33 of the report emphasized the role of co-operatives in generating savings for investment. They also had a part to play in international

trade. As agents for government marketing boards they should be in a position to increase their members' ability to secure better prices for their crops and avoid excessive price fluctuations by eliminating middlemen and stabilizing supply and demand in the open market.

22. His country's fourth five-year plan had recognized that co-operatives could discharge their economic and social responsibilities only when they functioned as an integrated system and embraced the whole range of activities, from production to consumption. Between 1961 and 1969 India had made substantial progress in almost all directions. The volume of co-operative credit had increased substantially during that period, and extensive progress had been made with the co-operative processing of agricultural products. The value of agricultural inputs (especially fertilizers) distributed through co-operatives had also risen. In many states co-operatives had contributed towards the growth of agricultural-processing industries. They had also helped to implement government food policy. In endorsing the Secretary-General's report, his delegation was reaffirming its faith in the co-operative movement, which should occupy an important place in the strategy for the Second Development Decade.

23. Mr. SAXENA (Director of the International Co-operative Alliance) complimented the Secretary-General on his report on the role of the co-operative movement in certain key areas of development during the Second Development Decade. He said that the Executive Committee of the Alliance had directed him to prepare a comprehensive plan of action to promote co-operatives in the developing countries, to be carried out by the Alliance, in collaboration with its member organizations and other national and international institutions interested in co-operatives as agents of development. Through its regional offices in South-East Asia and Africa and its contacts with co-operative organizations in Latin America, the Alliance had acquired sufficient experience to be able to provide an effective channel for assistance to co-operative organizations in the developing countries.

24. The co-operative movement had a vital contribution to make to economic and social development through its basic philosophy, according to which foreign aid should be only a temporary measure, successful only to the extent that it generated initiatives at the local level. Moreover, whereas national economic planning had sometimes failed to achieve the anticipated results because ordinary people did not feel themselves sufficiently involved, co-operatives were helping to channel their energies in ways in which they could be used for the implementation of economic and social development plans. The need for practical action was urgent, and he hoped that the United Nations would supply resources for supporting the promotion of co-operative movements in the developing countries.

25. Mr. UMRATH (International Confederation of Free Trade Unions) said that there had always been links between the co-operative and trade union movements, since the aim of both was to improve the living conditions of the little man and to protect him from exploitation by employers and middlemen—an aim that had lost nothing of its validity. The International Confederation of Free Trade Unions endorsed the statement in paragraph 49 of the

Secretary-General's report that "co-operatives create the groundwork for genuine democracy". The development of co-operative saving institutions should also be supported, because they enabled the saver to influence investment choices. In a growing number of developing countries trade unions affiliated to the Confederation were participating in the co-operative movement, or maintained links with it. Trade unions in the industrialized countries were providing unions in the developing countries with financial and technical assistance for the establishment of co-operatives. If an international guaranty fund could be set up within the United Nations system, financial resources would undoubtedly be mobilized for co-operative enterprises; similarly, the establishment of a permanent clearing-house would make it possible to transfer new or usable second-hand machines and tools to the developing countries, as had been done earlier through the ILO.

26. Mr. AZEVEDO BRITO (Brazil) said that the role of the co-operative movement in the achievement of the objectives of the Second Development Decade was clearly and lucidly described in the report of the Secretary-General. A world-wide and unified concept of economic and social development was one of the characteristics of the co-operative movement. The interaction of economic and social factors implicit in the co-operative movement explained the importance which the ILO attached to it, just as the role of co-operatives in rural development justified the attention they received from FAO. His Government attached great importance to the co-operative movement, as one of the most effective means of reducing the production costs of the small landowner and improving his living conditions. In Brazil, co-operatives had, *inter alia*, made it possible to introduce new agricultural and breeding techniques, and to improve the marketing of agricultural products and financing arrangements. However, in Brazil, as in other developing countries, the co-operative movement was still in its infancy. The report would perhaps serve interested Governments as a guideline for their requests for assistance from UNDP.

27. Mr. BRADLEY (Argentina) said that the Argentine co-operative movement had been in existence for a long time: it had started at the beginning of the twentieth century when small properties were occupied by European settlers who had to work together in order to solve their production and marketing problems. That type of association was later brought under statutory regulation. Co-operatives currently accounted for 50 per cent of Argentina's dairy production and 60 per cent of its exports of dairy products. Those co-operatives were of the "integrated" type, which meant that their members owned the land they cultivated. In Argentina, there were also consumers' co-operatives, social work co-operatives, medical co-operatives and artists' co-operatives. There was no doubt that the co-operative movement made it possible to increase production and provide incentives for producers, while maintaining individual freedom and a market economy. His Government would continue to support the co-operative movement.

28. Mr. PRAGUE (France) said that his country was by tradition very sympathetic to the co-operative movement. The role of that movement in the achievement of the objectives of the Second Development Decade was particu-

larly important in that it implied the participation of workers in the common effort and was conducive to the development of human resources. He had noted the reference in the Secretary-General's report to the important role the co-operatives could play in exporting products of local handicrafts, which were often very much in demand in industrialized countries and were therefore sources of foreign exchange. His delegation entirely agreed with the description in the Secretary-General's report of the benefits to be derived from the co-operative movement. However, it was not entirely convinced by the part dealing with means of promoting the co-operative movement and the obstacles to its promotion: the intent seemed to be to give Governments too much control over what were essentially liberal organizations in which self-management was of primary importance. Co-operation could hardly be imposed from outside and the Government's main function was to educate and build up the legal and financial staff required. In France there was a central co-operative credit fund, share capital of which was held by various co-operative organizations and enterprises. The election of the president of that fund by the governing board had to be confirmed by decree, a procedure which ensured the technical independence of its management and constituted the State's only intervention. The central co-operative credit fund had two main purposes: it organized the collection of the savings of the co-operatives and made loans available to them, and it had the promotional role of fostering the initiation and development of new co-operative activities. His delegation considered that the Secretary-General's report was an important contribution to the work of the Preparatory Committee for the Second United Nations Development Decade and hoped that that Committee would find time to study and profit from it.

29. Mr. SHAHEED (International Labour Organisation) said that the ILO had welcomed the adoption of resolution 2459 (XXIII) by the General Assembly at its twenty-third session. The ILO had contributed to the preparation of the Secretary-General's report. The ILO had been involved with co-operatives since 1920 and its work in that field had culminated in the adoption in 1966 of Recommendation 127 on the role of co-operatives in the economic and social development of developing countries. That recommendation dealt with legislation, education and training, assistance to co-operatives, administrative action and international co-operation. The ILO had published many brochures on co-operative activities and organized meetings for the purpose of exchanging views and experience; it had also carried out assistance projects in that field. Experts from the ILO were currently working in thirty-eight countries. Recently, the ILO had set up a special fund for the establishment of co-operative enterprises development centres and was studying relations between the trade union movement and the co-operative movement. Documents recently submitted to the Governing Body included one on proposals for a long-term programme for the period 1972-1977, which described what the ILO intended to do during that period, particularly in securing the participation of the population in national development efforts, including the co-operative movement, and a second document concerning joint action by the ILO, FAO, the International Co-operative Alliance and the International Federation of Agricultural Producers in the field of co-operatives. Joint action by the ILO and FAO in the field of co-operatives

dated from the conclusion of an agreement between those two organizations; in addition, the ILO and UNIDO had a joint study group which dealt with the role of co-operatives in industrialization. The ILO did not contend that the co-operative movement could find solutions for all develop-

ment problems, but the contribution the movement had made to development was considerable.

The meeting rose at 1.10 p.m.