



ECONOMIC AND SOCIAL COUNCIL

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OFFICIAL RECORDS**



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President: Mr. Raymond SCHEYVEN (Belgium).

AGENDA ITEM 9

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

1. Mr. BRADLEY (Argentina) said that few countries had had longer experience with the co-operative movement than the Argentine Republic. South American agriculture in the pre-colonial period had been based on a co-operative system. During the colonial era, in the seventeenth century, the first production co-operatives and the first socio-economic groups of co-operators, which the Jesuits had organized in various provinces, had made their appearance. The beginning of the modern co-operative movement dated from the adoption of the first law on co-operatives in 1926. Since then, the co-operative movement had developed steadily and had played a crucial role in Argentina's economic and social development since its independence. In fact, the co-operative movement, whether in the form of agricultural co-operatives, which represented 37 per cent of the total number of co-operatives in the country, or in the form of co-operative associations in such fields as education, housing, medical assistance, nutrition, etc. played a part in all fields of economic and social activity.

2. In November 1968, his country had been host to the First Inter-American Conference on Co-operatives, held under the auspices of the Organization of American States, during which the Latin American countries had congratulated Argentina on its role in the development of co-operative movements.

3. Because of its experience in that field, the Argentine Republic, which recognized that the co-operative movement could play an important role in development, had supported the Policy delegation when it had first brought up the matter. It had always stressed the need to intensify co-operative action and extend it to cover, in particular, social groups located far from the large consumption and distribution centres. In 1968, the Argentine Government had declared co-operative movements to be organizations of national interest which should be assisted by the State and provincial governments.

4. The importance of the co-operative movement's role at all stages of production, especially marketing, could not be overemphasized, since one of the most difficult problems to be faced was, precisely, how to

place products on a highly-developed foreign market. It was interesting to note in that connexion that the largest exporters of Argentine milk products, whose output was sold on the international market without any direct assistance from the State, were agricultural co-operatives.

5. Argentina resembled the majority of developing countries much more closely than did other more developed and more industrialized countries in which the co-operative movements were more technologically advanced. It would be happy to assist, through United Nations organs and technical assistance, all efforts designed to increase the volume of assistance offered to the developing countries for the purpose of establishing or developing co-operative movements with a view to their economic and social development.

6. To that end, the United Nations organs concerned must have more funds and must be able to study specific problems posed by the co-operative movement in the developing countries. The importance of that subject to the Second United Nations Development Decade could not be overemphasized and in order to reach the targets fixed, the Preparatory Committee for the Second United Nations Development Decade, the Economic and Social Council, the General Assembly and all other organs concerned must give the matter the attention it deserved.

7. Mr. ZAKHAROV (Union of Soviet Socialist Republics) recalled that it had been on the proposal of the Polish delegation that the General Assembly had decided to take up the question of the role of the co-operative movement in economic and social development. No one could fail to support that proposal and to encourage the dissemination of information on experience acquired in the organization and operation of co-operatives so that the results achieved in some countries could be communicated to those which wished to accelerate their economic development through co-operatives.

8. The history of the co-operative movement in the USSR was very long and varied; during its development, the movement had progressed from the simplest to the most complex forms and its character, too, had changed according to changing economic and social conditions. Co-operatives had begun to develop in the middle of the nineteenth century; at the beginning of the twentieth century, there had been nearly 25,000 agricultural co-operatives in Russia, but the co-operative movement had been most extensive in the field of credit. Credit co-operatives had, however, been based on the purely capitalistic principle of the credit-worthiness of their members. The economic function and social content of the co-operative movement had changed radically after the October Revolution. In that connexion, he described Lenin's plan for the transformation of the countryside through


co-operation, which had been based on the principle that small individual landholdings could not free the peasants from poverty and ensure their economic advancement. Lenin had felt that co-operation would make it possible to combine harmoniously the individual interests of the peasants and the collective interests of socialist development, while gradually inducing the peasants to regard the country's economic and social development from the viewpoint of the collectivity. Lenin had considered that co-operation was inseparably linked to industrial development and the establishment of a sound and equitable economic relationship between the cities and the countryside, since industrial assistance to agriculture would provide the technological basis for the transformation of a small-scale agricultural economy into a large-scale modern economy. The development of the two sectors should go hand in hand, because modern industries could obviously not be founded on an antiquated agricultural system.

