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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 (*continued*) (E/4807 and Corr.1)

1. Mr. RAHMAN (Pakistan) said that the interest of the Council in the question of co-operatives was highly commendable, coming as it did on the threshold of the Second United Nations Development Decade. Although his delegation had felt that the Council should have taken up that question earlier, it nevertheless thought that the report of the Secretary-General (E/4807 and Corr.1) had come at a most opportune time.

2. Economists, sociologists and planners were seeking means to evolve a basic strategy with a view to the maximization of growth throughout the world, on the basis of the limited resources available, and the value of the co-operative movement in promoting the transformation of traditional economic structures was increasingly being recognized. The impact of the co-operative system was fourfold: it involved the participation of the people, which was important because experience had shown that social change induced from the top was not always well received; it made a contribution to all economic and social sectors and thus had a catalytic effect on the entire development process; it was a system in which the economic and social components of development could be particularly well integrated; and it spared planning agencies some of the work involved in drawing up the innumerable small projects designed to promote rural capital formation, employment, the building of rural infrastructures, and so forth. However, the adoption of the co-operative system by the developing countries would pose some problems. If the co-operative movement was to be spontaneous, it would have to be introduced in a spirit of enlightened self-interest without excessive State control, understanding of the principles of co-operative development—which presupposed a reasonable stage of literacy and social and economic development—and a political framework conducive to free voluntary participation. Many countries which were experimenting with co-operatives were facing problems because they were at the pre-co-operative stage of development. The basic shortcoming was a lack of finance. Another problem was the weakness of the central organizations at the regional and national levels, while still another was lack of co-ordination among the various sectors. Co-operative programmes also suffered from a lack of technical skills, training programmes and material resources. Because of the many difficulties involved, it took years of effort to produce substantial results. Unfortunately, the history of co-operative movements in most of the developing countries had been one of implementing the ideas of a different age and culture.

3. Pakistan had been trying to develop the co-operative movement for some time, believing as it did that its economic growth depended on an agricultural breakthrough. The correlation between the co-operative movement and agriculture was obvious; at the beginning of the 1960s, roughly one fifth of the country's rural manpower had been unemployed. Traditional development projects had not solved that problem and the idea of a decentralized regional programme had therefore been conceived. Public expenditure, although relatively small, had acted as a catalyst for co-operative self-help. The country's second and third five-year plans, in which the programme had been initiated and developed, had already achieved notable success and augured well for future progress. In 1962 the Academy for Rural Development had inaugurated a pilot project to ascertain the administrative and planning capabilities of the local people, and its success had led to the establishment of several similar projects. In that connexion, his delegation acknowledged the generous assistance given by a number of countries and institutions.

4. The Secretary-General's report had identified some of the priority areas of development to which the co-operative movement could contribute. His delegation was, on the whole, in agreement that the two major priorities, as stated in paragraphs 66 and 67 of the report, were the establishment or the strengthening of autonomous secondary organizations and staff development. He would also stress the importance of establishing co-operative development centres as an instrument for ensuring the unified direction of efforts. Another prerequisite was provision for adequate studies and research on problems associated with the co-operative movement. The meeting of experts on co-operatives, held under the auspices of the ILO in November 1968, had identified the most important studies that would be required, and the 1970 World Conference on Agricultural Education and Training should lead to greater understanding of the problems involved in education and co-operation in agriculture.

5. In the context of the Second United Nations Development Decade, the fostering of the co-operative movement as a means of contributing to development efforts would depend largely on the availability of resources, including international financial assistance. It was important that all potential financial resources should be mobilized; the concept of the country approach, proposed by the Governing Council of UNDP, was to be welcomed, and his delegation hoped that the Special Fund component would be expanded and that projects drawn up under the auspices of such bodies as UNIDO and FAO would be implemented. The establishment of links between co-operatives in developed and developing countries was also important, as was the help of non-governmental organizations and private institutions, especially in regard to the provision of technical expertise. The contribution of some of the specialized

agencies, and of UNIDO with regard to industrial co-operation, should be recognized. At the same time, closer collaboration between those organizations was needed in order to avoid overlapping and duplication. His delegation welcomed the initiative of FAO in co-ordinating the various aid programmes on a country basis.

6. While it was true that, as the representative of the ILO had said (1679th meeting), the co-operative movement did not offer a panacea, it did have a vital supplementary role to play. His delegation would hold consultations with a number of others with a view to submitting a draft resolution on the item.

