



ECONOMIC AND SOCIAL COUNCIL

Forty-sixth Session
OFFICIAL RECORDS

Friday, 23 May 1969,
at 3.20 p.m.



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President: Mr. Raymond SCHEYVEN (Belgium).

AGENDA ITEM 9

The role of the co-operative movement in economic and social development (E/4648)

1. Mr. ZAMAN (Pakistan) expressed his appreciation to the Government of Poland for its admirable memorandum on the role of the co-operative movement in economic and social development (E/4648). He said that he agreed with the memorandum, in principle, and recognized that the co-operative movement could play a critical role in helping a country develop harmoniously, without social stress and strain. However, the success of such a movement depended on enlightened self-interest and on a full understanding of both the principles of the co-operative movement and its application to development, which, in their turn, presupposed a high percentage of literacy, a certain stage of socio-economic development and a political framework conducive to the free and voluntary association of people in the furtherance of their common interests.

2. The difficulties experienced by most developing countries arose from the fact that they had to experiment with the co-operative movement while they were still at the pre-co-operative stage. Decades of effort were needed to establish the conditions required for the success of the co-operative movement. Pakistan, after many years of trial and error, was beginning to see some positive results, as was apparent from the well-known Comilla experiment, which the Government intended to extend gradually to the whole country. He wished to thank all the countries and institutions which had assisted Pakistan in that experiment.

3. Pakistan would be glad to share the experiences it had acquired in the field of co-operatives with any other country or institution. It therefore supported the suggestion of the Government of Poland that the Economic and Social Council should prepare comprehensive reports regarding co-operative experiences in the countries which had a special tradition in that sphere. Those reports should highlight points which might be of particular interest to the developing countries.

4. Mr. SHAHEED (International Labour Organization) recalled that he had already explained—in the Second Committee at the twenty-third session of the General

Assembly^{1/}—why the role of the co-operative movement in economic and social development was of particular interest to the International Labour Organization. General Assembly resolution 2459 (XXIII) had been submitted to the Governing Body of the International Labour Office at its 174th session, and its International Organizations Committee had recommended that the ILO should aid the co-operative movement. At that same session, the Governing Body of the International Labour Office had taken two decisions: (a) it had invited the Director-General to continue his negotiations with the Food and Agriculture Organization of the United Nations (FAO), the International Co-operative Alliance and the International Federation of Agricultural Producers with a view to determining forms of co-operation in co-operatives and to participating actively in the proposed action; and (b) it had decided to study the contribution of the ILO to the Second United Nations Development Decade, and it was in that context that he intended to discuss the role of the co-operative movement.

5. Since its foundation, the ILO had taken an active interest in all matters relating to co-operatives, and it believed that it could best implement the relevant provisions of General Assembly resolution 2459 (XXIII) by continuing its standard-setting, research, information, technical co-operation and educational activities, where necessary in collaboration with other organizations concerned, and particularly FAO.

6. The ILO had been concerned with co-operatives as early as 1920 and, since then, had been devoting attention to certain aspects of the co-operative movement connected with improvement of the economic and social conditions of work. Since 1921, the ILO had served as a centre for the collection and dissemination of information on co-operative activities throughout the world and had produced numerous publications on that subject. It encouraged the exchange of views and experience through the international, regional and national meetings which it organized jointly with FAO and other organizations. The International Co-operative Alliance was one of the six non-governmental organizations to which the ILO had granted full consultative status. In 1966, the International Labour Conference had adopted a recommendation on the role of co-operatives in the economic and social development of developing countries,^{2/} which was designed to provide the Governments of developing countries with guidelines for developing all types of co-operatives. Since 1937, ILO action with regard to co-operatives had consisted in large part of technical assistance activities. By the end of 1968,

^{1/} See Official Records of the General Assembly, Twenty-third Session, Second Committee, 1225th meeting, paras. 17-19.

^{2/} See International Labour Conference, Fiftieth Session, Geneva, 1966, Records of Proceedings (Geneva, International Labour Office, 1967), Annex XV, recommendation 127 (4), p.814.

approximately sixty-five ILO co-operatives experts had been posted to over thirty-five countries, and co-operative regional advisers had been assigned to all regions of the developing world. Many ILO projects, particularly those financed from the Special Fund component of the United Nations Development Programme (UNDP) were designed to establish co-operative development centres.

7. The ILO intended to increase its co-operative activities in the future, especially in so far as the co-operative movement had an impact on rural development. It would co-operate more closely with the other organizations concerned, in particular with FAO, the International Co-operative Alliance and the International Federation of Agricultural Producers.

