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MARCH 11-22
1968
BANGKOK, THAILAND

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PROGRAM SCHEDULE

PARTICIPATING COUNTRIES

Republic of China
Japan
Republic of Korea
Kingdom of Laos
Republic of the Philippines
Kingdom of Thailand
Republic of Vietnam

INTERNATIONAL ORGANIZATIONS

Afro-Asian Rural Reconstruction Organization (AARRO)
Co-operative League of the U.S.A. (CLUSA)
CUNA International, Inc. (CUNA)
Economic Commission for Asia and the Far East (ECAFE)
Farmers Union International Assistance Corporation (FUIAC)
Food and Agriculture Organization of the United Nations (FAO)
International Co-operative Alliance (ICA)
International Co-operative Training Centre (ICTC)
International Labour Organization (ILO)

ACTIVITIES

Sunday, March 10

Registration of delegates and observers.
Meeting of Steering Committee, composed of chief delegates, USOM advisors, Workshop consultant and advisor, concurrently the consultant taking the chair: discussion of Workshop arrangements.

Monday, March 11

OPENING WORKSHOP CEREMONY

1. Welcoming Address by Major General, Chan Ansuchote, Director General, Department of Technical and Economic Cooperation, Ministry of National Development of Thailand, and Chairman of the Organization Committee for the Sixth Far East Workshop.
2. Opening address by His Excellency Pote Sarasin, Minister of National Development and Concurrently Minister of Economic Affairs, Government of Thailand.
3. Address by the Minister-Director of the United States Operations Mission to Thailand, Dr. Howard L. Parsons.
4. Address by the Deputy Governor, United States Farm Credit Administration, and Consultant to the Sixth Far East Workshop, Mr. Glenn G. Browne.

PLENARY SESSION

1. Introduction of delegates and observers.
2. Election of Workshop officials.
3. Adoption of agenda and procedures.
4. Presentation of the country reports.

Reception given by the Chief Delegate of Thailand, Mr. Renoo Suvarnsit, Director, Budget Bureau, Office of the Prime Minister.

Tuesday, March 12

PLENARY SESSION

Presentation and discussion of major papers.

Social event given by the Minister-Director of the United States Operations Mission to Thailand, Dr. Howard L. Parsons.

Wednesday, March 13

WORK GROUP

1. Effective agricultural cooperative institutions.
2. Developing effective agricultural credit institutions.
3. Role of International Organizations in development of cooperatives and credit institutions.
4. Education and training demands for effective cooperative and credit institutions.

Visit to the Ministry of National Development.

Thursday, March 14

WORK GROUP

Continuation of Work Group Session.
Visit to Kasetsart University.

Social Event given by the Manager of the Bank for Agriculture and Agricultural Co-operatives.
Briefing on Bank's activities.

Friday, March 15

WORK GROUP

Field trip to Ayuthya and Saraburi, Bank for Agriculture and Agricultural Co-operatives' credit operations and to visit places of special historical interest.

Luncheon in Saraburi given by Bank for Agriculture and Agricultural Co-operatives.

Saturday, March 16

WORK GROUP

Continuation of Work Group Session.

Sunday, March 17

Sight-seeing trip to such points of interest as the Marble Temple, Emerald Buddha Temple, and Grand Palace.

March 18-19

Two-day field trip to Chachoengsao, Cholburi, and Rayong to observe co-operative credit services, agricultural credit activities of Bangkok Bank, Ltd., and other interesting aspects of business.

Wednesday, March 20

WORK GROUP

Conclusion of work group discussions.
Preparation of reports by respective work groups.
Preparation of comprehensive report by the Steering Committee.

Dinner reception by the Bangkok Bank, Ltd.

Thursday, March 21

WORK GROUP

Continuation of work on reports by respective work groups.
Continuation of work on comprehensive report by the Steering Committee.

PLENARY SESSION

Presentation, discussion, and adoption of work group reports.

Dinner reception given by His Excellency Pote Sarasin, Minister of National Development.

Friday, March 22

PLENARY SESSION

Continuation of presentation, discussion, and adoption of work group reports.
Presentation, discussion, and adoption of comprehensive report.

Closing Ceremony.

FIELD TRIP ITINERARY

Friday, March 15

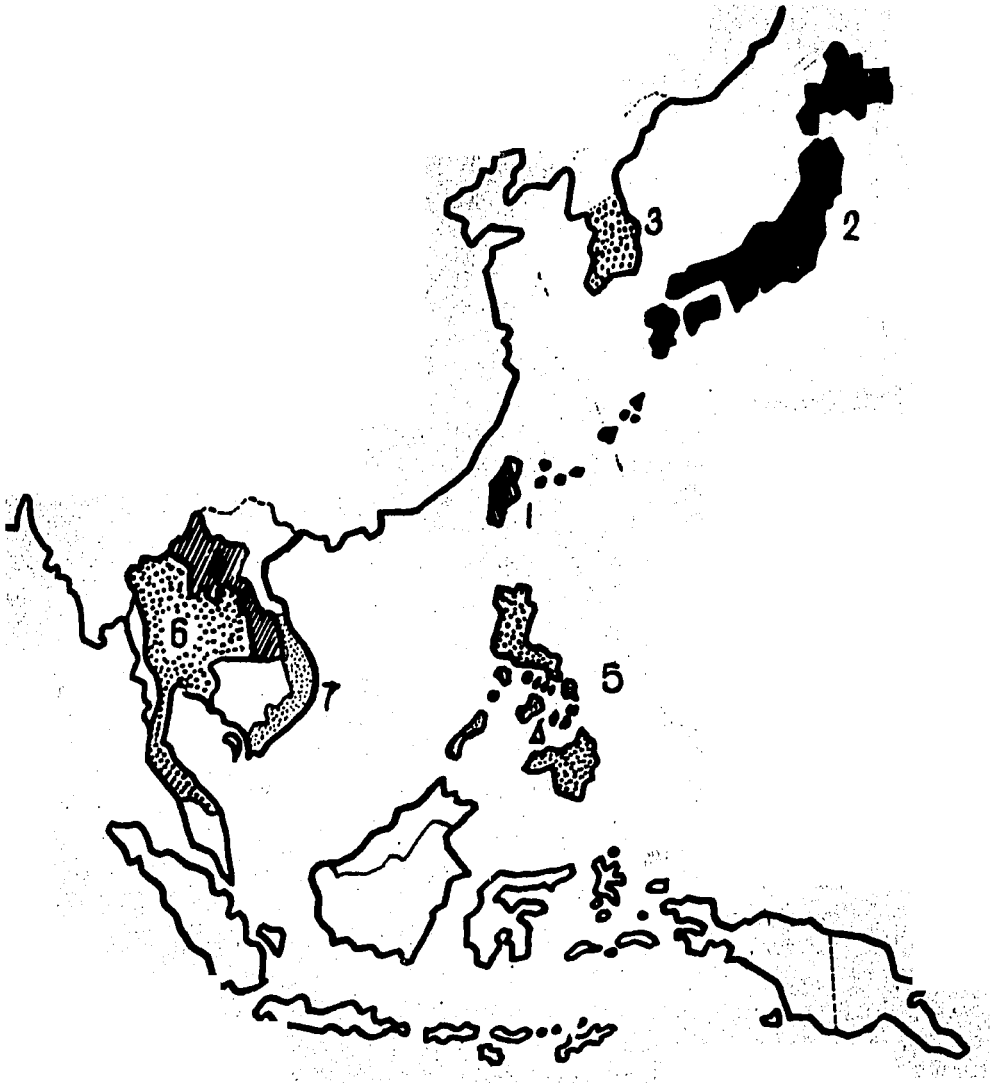
Depart from Bangkok for Saraburi.
Visit the Saraburi Branch of the Bank for Agriculture and Agricultural Cooperatives.
Visit rural Phra-Buddhabat Unit of the Saraburi Branch.
Observe procedures of a typical group-leader meeting.
Visit and tour of typical farm of region.
Guests at luncheon of Bank for Agriculture and Agricultural Cooperatives at Sangthai Villa.
Depart from Sangthai Villa for Ayuthya.
Visit the Ayuthya Branch of the Bank for Agriculture and Agricultural Cooperatives.
Visit and tour of typical farm of region.
Tour of places of special and historic interest.
Return to Bangkok.

Monday, March 18

Depart from Bangkok by bus for Chachoengsao.
Visit to Muang Chachoengsao Production Credit Cooperative, Ltd., and discussion of operations.
Visit to a typical farm home and countryside spots.
By bus from Chachoengsao to the Bangsaen seaside resort of Cholburi.
Guests at luncheon of the Department of Credit and Marketing Cooperatives.
Visit to Bangkok Bank, Ltd., Cholburi Branch, and briefing on the bank's agricultural credit activities.
Tour of Bangphra, Sriracha and Cholburi, with visits to factories and farms, including dairy center.
Dinner reception given by the Bank for Agriculture and Agricultural Cooperatives.
Discussion and comments by tour participants.

Tuesday, March 19

Depart by bus for Rayong.
Visit to Muang Rayong Production Credit Cooperative, Ltd., and briefing on the activities of the Bank for Agriculture and Agricultural Cooperatives' Rayong Branch.
Guests at luncheon given by Muang Rayong Production Credit Cooperative, Ltd., at Pine Tree Garden, Ban-Pe.
By bus from Ban-Pe to Pattaya Beach, Cholburi.
Return by bus to Bangkok.



THE FAR EAST REGION WORKSHOP

1. REPUBLIC OF CHINA
2. JAPAN
3. REPUBLIC OF KOREA
4. KINGDOM OF LAOS
5. REPUBLIC OF THE PHILIPPINES
6. KINGDOM OF THAILAND
7. REPUBLIC OF VIETNAM

WORKSHOP OFFICERS Left to Right: Bok-Rae Park, First Vice Chairman; Renoo Suvarnsit, Chairman; Honesto O. Francisco, Second Vice Chairman

ROLL CALL OF PARTICIPANTS

1968 Far East Workshop

March 11-22

Bangkok-Thailand

OFFICERS

Chairman	Renoo Suvarnsit, Kingdom of Thailand
First Vice Chairman	Bok-Rae Park, Republic of Korea
Second Vice Chairman	Honesto O. Francisco, Republic of the Philippines

PARTICIPANTS

REPUBLIC OF CHINA

Delegates:

I SHUAN SUN	Deputy Governor, Central Bank of China
GIEN-YING YU	Director, Monetary Department, Ministry of Finance
HSIEN-CHUNG HO	Director, Bank Examination Department, Central Bank of China
SHIH-WEN YING	Deputy Commissioner, Department of Finance, Taiwan Provincial Government
YUAN-TEH WU	Senior Specialist, Joint Commissioner on Rural Reconstruction (JCRR)

CHEN-CHOU WANG	General Manager, Taiwan Co-operative Bank

JAPAN

Delegates:

AKITAKE FUTAGOISHI	Chief, Fukuoka Branch Office Agriculture, Forestry, and Fisheries Finance Corporation
YUZO TANAKA	Chief, Planning Department, Central Cooperative Bank for Agriculture and Forestry

REPUBLIC OF KOREA

Delegates:

BOK-Rae PARK	Manager of Savings and Insurance Department, National Agricultural Cooperative Federation
DONG-HO RHEE	Assistant Chief, The State Banking Section, Bureau of Finance, Ministry of Finance
BOKK-HYUN NAHM	Representative, Bank of Korea in Bangkok
JUNG-JAE PARK	Sub-Manager, Research Department, Bank of Korea

Advisor:

H. VANCE AUSTIN	Agricultural Credit and Cooperative Advisor, Agency for International Development

KINGDOM OF LAOS

Delegates:

TIAO SOMSAVATH	Director of Agriculture
SINGSAMOUTH BOULOM	Deputy Executive Officer for Agriculture Development Organization
SVAY VILAY	Second Secretary, Embassy of Lao

Advisor:

LAUBIS	Agricultural Economist, Agency for International Development

REPUBLIC OF THE PHILIPPINES

Delegates:

HONESTO O. FRANCISCO	Director, Department of Rural Banks, Central Banks of the Philippines
MARIANO E. GIMENEZ	Assistant Director, Department of Rural Banks, Central Banks of the Philippines
EMILIO SALVATIERRA	Manager, Agricultural Department, Development Bank of the Philippines
NICOLAS S. FERNANDEZ	Vice President, Philippine National Bank
NATHANIEL TABLANTE	Director, Agricultural Credit and Cooperative Institute, University of the Philippines
SOLOMON G. CABRERA	Manager, Credit & Cooperative Department, Agricultural Credit Administration

Observer:

ROMEO LIAMZON	Director, Rural Bankers Association of the Philippines

CESAR ARNALDO	Director, Rural Bankers Association of the Philippines

Advisor:

PHILIP L. BERGLAND	Agricultural Credit & Cooperative Advisor, Agency for International Development

KINGDOM OF THAILAND

Delegates:

RENOO SUVARNSIT	Director, Budget Bureau, Office of the Prime Minister
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THEP SAIYANANDA	Director, Economic Affairs of Cooperatives Division, Ministry of National Development
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RATANA SUCHARITKUL	Chief, Economic Division, Office of Fiscal Policy, Ministry of Finance
CHERN BAMROONGWONG	Chief, Credit Cooperatives Organization and Inspection Division, Department of Credit and Marketing Cooperatives, Ministry of National Development
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PRAWAT CHATIKAVANICH	First Grade Cooperative Officer, Department of Land Cooperatives, Ministry of National Development
KANGWAN DEVAHASTIN	Chief, Agriculture Sector, National Economic Development Board
ARB NAKAJUD	Head, Agricultural Economics Department, Faculty of Economics and Business Administration, Kasetsart University
Mrs. SOMBHIS KOOMALAYAVISAI	Economist, Bank of Thailand
CHAMRAS CHATURABATARA	General Manager, Krung Thai Bank, Ltd.
CHUSAK HIMATHONGKAM	Chief, Agricultural Credit Division, Bangkok Bank, Ltd.