9. In 1929, agricultural production in his country, which had been based on small, isolated landholdings, had reached the limit of its economic possibilities and could no longer meet the country's needs. The co-operatives had then made it possible to consolidate the economic relationship between the cities and the countryside and to intensify the collectivization of peasant labour through the kolkhozes. The change from individual cultivation to the kolkhoz had enabled the peasants to pool their land, labour and means of production and thus to raise the level of agricultural production. The kolkhoz was the most advanced form of agricultural production co-operative because it ensured the direct sale of produce to the State and made it easier to obtain credits, fertilizers, modern equipment, etc. The implementation of Lenin's plan based on the principle of co-operation had radically transformed Soviet agriculture.

10. The kolkhoz system was not, however, unalterable; it was constantly being improved without changing its main social and economic features. The rapidity of its development, however, made comparisons increasingly difficult. For example, Lenin had anticipated the use of 100,000 tractors, but in 1968 there had been more than 2 million in use. Total agricultural production in the USSR had tripled since 1913, while the total labour force had decreased; only 24 per cent of the population was now engaged in agriculture as compared with 77 per cent in 1928. The real income of the worker had increased eight and a half times since 1913.

11. The improvement of production levels and of mechanical equipment was not, however, the only factor to be taken into account; other, more fundamental progress had been made in the fields of management, organization, the remuneration of labour, material and social advantages, etc. A new draft statute on the kolkhozes had recently been drawn up in the Soviet Union in order to deal with the question in all its aspects.

12. While the kolkhozes were a particularly striking example of co-operation in agriculture, there were other very highly developed forms of co-operatives in the Soviet Union in the fields of consumption, housing and industry and various other specialized fields.

The Central Consumer Union, which belonged to the International Co-operative Alliance, was composed of tens of thousands of enterprises with nearly 56 million members. In 1968 the consumer co-operatives had had more than 360,000 retail outlets  their operations had accounted for 30 per cent of the country's total retail trade.

13. All those examples were sufficient indication of the importance of the role of co-operation in development and bore witness to the wealth of experience which the Soviet Union had acquired in that field. It was willing to share that experience with all interested States, as it had in fact been doing for several years. For example, the Central Consumer Union was organizing exchange visits to a very large number of countries and was holding seminars for African and Asian countries. Since 1962 over 100 young members of co-operatives from Asia, Africa and Latin America had attended special courses for foreigners at Moscow Co-operative University.

14. His delegation was very interested in the proposals contained in the memorandum by Poland (E/4648) and it supported the suggested programme of activities for United Nations bodies. The proposals should help to make the relevant experience of the various countries of the world available to all interested parties, and should demonstrate the need to develop the co-operative movement at the national level to those countries which had not yet realized the importance of the part played by the movement in economic and social development.

15. Mr. CAPPELEN (Norway) said that co-operatives were now accepted as one of the most effective means of achieving economic and social development, as was indicated by the adoption of General Assembly resolution 2459 (XXIII), in which emphasis was placed on the role of the co-operative movement in the preparations for the Second United Nations Development Decade.

16. In Norway, as in many other countries which were now considered developed, the co-operative movement had played an important part in the transition from a closed barter economy to a monetary, externally-oriented economy. The contribution of the co-operative movement had been particularly valuable in agriculture, where it had promoted the transition from subsistence farming to cash crop farming. The co-operative movement, which had been introduced into Norway about the middle of the nineteenth century, was now a key factor in several sectors of the economy. The growth of the movement had been remarkable in such areas as distribution, agriculture, fisheries and housing, and it had played a significant part in raising the level of living of the population as a whole.

17. The co-operative movement had proved particularly useful in agriculture: it had promoted the division of labour among small farmers, the economic use of machinery, bulk purchasing of raw materials, and collective marketing of standardized products. It should be remembered that in Norway the co-operative movement had originally been started on the initiative of the participants themselves.