8. Mr. KASPRZYK (Poland) recalled that it had been the Polish delegation which, along with thirteen co-sponsors, had submitted to the General Assembly at its twenty-third session the draft resolution^{3/} which had become resolution 2459 (XXIII). The Polish Government had submitted its memorandum (E/4648) because of Poland's considerable experience in the field of co-operatives. It felt that the maximum mobilization of the developing countries' own resources and potential was indispensable for their economic development. The co-operative movement could release powerful social initiatives and amalgamate dispersed and weak economic units.

9. In post-war Poland, the co-operative movement had played an outstanding role in the reconstruction not only of the production sector but also of the country's social and cultural life. Supply and purchase co-operatives, organized into an agricultural co-operative union with over 4 million members, occupied an important position in the Polish economy. Those co-operatives supplied the goods and services required for agricultural production. Voluntary contracts between co-operatives and peasants protected the peasants from price fluctuations and other risks. That contract system, which was based on agreements between agricultural producers, on the one hand, and either a State-owned enterprise or a supply and purchase co-operative, on the other, was also a method of indirect planning for agricultural production in privately-owned farms. The co-operatives had their own processing plants, shops, warehouses and purchasing units. They ran restaurants and, through health co-operatives, provided the rural population with medical care. Co-operative credit societies provided producers with short- and medium-term credits. Milk and fruit were purchased and processed entirely on a co-operative basis.

10. Polish co-operatives also played an active role in social and cultural life. They had their own cultural and educational centres and helped to establish and equip local libraries, clubs, and artistic and sports groups.

11. The most dynamic development of the co-operative movement in the cities had taken place in housing co-operatives, services, consumer unions and co-operatives supplying handicraft producers and handling the sale of their products.

^{3/} See Official Records of the General Assembly Twenty-third Session, Annexes, agenda item 12, document A/7426, paras. 9-16.

12. The situation in post-war Poland was in many respects similar to that now existing in most developing countries, and the co-operative movement could be of great help to those countries during the Second Development Decade. The Scandinavian and the Socialist countries could assist them in that respect, in co-operation with the ILO, FAO, UNDP, the United Nations Industrial Development Organization and the International Co-operative Alliance. It might be possible to prepare a report for the use of the developing countries.

13. The PRESIDENT said that he proposed to give the floor to the representative of the International Co-operative Alliance, as the Committee on Non-Governmental Organizations had recommended (E/4673) that the request of that organization for a hearing should be accepted.

14. Mr. WOODCOCK (International Co-operative Alliance) said that he wished to make four suggestions for achieving the objectives of General Assembly resolution 2459 (XXIII).

15. Technical assistance activities for the benefit of co-operatives in the developing countries should be co-ordinated in order to ensure that they had the maximum impact. The Joint FAO/ILO/ICA/IFAP Liaison Committee which had its secretariat at Rome, had been established for that purpose at the instigation of the International Co-operative Alliance. The implementation of resolution 2459 (XXIII) required increased efforts, which should take the form of a partnership between the co-operative movements and the Governments of the developed countries—the former providing expertise and the latter supplying funds.

16. Co-operative movements in developing countries must identify clearly their requirements and, through their respective Governments, conclude bilateral or multilateral agreements with the assisting agencies. Unfortunately, however, the Governments of developing countries often failed to take account of projects submitted by co-operative movements, whatever their merits.

17. The International Co-operative Alliance was happy to note that it was mentioned in resolution 2459 (XXIII). The Alliance had been assisting co-operative movements in the developing countries since 1960. Its regional office and education centre for South-East Asia served eleven countries from New Delhi. They organized seminars and training programmes and published technical material for co-operative movements including a survey of international trade of co-operative organizations. The Alliance also supported the activities of the regional bodies of the United Nations. The Alliance's new office at Moshi (United Republic of Tanzania) had begun to arrange programmes of assistance. In Puerto Rico, the Alliance had helped to establish an integration institute designed to increase the effectiveness of co-operative movements.

18. The Economic and Social Council might perhaps invite the various interested organizations to submit suggestions for the practical realization of the objectives embodied in General Assembly resolution 2459 (XXIII).

19. Mr. NIKOLSKY (United Nations Educational, Scientific and Cultural Organization) likewise stressed the fundamental role that education and training had to play in the development of the co-operative movement. UNESCO considered that education and training for that purpose should be offered not only by the co-operative movement itself, but also by traditional educational establishments. In that field, UNESCO worked closely with the co-operative movement, either directly with its member States or through the International Co-operative Alliance, which enjoyed consultative status with UNESCO. Thus, literacy projects were being carried out under the auspices of UNESCO in the United Republic of Tanzania, Madagascar, Ethiopia and Ecuador. Furthermore, UNESCO was launching a long-term programme for adult education in all fields, which would be executed in close collaboration with the co-operative movement, especially in the developing countries.