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Observers:

SKUL SANTIKASEM	Deputy Director-General, Department of Credit and Marketing Cooperatives, Ministry of National Development
YUDHANAI CHINACHOTI	Ministerial Inspector, Ministry of National Development
PRASITTI SANGUANNOI	Director, Bureau of Provincial Administration, Ministry of Interior
THAVI NICROTHANANDA	Secretary, Department of Land Cooperatives, Ministry of National Development
O-PAS CHARERNPAKDI	First Grade Cooperative Officer, Department of Land Cooperatives, Ministry of National Development
PRAPIN YUNCHANOND	Cooperative Inspecting Officer, Ministry of National Development
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CHANIT CHANTANASMIT	Head, Cooperatives Department, Faculty of Economics and Business Administration, Kasetsart University
KHAN CHUVANOND	First Grade Cooperative Officer, Department of Credit and Marketing Cooperatives, Ministry of National Development
CHALEO PISOLYABUTRA	Chief Accountant, Banking and Accounting Department, Bank for Agriculture and Agricultural Cooperatives
Cap. KEERATI PRACHAKSUBHANIT R.N.	Chief, Internal Audit Office, Bank for Agriculture and Agricultural Cooperatives
PRAYARD CHANDRAPUANG	Chief, Research Division, Bank for Agriculture and Agricultural Cooperatives
SUANG BOONYAKOM	Lecturer, Cooperatives Department, Faculty of Economics and Business Administration, Kasetsart Univesity
SANGA MOLEECHATI	Chief, Rural Economic Development Unit, Administration Division, Community Development Department, Ministry of Interior
PRAWAT SUPAPRAWAT	Second Grade Cooperative Officer, Department of Land Cooperatives, Ministry of National Development
SUPARP SEVATASAI	Second Grade Economist, Department of Credit and Marketing Cooperatives, Ministry of National Development

Miss MALINEE SOMHOM	Second Grade Agriculturist, Agricultural Economics Division, Ministry of Agriculture
CHATRI HIMATHONGKAM	Credit Officer, Bangkok Bank, Ltd.
PREM OODOMSUB	Chief Division, Foreign Department, Krung Thai Bank, Ltd.
CHAIYONG CHUCHART	Special Grade Economist, Department of Land Development, Ministry of National Development

Advisor:

CHANE KALAYANAMITRA	United States Operations Mission

REPUBLIC OF VIETNAM

Delegates:

DO-QUANG-NANG	Economic Counsellor of the Embassy of the Republic of Vietnam in Thailand
NGO-HUY-TRINH	Commercial Attaché

INTERNATIONAL ORGANIZATIONS

AFRO-ASIAN RURAL RECONSTRUCTION ORGANIZATION (AARRO)

Observer:

C.D. PRASADA RAO	New-Delhi, India

CO-OPERATIVE LEAGUE OF THE U.S.A. (CLUSA)

Observers:

FERRIS S. OWEN	Director, Foreign Aid Assistance Programs, Washington, D.C.
ROBERT R. FORBES	Senior Advisor, Thailand
PETER T. MCNEILL	Advisor, Thailand
M.T. BALKE	Advisor, Vietnam

CUNA INTERNATIONAL, INC. (CUNA)

Observer:

ROME DU MOUCHEL	World Extension Department

ECONOMIC COMMISSION FOR ASIA AND THE FAR EAST (ECAFE)

Observer:

MOHINDER SINGH	Deputy Chief, Agriculture Division

FARMERS UNION INTERNATIONAL ASSISTANCE CORPORATION (FUIAC)

Observer:

JOHN M. EKLUND	Executive Vice-President

FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS (FAO)

Observers:

M. YAMASHITA	Chief, Joint FAO/ECAFE Agriculture Division
G.C. CLARK	Agricultural Extension and Education Officer

A.M. SETH — Rural Institutions Officer (Land Tenure)

G. SPINKS — Regional Marketing Officer

INTERNATIONAL CO-OPERATIVE ALLIANCE (ICA)

Observer:

S.K. SAXENA — Regional Officer

INTERNATIONAL CO-OPERATIVE TRAINING CENTRE (ICTC)

Observer:

ADLOWE L. LARSON — Director

INTERNATIONAL LABOUR ORGANIZATION (ILO)

Observer:

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UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT (AID/W)

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Workshop Advisor:

WALLACE J. MADDOCK — Advisor AID/Vietnam

Editorial Consultant:

GORDON ROTH — Co-operative Advisor AID/W

CURRENCY COMPUTATION

WHEN Fiscal Matters are presented in the currency of participating countries by the delegates, the approximate 1968 exchange in terms of U.S. dollars is as follows:

Republic of China	New Taiwan Dollar	40.10	=	US $1.00
Japan	Yen	360	=	US $1.00
Republic of Korea	Won	255	=	US $1.00
Kingdom of Laos	Kip	240	=	US $1.00
Republic of the Philippines	Peso	3.92	=	US $1.00
Kingdom of Thailand	Baht	20.60	=	US $1.00
Republic of Vietnam	Piaster	118	=	US $1.00

WHAT THE WORKSHOP DID

THE Sixth Far East Workshop on Agricultural Credit and Cooperatives laid before the delegates issues and responsibilities that were pertinent to the times.

The discussions embraced the total subject of food and the people who produce it. This led to a re-examination of what governments and private enterprises have done—and, more important, what they can do but have not—to encourage an economic breakthrough for rural people.

Institutional development was looked upon as essential to a growing agricultural economy. The participants focused attention on how agricultural credit and cooperatives can stimulate the total private sector—both through pioneering and competition.

Agricultural credit and cooperatives were weighed in the context of how they fit into the total needs of a growing agricultural economy. The total effort, of course, is to increase food production and raise the standard of living of the people who produce it.

The workshop recognized that there must be a widespread involvement of people in such effort, and this was the justification for strong government support for agricultural credit and cooperative institutions.

The contributions that agricultural credit and cooperatives can make were examined in relationship to other factors required for agricultural development and improved food production. Among factors which were recognized as impeding agricultural production in varying degrees and must be overcome are the low level of technology, poor transportation and communications, underdeveloped marketing systems, lack of processing and storage facilities, lack of awareness by Government of price policy as an incentive to increase production, lack of inputs for improved technology such as fertilizers, insecticides, simple tools and equipment, and trained manpower.

Where to start is, for some, the problem of the chicken or the egg—which comes first. For the Workshop, the problem was to get the chicken to lay more eggs. A start must be made, and delegates moved in the direction of cooperatives and agricultural credit.

As the agricultural economy advances, the demand for capital becomes intensive and competitive. This causes a further concentration of financial power and modernization of financial management. Therefore, coordination among agricultural credit institutions and financial specialization becomes more important.

The transition from subsistence to profitable agriculture is more rapid than some people are willing to admit. The Workshop agreed, however, that neither government nor cooperative credit institutions can afford to wait for the slow, spontaneous economic evolution of the past. Deliberate strategies are required to build an efficient agricultural credit and cooperative system. This is just as important as deliberate strategies for expansion of agricultural production.

The delegates were aware that one of the major problems in developing rural enterprises

to assist farmers is the concentration of capital investment in the cities. This happens in every country, even when there is greater need to expand economic activities in the provinces, where the income and standard of living are often abnormally low. This concentration not only has economic repercussions, but political and social implications as well.

The delegates noted that rural areas have very little hope for economic growth to look forward to when political and economic power is overcentralized. In the long run, such imbalance can alienate rural and provincial people from their governments. Simply coping with the drastic changes in the way people think and live in developing countries around the world certainly makes it doubly important that those who represent or speak for agriculture do so with clarity and understanding.

The Workshop participants were aware that the world is witnessing the end of the old era of agriculture going back to prehistoric times and, hopefully, the beginning of a new and better one. In these times of impatience, progress of centuries must be compressed into decades and the decades into years. This places a heavy burden on Government and Agricultural Institutions to find ways to correct the fiscal malnutrition and institutional deficiencies that exist in most rural areas.

An encouraging report on a promising breakthrough on rice production, presented by the Philippine delegation, raises the question of expanding the breakthrough. Could there have been breakthroughs in the problems of marketing, credit, storage, and price, all related to rice production, if the same energies had been applied here as there had been to developing the new strains of rice?

The inventory of cooperative resources reveals a wide gap between promise and performance, even in advanced agricultural countries. In credit, for example, it was argued that cooperatives should press for ways to encourage a more reasonable decentralization of investments. This would have a far-reaching effect on rural development and institution building.

The Workshop agenda followed those of the previous meetings, beginning with the First Far East Agricultural Workshop in Manila in 1956. This gathering of East Asia countries established the precedent for subsequent gatherings. The delegates proposed to hold bi-annual meetings so that participating countries could periodically assess the improvements and changes that occurred in agriculture, particularly in the field of credit and cooperatives. The first Workshop, in 1956, was co-sponsored by the Governments of the United States and the Philippines. The 1970 conference will be sponsored solely by the Republic of the Philippines. The United States has continued to play a lesser role in each meeting since 1956. With leadership in the hands of the East Asia delegates, the United States has shifted its position from sponsorship to cooperation.

The assistance provided by the Agency for International Development at the Bangkok Workshop was of a technical nature. Some of its personnel, working with the participating countries, attended as observers. Glenn G. Browne, Deputy Governor of the Farm Credit Administration of the United States, was Workshop Consultant. Gordon Roth of A.I.D., Washington, was Editorial Consultant. Assisting in an advisory capacity were R.E. Patterson, Wallace J. Maddock, Chane Kalayanamitra (from A.I.D.) and Robert R. Forbes and Peter T. McNeill (from CLUSA, a cooperative organization).

The Sixth Workshop convened in Bangkok in response to an invitation extended by the delegation from the Kingdom of Thailand at the Far East Workshop in Korea in 1965. The pre-conference planning for the 1968 meeting was under the direction of Major-General Chan Ansuchote, Director General, Department of Technical and Economic Cooperation

(DTEC), Ministry of National Development, who also acted as Workshop Chairman pending election of the permanent chairman Mr. Renoo Suvarnsit, Director of Budget Bureau, Office of Prime Minister, the Chief Delegate of Thailand. The planning included making preparations for the delegates and observers, suitable facilities for meetings, suggested agenda for the Workshop, field observation trips, and visits to farms and agricultural credit and cooperative institutions. The smooth functioning of the Workshop and the hospitality of the hosts suggested that much careful planning had been done by experienced people.

The importance that the delegates attached to the Sixth Workshop was reflected in many ways, including: the high quality of the papers submitted; the awareness of the vastly increased responsibilities that lie with governments to correct existing or threatening rural dislocations; the strong feeling that the Workshop procedures were now ready to accept a higher level of expansion of responsibilities, decision making and action programs.

Previous Far East Workshops were held in:

Manila, Philippines	June 1-11, 1956
Tokyo, Japan	October 20-November 5, 1958
Saigon, Vietnam	October 24-November 5, 1960
Taipei, Taiwan, Republic of China	November 12-24, 1962
Seoul, Korea	May 10-22, 1965

The Sixth Workshop was attended by 40 Delegates, 36 Observers, and 5 Advisors from seven Countries and eight International Agricultural and Cooperative Organizations. Countries represented by delegates were the Republic of China, Japan, Korea, Laos, the Philippines, Thailand, and Vietnam.

The work meetings followed the procedures similar to previous Workshops. However, the delegates were divided into four work groups, instead of five groups, as in the past.

The Sixth Workshop theme was: Serving a Growing Agricultural Economy Through Institutional Development. Emphasis was action-oriented.

The basic purposes were three fold, as follows:

1. To review and evaluate the activities and progress of participating countries in implementing previous Workshop recommendations;

2. To identify and discuss current problems common to the geographical areas represented by the participating countries and to suggest solutions; and

3. To establish a broad set of objectives and goals to guide future development of institutions — domestic, regional, and international.

The delegates reviewed and evaluated the activities and progress of their countries in implementing previous workshop recommendations. This review of 12 years work was facilitated by a compilation of recommendations and resolutions of previous workshops by the Workshop Secretariat. The document was distributed to all participants. It proved to be a valuable and frequently referred to source of information.

The work groups augmented their reviews of past recommendations with a clinical evaluation of:

1. Important changes that have occurred in agricultural finance, cooperative structure and development in countries since the Korean Workshop;

2. Recommendations of previous Workshops which have proven to be beneficial to the agricultural credit and cooperative programs of the reporting countries.

3. The scope and effectiveness of current major credit and cooperative programs.

4. The principal problems that are encountered in acting on suggestions that might provide a solution; and

5. Plans for future development of agricultural credit and cooperative institutions.

This careful examination of past reports and the current conditions in agriculture was the basis for the work group reports which sought to define:

1. The characteristics and functions of effective agricultural cooperative institutions;

2. Methods for developing effective agricultural credit institutions and marshalling capital resources;

3. The role of regional and international organizations in developing effective credit and cooperative institutions; and

4. The basic education and training requirement for effective credit and cooperative institutions in an expanding agricultural economy.

The Workshop delegates sensed that agriculture throughout East Asia is coming to a new stage of development. Those most closely associated with cooperatives placed a strong emphasis on expanding production. They recognized that unless there is an increase in agricultural production for each member farmer, there can be no prosperity for agricultural cooperative and credit organizations. This emphasizes that agricultural management has a dual purpose of supplying the nation's food needs and of increasing the living standards of food producers.

This Workshop may have been more critical in its examination of the problems of agricultural credit and cooperatives and more demanding of improvement in marketing and credit. Past Workshops laid the groundwork for a gradual approach to removing obstacles to modern agricultural development. This Workshop probed for weaknesses and shortcomings in previous recommendations.

The critical examination of past performance took place as some governments were renewing attention to programs of national development to bolster the agricultural economy and increase food production. Such planning is likely to draw heavily on private resources in the development process.

The need for strong, independent private institutions in the rural economy must be considered within the framework of sound laws and sensible government policies conducive to their development and growth. Sound government policies can foster growth of the private agricultural sector. The farmers through their organizations and with government help have an important function in helping to build and strengthen private enterprises which are associated with the farmers' interests.

Agricultural business affect the farmer both as a supplier of the raw materials and as enterprises that can be developed cooperatively. The progress in Japan, Korea, and Taiwan rests on strong private institutions, of which cooperatives are an important part.

Agricultural development is complicated and tough. The reports reveal that many old problems are still unsolved as new ones arise. This is the continual and healthy movement that agitates all democratic countries.

The changes revolve around a new generation of leaders, a growing middle class, as well as more articulate discontent by the underprivileged. Reforms are taking place. More changes are coming. These are all the signs of our times.

The Sixth Workshop regarded institutional building as essential to a healthy agricultural economy. Successful building depends on involving people in these changes so they can identify their own well-being with the enterprises and institutions that they helped to build.

The Workshop saw agriculture as more than a matter of food production. If this were not so, the delegates could have devoted their attention exclusively to the large commercial food producers. But the explosive political and social implications of such a short-sighted approach are apparent.

Some participants felt that rural people must put more effort into the political side of their institutions. This would encourage people to be more effective in their own right to pursue their own goals. These participants were of the opinion that cooperatives and agricultural credit problems cannot be isolated from total agricultural development.

This means that in addition to the problems of agricultural credit and marketing and supply, the farmers have many other economic incentives that must be secured through the political side. These include roads, schools, public health, credit sources, taxes, local government, and so on ad infinitum. The individual decisions that farmers make add up to the total rural development. They are the vital factors which determine whether the subsistance farmer moves into the market economy or stays out.

The ways that a farmer is able to combine with other producers to be more persuasive in getting his wants known may also answer the critical question as to how much food production can be increased.

These concepts were offered for consideration to the Workshop: Having the people in rural societies effectively take part in building private institutions concurrent with public institutions would be a major development technique in most countries. This would call for the creation of new types of activities and the review of total development processes of the past in different and much broader terms than has been previously done.