7. Mr. ABE (Japan) observed that the Secretary-General's report noted the significance of the co-operative movement as a means of reorienting the thinking and traditional values of the people by involving them in the management and operation of co-operative societies and motivating them to improve their skills and attain higher levels of productivity. However, the report appeared to be based on the assumption that the movement had already been established in the developing countries and it therefore did not indicate how it was to be formed. In reviewing the role of the co-operative movement, the Council should consider whether the modern co-operative, organized as a business, could be introduced in the developing countries, with whose social structure it might not be in keeping. It was important to consider how the co-operative movement could be introduced without causing a conflict with traditional values.

8. With regard to the role of the co-operative movement in the Second Development Decade, two points should be stressed. Firstly, on the subject of relations between the modern co-operative and the traditional community, paragraph 44 of the report stated that programmes of motivation and mobilization had to be attempted within and in relation to change, both spontaneous and engineered, occurring in the social context of living and labouring of the tradition-bound communities. It was to be regretted that the report, while stressing the need for the reorientation of values, did not deal with the numerous types of co-operative efforts obtaining in certain traditional societies. His delegation felt that the report should have done more to bring out the conflict between economic development and traditional social values. Secondly, with regard to the level at which the co-operative movement should initially be established, the report presented three patterns of co-operatives in the developing countries: primary co-operatives at the local level, unions at the regional level, and national unions or federations at the national level. His delegation concurred in the observations in paragraphs 65 and 66 of the report in that connexion and felt that if co-operatives were to be capable of supporting and advancing social goals, the Council should carefully consider the impact of the establishment of those organizations on the traditional communities and their process of adjustment. A study of co-operative efforts in traditional societies, which the report did not include, would have been of value in considering the role of the co-operative movement in achieving the objectives of the Second Development Decade. His delegation would like that point to be noted by other bodies, and suggested that the outcome of the discussions could be brought to the attention of the

Preparatory Committee for the Second United Nations Development Decade.

9. Mr. OLDS (United States of America) said that the strength of the co-operative movement lay in the prime importance which it attached to personal participation in enterprises based on enlightened self-interest; the movement could thus serve as a bridge in the transition from a traditional to a modern society. The techniques and methods to be used would have to take into account, as the Pakistan representative had noted, the need to ensure the spontaneous participation of the people, for a key ingredient was the multiplier effect of the development of management skills at the lowest levels and the development of the required infrastructure. The main elements of development strategy—the harmonizing of sectoral interests, the transfer of resources, the harnessing of science and technology, the accumulation of savings and the training of management—were all features of the co-operative movement. The Bulgarian and Indian representatives had referred to the tendency of agricultural units to increase in size as a result of mechanization; the latter process, however, still tended to bypass the small farmer. His delegation was pleased to note, from paragraph 16 of the report of the Administrative Committee on Co-ordination (E/4840) which the Council will consider at its forty-ninth session, the specialized agencies' awareness that the "green revolution" not only affected the small farmer but was, in a larger sense, leading to a dislocation of traditional society. Some Asian countries had had to face new problems arising from new patterns of distribution, market dislocation and foreign exchange difficulties.

10. His delegation noted the success of agricultural credit unions, and felt that the possibilities of such systems should be more fully investigated. With regard to advances in production, he wished to draw attention to the systems approach; production, manufacture, distribution, imports and exports could be linked in systems which could bridge the gaps between traditional and modern outlooks and between the interests of importer and exporter or creditor and debtor.

11. Paragraph 34 of the report of the Secretary-General (E/4807 and Corr.1) was an excellent illustration of the value of co-operatives in promoting savings. With regard to paragraphs 40 and 42, he recalled that President Nixon in his address to the General Assembly at its 1755th plenary meeting on 18 September 1969 had spoken of the United States desire to relate science and technology to those countries in which their adaptation would greatly accelerate the progress of development.

12. His delegation agreed that, as stated in paragraph 46 of the report, one of the great merits of co-operation in relation to development was its mobilization potential and its motivational impact. With regard to paragraph 57, it would be recalled that the Director of the Centre for Housing, Building and Planning had noted the importance of the co-operative movement in housing; the United Nations Conference on the Environment to be held in 1972, would, *inter alia*, consider the problems of human settlement. The co-operative movement could help to solve such problems; for example, co-operative housing experiments could be undertaken. With regard to the interest of

the specialized agencies in the development of co-operatives, mentioned in paragraphs 75 and 77 of the report, his delegation felt that the Council should encourage the specialized agencies to collaborate in that connexion and concentrate on the proper priorities.