18. The co-operative movement had not only helped to achieve special economic objectives, but had also acted as a training school. It had enabled its members to participate in democratic decision-making and thus to take a more active and constructive part in public life. Norwegian co-operatives were characterized by the democratic control exercised by members over management from the local to the national level. It was important that co-operatives should be autonomous and independent of Governments, although that did not mean that their activities should not be linked to national economic planning.

19. His delegation was convinced of the importance of the role of the co-operative movement and considered that assistance designed to encourage the movement in the developing countries could prove very useful. Together with the Governments of certain developing countries. Norway was currently engaged in projects to promote the growth of co-operatives, mainly in agriculture. With regard to multilateral assistance, his delegation shared the view that the Council should, at its current session, take appropriate action to ensure that the potentialities of the co-operative movement were taken fully into account in the preparations for the Second Development Decade.

20. It was thus important in those preparations to make full use of the work and experience of the international organizations concerned; in that connexion, his delegation drew particular attention to the information given at the previous meeting by the ILO representative. An ILO recommendation no. 127 concerning the role of co-operatives in the economic and social development of developing countries^{1/} contained a number of important guidelines on the subject now before the Council and deserved support; FAO and the International Co-operative Alliance had also rendered considerable assistance in that sector. He took particular note of the establishment of the Joint FAO/ILO/ICA/IFAP Liaison Committee. That step would help the co-operative movement to make a greater contribution to the Second Development Decade.

21. Finally, with reference to the work assigned to the Council under General Assembly resolution 2459 (XXIII), his delegation considered that the Council should adopt a recommendation on the contribution which co-operatives could make within the framework of the Second Decade. The Secretary-General and the specialized agencies concerned should be requested to make every effort to assist Governments in promoting the growth of co-operatives; the Council should also recommend an assessment of the contribution of co-operatives, as part of the future evaluation of the Second Development Decade.

22. Mr. TARABANOV (Bulgaria) recalled that at the twenty-third session of the General Assembly, the Second Committee had stressed the importance of the role which the co-operative movement could play in accelerating economic and social development in the developing countries in various fields of production and distribution. The many advantages of the co-operative movement for the global strategy for economic and social development had been high-

lighted in the memorandum by Poland (E/4648) and in the statement submitted by the International Co-operative Alliance^{2/}, which showed that the co-operative movement promoted over-all development and land reform and helped to increase production and to rationalize purchasing and marketing operations. It also helped to mobilize the resources required for development and promoted the transition from an agricultural society to an industrial society by emphasizing human resources. Finally, the co-operative movement provided vocational training and training in self-management and in distribution of the profits of the enterprise. Processing and distribution co-operatives eliminated middlemen and enabled producers to benefit directly from the added value of the products.

23. In resolution 2459 (XXIII), the General Assembly had requested the Economic and Social Council to consider several problems, firstly, the question of the role of the co-operative movement in economic and social development in connexion with the preparations for the Second Development Decade. The Council was therefore called upon to consider the different forms and varied manifestations of the co-operative movement and to determine the most appropriate systems for the developing countries. Secondly, the Council should study the experience of countries which had a strong co-operative tradition and get in touch with them in order to promote the transfer of their experience in a form suitable for the developing countries. Lastly, the Council should examine the role which the specialized agencies, including the ILO, FAO, UNESCO, the United Nations Industrial Development Organization and the United Nations Development Programme could play in the development of the co-operative movement.

24. It had been said that the co-operative movement was a form of organization easily adapted to different fields of production and distribution, which could be very important in many developing countries because co-operatives could concentrate otherwise dispersed resources and skills. That was one of the most important ways in which the co-operative movement could aid development, and his country's experience in that field was of particular interest.