If the questions raised and the issues drawn at the Sixth Workshop have not produced clear answers, they have at least broadened the horizons and stressed bold and new direction for the First Far East Conference on Agricultural Credit and Cooperatives in Manila in 1970.

RESOLUTIONS

ADOPTED BY THE 1968 FAR EAST WORKSHOP

WHEREAS: The Sixth Far East Credit and Cooperative Workshop held in Bangkok, Thailand, has provided an excellent opportunity for delegates from participating countries to work together in a well designed program bearing on fundamental problems common to their countries and WHEREAS the discussions which have taken place have provided, among other things, new insights into the development of agricultural institutions, all aimed at the betterment of the agricultural economy, this Workshop resolves that:

The Sixth Far East Credit and Cocperative Workshop held in Bangkok expresses its profound thanks and appreciation to:

(a) The Government of Thailand and its Ministry of National Development for their strong assistance and efforts as hosts of the Workshop.

(b) The Agency for International Development and its Operations Mission to Thailand for providing support and technical assistance to the Workshop.

(c) The people of Thailand for their many kindnesses, courtesies and warm hospitality.

(d) The various credit and cooperative organizations and agricultural institutions, both government and private, of Thailand, which shared with the Delegates their experiences in promoting agricultural development and for providing fine examples of the various activities they are undertaking.

(e) General Chan Ansuchote, Director-General, Department of Technical and Economic Cooperation, Ministry of National Development, who presided at the opening ceremonies and Mr. Renoo Suvarnsit, Budget Director, Office of the Prime Minister, Chairman of the Workshop; His Excellency, Pote Sarasin, Minister of National Development, who inaugurated this Workshop and all those associated with them.

(f) The Workshop Consultant, Mr. Glenn G. Browne, Deputy Governor, Farm Credit Administration of the United States, and other advisors who helped to plan and participate in the Workshop.

(g) The Organization Committee and Workshop Secretariat, both of whom have worked long hours under pressing conditions in providing a maximum of most excellent service and logistic support so essential to the successful operation of the Workshop.

RESOLUTION NO. 2

This Workshop recognizes the healthy expansion of agricultural financing by private institutions. Continuing efforts by these institutions toward economic development of the agricultural sector is most desirable and is encouraged in the interests of serving the growing and expanding needs of farmers in the Far East.

RESOLUTION NO. 3

The last Workshop encouraged establishment of an "Asian institution to aid in marshalling capital resources—for implementing agricultural

development programs." The Asian Development Bank with an Agricultural Development Fund has since been established. The Workshop expresses its pleasure that this has been accomplished and recommends that international financial institutions such as the Asian Development Bank give high priority to the financing of sound agricultural development programs.

International finance organizations are encouraged to develop agricultural loan programs in which loans are made available to a national institution, with or without government guarantee, with the loan funds channeled into a specific for subsequent lending in support of the agricultural economy of that country.

RESOLUTION NO. 4

The Sixth Far East Credit and Cooperative Workshop recognizes the very valuable contributions of previous Workshops in providing stimuli for development of programs of agricultural credit and cooperative services leading not only to development of the agricultural economy but also the total national economy of participating countries. It is the consensus of the Workshop that a need exists for continuing meetings of similar character. It is felt, however, that the ultimate benefits of the Workshop type of meeting have now been obtained by the participating countries and a new approach be taken for future meetings. It is therefore recommended that a new series of meetings be instituted under the title of "The Far East Regional Conference on Agricultural Credit and Cooperatives." The format for this new series should generally stress the regional and international aspects of agricultural and institutional development, although not overlooking the problems of individual participating countries.

RESOLUTION NO. 5

The Sixth Far East Credit and Cooperative Workshop accepts with pleasure an invitation extended by the Government of the Republic of the Philippines, through its delegation, to meet in that country in 1970 and understands that the meeting will carry the title of "The First Far East Regional Conference on Agricultural Credit and Cooperatives."

RESOLUTION NO. 6

Previous Workshops have uniformly recommended that such meetings be continued and that there should be an interim mechanism to provide continuity and to serve as "clearing house" for information as well as assist in preliminary planning for subsequent meetings. To date, however, definitive action has not materialized. In view of the agreed change in character of the Workshop as set out in a foregoing resolution, the desirability and need for continuity becomes even more important. Therefore, this Workshop reaffirms the action of previous Workshops and recommends that a temporary secretariat be established as quickly as possible on the following basis:

1. The secretariat to be initially established and maintained by the next host country with possible supplementary support by non-government or quasi-government cooperative and credit institutions of participating countries, the Asian Development Bank as a part of its ongoing regional development activities, and by regional and international organizations who are working in the field of agricultural development.

2. That at the next conference in the Philippines participating countries should be prepared to discuss establishment of a permanent secretariat.

RESOLUTION NO. 7

Effective educational programs on agricultural credit and cooperatives are recognized as being of paramount importance and basic to progress and development of a successful cooperative movement. Each country of the

region, therefore, should make the greatest possible use of all resources within the country and within the region to plan, develop, and implement the most effective education program possible. Close co-ordination of all agencies and groups is highly recommended in order to derive maximum results from resources expended and to avoid wasteful duplication.

It is also desirable that international organizations provide experts in the various fields of technical assistance to work with the education and training centers in the various countries, with emphasis on the training of individual farmers as well as government officials.

In order to obtain the greatest possible benefit from existing training facilities, an international organization such as USAID or ECAFE is requested to make an objective survey of training programs now offered by the regional training centers. This survey could serve as an initial step moving toward a unified regional training center.

RESOLUTION NO. 8

There exists in countries of the Far East a general lack of information concerning regional and international organizations interested in providing technical or financial assistance. Likewise there is a need for such organizations to develop a fuller understanding and appreciation of the needs of the various countries. The Workshop encourages voluntary organizations to make their services known and available in an effort to assist in bringing about a greater amount of coordination in developing agriculture, agricultural cooperatives and credit institutions in the Far East. In order to effectively utilize such services, concerned countries should designate an appropriate agency or department to serve as an initial point of contact for regional and international organizations. Similarly, in order to insure proper coordination and to eliminate possible overlap or conflict of interest between the various international voluntary organizations, it is recommended that they develop practical methods for coordinating their technical and financial activities in a most effective and economic manner.

RESOLUTION NO. 9

Be it resolved that the Sixth Far East Agricultural Credit and Co-operative Workshop held in Bangkok, March 11 to 22, 1968, in Plenary Session assembled, approves and adopts the reports of the Work Groups of the Workshop as submitted by the respective Work Group Chairmen and as amended by the Workshop. Be it also resolved that the Workshop in Plenary Session approves and adopts the concluding statement of the Steering Committee, which highlights activities and conclusions of the Workshop. Be it also resolved that the foregoing RESOLUTIONS Nos. 1 through 8 be adopted and that copies of such RESOLUTIONS be incorporated in the official proceedings of the Workshop and furnished to the governments of the participating countries, international organizations, the Agency for International Development and its Missions around the world.

THE WELCOME

MAJOR GENERAL CHAN ANSUCHOTE

Director-General, Department of Technical and Economic Cooperation, Ministry of National Development and Economic Affairs

Chairman of the Organization Committee for the Sixth Far East Workshop

IT is a great pleasure and privilege for me to be the presiding officer at this opening ceremony of the Sixth Far East Agricultural Credit and Cooperative Workshop. May I extend to you all a very warm welcome and I wish your stay in Thailand a very enjoyable and profitable one. Last but not least, may I wish the Workshop every success.

Our distinguished representatives are not only from cooperative circles but also from the sphere of economics and public affairs. They are here with representatives of international organizations to discuss a most vital problem in this agricultural credit and cooperative scheme. They have a strong determination to help bring about a fruitful cooperative in a spirit of friendship and mutual understanding, and for the benefit of all concerned.

Before I proceed with the agenda, may I invite His Excellency Pote Sarasin, the Minister of National Development, to deliver an opening address.

OPENING THE SESSION

HIS EXCELLENCY POTE SARASIN
Minister of National Development and
Minister of Economic Affairs

IT is indeed a pleasure and privilege for me to preside at the opening ceremony of the Sixth Far East Agricultural Credit and Cooperative Workshop. On behalf of His Majesty's Government, I wish to extend greetings and a cordial welcome to all delegates here today.

The economy of this region is, of course, predominantly agricultural. Though a number of countries have satisfactorily made advancement in the field of economic progress, it is still a known fact that the farm population of the region as a whole have not fully enjoyed benefits similar to those in other sectors of the economy. The farmers are still confronted with many obstacles—namely to raise higher economic standards—the lack of capital, technical know-how and able farm management. It is for this purpose that many qualified experts are here today to help find suitable ways and means to assist the farmers and in the same instance contributing toward economic development of these countries. One of the most important questions lies in the field of finance. Given favorable ground in other respects, the mentioned objective could not possibly be achieved were it short of capital. Equally important, the principle of cooperative, which is yet to attain more active participation to become a truly popular movement outside the western hemisphere. It is hoped, therefore, that useful exchange of ideas, discussion of past and recent achievements as well as confronting obstacles by representatives of the countries participating here will lead to stronger support toward promoting cooperative movement in this region.

On behalf of the Thai Government, I wish to take this opportunity to express sincere appreciation to the Agency for International Development for its cooperation with the Ministry of National Development in this important meeting of experts here in Bangkok. I am certain that determination and efforts of the participants will bear fruitful results in accordance with the desired objective.

I now declare opened the Sixth Far East Agricultural Credit and Cooperative Workshop.

A REGIONAL FORUM FOR AGRICULTURE

MINISTER DIRECTOR, HOWARD L. PARSONS
Director of United States Operations Mission to Thailand

ON behalf of the United States Agency for International Development and the U.S. Operations Mission to Thailand I wish to extend a very cordial welcome to the Delegations from the participating countries and to the Organizations represented at this Workshop.

This is the second occasion on which I have had the honor to address one of these workshops—I appeared before the Fourth, to assist in opening its sessions in Taipei, in 1962. I would like to assure those of you who attended that Conference that I am not making the same speech this time.

I would like to congratulate you, Your Excellency, and the Staff of the Ministry of National Development for your very efficient preparation and organization of these sessions. Your work provides an essential precondition to the success of this Workshop. I would also

like to express my appreciation to Mr. Browne, who has taken time from his duties with the U.S. Farm Credit Administration to come to Bangkok and contribute to these deliberations.

The theme of this Workshop, "Serving a growing agricultural economy through institutional development," certainly has an immediate relevance to the problems confronting the economics in East Asia.

The emphasis upon Institutions is very appropriate. Institutions are not abstractions. Institutions are people. How these people are organized, how they are motivated, what opportunities are offered to them, these are the critical questions.

Over the years, a great volume of funds and talent has been concentrated upon the technical requirements for raising agricultural productivity throughout the world. This investment has, of course, been necessary and useful. Increasingly, however, it is being recognized that a gap exists—a gap between the research laboratory or the experiment station and the farmer himself. The technical knowledge which has been acquired through research needs to be brought to the villager, in a form which he can understand and utilize. The villager also needs the opportunity to acquire the resources to make use of this knowledge.

I need not emphasize that adequate credit at reasonable rates is one of the farmers' most crucial needs—and one of the most difficult resources to provide on an adequate scale. These successive workshops have been predicated upon a realization of the importance of this problem.

At the Fourth Workshop, it was recommended that the scope of these sessions be enlarged, to include cooperative in its title as well as credit. It is very pleasing to see that this recommendation has been carried out.

The value of cooperatives as a means for reducing the disadvantages of the small farmer has been demonstrated repeatedly. Cooperatives can and have served as a channel for technical knowledge from the experiment station to the farmer, as well as an institutional base for credit, marketing, and other services.

Cooperatives have succeeded in these efforts where they have convinced the farmers participating in them that these institutions are worth their support. If the farmers feel that they have a genuine part in forming and operating cooperatives, if they feel they have a personal stake in the success of these institutions, cooperatives can make a vast contribution. In addition to their immediate effect on agricultural production, rural cooperatives can also strengthen the farmers' confidence in their future as well as strengthening the farmers' sense of belonging to a national community.

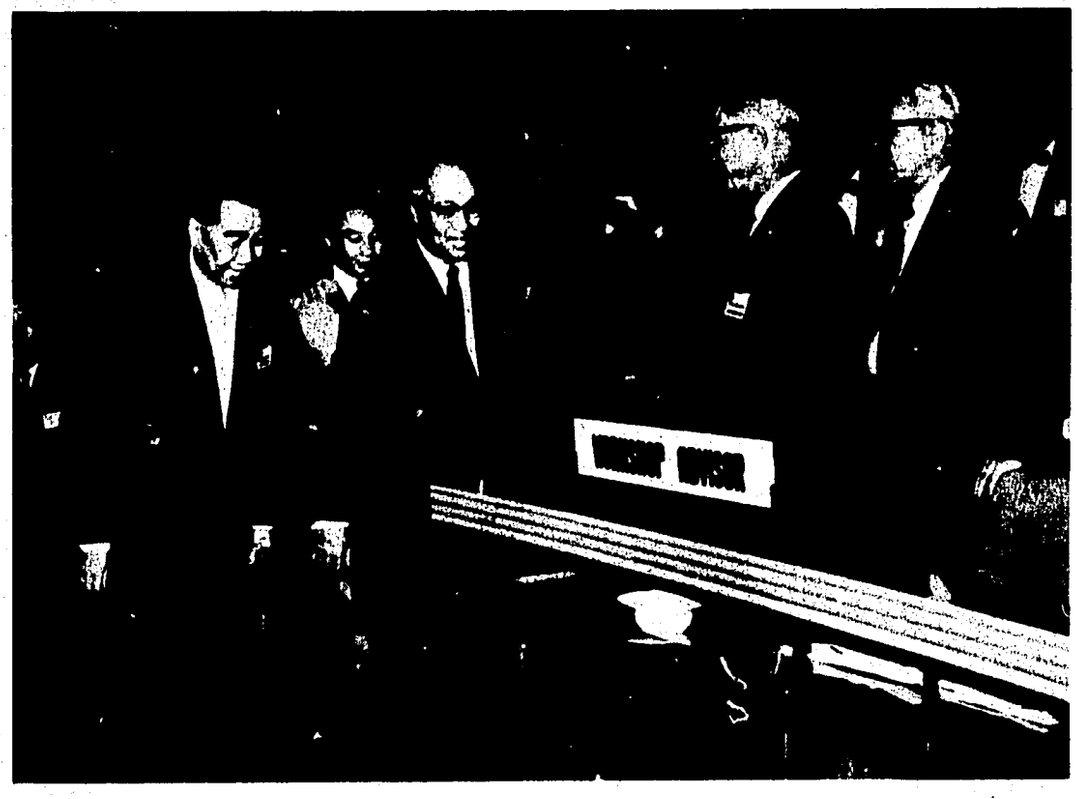
The importance of this principle was recognized by the Fifth Workshop, which recommended that Governments should accelerate the growth of cooperatives but emphasized in its resolution that Governments should create a climate favorable for greater autonomy and voluntary action by the cooperatives and individual members.