13. His delegation hoped that the Council would be able to establish a specific mandate and objective in regard to the role of the co-operative movement in development.

14. Mr. LISOV (Union of Soviet Socialist Republics) said that his delegation had welcomed the initiative taken by the Polish delegation at the twenty-third session of the General Assembly in raising the extremely important question of the role of the co-operative movement in social and economic development, and had supported the relevant resolutions adopted by the General Assembly and the Economic and Social Council. The co-operative movement had now become a key factor in economic and social development in many countries which were striving to achieve broad-based social and economic progress. The potential contribution of the co-operative movement to the solution of some of the most complex problems of the century was evident from the practical experience of the socialist countries and many countries in Asia, Africa and Latin America. It had a vital role to play in overcoming economic and technical backwardness in developing countries.

15. However, it was only recently that the co-operative movement had achieved wide recognition from States and Governments. The history of the co-operative movement testified to the universality of the concept. It had assumed many different forms and was still developing as political and social circumstances changed.

16. The co-operative movement had historical roots in bourgeois society. The British economists Adam Smith and David Ricardo had seen in it a powerful factor in the growth of productivity, while the Swiss and French economists Sismondi and Prudhon had seen it as a means of rescuing small producers from the domination of big capital. Saint-Simon, Fourier and Robert Owen had placed their hope in the co-operative movement as a tool for liberating society from inequality, poverty and exploitation by a wealthy minority. The co-operative movement had also played a part in the formation of the thought of the national liberation movements in the developing world. It was only natural that such a concept should have attracted the interest and attention of the founders of scientific communism. Marx and Engels had based their views on the subject on the objective study of the economic and social development of society. In the various forms of co-operation—credit, supply, marketing and, in particular, production—they had seen the potential for the development of a new economic organism. Even under capitalism, the co-operative movement had provided a prototype for a new kind of production relationship, free from exploitation. Marx and Engels had perceived the germ of a new democratic institution, which would involve the masses of the workers in all stages of the economic process and would enable them to become accustomed to participating in the regulation of production and distribution.

17. Lenin had injected new life into the co-operative movement, and had seen it as a means of creating

appropriate conditions for the transfer of political power to the people. Lenin's co-operative plan had provided for the gradual and strictly voluntary transformation of tens of millions of peasant holdings in the USSR into co-operatives. Flexibility was essential, and the psychology of the peasant was a crucial factor. Traditionally, the peasant was dedicated to private ownership and was imbued with the strongest mistrust of all innovation. Lenin had therefore felt that co-operativism should first be introduced in the form of trade co-operatives, which would assist peasants in making concerted efforts to meet the daily needs of their families. Co-operative credit facilities should be developed at the same time, and as those two steps led to growing recognition of the effectiveness of co-operativism, the third step should be the introduction of co-operative marketing and supply techniques.

18. It was on that basis that the co-operative organization of production had begun in the USSR, the peasants being gradually led to realize the benefits of the co-operative system. Lenin had stressed that the development of the co-operative movement should receive large-scale State assistance, and the Soviet Government had made great efforts to protect the peasants legally and economically from exploitation by rural capitalists. Despite its lack of resources, the State had endeavoured to find means of establishing such facilities as tractor stations for the peasants and model collective farms. The co-operative movement in the Soviet Union had thus developed as a voluntary movement among the peasants, with the active encouragement of the Government. By the early 1930s, the rural masses, who formed the great majority of the population, had begun participating in the construction of the socialist society through collectives based on the latest scientific and technical methods.

19. The Soviet experience in the development of the co-operative movement had its roots in conditions similar to those prevailing in many countries of Asia, Africa and Latin America, and a number of developing countries had modelled their own efforts on the Soviet example.