25. The co-operative movement could play a key role primarily in the agricultural sector, particularly in the developing countries where the economy was still to a large extent based on agriculture. Therefore, over-all development strategy should be mainly agriculture-oriented, and an attempt should be made to apply the most effective development methods. In that connexion, his country had the benefit of a long experience, and the system of co-operative farms had yielded excellent results. At the end of the Second World War, agriculture in Bulgaria had been scarcely more developed than it was in many of the developing countries at the present time. The Government-sponsored co-operative system had made it possible to introduce up-to-date cultivation techniques and improve production considerably. As the Chairman of the Bulgarian Council of Ministers had said in a recent speech, the development and expansion of co-operative farming had promoted specialization

^{1/} See International Labour Conference, Fiftieth Session, Geneva, 1966, Records of Proceedings (Geneva, International Labour Office 1967), Annex XV, recommendation 127 (4) p. 814.

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

and concentration of agricultural production and by the formation of production units ranging from 1,000 to 5,000 hectares, had led to increased mechanization, so that it had been possible to reduce the agricultural labour force substantially. The Director-General of FAO, after a visit to Bulgaria in 1968, had said how impressed he had been by the work of co-operative farms and research stations; he had pointed out that co-operative farms of several thousand hectares were better suited to modern agriculture than small-holdings and made for much more organized, mechanized and productive units.

26. Thus the co-operative movement was a highly effective method of coping with problems arising from accelerated economic development and of utilizing human resources. The Council should therefore comply with the General Assembly's request in resolution 2459 (XXIII) and define the role of the co-operative movement in economic and social development, establish the guidelines for the promotion and development of that movement and draw up a programme of work in the context of the Second Development Decade for the United Nations agencies and other organizations concerned. To that end, a thorough study of the co-operative movement and the preparation of comprehensive reports on the experiences of countries with a special tradition in that field would be very useful. His country was prepared to make its experience available to the developing countries and to take part in preparing technical assistance programmes in co-operation as part of far-reaching international action to encourage the growth of the co-operative movement in the developing countries.

27. Mr. MARTIN WITKOWSKI (France) said that his delegation, which had voted in favour of General Assembly resolution 2459 (XXIII), had read the document on the co-operative movement submitted by the Polish delegation with great interest. A review of the history of the co-operative movement would show that France also deserved some credit for its establishment. At the beginning of the nineteenth century, the work of French economists like Fourier, Louis Blanc and Leroux had led to the establishment of co-operative enterprises (printers' and carpenters' associations, etc.) on which other co-operatives had been modelled in a number of countries. His delegation therefore welcomed the continued expansion and the development of the co-operative movement throughout the world since the end of the nineteenth century. While it was true that the over-all economic and social revolution which had been expected to be brought about through the action of consumers' co-operatives had not yet occurred, there was a subtle revolution still going on as a result of the co-ordinated action of co-operatives of all types, including retailers' and artisans' co-operatives.

28. The aims of the co-operative movement were highly commendable; it aimed at reducing costs by assuming the role of entrepreneur and improving the market quality of merchandise. Its chief merit, however, was that, unlike strictly capitalist enterprise, it sought neither profit nor maximum output. It refused to regard profit as simply a return on capital and all its members shared in the profit. Co-operatives were

therefore not merely a special type of economic enterprise, but institutions of social education for their members and of general interest to consumers.

29. The basic characteristics of the co-operative movement were its diversity and scope. Since it was a flexible arrangement, it could be successfully applied in all types of economy and society. In France, producers' co-operatives, which were aimed at abolishing the system of wage-earning, were concentrated chiefly in the building trades. Consumers' co-operatives, whose aim was to establish fair prices, were also developing rapidly in France. Two hundred new sales outlets were opened to the public each year. However, the most spectacular accomplishments were in the agricultural sector. Four fifths of France's wheat, two thirds of its coarse grains, one half of its butter and one third of its wine and oil were sold through marketing co-operatives, while 40 per cent of animal food-stuffs and fertilizers were bought through buyers' co-operatives. The French authorities granted co-operatives a privileged status and a number of concessions (tax exemption, low-interest credit or priority in bidding for Government contracts).