Throughout the world, farmers are skeptical people. This is natural. The farmer risks his labor, his very small stock of capital, and the potential of his land. These risks are not just a question of a marginal increase in his income, but involve the livelihood of his family. He has developed traditional patterns for dealing with these risks, and he is likely to change these patterns willingly only if he is convinced that the returns will be greater. If the farmer feels that he and his neighbors make real decisions for their joint benefit, he will devote his efforts to make the organization work. If the farmer feels that decisions are imposed

upon him his response will inevitably be less positive.

A wide range of experience and a great stock of talent is assembled here for these sessions. Since its inception twelve years ago, this workshop has become a regional forum which has made a very valuable contribution to the stock of knowledge dealing with agricultural development in East Asia. The organizations represented here are providing additional stimulus to this development through trade arrangements, technical advice, training, and other services. The previous workshops have helped to improve these arrangements and to increase their usefulness. You will, I am sure, examine the contributions made by these Workshops and consider in what form this Workshop can make its most valuable contributions in the future.

I would like in closing to reiterate my admiration for the preparations and arrangements made by the Royal Thai Government, as host for this Conference, to ensure its smooth operation. I wish you the best of luck as you pursue your deliberations.



The Minister personally greets the participants after officially opening the Sixth Far East Workshop sessions.

FARMERS' INSTITUTIONS AT THE RICE-ROOTS

MR. GLENN G. BROWNE.

Deputy Governor, Farm Credit Administration of the United States, and Consultant to the Sixth Far East Workshop

IT is a great personal privilege for me to be here in Bangkok and share with you the opportunity and experience of working together in this very important international workshop. During the course of the meeting, we will be directing our efforts in a common cause of finding solutions to some of mankind's most basic problems and outlining methods for implementing those solutions in a peaceful and cooperative fashion, both between men and between nations.

I have had the opportunity to attend two previous workshops—Saigon in 1960 and Taipei in 1962. Further, as many of you know, I lived with my family in Seoul, Korea, from 1959 until June of 1964. During that time, as I worked with Korean friends in the development of a better cooperative credit structure in that country, it also became possible for me to visit other countries in this part of the world to

learn something of their problems and accomplishments in the fields of cooperatives and in agricultural financing. Since taking up my present position with the Farm Credit Administration in Washington, D.C., in July 1964, it has been my pleasure to serve on several short-term consultative assignments which have enabled me to stay somewhat abreast of developments in several of the countries represented at this meeting. Therefore, I am looking forward with anticipation to what I would describe as the triple pleasure of renewing ties with old friends and associates, becoming acquainted with those whom I have not yet met and, of course, working closely with all of you in what I am sure will be a most stimulating and successful meeting.

At the 1965 workshop meeting in Korea, it was truly said that the meeting came at a most strategic and important time for the Free Nations of the Far East. The participants at that meeting essentially were looking for ways to come closer to realizing a basic human requirement—that of obtaining a decent supply of food. In so doing, they sought for an approach in which all countries might join to help improve the living of rural people and thus strengthen the economy of their countries. Much good work was done, and I am sure that all participants profited in the sense that they acquired new insights into ways of coping with current problems in their own countries.

Today, as you meet once again, you gather at an even more important and strategic time for the Free Nations of the Far East and, for that matter, for most of the nations of the world. It is an inescapable fact that the personal security and lives of men and nations in major areas of the world are being increasingly threatened by armed conflict and an ever more critical food supply problem. In the few short years since the Korean Workshop, military and guerrilla operations have greatly multiplied in portions of the Far East and war now lies like a plague on land and people alike. And, as statesmen, politicians, and military men preoccupy themselves with this problem, what about "the other war"—a peaceful type of war to be sure—but one in which the enemy most certainly is as dangerous to the public welfare as any military foe. I refer, of course, to the continuing crisis of the war on hunger and its challenge to economic development. It is axiomatic, I believe, that food supply is directly related to agricultural development and, in fact, agricultural development and overall economic development are critically interdependent in many nations as we know them today.

The past year was one of record output for world agriculture and, most significantly, a record one for many of the lower producing areas. Per capita agricultural output in these areas increased by about five to six percent in 1967, a recovery to the level of 1964 or slightly above. Even so, many nations are still deficit producers of basic food elements, and experts in this field generally agree that the scale, severity and duration of world food problems are so great that a massive, long range, innovative effort, unprecedented in human history, will be required to master it. The President of the United States, Lyndon B. Johnson, in his 1967 State of the Union Message said: "Next to the pursuit of peace, the really greatest challenge to the human family is the race between food supply and population increase. That race is being lost. Every member in the world community now bears a direct responsibility to help bring our most basic human account into balance."

My purpose in raising the twin spectres of war and hunger this morning certainly is not to provide for this meeting an atmosphere of gloom and doom. Rather it is to establish the fact that we are living in a world of rather grim reality. That being so, we must at this workshop clearly identify and isolate the real and actual conditions we will be discussing.

And it follows that we must be equally pragmatic in our recognition that solutions to real problems must also be real and usable solutions in contrast to theoretical or doctrinaire approaches.

This workshop has been defined as "action-oriented" and with an overall theme of "Serving a Growing Agricultural Economy Through Institutional Development." I heartily endorse this theme. With the background now of five previous workshops, I believe this meeting is being held at an ideal time and in an ideal place to evaluate past activities, consider current problems, and also look to the future. You can then move purposefully forward toward actions in the fields of agricultural credit and agricultural cooperatives which will better serve the present needs of individual participating countries and also act as a springboard from which new domestic and regional programs can be mounted for the ultimate benefit of all countries.

Let us not underestimate the value, both short and long-term, of the type of gathering in which we are now participating. You delegates, in very real measure, are key leaders in "the other war"—the war on hunger, the war to establish health, economic security and personal dignity for all people, regardless of race, religion, or political preference. In my judgement, it is useless waste to fight wars of a military character if in the process "the other war"—the war of involving people in peaceful and economically progressive pursuits—is finally lost by inactivity or lack of planning and attention.

Most nations now share a growing recognition that development—the job of nation building—is primarily their own responsibility. And they are becoming increasingly aware of the need for finding new ways to promote not only domestic growth, but also to develop international trade, and in the process reinforce the political, social, and economic strength of an entire area. In nation building, it has been said there are three basic ingredients necessary for success: the willingness of the people and the government to do things for themselves; the means for training and putting qualified people in positions of responsibility; and adequate credit to acquire the tools and inputs needed to carry on with the job. These three ingredients are sure to be central factors in the deliberations of this meeting, for they apply with equal force not only to the problems of individual nations but also to the problems of developing viable, regional and international institutions.

Institution building of itself can become a very effective way of providing communications between the rice-roots level of society, the private sector of the economy, and the government. The basic art, of course, is in obtaining effective involvement of people. To accomplish this, it is necessary for people to be able to identify with the institution. This ability to involve people in gainful pursuits has historically been a strong point of the cooperative. However, in order to encourage meaningful participation of people—equal in importance to the development of opportunities for such participation—is the need to strengthen and improve the capacity of government and other institutions to respond in suitable fashion to the people's expressions of popular needs and demands. Thus, a proper political and economic environment for cooperatives and other similar institutions takes on added importance.

History clearly reveals that groups who do not have an adequate place in society, an articulate political voice, or who do not share in economic or social gains, rarely get their circumstances corrected except through their own efforts. A cooperative lets people become effective in their own right—it enables them to pursue their own goals. Credit cooperatives, for example, are a simple way to mobilize local capital and borrow money at reasonable rates of interest. Marketing and supply cooperatives

enable producers to receive a fuller return on the products they sell, and consumers to buy many of the goods and services they need at lower prices. In the process of economic emancipation, members of cooperatives also achieve political power and social influence. Ultimately, such things cannot help but encourage economic growth in a hundred different ways. Thus, it is clear, I believe, that strong and well operated cooperatives and credit institutions can be extremely valuable in fighting and winning "the other war." To educate and encourage people to take part in developing democratic private, and governmental institutions, however, calls for both considering new types of activities, and perhaps viewing the total process in different and much broader terms than ever before. This, too, will call for our best thinking as we move into work group sessions later this week.

Substantial growth and development of credit and cooperative institutions in the Far East is clearly evident. You are measurably ahead of many other areas of the world in this regard, and are to be congratulated on your fine record of solid accomplishments. It is especially worthy of note that you have demonstrated willingness and ability to transfer your knowledge and experience to less fortunate neighbors through technical and material assistance and by your sponsorship of new and important institutions for regional development. It can also be said that several participating countries have experienced a very healthy growth of domestic private financial institutions as well as private commercial processing and marketing operations. These organizations are providing a meaningful input of resources and skills into the agricultural economy and, in many cases, showing the way to cooperative institutions. Additionally, I have observed a marked expansion in the activities of international organizations, many of whom are represented here today. All of these are encouraging signs—for "the other war" must be fought by many people and a successful formula most likely will be found through the unified efforts of all sectors.

In giving recognition to the visible progress which has been made to date in the Far East, we should not lose sight of the fact that new objectives and new goals may have to be established if your gains are to be cemented and serve as the foundation for greater growth and progress. There is much to indicate that unless dramatic breakthroughs are attained in domestic, regional and international development of viable institutions a very important weapon for winning "the other war" will be far less effective than it should be.

This workshop, in the course of the next 12 days, will be coming to grips with some of the fundamental and perplexing problems of our time. I am aware of the great ability of the delegates from the participating countries and aware also of the wealth of experience which is added to the workshop by the presence of country advisors and observers from international organizations. The knowledge and skill which can be brought to bear upon workshop subjects gives me great confidence that meaningful progress will be attained. Toward that end, I assure you of my complete and wholehearted cooperation.

To our hosts, who have so obviously exerted major efforts to insure our complete comfort in both business and personal matters, may I convey appreciation for a job very well done. Your arrangements and the surroundings in which we are meeting are unsurpassed. The purposes of this workshop will be well served indeed if the spirit and enthusiasm which so far have been devoted to planning and preparation are now carried onward by all participants into the active business sessions of the conference.

Republic of China

HOW TO MAKE LIMITED RURAL RESOURCES DO MORE WORK

AGRICULTURE in Taiwan is characterized by scarcity of land resources and rapid increase in rural population. The farm is small in size and farming is labor-intensive. Security which farmers can offer for credit is small and difficult to assess and handle. Farm operations are especially subject to risks from natural hazards and market fluctuations. These factors obstruct the promotion of agricultural capital formation and impose a limitation on rural productivity.

To accelerate agricultural progress, effort has been concentrated on raising the agricultural productivity of the limited land resources through technological innovations. Fortunately Taiwan farmers are of high technical competence in applying improved farming techniques. With the incentive provided through the land reform program, they have shown greater willingness to make farm investment. In contrast with the increased capital need by the farmers during 1950's, however, rural savings were low and the lending capacity of agricultural credit institutions was limited. Under the circumstances, special attention was paid to establishing a supervised farm credit system thereby making better use of the limited credit resources for the benefit of farmers as well as the lenders.

PILOT PROJECTS

Experiments and demonstrations have been made by agricultural credit institutions to improve lending procedures and to increase lending funds with the technical and financial assistance of the Joint Commission on Rural Reconstruction (JCRR).

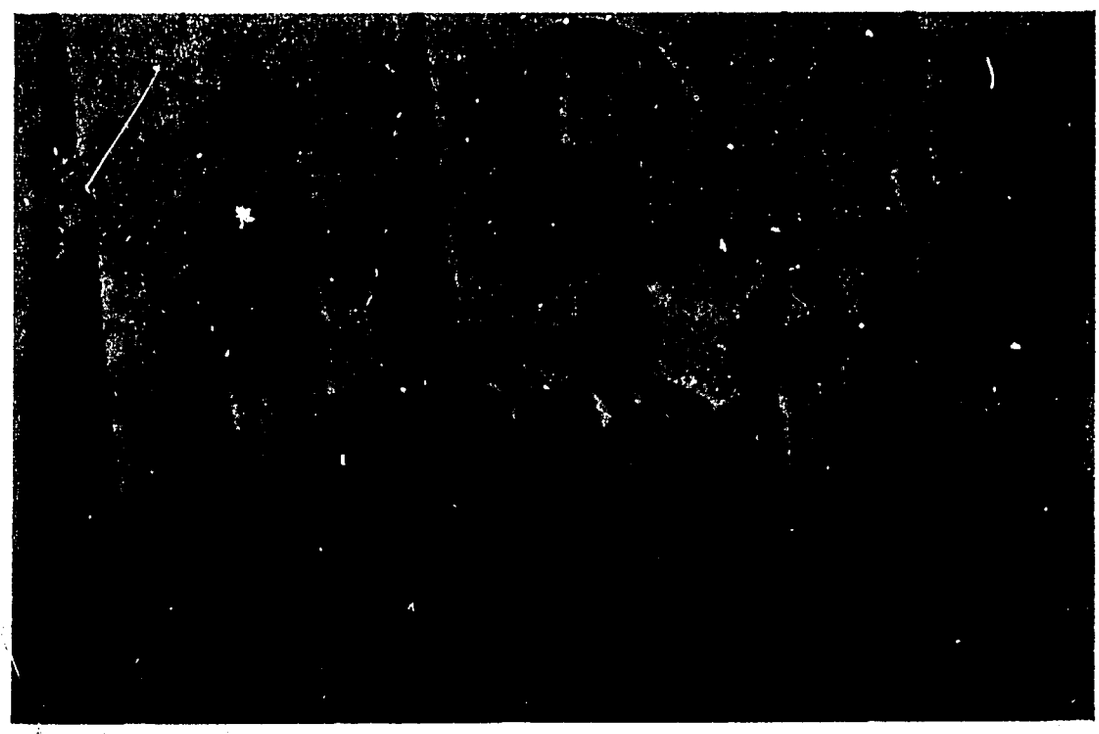
In 1955, the Land Bank of Taiwan started a program to experiment on the extension of farm operation and improvement loans to farmers at the reduced rate of interest and for terms that were more consistent with need of farm production. Interest was set at 18 percent per annum in contrast with 22.32 percent which was the banking rate on unsecured loan in 1955. Because the term of a loan could be as long as two years, and interest was to be paid semi-annually, the borrowers were relieved from the nuisance and expense of renewing promissory notes and paying interest to the lender every month. For making, servicing and collecting

of loans under the program, the Land Bank organized a mobile team to travel around from township to township. Services provided by the team were advantageous to the borrowers, but involved rather high operation costs.