20. United Nations activity with relation to the co-operative movement was only just beginning. He expressed satisfaction with the research carried out by the United Nations Secretariat, the International Co-operative Alliance, the ILO and FAO on the contemporary co-operative movement and its role in the achievement of the goals and objectives of the Second Development Decade. He supported the view expressed by the Polish representative at the previous meeting that the co-operative movement should be an important constituent element of the strategy for the Second Development Decade. The co-operation of such organizations as the International Co-operative Alliance should be enlisted. The Alliance could undertake many practical measures to promote the development of the co-operative movement and might also prepare new studies and organize international conferences and symposia.

21. He expressed his delegation's appreciation of and general satisfaction with the Secretary-General's report. He felt, however, that certain issues had been bypassed. The question might be asked why the co-operative movement had not until now received the necessary support from the

United Nations and other international organizations which had the means to help it play its proper role in the Second Development Decade. He endorsed those parts of the report which stressed the tremendous potential of co-operatives in raising standards of economic development. However, while the report recognized the potential contribution of the co-operative movement to agricultural production, it appeared to accord a secondary role to producers' co-operatives and to give priority to credit, supply and marketing co-operatives. He stressed that agricultural production based on the collective ownership of land should be the aim of the Government of any developing country if it wished to utilize the co-operative movement to accelerate its economic and social development. That basic fact was evident from the experience not only of the socialist countries but also of many developing countries. The report failed to give due attention to the co-operative form of land ownership which ensured that agricultural workers had access to the chief means of production. He regretted that that most important incentive of all was not mentioned in paragraph 44 of the report.

22. The report also failed to stress that the co-operative system provided Governments with a reliable means of developing independent national economies. The main purpose of the private sector was always the accumulation of profit, often to the detriment of national independence and priorities, since foreign economic enterprises tended to use the private sector to exploit the natural resources of developing countries. Co-operative farms, owned and managed by the people, were the best safeguards of economic sovereignty, and he would have liked the Secretary-General's report to include a recommendation that the Governments of developing countries should give co-operative farms the utmost encouragement and assistance, financially and legally.

23. He stressed his Government's dedication to and great interest in the development of the co-operative movement. The Soviet Union was in favour of the organization of bilateral and multilateral assistance—the latter channelled through the United Nations family of organizations—to promote the co-operative movement.

24. The All-Union Congress of Kolkhozes recently held in his country had adopted a new charter for Kolkhozes reflecting the changes which had taken place in the co-operative movement in the Soviet Union over the past thirty years. A new five-year plan, for the years 1971-1975, provided for the development of activity in the field of consumer co-operation and the improvement of producers' and consumer co-operatives, particularly in agriculture. The Soviet Government was ready to assist in developing the co-operative movement in all countries as a factor in the promotion of social and economic development and to share its long experience by sending experts to interested countries and welcoming their representatives who wished to study the movement in the Soviet Union.

25. Mr. MARTOHADINEGORO (Indonesia) said that his delegation had fully supported General Assembly resolution 2459 (XXIII) and Economic and Social Council resolution 1413 (XLVI) on the role of the co-operative movement in economic and social development and in the achievement of the goals and objectives of the Second United Nations

Development Decade. The Secretary-General's report was a most valuable and interesting document.

26. The involvement of all sectors of society in development efforts was a prime factor of growth in every country, regardless of geographical location or cultural background. He endorsed the Secretary-General's statement that popular participation in development, to be effective, must be so organized as to minimize the weaknesses inherent in smallness of scale and to maximize the benefits that could be derived from group action and that the co-operative formula was eminently suited for that purpose.

27. Although some important progress had been made in the application of the co-operative system in developing countries as a means of promoting economic and social development, that approach had not been uniformly successful. The report pointed out that in most developing countries the rural areas provided the main focus for the development of the co-operative movement, since the majority of the population and the major part of the economic activity were concentrated there. He stressed, therefore, that any further development of co-operatives in the agricultural sector must take due account of and be fully related to rural development plans in an integrated strategy. Such a strategy would include the building of the physical infrastructure and the provision of technical, financial and organizational assistance to agricultural and rural industries. Sound planning and efficient management were basic prerequisites.

28. With regard to the areas in which the United Nations could most usefully provide technical assistance, his delegation believed that the Organization had an important role to play in remedying the serious inadequacy in most developing countries of information on up-to-date methods in a broad range of fields, from technical know-how to marketing methods and managerial skills. He also stressed the importance of the efforts of the developing countries. Outside assistance, such as that provided by the United Nations, could be no substitute for those efforts but could only supplement them. United Nations assistance should aim at encouraging and stimulating national initiative.