20. Mr. KAHILUOTO (Finland) stressed the important role which the co-operative movement could play in the socio-economic development process in developing countries. The documents submitted by Poland (E/4648) and the International Co-operative Alliance^{4/} rightly stressed the fact that the co-operative movement offered to large population groups the possibility of direct participation in the development process of their countries.

21. The co-operative concept had come to Finland at the turn of the century, largely as a new means of improving the living conditions of the predominantly rural population. The first co-operatives had thus been farmers' production enterprises and credit societies. The first Co-operative Act had been passed in 1901. Since then, the movement had made remarkable progress, and nearly one third of Finland's inhabitants were members of co-operative organizations. It should be mentioned that those co-operative organizations were private enterprises and received no government subsidy.

22. Together with the other Scandinavian countries, Finland had contributed to the development of co-operatives in Africa, mainly in Kenya and also in the United Republic of Tanzania. The Finnish Government had also organized international seminars on co-operative development for a number of African countries.

23. Under General Assembly resolution 2459 (XXIII), the Council should, at its current session, take appropriate action to ensure that the contribution which could be made by the co-operative movement was adequately reflected in the international strategy for the Second Development Decade. His delegation had noted with satisfaction the work already done in that field by some of the specialized agencies, particularly the ILO and FAO, and the interest shown by UNDP and the World Food Programme.

24. In conclusion, he expressed the hope that, when reviewing the achievements of the Second Development Decade, the Secretary-General would evaluate, in co-operation with the specialized agencies concerned, the contribution of co-operative movements.

25. Mr. DANIELI (United Republic of Tanzania) expressed appreciation to the Polish Government for the excellent memorandum it had submitted on the co-operative movement. He said that the co-operative movement was one of the best means of mobilizing national resources to speed up development.

26. The principles of the co-operative movement could be applied to all areas, but in the developing countries they should be applied first of all in the agricultural sector. They made it possible not only to raise the living standard of the rural population but also to build a sound national economy. In the developing countries, co-operatives could also be extremely valuable in promoting the expansion of small-scale industries and crafts.

27. Co-operatives had a long history in the United Republic of Tanzania, co-operative marketing having been started back in the 1930s. After independence, the Government had decided to launch a campaign for the organization of co-operatives throughout the country, with a view to achieving full economic independence. Today the co-operative movement played a central role in the Tanzanian economy. While it was mainly concerned with the marketing of agricultural products, a start was being made on the establishment of co-operatives in certain other areas, such as transport and wholesale and retail trade.

28. It was regrettable that in most of the developing countries the co-operative movement was still at the rudimentary stage, its role being limited to the marketing of agricultural products. There were still many organizational problems, such as the shortage of skilled personnel, which impeded the progress of co-operatives. In his delegation's view, it was incumbent upon those countries with well-established co-operative movements to impart their knowledge and experience to the less advanced countries. In that connexion, his delegation fully supported the proposal in the Polish memorandum (E/4648) that countries with old and rich traditions in the co-operative movement should give technical assistance to the developing countries, in concerted action with the United Nations and the relevant specialized agencies. His delegation also supported the suggestion that the United Nations should undertake a study of the role and the usefulness of the co-operative movement in the developing countries. He hoped, accordingly, that the Council would make specific recommendations on means of strengthening the co-operative movement in the developing countries.

29. Mr. ORCIC (Yugoslavia) stressed the universal role that could be played by the co-operative movement, which was important for the developed and the developing countries alike and embraced all areas of activity. On a general level, it made it possible to ensure the full participation of the population in development.

30. In Yugoslavia, the first agricultural co-operative had been established as early as 1895. The co-operative movement had subsequently spread throughout the country. In the initial post-war period, priority had been given to peasant-producer co-operatives. Their early years had been difficult, owing to a lack of funds and agricultural equipment. After their reorganization in 1949 and extensive investments in agriculture, those co-operatives had achieved better results. After

^{4/} Document E/C.2/673.

the Second World War, general agricultural co-operatives had also been established, whose activities had gradually covered all aspects of rural life.

31. A new direction had been taken in 1950-1953 as a result, *inter alia*, of management reforms and measures to liberalize the market, which had made it possible to expand the system of agricultural co-operatives. The application of the principle of income distribution according to work performance had stimulated productivity and had resulted in higher earnings, not only in the large socialized farms but in the agricultural co-operatives as well. Private farmers, who worked in co-operation with agricultural co-operatives, enjoyed the same rights and participated in decision-making on the same basis as the full-fledged members of the co-operative.