In view of the initial success of the program, and to solve the problem encountered in the project operation, another program on farm credit demonstration was implemented with 30 township farmers' associations as sponsor in 1956. The entering of farmers' associations in the program makes the farmers more accessible to loans, which are provided from offices closer to them and by people who know them better. Furthermore, the multiple functions of those township farmers' associations make the coordination of credit with extension services as well as agricultural marketing more efficient and effective.

The guiding principles for the operation of those projects are summarized in the following:

1. Loan proceeds must be given directly to farmers.
2. Lending method and procedures must be convenient to farmers.
3. Loans must be made to the right man, for the proper purpose, in the adequate amount and at the appropriate time.
4. Loans must be closely supervised in coordination with technical assistance to insure that they are effectively and efficiently used for agricultural production.
5. Borrowers must be allowed to repay their loans in installments in line with the harvest season.
6. Attention must be given to the efficiency in handling loans so as to lower the operation cost.



Republic of China: Seated, I. Shuan Sun. Row left to right: Chen Chou Wang, Shin Wen Ying, Gien Ying Yu, Hsien Chung Ho, and Yuan Teh Wu.

7. Consideration must be made on the development of devices to promote rural savings through the operation of the credit program.

SUPERVISED AGRICULTURAL CREDIT PROGRAM

The pilot projects were primarily to try out how to adapt supervised farm credit practices to the local conditions and to find out which of the existing credit institutions is more efficient to render the improved credit service to farmers. With a view to providing the qualified credit institution with intensive training on supervised credit operation, a new program called Supervised Agricultural Credit Program was implemented in 1958. Its aim is (1) to make loans to farmers who cultivate relatively small areas of land and are in need of capital for their farm operation, and (2) to strengthen the credit activities of township farmers' associations and improve their experience in lending operations. Eighty-eight township farmers' associations took part in this program, and contributed their own funds roughly equivalent to 20 percent of loans which were made to them by JCRR in the amount of NT$ 36,880,000. The Provincial Government promulgated a set of rules governing the operation of this program, in which a provision stipulates that a participating association set aside all earnings realized through each year's handling of this program as agricultural credit fund, and accumulate them as the association's additional lending funds.

Maximum amount of loans to a borrower is NT$ 5,000, and maximum term two years. Terms are fixed to suit the estimated production period and marketing condition of the borrower, and repayment by installment is encouraged. Interest rate remains unchanged at 18 percent per annum, and payment of interest is made semi-annually or at the time of installment repayment of principal. A loan has to be used for the purchase of any one or more of the following production items draft cattle, irrigation pumps, carts, pigs, boars and sows, poultry, feeds, fertilizers, insecticides, seeds and seedlings, building materials for compost house, hog sty and for drying grounds, and materials and tools for farm and side-line production.

New measures are introduced in the servicing of loans under this program, with an aim to help the borrower improve the use of loans by coordinating it with knowledge of improved farming techniques. When an application for loan is received from a member, the credit man of the farmers' association drives his motorcycle to make a visit to the farmer's home, and spends one-half to one hour asking questions and taking records about family members, size and ownership of the farm, farm equipment and installations, and farming plans for crops and livestock. He will then check all these data with the purpose of proposed loan, and offer his comments as to the soundness of the farmer's plan to his advice to make necessary change in the plan for high farming efficiency and larger returns.

After the loan is made, the credit man visits the borrower again to see if the loan is used for the proposed purpose, and to check if the farming plan is being efficiently carried out. Assistance and advice are sought from extension men to help the borrowers on such matters as vaccinating pigs, selecting a right kind of crop rotation, obtaining certified seeds of improved variety, etc.

When making recommendations on each loan application under this program, the credit man analyzes the data which he has obtained on the farm, and presents to his superiors his views in connection with the soundness of the applicant's farming plan, his ability to carry it out, and benefits expected from the proposed loan. When an application for loan seems satisfactory from these points of view, it has priority in getting approval from the chief of credit department and the general manager of the farmers' association. This emphasis on the soundness

of farming plan and loan purpose introduces a new aspect into the conventional procedures of screening loans. Hitherto, lacking data obtained on the farm, priority has been given to a loan according to the value of the applicant's and his guarantor's assets in order to assure safety of the loan. This practice has often precluded the chances of getting credit by small-sized or newly established farmers. Under the program, first hand information on the borrower's farming plan, supervision on the use of loan, and assistance in the farm operation are effectively combined to help reduce credit risks.

Although none of the borrowers had to pledge collateral to guarantee the repayment, the safety of the loan has proved unimpaired owing to improved techniques in the lending procedures of supervised credit. The program has inspired the farmers and their associations to a new prospect that a farmer does not have to own enough property to qualify himself as a borrower, as long as he has a sound farming plan to make a good use of the loan and an ability to carry it out. When this program was concluded at the end of 1966, the 88 farmers' associations had extended supervised credit in the cumulative total of NT$ 250 million to 77,958 farmers. So far no report on the loss of a loan has been received from farmers' associations.

ADAPTATION TO EXTRAORDINARY CASES

Basic concept of supervised credit has been adopted in two other JCRR credit programs which are of localized or emergency nature. In 1959, a farm credit program was launched by JCRR in cooperation with the Land Bank and the Cooperative Bank for the farmers on the east coast of Taiwan. Its objectives were to help solve the capital shortage of the farmers who are mostly aborigines, and to prove that the risk of financing low-income farming in underdeveloped areas can be controlled by adopting proper lending procedures. A loan of NT$5 million each was made by JCRR to the Land Bank and the Cooperative Bank respectively, which in turn contributed NT$ 5 million each to match the JCRR loans. In townships where the farmers' associations do not have credit departments, loans are made to the farmers by the banks. In other townships where there are such credit departments, the farmers' associations borrow lending funds in lump sums from the banks, and lend them to the farmers. Irrespective of whether the lenders be the banks or the associations, the lending procedures of supervised agricultural credit are closely followed with the exceptions that maximum term of loans is extended to three years and that a loan is not only used for purchase of production items but also can be used in paying wages.

In the aftermath of a flood on August 7, 1959 which wiped out thousands of hectares of fertile land and washed away thousands of livestock, JCRR allocated disaster loans amounting to NT$33,140,000 to 112 farmers' associations for relending to flood victims to meet the urgent requirements of farm rehabilitation. Instead of the usual rate of 18 percent per annum, a reduced rate of 12 percent per annum is charged on loans to the farmers, and maximum term of loans is set at three years. The loan purposes were at first limited to compost houses, hog houses, and hog raising, but later expanded to include all purposes listed under the Supervised Credit Program.

FARMERS' UNDERSTANDING AND COOPERATION

In the course of carrying out these supervised credit projects, experiences have been gained for improving the lending procedures. It was often found at early stage of a project that some objected to the demands for information on the intended use of their funds, on the amounts of their debts and assets, and sometimes even on the farming plans. Most other farmers are cooperative with the credit men in answering

questions because they had listened to explanations about the objectives and the procedures of the program at village meetings prior to making loan applications. For those who showed reluctance to answer questions, courteous persuasions always did wonders. Farmers' understanding of the program is an important factor of success, and it deepens in proportion to the amount of time and thinking which the farmers' association puts in publicity through such means as village meetings, hand bills, posters, mobile units with loud-speakers, etc. Persuasions are found effective also in collecting overdue loans when the credit man appeals to the borrower's pride by pointing out that his failure to repay will ruin the chances for other farmers to borrow.

TRAINING OF CREDIT MEN

A credit man on average deals with 400 or more borrowers, and pressure of his field work is heavy. Many farmers live several kilometers away from the farmers' associations. Many associations who bought motorcycles for their credit men to use in visiting farms, found that efficiency was since increased by several times. Another field equipment which gains popularity among credit men is a miniature camera, with which one can snap a picture about the use of the loan by a borrower. A contact print of the picture which goes with written comments about the farm visits provides the general manager and the credit chief with a vivid record of how the borrower is using the loan.

The farmers' association must keep accurate and up-to-date books and records relating the history of a loan beginning from receipt of its application to farm visit, recommendation, approval, signing of contract, extension of loan, repayment schedule, checking on loan use, interest payment and repayment in lump sum or in installment. In most associations, the credit man pursues these routines in between field work. In the other associations, an assistant credit man or woman is assigned full time or part time to this responsibility, thus enabling the credit man to concentrate himself in field work. For an association dealing with 300 or more farmer-borrowers, the latter arrangement will be more economical in a long run. Moreover, it has better protection against mistakes, negligence or malfeasance by a credit man than if he alone handles the entire lending and collecting procedures.

In order to be a good field worker, the credit man must have thorough knowledge of farm extension work which is going on in his township, in addition to knowledge and experience in credit business. Many capable credit men are found in the men who are in their 20's and 30's who are graduates of senior agricultural vocational schools, and who have worked as extension men before being assigned to the supervised credit program. Many farmers want to borrow for a certain purpose, for instance hog raising, because they have been accustomed to the same undertaking year after year, even though it may have ceased to yield good returns. A credit man with good knowledge of farm extension can point out the disadvantage of a planned undertaking, and recommend to the farmer a new plan which will be more profitable to him and is geared to a general program for agricultural development.

In addition to conducting training classes and refresher courses in cooperation with government agencies concerned, JCRR has also maintained a task force to supervise the credit project operation by farmers' associations. Members of the supervisory team help the associations become familiar with sound credit principles, maintain constructive credit services to farmers, and improve financial operation and management. Their visits to the farmers' associations are periodic, and thus the associations are more easily accessible to technical advice and assistance through the supervision.

ISLAND-WIDE PROGRAM ON SUPERVISED CREDIT

Based on the experiences and training of those credit projects aforementioned, an island-wide program entitled Unified Agricultural Credit Program started operation in 1961, in order to establish a sound overall farm credit system for Taiwan. Under the program, effort is directed toward the improvement of institutional framework and the increase in lending resources. An Agricultural Credit Fund is established and an Agricultural Credit Planning Board is set up. Serving individual farmers directly with credit, the farmers' associations have access to additional lending funds directly from the Agricultural Credit Fund and indirectly through the Land Bank and the Cooperative Bank. The two banks have agreed to delineate their lending activities and in principle provide farm credit to farmers channelling through the farmers' associations. Measures are adopted to enable the associations to build up capital reserves in their credit departments. They are required to make full use of their deposits received from members, their capital reserves accumulated from earnings originated by credit operations and their share capital invested by borrowers, for making farm production loans to farmers following the supervised credit practice.

With the amplified lending resources, more types of loans such as purchase of farm land, land improvement, construction of farm houses, payment of wages for farm labor, etc., are included; the maximum amount of loans to individual farmers is determined by the farmers' associations based on their respective lending capacities in relation to agricultural development plan of their townships (at present the highest is NT$200,000); the maximum term of loans is extended to as long as five years; the interest charge is reduced to as low as 12 percent per annum. The farmers' associations that have experiences with the previous credit projects are given priority for participation in the Unified Agricultural Credit Program. Under the program, all agricultural credit services by the farmers' associations as well as the use of loans by the farmers are carefully supervised. In the case of earlier Supervised Credit Program, the supervision was applied to a limited amount of lending funds provided by the farmers' association to only a portion of farmers who were in need of such credit facilities.

Since 1961 when the Unified Agricultural Credit Program started operation, a total of 249 township farmers' associations or 85 percent of the associations that have each a credit department has been enrolled. As a result of the expansion, more than 670,000 farm families or 82 percent of the total in Taiwan became accessible to the supervised credit service provided under the program. As of the end of 1966, 281,466 farm families have benefited from it and the unified credit loans have totalled NT$3.1 billion with an amount of NT$1 billion outstanding. The record of loan collection on time is always maintained at more than 95 percent. As of December 31, 1966, the capital reserves accumulated by the farmers' associations under the program have totalled NT$197.3 million, and the farmer-borrowers' investment in the credit departments NT$87.5 million.

EXAMPLE OF SUCCESS EXPERIENCED

Farmer Lee of 56 years and his 14-member family in a southern county of Taiwan own two hectares of land, of which 0.7 hectare is planted to a rice crop rotated with sweet potato and sun flower. The family runs a one-hectare orchard on a hillside, where bananas, citrus fruits, guava and litchi are proliferating, and bring them an attractive income. Also flourishing on Lee's farm are pond fishes, pigs and chickens. Sixty thousand chickens go from there to the market every year. All his seven children and three grandchildren have received adequate education.

Farmer Lee's success is to a great extent attributed to the supervised credit service

provided by his cooperative association. Loans made by the farmers' association to him totalled NT$110,000 in the period from 1961 to 1965. An annual net income of NT$60,000 from his farm has made it easy for him to repay those loans by installments in five years.

About eight years ago, Mr. Lee was living in a village far from where he and his family are dwelling now. At that time, Mr. Lee had 0.5 hectare of paddy field located in the village and 1.8 hectares of up-land. But because the 1.8 hectares of up-land are located at the place too far from their home, they could not take full advantage of their family labor to make the best utilization of the land. Therefore, this plot of land was usually planted to sweet potato or peanut, which often suffered from low returns. At that time, their living condition was of course not so good.

Through discussion with extension men of his farmers' association many times, Mr. Lee decided to accept their advice to start a new life. He sold the 0.5 hectare of paddy field, and moved out from the village and set his dwelling on the 1.8 hectares of up-land farm eight years ago (1958). And in the neighborhood, Mr. Lee purchased 1.5 hectares of waste land.

In the first year after the house moving, he put all of his effort in land improvement and studying how to better use the family labor and land. The first kind of crop he selected to plant was water chestnut. The first year's harvest, according to Mr. Lee, was not so bad. But he forgot the price fluctuation. In the second year, he planted about 11 hectares of water chestnut, for which nine hectares of land were rented temporarily, in addition to his own land. But, beyond his expectation, water chestnut price dropped from NT$5.00 per kilogram in 1959 to NT$0.90 in 1960. This sharp drop of price, together with poor harvest caused by disease damage, brought him about NT$230,000 of loss. Consequently, he had to sell his newly-bought land and borrow money to compensate this loss. However, this failure was not meaningless to him. He paid NT$230,-000 to learn a precious lesson that it is unwise and risky to engage in a large scale cultivation of a single new crop.

After the bitter experience, and through several times of observation trips to other townships and agricultural experiment stations, he has come to realize the importance of diversified farming methods. After discussion with the farmers' association credit man and extension worker, beginning at the end of 1960, he carefully started to grow various kinds of fruits. After successful experiment on his land, he started to grow sun-flower in 1961. And now he is a famous sun-flower grower in the area.

In 1963, 0.1 hectare of up-land was changed into fish pond to raise various kinds of fish, and pig sty was rebuilt and expanded for hog raising. According to Mr. Lee's experience, hog raising itself does not bring him much profit, but hog manure is very important to increase the fertility of land. So, he constructed a new hog-house in the center of the orchard to facilitate manuring the fruits at the same time. He also constructed a modern coop to expand chicken raising.