29. His delegation agreed in general with the report's identification of problems and endorsed the recommendations of the Secretary-General. The promotion of the co-operative movement should play a key role in the strategy for the Second Development Decade as a means of broadening the basis for popular participation in development and an equitable distribution of its benefits. He hoped that the United Nations and other international organizations would continue to assist the developing countries in the implementation of their co-operative development programmes. He also urged co-operative movements in developed countries to continue to give their full support to co-operative movements in developing countries.

30. The Constitution of the Republic of Indonesia specifically provided for co-operative organizations, and the co-operative movement there had advanced steadily since the country's accession to independence. In the early 1960s the movement had experienced some setbacks, but in 1967 the co-operatives had been reorganized under a new law, which had revived and given added impetus to the

movement. The growth of the co-operative movement in Indonesia continued, and, while there had been 64,000 co-operatives in 1967, under the Five-Year Development Plan inaugurated in January 1969 the projected target included an average annual increase of 1,800 co-operatives during the five-year period. Priority was accorded to the agricultural sector, encouragement being given to the establishment of more producers' credit, service and marketing co-operatives. Early in 1968, the Asian Development Bank had provided a team of experts which had conducted a survey of the Indonesia rural credit system, including the role of co-operatives, and had made recommendations for improvements.

31. He hoped that the Second World Food Congress, to be held at The Hague in June 1970, would, *inter alia*, pay due attention to the issue of rural development in developing countries, which depended fundamentally on the existence of strong local organizations, such as co-operatives and supporting governmental services.

32. Mr. DRISS (Tunisia) said that the principles of the co-operative formula, accepted by the various economic systems, socialist and capitalist alike, could appear illogical if they were distorted in their application and if the obstacles to be overcome, some of which were indicated in the Secretary-General's report, were overlooked. Frenetic attempts to effect a radical transformation of a country's social and economic structure without regard to factors such as time and financial resources could result in failure, with the creation of a vicious circle which any development strategy should endeavour to break. The co-operative system was one of the most effective ways of overcoming under-development but its application required large numbers of technicians and sufficient funds. Foreign aid and foreign experts could not be a substitute for domestic efforts in that connexion.

33. However pragmatic, no co-operative scheme should underestimate the initial popular opposition which it was likely to encounter. Nor could it dispense with the appreciable number of technicians required to service the co-operative units. His country's experience in the agricultural field had begun in 1962 with the establishment of production co-operatives which, by 1968, had covered an area of 1 million hectares. In 1969, it had been decided, in view of the success achieved during the preliminary phase, to extend the co-operative system to cover 4.5 million hectares. Significant obstacles had been encountered. The co-operative system could not be made general as long as the requisite human and financial resources were lacking, and its introduction gave rise to new problems, human, administrative and financial, with which, in many cases, the traditional economic structure could not cope. The attachment of the individual to his property should likewise not be underestimated. In that connexion, he drew attention to paragraph 44 of the report. A co-operative system should be expanded prudently; excessive rapidity led only to the multiplication of problems which might have been avoided had the pace been slower. If the importance of such obstacles were underestimated, an aversion to the co-operative system could be aroused among the population. Governments should draw conclusions from such experiences as to the way in which co-operative principles could best be applied; however, they need not question the universally recognized value of those principles as such.

34. As the report pointed out, co-operatives constituted the most effective means of transferring scientific knowledge and technology. Furthermore, they fostered national unity in the struggle against under-development and made it possible to avoid taking measures which could alienate certain elements of a country's population. Tunisia had been mindful of setbacks encountered in the implementation of radical agrarian reforms in the past and the accompanying alienation of those elements. For that reason, it had allowed land to remain under the ownership of the farmers, although collective forms of cultivation had been introduced at all levels. Finally, the co-operative system helped to solve the problem of land fragmentation.

35. For those reasons, his Government remained convinced of the value of the co-operative system as an effective instrument of development, provided it was applied with the maximum guarantees and was not allowed to become a system under which the people were coerced and repressed. As a matter of urgency, the Council should adopt an approach to the question of co-operatives which would take account of the experience of developing countries such as his own—where the system was now undergoing a serious crisis. It was easy to praise the co-operative system in the light of the success of developed countries which had the means to establish complex enterprises and in which individual liberty had been safeguarded and strengthened by the co-operative system. If, however, an under-developed country was to profit from the experience of others, it must base itself on experience gained in circumstances resembling its own. Tunisia's situation was the more instructive in that his Government had not rejected the co-operative system following the disappointments it had experienced but intended to apply the knowledge so gained in the creation of conditions necessary to the system's success.