30. Since the end of the Second World War, the co-operative movement had been growing steadily throughout the world. It was playing a decidedly important role in the recent development of the Marxist-type socialist economies, and in the so-called market economy countries it was gradually goading the economy into meeting the real needs of consumers while carrying out a mass education campaign.

31. As a result of the initiative of the International Labour Office and the International Co-operative Alliance, the co-operative sector was currently expanding rapidly in the developing countries of Africa, Asia and Latin America.

32. The present trends of the various economies were opening up an increasingly wide field for the application of the principles of co-operation to more and more varied activities. In the organization and development of under-developed territories, a combination of different forms of co-operation, supported by the public authorities, could make it possible to establish pilot projects and develop new structures capable of progressively transforming vast sectors of the economy.

33. The United Nations could not ignore the co-operative movement or remain aloof to it; on the contrary, it should promote it.

34. Mr. MARTOHADINEGORO (Indonesia) congratulated the Polish delegation on the excellent memorandum (E/4648) it had submitted to the Council concerning the co-operative movement. The information it contained concerning Poland's experience in that field was extremely interesting to his delegation, which considered the co-operative movement to be an excellent means of promoting economic and social development. The movement had already spread to many developing countries, including Indonesia. The expansion was understandable, since the main objective of the developing countries was to raise the sometimes very low standard of living of their people by every possible means and in the shortest possible

time, and since the basic role of the co-operative movement was to assist and to support the efforts made by Governments to achieve that objective.

35. His delegation had voted for General Assembly resolution 2459 (XXIII) on the role of the co-operative movement in economic and social development. Since the initiatives taken by the developing countries in that field had not always been successful, he wished to emphasize the need for the United Nations to undertake studies in co-operation, and to spare no effort to assist the co-operative movements in those countries. His delegation supported the Polish delegation's suggestion that a report should be prepared on the experience acquired by various countries in the field (see E/4648). That report should place special emphasis on the needs of the developing countries. In that connexion, he drew the Council's attention to a study recently undertaken by the secretariat of the Economic Commission for Asia and the Far East on the role of the co-operative movement in the road transport industry. His delegation took a special interest in that study, for it considered that the industry was particularly adaptable to the co-operative system.

36. Lastly, he noted that his country, in its five-year development plan, had provided for the expansion of co-operatives, with priority to the agricultural sector, in which the government authorities were encouraging the creation of new producers' credit and marketing co-operatives.

37. Mr. OLDS (United States of America) said that the co-operative movement was entirely within the terms of reference of the Economic and Social Council as set forth in Article 55 of the Charter of the United Nations and expressed satisfaction with General Assembly resolution 2459 (XXIII). He had also found the Polish memorandum on the role of the co-operative movement in economic and social development very interesting.

38. The concept of co-operation was essential to the activities of the United Nations, and its work in that field went hand in hand with its efforts to preserve peace. Man's will to co-operate made possible the existence of the United Nations; his aggressiveness made it necessary. Those two concerns were at the very core of the work of the United Nations.

39. In the United States, as in many other countries, the co-operative movement had originated in the agricultural sector. It had subsequently been extended to all fields of production, distribution and development, but remained closely linked with the general development of agriculture. At the beginning, the main concern had been to establish credit co-operatives; it had then been extended to related fields (welfare, housing, etc.). He wished to emphasize four particularly important aspects of the co-operative movement. First of all, the co-operative movement made it possible to integrate the economic and social aspects of human activity, and one of the concerns of the Economic and Social Council was to bring together all those different aspects, which were all too often viewed in isolation. Secondly, the co-operative movement, by appealing to personal initiative and demanding personal effort, enabled the participants to retain their dignity and avoid exploitation. Thirdly, it provided for grass-roots participation, so that workers could enjoy the full benefits of the fruits of their labour. Fourthly, because of the flexibility of the co-operative movement and the many forms it could take, it could be adopted to the most diverse economic and social systems at all stages of development. Lastly, with respect to the United States, he noted that the Foreign Assistance Act of 1961, as amended, stressed the importance of the co-operative movement and the need for joint efforts to promote its development throughout the world.

The meeting rose at 12.20 p.m.