Through his efforts and with advice from the farmers' association credit man and extension worker in these years, he not only has recovered from the heavy loss with the returns from farms but also has added a new piece of paddy field (0.7 hectare) to his farm. Needless to say, his success is due mainly to his patience and earnestness in absorbing new knowledge and effort of the whole family members, but he never forgets to thank the farmers' association for its supervised credit service.

Japan

MODERN CREDIT AND PRODUCTION POLICIES ARE AT A TURNING POINT

I. JAPANESE ECONOMY COMING TO A NEW STAGE AND ITS FUTURE PROSPECT

1. Trends since 1965

THE Japanese economy, which showed a high growth rate every year until 1963, was hit by a serious depression in the second half of that year. As a result of overheating of business activities, specifically excessive investments in plants and facilities, the balance of payments worsened and in 1964 and 1965, the incidence of business failures soared and corporate performance deteriorated. The government took measures to bolster the economy in and after July 1965, including a reduction in the bank rate, acceleration of treasury investments and major tax cuts. The government further enforced full-scale measures of stimulation including flotation of government bonds. As a result, business took an upward turn in 1966, and the Japanese economy registered a growth rate of 10.8% for the fiscal year 1966 (ended March 31, 1967).[1] During the first half of fiscal 1966, the recovery was realized by accelerated treasury spending, particularly on public utility projects, and increased exports. During the second half of the year, these factors induced increased demands for goods and services through public investments, private investment and consumer spending.

Various new phenomena were seen and new steps were taken in this process of economic upheavals. First, the government introduced a deficit-financing bond issue policy in 1966. The flotation of government bonds expanded the role of the public finances in the national economy, caused a big change in the money market trends and made interest rates decline. Second, Japan became an Article 8 nation under the IMF agreement and joined to the OECD in 1964, thereby taking a major step toward liberalization of capital flow. To cope with the situation, enterprises rationalized their management, and industries made positive efforts for concentration through corporate tieups and mergers. The third was rising prices. This was due to a variety of factors, including a rise in personnel expenses in such low productivity areas as agriculture and small business, an increase in cost due to a rise in capital expenses, and considerable raises in public utility charges such as traffic fares, communication charges, and gas and tap water rates.

2. An economic and social development program

In March 1967, the government worked out an economic policy which is to serve as the

[1] The Japanese fiscal year begins on April 1 and March 31. Fiscal 1966 is the year from April.

Left to right: Yuzo Tanaka and Akitake Futagoishi, delegates; Masahiro Numata, observer.

bases of a five-year economic program starting in fiscal 1967 and envisioned the picture of the Japanese economy after five years from that time. Government offices and ministries mapped out their respective policies and plans on the basis of this blueprint.

The government program has three top priority objectives. The first is stabilization of prices. The second is to increase the overall efficiency of the economy through rationalization of industry's structure, the money market and the capital market and increasing the fluidity of labor. The third is social development through improvement of living environments in cities. This economic and social development program envisions an economic growth rate of about 8% annually. On its completion, the real Gross National Product in fiscal 1971 will be about Y40,000 billion ($110 billion), and the nominal Gross National Product in that year will reach about Y61,000 billion ($170 billion). The nominal national income per capita will be Y470,000 ($1,306), up from Y250,000 ($694) in fiscal 1965.

According to the program, the farming population in fiscal 1971 will be about 8,600,000, or less than 20% of Japan's total population, down from 11,140,000 or 23% in 1966. Demand for farm produces will increase, particularly, for high quality produce, as a result of a gradual increase of the population, particularly in cities, and an increase in personal income.

The government is being urged to study plans to expand the scale of management of agriculture, to stabilize the prices of perishables and to rationalize the distribution and processing systems for the purpose of promoting the

independence of management of farmers and ensuring stable supply of agricultural produces.

II. JAPANESE AGRICULTURE COMING TO A TURNING POINT

1. Stagnation of agricultural production, a decrease in the self-sufficient rate for agricultural produces and exodus of farmers

Against such an economic background, the Japanese agriculture is coming to the first big turning point since the enactment of the Agriculture Basic Law in 1961.

The nominal income of farmers has been tending upward in recent years, but the living cost of farmers, the cost of agricultural management and the cost of purchases of fixed capital goods are also rising. The rises of these costs are being offset by a greater rise of non-farming income because of the continuous exodus of farming population and diversification of vocations of farmers since 1960. But the real output of agriculture has been almost marking time. The agricultural production index for 1965 was 111.6 with 1960 as 100. Increasing the productivity of labor in agriculture is becoming more difficult than in other industries.

The exodus of farmers still continues in the context of a fast growing national economy. The number of male farmers of 24 years or under decreased from 432,000 in 1963 to 375,000 in 1965. As a result, agriculture is being increasingly entrusted to old people and women, and farmland is being neglected or cultivated imperfectly because farmers are losing zeal for production.

Moreover, farmland is being converted into residential or industrial sites under regional development programs. Food imports are showing a straight increase while agriculture and livestock raising are becoming stagnant. Imports of agricultural produces in 1965 reached $1,940 million, or 2.2 times larger than in 1960, and were 24% of Japan's total imports. The annual growth rate of imports of farm produce in terms of volume was 14.8%, a high rate by an international standard.

By items, the growth rate is particularly high in rice, wheat, feeds including grain sorghum etc., materials of edible oil such as rapeseeds and soybeans, and tobacco leaves. The nation's self-supporting rate for foodstuffs is 70% in terms of calorific intake.

The problem of increasing food imports has begun to be discussed as a result of Japan's balance of payments troubles. The low prices of imported agricultural produce affect the prices of domestic farm produce, and this is another cause of the stagnation of the livestock industry in Japan.

2. Enforcement of policies for structural improvement and modernization of agriculture

In the aforementioned circumstances, the urgent task is to reinforce agriculture and increase its productivity and at the same time to reshape agriculture into a form capable of withstanding the trade liberalization and also to increase the income of farmers so as to eliminate the difference of income, living standards, between farmers and non-farmers.

That is to say, it is also imperative to ensure stable supply of domestic agricultural produces with reasonable prices through such modernization, because they occupy an important part of consumer's prices in general.

The government formulated a basic policy concerning the structure of agriculture in August 1967 and decided to take the following measures to make fruitful the farmers' intention to enlarge their operation and improve their productivity:

1. Promotion of more fluid marketing of

farmland and abolition of farm rent control;

2. Reinforcement of the financing system;
3. Promotion of collective production system such as cooperative work;
4. Expansion and improvement of farmland;
5. Introduction of an annuity system for farmers and measures for facilitating changes of vocations from farming to other occupations;
6. Mechanization of agriculture and reinforced guidance in farm management.

Table 1. Japan's imports of agricultural produces and foodstuffs (in 1,000 metric tons and $1,000,000).

	1960		1966	
	Amount	Value	Amount	Value
Total agricultural products		866.2		2,262.7
Rice	175	19.6	812	131.2
Wheat	2678	176.8	3917	278.7
Maize (for animals)	1306	78.3	3065	206.9
Kaoliang, milos and other grain sorghum	—	—	2230	131.0
Soybeans	1128	107.4	2169	271.9
Bananas	42	6.6	416	65.1
Coffee beans	11	8.6	46	29.0
Cacao beans	10	6.4	37	18.1
Tobacco leaves	7	13.6	32	61.5
Beef	6	—	13	10.5
Mutton	18	—	92	38.9
Horse meat	—	—	26	12.9
Raw sugar	1264	106.0	1725	123.5
Unsweetened skim milk	43	14.7	69	21.1
Bran	212	12.8	369	26.1
Grand total		4,491.1		9,522.1
		19.3%		23.8%

III. PRESENT CONDITION OF AGRICULTURAL COOPERATIVES AND THEIR PROBLEMS

1. Births of large-sized cooperatives through amalgamations; the organizational structures of unit cooperatives

As shown in Table 2, the number of agricultural cooperatives in Japan as of March 1967 was 21,656. This consisted of 20,651 unit cooperatives and 1,005 federations.

The breakdown of agricultural cooperatives by lines of business of members is as shown in Table 3. Of them, the systematic agricultural cooperative movement.

The number of general-purpose unit cooperatives, which was 13,101 in 1953, gradually decreased thereafter, particularly in and after the enactment of the Agricultural Cooperatives Amalgamation Furtherance Law in 1961. A major decrease was seen in 1965. The decrease of general-purpose cooperatives was mainly due to amalgamations and mergers. The progress of amalgamations and the consequent births of larger cooperatives were as shown in Table 4.

Almost all farmers eligible for full membership in general-purpose cooperatives have already enlisted themselves as full members. New associated members are increasing annually. The majority of them seems to be people who join the cooperatives for the purpose of utilizing the credit extended, mutual relief insurance operated, production activities conducted and educational, cultural and medical services furnished by the cooperatives and who are sons of full members engaged in other than agricultural industries or operators of cottage industry or small business in the localities. This trend seems to indicate that agricultural cooperatives are beginning to have some social, as well as economical, functions, in their service areas.

Table 2. Changes in the number of agricultural cooperatives and that of federations

	Unit agricultural cooperatives			Federations		
	Capital stock cooperatives	Non-capital stock cooperatives	Total	Capital stock cooperatives	Non-capital stock cooperatives	Total
Mar. 31, 1965	14,395	9,451	23,846	996	93	1,089
Mar. 31, 1966	12,429	8,898	21,327	947	91	1,038
Mar. 31, 1967	12,222	8,429	20,651	920	85	1,005

Under the revised Agricultural Cooperative Law, it was allowed for farmers to organize the small farming group which engages in agricultural production and has juridical character. It is called the corporated farm practice association, and the number of such corporations reached 1,986 in 1966. Besides, there are such organizations as "farmhouse associations" and "farm practice associations" throughout Japan, and they are constituent bodies to elect the officers of agricultural cooperatives. In nutshell, farmers are so keenly aware of the necessity and effectiveness of organizing themselves.

2. Organizational structure of a federation

A federation consists of unit cooperatives. The number of such federations is 1,005, as shown in Table 6.

Each of the 46 prefectures has one credit federation of agricultural cooperatives. Their top organ is the Central Cooperative Bank for Agriculture & Forestry. The number of mutual relief insurance federations is 47, that is, one in each prefecture and the National Mutual Relief Insurance Federation. Other federations can be freely organized regardless of administrative boundaries between prefectures. Generally speaking, those federations where the membership rate of general-purpose agricultural cooperatives is high are sound in their management and enterprises.

Table 3. The breakdown of agricultural cooperatives by lines of business

	Capital stock cooperatives	Non-capital stock cooperatives
General-purpose cooperatives	7,209	—
Other cooperatives	80	417
Sericulture	132	3,927
Livestock	464	294
Dairy	686	72
Poultry	282	17
Management of pastures	61	1,066
Horticulture and product	503	170
Rural industry	413	51
New farm settlers'	2,122	2,162
Agricultural news broadcasting	133	47
Other special cooperatives	137	206
Total	12,222	8,429

Table 4. Progress of amalgamations and trends in agricultural cooperatives of different scales

	Number of amalgamations (A)	Number of Participating cooperatives (B)	B/A	Breakdown of cooperatives by number of full members			
				Less than 1,000	1,000 to 1,999	2,000 to 2,999	3,000 or over
	cases						
1961	137	541	3.9	27%	48%	16%	9%
1962	214	949	4.3	23	49	16	12
1963	222	949	4.5	19	45	20	16
1964	237	1,067	4.5	22	42	17	19
1965	578	2,599	4.5	19	43	20	18
Total	1,388	6,084	4.4				

Credit federations of agricultural cooperatives have the highest membership rate — 98.1% of all general-purpose agricultural cooperatives. Credit federations of agricultural cooperatives, because they are banking institutions, have special purpose agricultural cooperatives among their members. 78.5% of all the full members of credit federations is held by the general purpose cooperatives. Credit federations have also associate members, and associate members account for 41.6% of the total membership.

Economic federations rank second in membership coverage of general-purpose agricultural cooperatives, with 98.0%; mutual relief insurance federations rank third, with 97.1%. Welfare federations are much below in the membership rate, with 44.9%. This is because welfare federations do not exist in every prefecture. However, general-purpose agricultural cooperatives represent a high 90.4% of all the full members of welfare federations.

3. Problems facing agricultural cooperatives

Now that Japanese agriculture is coming to a new stage of development, agricultural cooperatives have many new tasks to tackle. First, they must positively undertake the task of expanding agricultural production. Japanese agricultural cooperatives are closely connected with all the phases of activities of their member farmers, including credit, marketing, purchases, mutual relief insurance, guidance in management of agriculture and daily life. Where there is no increase of agricultural production for each member farmer, there can be no prosperity of agricultural cooperatives.

The second task is to carry out a structural reform of Japanese agriculture. In order to increase the productivity of labor in agriculture and to raise the income level of farmers, the role of the government is certainly very great. But inasmuch as it is individual farmers, members of agricultural cooperatives, that actually push ahead a structural reform, agricultural cooperatives are desired to make utmost efforts to assist them in all aspects, including production, credit and guidance in management.

The third is to make positive endeavor to raise the living standard of farmers. In Japan, the purpose of management of agriculture is not only to supply food to the nation but also to increase the income of farmers and raise their

living standard. The spread of television sets, electric washers and automobiles in rural communities in recent years has been remarkable. Furthermore, additional income of farmers through their dual employment contribute to the urbanization of their living mode. However, the difference in living standard between city dwellers and farmers is still great. Therefore, improvement of living environments in rural communities is an important mission of agricultural cooperatives.

The fourth task is to launch a political campaign to back up farmers' needs. Their concerns are tax, labor, pricing, water pollution, and so forth. There are many cases where the legislative and financial measures of the government are necessitated to solve these matters.

IV. PRESENT CONDITION OF AGRICULTURAL FINANCING AND ITS PROBLEMS

1. Deposits and debts of farmers. — Favorable condition of deposits and continuous increase of borrowing from the special credit system —

As of the end of fiscal 1966, the average cash assets of farm, including savings and reserves, were Y1,040,000. Between fiscal 1964 and fiscal 1966, they showed a growth rate of 21 to 26% annually. Out of the said figure of Y1,040,000, included savings of Y679,000, of which Y407,000 or 60%, was deposited in agricultural cooperatives, and the remaining 40% in banks and postal savings deposits.

The average amount of debts of farm as of the end of fiscal 1966 was Y175,000 and showed an annual growth rate of 13 to 26% in the preceding three fiscal years. The balance of debts from agricultural cooperatives was Y96,000 and represented the biggest 54%, followed by the balance of long-term low-interest loans (mostly from the Agriculture, Forestry & Fisheries Finance Corporation), which was Y35,000.