36. The United Nations could play a significant role in exchanging information among countries engaged in co-operative experiments and in undertaking studies of experiments carried out in various parts of the world, with particular emphasis on the reasons for their success or failure. His delegation was convinced that the co-operative system could expand to play a significant role in the Second Development Decade, provided that the conditions necessary to its success were created and that none of the obstacles was underestimated. The basis of co-operation should be the principle of voluntary participation and increased economic output, with the rights and duties of members of co-operatives safeguarded by law.

37. Mrs. CHITTY (United Kingdom) said that her delegation welcomed both the current interest in the subject of the co-operative movement and the report of the Secretary-General. In her country, the movement was an integral part of social and economic development and much of its strength derived from the voluntary participation of members. In that connexion, she agreed with the statement in paragraph 49 of the report that co-operatives created the groundwork for genuine democracy. The movement's role in her country's highly-developed, industrialized society was different from its role and potential in developing countries and she agreed generally with the comments of the Director of the Social Development Division on that point (1679th meeting). Conscious of the contribution the

movement could make in developing countries, her Government had fostered co-operative growth following the Second World War in what had then been dependent Territories. Since the latter's accession to independence, her Government's support for the co-operative movement had been maintained and increased under its aid programme. Direct assistance was mainly technical, with most of it in the form of training and advisory services, although much economic aid was channelled into co-operative efforts.

38. It was evident that the Council was agreed as to the importance of the co-operative movement and the prospects of its future expansion. The Secretary-General's report was an admirable general statement but stopped short of a realistic assessment of the practical possibilities of the co-operative movement in specific fields. Her country's experience had been that the movement's contribution varied in value in different fields, whereas the report seemed to imply that it contributed equally in every field. Its greatest achievements had been in agriculture and rural development and in the mobilization of financial resources for development but, in her country's experience, it had made a lesser contribution in international trade. Her delegation agreed with that of France that co-operatives could not be imposed from without; if the movement was to be a success the motivation must come from the people themselves.

39. The United Nations Social Development Resources Institute had done research on the movement, and an assessment of co-operative achievements in various fields based on that research would have been a useful addition to the Secretary-General's report.

40. As to preparations for the Second Development Decade, her delegation welcomed the recent contacts between the International Co-operative Alliance, the ILO and the United Nations. The present draft strategy for the Development Decade¹ referred in paragraphs 66 and 70 to the role of co-operatives in housing, agricultural and rural development. It was clear from the debate that the specialized agencies and Governments were all aware of the importance of the co-operative movement and there would accordingly be no cause for concern if the strategy did not include references to the precise role of co-operatives in every aspect of society.

41. Mr. ALZAMORA TRAVERSO (Peru) said that the co-operative movement, which had always been important in his country, had been given a new impetus when the Revolutionary Government had taken office and strengthened the movement's role with a view to maximizing its contribution to economic and social development. His Government's efforts in that connexion had been directed especially to rural areas where large sugar plantations had been expropriated by decree and transferred, as integral agro-industrial entities, to the ownership of the plantation workers. The success of that measure was evident from the fact that one year later, sugar production had exceeded the target set by the former owners. A significant part of the resultant profits had been transferred to the workers, with far-reaching implications for the improvement of rural living standards, the modernization of rural life and the

broadening of the market for domestic manufactures. His Government planned to extend the movement further, a process which would be advanced by assistance from the United Nations and the specialized agencies, particularly with regard to the training of administrative staff.