32. The economic reform initiated in 1965 had been a further step in the development of agriculture. The increase in the prices of agricultural products had resulted in higher productivity and more favourable marketing conditions. The integration of agriculture with the food industry had been of benefit to both sectors.

33. The experience of the most advanced countries could be of great value to the developing countries, but close attention should be paid to the specific conditions and problems of each country. The specialized agencies could play an important part in working out practical solutions applicable to the various countries.

34. His delegation supported the action of the International Co-operative Alliance in establishing a joint liaison committee to co-ordinate technical assistance programmes relating to co-operatives. His delegation also welcomed the rôle played by UNIDO.

35. Mr. McDONOGH (Ireland) said that Ireland had long experience in organizing co-operatives and was prepared to make it available to other countries. It was in 1889 that Sir Horace Plunkett, the founder of the co-operative movement, had formed the first co-operative creamery, and it was through his activities that the principles and methods of the movement had taken shape. Within five years thirty-three co-operatives had been formed, and in 1894 the Irish Agricultural Organization Society had been set up for the purpose of improving the condition of the agricultural population of Ireland by organizing agricultural co-operatives, of promoting industry and of providing advice to those engaged in agricultural pursuits. The co-operative movement had continued to expand, and co-operative societies currently owned some 75 per cent of the dairy industry. Numerous livestock co-operatives had recently been established; they carried out specialized operations such as pig-fattening and artificial insemination. The two largest meat plants, which represented a major segment of the meat industry, had just recently become co-operative.

36. The co-operative movement had had a significant effect on the development of Irish agriculture. It had improved the bargaining power of the farmers and had contributed to an improvement in the quality of their produce. Producers' co-operatives were currently carrying out all the operations involved in processing as well as marketing agricultural products. The Irish co-operative movement was based on democratic


principles; the members of co-operatives were responsible for their efficient operation and success. However, the future of the co-operative movement depended primarily on the quality and training of personnel and on their ability to arouse public interest in the movement.

37. The co-operative form of association might not give good results, particularly in the case of very small-scale farming, if there was insufficient cohesiveness among the members or if the latter were insufficiently aware of their responsibilities or of the principles and practices of the co-operative movement. International co-operation could be highly beneficial in that regard, and Ireland had therefore undertaken very fruitful exchanges of ideas and information at various times with the United States, the United Kingdom and other countries.

38. Mr. MADIMAN (Food and Agriculture Organization of the United Nations) said that FAO was working together with a number of other United Nations bodies such as the ILO and UNDP, and with non-governmental organizations like the international Co-operative Alliance and the International Federation of Agricultural Producers in an effort to promote the co-operative movement. It gave high priority to the mobilization of human resources as a prerequisite to all economic development. Important though training activities might be for the development of human resources, institutional planning should not be neglected, and he fully agreed with the remarks made in that regard by the Tanzanian delegation. He intended to take up those problems again when the Council discussed the question of land reform (item 6). FAO was fully aware of the part which could be played by the co-operative movement, which made it possible, in particular, to involve small farmers, landless agricultural workers and the rural poor. In view of the importance of developing human resources, FAO had formed task forces to reorient its programmes. The same trend characterized its technical assistance activities in the field. FAO provided aid to many countries, particularly through UNDP, and adopted a multi-purpose integrated approach to development. That was particularly true of the projects under way in Iraq, where a training institute had been established, and in Afghanistan where there was a multidisciplinary project, financed with the help of a contribution from Sweden, aimed at strengthening the institutional framework for agricultural development. Similar projects carried out for FAO and financed by Sweden were under preparation in other countries. In the realm of education and training, FAO assisted member governments in establishing and improving educational and training institutions, in organizing training courses and seminars, etc.; it also arranged for grants of fellowships under UNDP and freedom from hunger projects, for the financing of study trips by specialists from the developing to the developed countries and for the provision of services of experts in the co-operative movement.

39. Mr. ALLEN (United Kingdom) said that his country had been in the forefront of the co-operative movement, since it was in 1844 that the first co-operative association had been established at Rochdale, a small town in Lancashire. Twenty-eight workers, most of them weavers, had established the Society

of the Equitable Pioneers and opened a small grocer's shop to meet their own needs. Subsequently, they had built a small shoe factory and a textile mill to stock their shop. Despite the opposition which their action had encountered, the Rochdale consumers' co-operative had proved successful and had served as a model for most institutions of the same type throughout the

world. His delegation felt that the co-operative movement could make a major contribution to the mobilization of human resources and should be given strong support in connexion with the preparations for the Second United Nations Development Decade. 

The meeting rose at 4.50 p.m.