A recent trend is toward increased importance of such "funds from special credit system" as the structure improvement fund and the owner-farmer maintenance fund furnished by the Agriculture, Forestry & Fisheries Finance Corporation, as well as the agriculture modernization fund where the interest rate is lower because of government subsidies. The percentage of these funds from special credit system to the total balance of farm debts gradually increased and reached 44% as of the end of fiscal 1965. The percentage is proportioned to the size of farmland of individual farmers and is as high as 60% for farmers whose farmland is 1.5 to 2.0 hectares.

Table 5. Number of members of general-purpose agricultural cooperatives

	Full members		Number of members households	Associate members		Total
	Individuals	Organizations		Individuals	Organizations	
1961	5,780,308	—	5,072,240	732,270	23,413	6,535,991
1962	6,038,470	1,581	5,414,555	836,624	29,554	6,906,229
1963	5,834,935	2,177	5,265,759	916,601	36,205	6,789,918
Average Number per cooperative	798.4	0.3	720.5	125.4	4.9	929.0

2. Trends in loans to farmers from banking institutions

—Loans from agricultural cooperatives and the Agriculture, Forestry & Fisheries Finance Corporation represent 94% of all loans -

The balance of agricultural loans from all banking institutions as of March 31, 1967, was 1,982 billion ($5,505,560,000). Except in 1965, such balance showed a major growth rate of 20% annually in recent years. By sources, the balance of loans from such general banking institutions as local banks, mutual loans and savings banks and credit associations owed the highest growth rate, followed by that from cooperative financing.

But in the breakdown of the balance by sources as of March 31, 1967, loans from the agricultural cooperatives represent the overwhelming 72.2% of all, followed by loans from government-operated financing institutions, which represented 21.7%. (Table 9)

3. Trends in credit by cooperatives

—The problems of increasing surplus money in the cooperatives and the rationalization of their management -

The average balance of deposits in agricultural cooperative financing system during fiscal 1966 was Y2,586 billion at unit agricultural cooperatives, Y1,632 billion at credit federations and Y883 billion at the Central Cooperative Bank. Their average annual growth rate of such balance during the 1964 - 66 fiscal years was 50.0%, 53.4%, 70.3%, respectively.

The balance of lendings as of March 31,1967, from unit agricultural cooperatives except lendings to banking institutions was Y1,293 billion; that from credit federations was Y474 billion; and that from the Central Cooperative Bank was Y85 billion, which excludes lendings to non-agricultural. Their average annual growth rates during fiscal 1964 - 66 were 44.5%, 37.6% and 19.3%, respectively.

Table 6. Breakdown of federations by lines of services

Credit	46
Economic	56
Marketing	14
Purchasing	3
Mutual relief insurance	47
Welfare	33
Transportation	9
Sericulture	230
Livestock	156
Dairy	76
Poultry	17
Horticulture and special product	88
Rural industry	58
New farm settler's	53
Guidance	10
Agricultural emigration	26
Agricultural news broadcasting	34
Others	49
Total	1,005

Agricultural cooperatives have always had large influence to attract deposits from farmers and agricultural organizations. But the growth rate of lendings to members and affiliated organizations could not increase so fast as the deposits. As a result the loan-deposit ratio (the ratio obtained by dividing the balance of loans with the balance of deposits) is very low compared with those of other banking institutions such as city banks. This has resulted in surplus held by the agricultural cooperatives. They are investing such surplus funds in the money market or agriculture-related industries. This trend is progressing further as a result of an increased farm income through dual employment and a consequent rise in the growth rate of deposits in the agricultural cooperatives. (Table 10)

Table 7. Changes in the financial condition of farmers
(in terms of the national average per farmer; Figures are given in Yen 1,000 and %.)

	Year-end balance			Increase during the year		
	1964	1965	1966	1964	1965	1966
Savings deposits	438	539	679	30	23	26
Deposits in agricultural cooperatives included in the above	258	322	407	29	25	26
Reserve funds	176	210	255	20	20	22
Loans	21	23	26	20	13	12
Securities	66	73	80	15	11	9
Total	701	845	1,040	26	21	23

This is an important feature of agricultural financing in Japan. Generally speaking, long-term funds and equipment funds come from the special credit system while funds from the agricultural cooperatives are principally appropriated as short-term funds and operating funds.

Cooperative credit was also much affected by the depression in the Japanese economy since the second half of fiscal 1964 and the low-interest policy taken by the government to counter the recession. (See I-1.)

For the purpose of increasing the loan-deposit ratio of agricultural cooperatives, effort was made to rationalize the operations of unit cooperatives in fiscal 1966. Particular emphasis was placed on reducing the financing costs, establishing an independent accounting system for each business division of the unit cooperative, say, for marketing, purchase and banking and promoting the growth of lendings.

As a result, the average loan-deposit ratio of agricultural cooperatives rose slightly. But it should be noted in this connection that lendings to farmers and agricultural organizations included considerable amounts of housing loans and lendings for other than agricultural purposes, which are closely connected with the life of farmers.

4. Trends in special credit system

—The agricultural modernization fund continues to increase -

The balance of loans in major special credit systems as of March 31, 1967, was Y 712.1 billion ($1,778,060,000). If the loans furnished by local public bodies are also included, the balance increases to somewhere between Y 730 billion and Y 740 billion.

The agriculture modernization fund showed a considerably high growth rate in fiscal 1966. Its balance exceeded Y 200 billion and was nearly half as much as the balance of loans from the Agriculture, Forestry & Fisheries Finance Corporation. (Table 12)

(Regarding the special credit system in Japan and the operation of the Agriculture, Forestry & Fisheries Finance Corporation, please see the Outline of AFFFC (1967).)

5. Problems in agricultural credit and their possible solutions

—A report by the Agricultural Finance Council -

In response to a growing public demand for expansion and improvement of the agricultural credit system in recent years, the "Agricultural

Table 8. Changes in the balance of debts of farmers
(in terms of the national average per farmer; Figures are given in Y1,000 and %.)

	Year-end balance			Rate of increase during the year		
	1964	1965	1966	1964	1965	1966
Low-interest long-term loans	25	29	35	34	20	20
Loans from the Finance Corporation included in the above	21	26	31	38	21	20
Loans from agricultural cooperatives	68	77	96	27	13	25
Loans for modernization include in the above	24	27	33	34	12	25
Other loans from corporations included in the above	32	35	45	24	8	29
Loans from individuals	12	12	14	Δ3	2	11
Other loans	21	23	29	—	10	26
Total	126	141	175	26	13	23

Finance Council" was set up in August 1966 as an advisory organ to the Minister of Agriculture and Forestry. The council was established because—

(1) It was considered necessary to expand and improve the agricultural credit system, which is an important instrument of agricultural administration, in view of the severe foreign and domestic situation surrounding Japanese agriculture;
(2) The credit system had become too complicated and diversified. In some respects, its management lacked flexibility and the efficiency of credit worsened;
(3) It was pointed out that cooperative financing was imperfect in its system and that no sufficient efforts for rationalization were being made.

After deliberations by the Agricultural Financing Council, it prepared a report concerning ways to improve Japan's agricultural credit system, and the government began to draw up a bill to revise the relevant law. The important points of the report are as follows:

(1) To promote a structural reform of agriculture from the side of financing, a comprehensive fund to supply equipment capital to farmers aspiring to enlarge their operations should be set up in the Agriculture, Forestry & Fisheries Finance Corporation, and at the same time a fund to supply operating capital to them should be established in agricultural cooperatives.
(2) Security available to farmers is limited. Accordingly, it is becoming difficult for farmers desirous to enlarge their operations scales to obtain necessary funds. In view of this fact, the present agricultural chattel mortgage system should be revised to broaden the list of mortgagable chattels and to enable additional lending institutions to become mortgagees. At the same time, steps should be taken to secure a fund to supply operating capital to farmers with the agricultural credit insurance system.
(3) Financing by the Agriculture, Forestry & Fisheries Finance Corporation is not smooth enough. Reasons are multiple. First, permissions by the administrative agency is required in individual cases of lending. Second, loans are not directly

furnished to the farmers but through unit cooperatives. Third, guidance in management of agriculture after lending insufficient. In not a few cases, lending activities are hampered.

(4) The cost of funds furnished by agricultural cooperatives should be reduced. For this reason, available funds should be increased, facilities which encourage savings should be improved, and expenses of agricultural cooperatives should be reduced. At the same time, lendings within the agricultural cooperative system should be promoted, and surplus funds should be used for the benefit of farmers. Besides, measures should be taken to promote amalgamations of agricultural cooperatives, to rationalize those divisions which are in the red and to ensure more rational distribution of funds.

Table 9. Changes in agriculture-related loans from major banking institutions
(Figures are in billions of Yen and %.)

	Year-end balance			Rate of increase during the year			Percentage to total		
	1964	1965	1966	1964	1965	1966	1964	1965	1966
All banks	36.0	41.1	53.3	5.3	14.1	29.7	2.6	2.5	2.7
Local banks included in the above	30.8	34.5	45.1	3.7	12.1	30.9	2.2	2.1	2.3
Trust accounts of all banks	0.3	0.5	1.5	50.0	40.9	199.0	—	—	0.1
Mutual loans & savings banks	23.1	24.3	30.1	Δ1.3	5.5	23.5	1.7	1.5	1.5
Credit associations	25.6	29.8	36.6	13.3	16.8	22.5	1.8	1.7	1.8
Central Bank of Commercial & Industrial Cooperatives	0.2	0.2	0.1	0	0	Δ50.0	—	—	—
Subtotal	85.2	96.0	121.5	5.7	10.1	26.6	6.1	5.8	6.1
Agricultural cooperatives	647.9	757.9	951.0	29.3	17.0	25.5	46.8	46.9	48.0
Credit federation of agricultural cooperatives	278.7	300.5	394.0	4.5	7.9	31.2	20.1	18.6	19.9
Central Cooperative Bank for Agriculture & Forestry	71.3	105.8	85.1	60.6	48.4	Δ19.6	5.1	6.6	4.3
Subtotal	997.9	1164.3	1430.1	22.9	16.8	22.9	72.0	72.1	72.2
Agriculture, Forestry & Fishery Finance Cooperation	299.8	352.9	426.3	22.2	17.7	19.1	21.7	21.9	21.5
Japan Development Bank	0.1	0.1	0	0	0	—	—	—	—
People's Finance Corporation	3.0	3.7	4.1	15.4	23.3	12.9	0.2	0.2	0.2
Subtotal	302.9	356.7	430.4	22.1	17.7	19.1	21.9	22.1	21.7
Total	1386.0	1617.0	1982.0	21.5	16.5	22.3	100.0	100.0	100.0

Table 10. Loan-deposit ratios of major banking institutions compared
(Based on average year-end balances. Figures are given in Y1,000,000,000 and %.)

		Agricultural cooperatives	Credit federation of agricultural cooperatives	City banks	Local banks	Mutual loans & savings banks	Credit associations
Average balance	1964 Deposits (A)	1,723.7	1,063.7	9,066.6	5,376.3	2,850.5	2,317.8
	1964 Loans (B)	8,859.3	325.2	9,729.6	4,600.3	2,267.9	1,809.1
	1965 Deposits (A)	2,133.7	1,395.5	10,502.0	6,201.6	3,286.2	2,760.9
	1965 Loans (B)	1,028.1	367.4	10,949.0	5,236.0	2,680.8	2,108.2
	1966 Deposits (A)	2,586.3	1,623.0	12,133.7	7,263.2	3,807.5	3,276.4
	1966 Loans (B)	1,249.8	429.4	12,014.0	6,191.3	3,140.7	2,581.9
B/A	1964	49.9	30.6	107.3	85.6	79.6	78.1
	1965	48.2	26.3	102.4	84.4	81.6	76.1
	1966	48.3	26.3	99.0	85.2	82.5	78.8

Note: Loans include lendings to other than agricultural industries.

(5) Credit to agribusiness at present is defective in many ways and is in need of both expansion and improvement. In this effort, the basic policy to finance agribusiness should be made definite, so as to ensure efficient and smooth lending. Agribusiness which is particularly necessary from national viewpoint will have to be financed also by loans from the Agriculture, Forestry & Fisheries Finance Corporation, in addition to lendings by cooperatives. Accordingly, cooperatives should take the nature of such agribusiness into full consideration and should furnish loans in a flexible way after clearly defining the qualifications of borrowers.

We believe that various recommendations adopted by several plenary sessions and subcommittee meetings of the Workshop in the past were all effective for the progress of agricultural financing and agricultural cooperatives in the Far East. In Japan, measures to promote the growth of agricultural financing and agricultural cooperatives were mainly studied and carried out by the legislature, administrative organs and unofficial quarters (specifically agricultural cooperatives themselves). The evolution in the past decade was basically in line with the recommendations made as a result of several meetings in the past.

Recommendations considered particularly instructive to Japan were, generally speaking, (a) that the government itself should furnish funds to increase the funds available for agricultural credit and (b) that agricultural cooperatives should be free and independent organs but the government should furnish enough aid to make the credit business of agricultural cooperatives capable of meeting fund requirements of farmers.

We are hoping that Japan's country report will be found instructive by all the countries which are taking part in this meeting and that this conference will be a fruitful one.

Table 11. Overall year end balance of credit business of agricultural cooperatives
(Figures are given in billions of yen.)

		Balance			% Change from year before			Percentage in breakdown		
		Mar. 31 1965	Mar. 31 1966	Mar. 31 1967	Mar. 31 1965	Mar. 31 1966	Mar. 31 1967	Mar. 31 1965	Mar. 31 1966	Mar. 31 1967
Procurement of funds	Deposits	2,246.0	2,727.7	3,225.9	28.0	21.1	18.3	73.0	72.9	72.7
	Bonds and debentures	205.4	245.6	296.9	28.1	19.6	20.9	6.7	6.6	6.7
	Borrowings	—	2.9	1.3	—	—	55.2	—	0.1	—
	Loan funds accepted	312.7	369.3	443.0	23.1	18.1	20.0	10.2	9.8	10.0
	Others	311.5	396.6	472.5	28.2	27.3	19.1	10.1	10.6	10.6
Investments	Cash and deposits	192.7	165.0	178.7	18.4	△14.4	8.3	6.3	4.4	4.0
	Securities	252.1	562.2	886.6	9.2	123.0	57.7	8.2	15.0	20.0
	Money trust	8.2	5.0	2.8	30.2	△39.0	△44.0	0.3	0.1	0.1
	Lendings	1,966.0	2,213.8	2,426.4	33.4	12.6	9.6	63.9	59.2	54.7
	Lendings to agricultural organizations	997.9	1,164.3	1,430.1	22.9	16.7	22.8	32.4	31.1	32.2
	Lendings to forestry and fishery organizations	109.5	126.7	145.0	25.7	15.7	14.4	3.6	3.4	3.3
	Lendings to allied industries	268.5	418.3	484.9	29.0	55.8	15.9	8.7	11.2	10.9
	Lendings to other than credit fed. of agricultural cooperatives	47.5	75.9	78.4	32.3	59.8	3.3	1.5	2.0	1.8
	Lendings to banking institutions	542.8	428.0	288.0	64.2	△21.1	32.7	17.7	11.5	6.5
	Loans entrusted	314.0	370.5	445.4	22.7	18.0	20.2	10.2	9.9	10.0
	Appropriations for other departments	157.5	179.9	196.2	9.4	14.2	9.1	5.1	4.8	4.4
	Others	185.1	245.7	303.5	33.5	32.7	23.5	6.0	6.6	6.8
	Sum of procurements and investments	3,075.6	3,742.1	4,439.6	27.5	121.7	18.6	100.0	100.0	100.0

Table 12. Changes in agriculture-related loans in recent years
(Figures are given in billions of Yen and %.)