42. Mr. CREMIN (Ireland) welcomed the Secretary-General's report (E/4807 and Corr.1) and, in particular, the statements that co-operatives created the groundwork for genuine democracy and that they reflected an approach to development which emphasized the active participation of the masses in the development effort and in the sharing of the benefits resulting from development. The co-operative had been described as a democratic association midway between competition and State or municipal socialism. The very considerable potential of the co-operative approach was apparent from experience in his country, which had played a leading part in the application of that approach to agriculture. The first co-operative creamery had been established in 1889 and the movement had since progressed to the extent that some 70 per cent of the dairy industry was now owned by co-operative societies. He agreed with the report's comments as to the many areas in which the co-operative approach could produce results but wondered whether present efforts should not be concentrated primarily on the promotion of co-operation in specific fields of development, on the understanding that efforts in other worth-while sectors would not be excluded. It might be advisable to give primary attention to the potential of co-operatives for agricultural development in developing countries. It had been emphasized in the current debate that 80 per cent of the population of such countries lived in rural areas and his delegation felt that the Council should stress the importance of adopting the co-operative approach in the promotion of rural industrialization and agricultural development. It was in that context that the draft strategy for the Second Development Decade² specifically mentioned co-operatives. The final draft might give more general prominence to that approach; the direct advantages of co-operation in the agricultural sector were very clear. In that connexion, it was noteworthy that self-interest was an important factor in the success of the pioneer efforts of the original Rochdale co-operative system.

43. It was clear from the report that there was no lack of expertise for the promotion of the co-operative movement in the developing countries. Especially impressive in that regard were the many steps taken by the ILO and FAO and the projected establishment of the International Agricultural Co-operative Promotion Programme. The statements of the ILO, the International Co-operative Alliance and the International Confederation of Free Trade Unions representatives had indicated that the maximum help would be forthcoming from those and other agencies active in the co-operative field. Indeed, it might well be asked whether, without a really strong effort to apply the co-operative approach, the developing countries would be able to achieve the relatively high target of an average annual growth rate of 4 per cent in agricultural output.

44. Mr. PIÑERA (Chile), speaking at the Chairman's invitation, said that the introduction to the Secretary-General's report was an accurate statement of the co-

¹ Document A/7962 of 18 March 1970.

² *Ibid.*

operative formula as an instrument of popular participation in the development effort. Its role in the promotion of genuine democracy was most important; it enabled people to manage their own internal affairs and it was a tool for the achievement of economic and, consequently, political independence. It was thus of particular significance for the developing world. The application of the co-operative formula was not an unvarying mechanical process, but had typical national expressions. In his country, the movement had been expanded during the previous five years as an instrument of economic and political development, which was useful in the achievement of agricultural reform and the improvement of living standards. The Secretariat, in co-operation with the Social Development Resources Institute, should devote greater attention to the problems of the co-operative movement. He welcomed the Secretary-General's report but felt that its conclusions were incomplete in that there should be greater emphasis on the role of co-operatives as instruments of structural transformation. The participation of developing countries in the discussion of the co-operative movement was more important than that of developed nations.

45. Mr. ABBOTT (Food and Agriculture Organization of the United Nations) said that the most recent FAO Conference had laid special emphasis on the assistance of co-operatives and that, on its recommendation, a separate group had been established to deal with co-operatives, which was supported by specialized groups dealing with marketing, credit and the distribution of farm supplies. His agency was also giving special assistance, through the provision of technical experts and training, in the establishment of co-operatives in conjunction with land reform programmes. In addition, it was developing a series of projects providing financial and technical assistance for the integrated development of agricultural services and institutions for limited areas within a developing country. Such an

approach was valuable in that it provided an opportunity to try out a new system and train staff on a scale on which that system could be carried out successfully, taking into account the resources available, rather than spreading efforts too thinly over a whole country. FAO was also continuing its series of practical advisory texts for the use of staff dealing with co-operatives.

46. With reference to the joint programme for the promotion of agricultural co-operative development in which FAO, the ILO, the International Federation of Agricultural Producers, the International Co-operative Alliance and the International Federation of Plantation, Agricultural and Allied Workers would participate, he said that representatives of those agencies had recently agreed on the establishment of a joint secretariat. The programme, which would receive some assistance from bilateral sources, was in effect already in operation. Its main goal would be to mobilize support for agricultural co-operative development from the many possible sources, particularly non-governmental and bilateral ones, as well as from the United Nations system.

47. His organization was fully aware of the co-operative movement's potential role in the rural development field, especially with regard to small farmers, landless agricultural workers and the rural poor. The last FAO Conference had given the highest priority to work on the mobilization of human resources as a prerequisite for social and economic development. In its programmes to strengthen the institutional framework for agricultural development, FAO was constantly aware of the need to stress the co-operative element. That aspect would be taken up by the World Food Congress at The Hague in June 1970.

The meeting rose at 6.5 p.m.