		Year-end balance			Rate of increase during the year			Loans and loan commitments during the year		
		Fiscal 1964	Fiscal 1965	Fiscal 1966	Fiscal 1964	Fiscal 1965	Fiscal 1966	Fiscal 1964	Fiscal 1965	Fiscal 1966
Treasury funds	Agriculture, Forestry & Fisheries Finance Corporation Funds	299.8	352.9	426.3	22.2	17.7	20.8	80.6	84.5	98.0
	Agriculture Improvement Funds	5.6	8.5	10.6	93.1	51.8	24.7	4.3	5.4	6.2
	Funds for New Settlers	30.3	33.8	36.8	5.2	11.5	8.9	3.5	4.3	4.9
	Subtotal	335.7	395.2	473.7	21.2	16.7	19.9	88.4	94.2	109.1
Cooperative funds	Agriculture Modernization Fund	*131.4	*161.1	*203.7	32.8	22.6	26.4	50.3	59.0	77.7
	Natural Disaster Loan System Fund	*18.6	*27.1	*28.9	87.4	45.7	6.6	17.9	10.1	Unknown
	New Farm Settlers Loan Security	2.9	3.4	3.9	11.5	17.2	14.7	3.2	4.2	4.4
	Agricultural Development Loan Security	0.2	0.2	0.3	100.0	—	50.0	0.1	0.3	0.1
	Livestock Development Corporation Security	2.0	1.9	1.6	—	5	15.8	1.4	1.9	1.2
	Subtotal	155.1	193.7	238.4	36.2	24.9	23.1	72.9	75.5	—
	Total	490.9	588.9	712.	125.7	19.2	20.9	161.3	169.7	—

Note: The figures with * are for the end of the calendar year.

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Korea

NEW NEEDS CALL FOR MORE GOVERNMENT HELP

I. Recent development of Korean economy and growth of agriculture

Since 1965, when the fifth international workshop on agricultural credit and cooperatives for Far East Asian area was held, the Korean economy has continued on an unprecedented upward trend. The economic growth rate came to 7.4 per cent in 1965 and 13.4 per cent in 1966. This development made clean the First-Year Economic Plan, which commenced in 1962.

In 1967, the first year of the Second Five-Year Economic Plan, the Korean economy witnessed a relatively high growth rate of 8.4 per cent, exceeding the projected rate. Economic activities in mining and manufacturing, especially, investments for the expansion of key industries and social overhead capital were most remarkable.

Accordingly, industrial output has been at an average annual growth rate of 18 per cent since 1965, leading overall economic growth and contributing to the modernization of the industrial structure.

Commodity exports increased sharply from 100 million dollars in 1964 to 360 million dollars in 1967.

Foreign exchange reserves became markedly favorable since 1964 due to the increase in exports and capital inflows.

During the five years, 1960-1964, prices doubled; however, since 1965, the stabilized foreign exchange rates and substantial increase in saving deposit, followed by the rationalization of interest rates, arrested the fluctuation of prices to within an annual rate of 6 to 7 per cent.

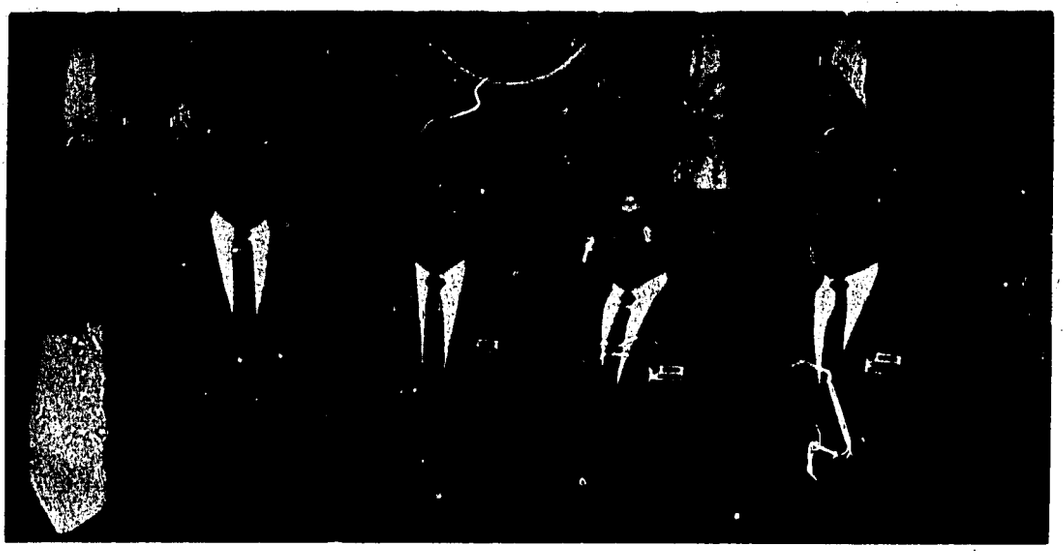
Keeping pace with the overall economic growth, agriculture also has sustained a steady growth. In 1965 and 1967 unusual droughts adversely affected production but in 1966 agriculture enjoyed a relatively high growth rate of 11 per cent

Food grains production exceeded the growth rate of population in general and the demand and supply of food grains went smoothly. With the industrial sector expanding rapidly, production increases have been very substantial for such industrial crops as cocoons, perilla, ramie, flax and leaf tobacco.

The expanded production of fruit and vegetables was greatly aided by the improved standard of consumption in urban households. Dairy production showed the highest growth rate, especially in milk production.

This development in agriculture is attributable mainly to the adequate supply of intermediate producer goods, backed up by the government and the improved productivity, resulting from the expansion of irrigation facilities.

Chemical fertilizer application increased. Prevention tips from insect damages were highly devised and widely spread throughout the country. Improvement of seeds and cultivation methods were also made. As a fundamental step



Left to right: H. Vance Austin, Advisor, USAID; Bok-Rae Park, Dong-Ho Rhee and Bokk-Hyun Nahm, delegates. Not shown, Jung-Jae Park.

toward all-weather farming, irrigation facilities were expanded every year.

II. AGRICULTURAL PROBLEMS AND MAJOR POLICIES

Since the national economy has grown at such a rapid rate, there has been a rapid change in the external conditions surrounding agriculture. Such changes have exerted considerable impact on the agricultural policies and operation of agricultural cooperatives.

a. The remarkable development in industry brought about a rise in the per capita income in urban areas while farmer's income level has lagged behind that of urban families.

It is safe to say that such a striking difference of income will be an obstacle to economic growth.

b. Consumption demand for agricultural products increased as the income level of urban households improved with preference going to goods of better quality. At the same time, more agricultural products were needed for exports and for use as industrial raw materials.

c. Sharply increased agricultural production contributed to the betterment and modernization of transaction channels. The closer relationship with overseas market made cost cutting indispensable in order to compete with other countries. Since 1965, the government has formulated multilateral measures to meet the above-mentioned problems.

As one of the efforts to increase agricultural production, the Basic Agriculture Law which provides basic direction of agricultural policy, was promulgated in 1966. This law purports to modernize the management of agriculture and to raise the agricultural productivity, thereby stimulating the expansion of agricultural output, at the same time, raising farmer's income through the improvement of transaction channels for agricultural products and bettering the standard of living of farmers.

This Law specifies that agriculture modernization funds should be financed by government accounts and that rural industry should be encouraged and promoted so as to give as much employment opportunities as possible to farmers. The Basic Agriculture Law was supplemented by the enactment of the Farm Land Reclamation Law, Farm Land Mortage Law, Agricultural Prices Stabilization Fund Law, Dairy Promotion Law, and Countermeasures against Agricultural Casualties Law. These laws will contribute much to the agricultural development. Major policies implemented since 1965 are as follows:

Seven-Year Foodgrain Production Increase Program.

The Seven-Year Foodgrains Production Increase Program, beginning in 1965 and ending in 1971, has been strongly backed by the government. During the plan period the expected annual foodgrains shortage of 500 thousands MT to one million MT will be overcome, and the rising domestic demand will be satisfied. This program includes an increase of 400 thousands hectares of arable land, farmland reclamation, expansion of irrigation facilities, and improvement of seeds and agricultural technology. Through the government's concentrated efforts, the foodgrains production targets were nearly obtained, despite the severe drought, in both 1965 and 1967.

Building-up of specialized producing areas

In 1966, the government implemented the building-up of major agricultural production areas in order to insure the increase of profitable industrial crops and raw material production, likely to be popular in overseas and domestic markets. This project intends to encourage the joint cultivation of industrial crops on the proper-crops-for-proper-area basis, thereby raising productivity and accomplishing cost reductions. The agricultural production encouraged total 25 items, 14 agricultural crops including perilla, flax, mushrooms, asparagus, 6 forestry products including walnuts, chestnuts, and in addition milk cows, draft cattle, chickens, pigs and cocoons. For this project, 14 billion won was allocated in 1966 and 5 billion won in 1967.

The specialized producing districts for the above-mentioned products are supported with various benefits to smooth supply of production materials, preferred financing of farming funds, arrangement of contract cultivation, supports for processing and various other types of supports.

Agriculture and Fishery Development Corporation

The Agriculture and Fishery Development Corporation was founded on December 1, 1967 for the purpose of expanding the agricultural product processing facilities, thereby raising the income level of farmers and fishermen and providing a wide range of employment opportunities.

Agricultural products which have appeared unprocessed at the market have come to be transacted as processed goods, thus contributing much to the stabilization of the market and, at the same time, satisfying the diverse tastes of the consumers.

In this respect, strong hopes are held that AFDC will carry out its important tasks.

Building-up of economic farm unit project

This project, conducted in 1965 and 1966, was formulated to enlarge the scale of farming and to engender economic farm units. The number of farm households concerned numbered 10 thousand in both 1965 and 1966, of which 30 to 40 farm households per kun (county) were selected from the appointed two villages.

A total of 10 billion won (100 thousands won per selected farm household) was financed by the government in 1965 and 1966 so as to support the expansion of acreage per farm household and

improvement of cultivation and management.

This project will be integrated into the specialized producing area build-up project in 1967 since the two projects have a close relationship.

III. NATIONAL AGRICULTURE COOPERATIVE FEDERATION AND AGRICULTURE CREDIT

In Korea, the National Agriculture Cooperative Federation, though barely six years old, has made a great stride in the various fields of business. Its development since 1965 has been especially remarkable.

Such a brilliant development was much indebted to positive supports made by the government in accordance with the purposes emphasized and adopted at the past several conferences on agricultural credit and cooperatives.

Many programs have been successfully carried out to provide opportunity for betterment of management and training for cooperative members.

There has been noteworthy change in the organization of NACF since the last conference. However the integration of Ri (or Dong) cooperatives program is progressing steadily.

Therefore, total Ri (or Dong) cooperatives decreased from 18,963 in 1964 to 16,974 at the end of 1967. The membership in cooperatives increased from 2,242,377 at the end of 1964 to 2,245,960 at the end of 1966, accounting for about 88 per cent of the total number of farmers.

During the 1964-1967 period, special cooperatives increased from 124 to 143 and a further increase is anticipated, in reflection of the development of commercial agriculture.

Without close cooperation with the government, the development of NACF could not have been attained.

At the time when the Seven-Year Foodgrain Production Increase Program was set forth an Agricultural Management Advice Department was added to the NACF and in 1966, Special Agricultural Management Department was organized.

These newly organized departments have participated positively in such programs as the foodgrain production increase movement, specialized producing area build-up, economic farm unit increase program and modernization of the transaction channels of agricultural products. In addition they provide instructive advice to farmers.

However, it can be safely stated that today's brilliant development of NACF is a result of hard work by co-op members and managers. One example can be found in the self-financing movement.

Expansion and improvement of agricultural credit

At the end of 1966, the total amount of loans made by NACF reached 34,377 million won, an increase of 49 per cent over the end of 1964. The expansion in NACF loans is attributable to positive government fund supports and sharply increased sources of loans resulting from "creating their own capital" movement.

Loans from the government to NACF increased from 15,660 million won in 1964 to 19,228 million won in 1967. Most loans were disbursed for long-term irrigation funds and agricultural production funds.

The period of such loans is unspecified. The loan interest rate is 2 per cent per annum for long-term irrigation funds and 5 per cent per annum for agricultural production funds.

In the past, government loans were financed directly from special accounts, thereby creating many difficulties in the effective operation of the funds.

However, since 1963, all government loans have been financed from only government loan

fund special accounts. Government loans are furnished for projects stipulated by the government.

Since 1966, a considerable portion of agricultural production funds has been transferred to the specialized producing area build-up project with more emphasis being placed on the latter project. The total deposit money in NACF in 1967 was 27,774 million won, an increase of 331 per cent over the 6,450 million won in 1964. This total amounts to 13 per cent of total deposits of all banking institutions. This increase in deposits was brought about largely by the rationalization of interests rate in 1966.

Under the rationalization of interests rates, the highest rate reaches 32 per cent per annum, almost the same as private interest rates. Consequently, a considerable portion of the money that formerly flowed into private hands, was absorbed by banking institutions.

However, the present situation where the interest rates on loan are lower than on deposit creates difficulties in the operation of banking institutions.

Especially, NACF suffered the greatest deficit as NACF has the largest weight in time deposits and low interest rate loans. To make the matter worse, NACF is obliged to deposit into the Bank of Korea as reserves requirement 20 per cent of total deposits received.

As for the composition ratio, government funds accounted for 52.2 per cent in 1964 but dropped to 26 per cent in 1967. The rediscount rate by the Bank of Korea also declined, from 11.1 per cent to 7.6 per cent.

Loan procedures have been simplified since 1964. All that is necessary for a loan of short-term production funds is to submit an application. No mortgage is required, but of course, medium and long-term loans require mortgages.

In 1966, the Farmland Mortgage Law was enacted. This Law has as its purpose the raising of farmer's mortgage capacity by permitting NACF to deal with farmland as collateral. The Farmland Mortgage Law is reaping fruitful results.

Agricultural credit is not efficiently linked with economic projects and has been almost abolished, except for fertilizer, in accordance with farmers' desires.

Development of mutual insurance system

The most conspicuous development among the NACF activities since 1965 was seen in the mutual insurance system which was undertaken at the beginning with two kinds of mutual insurance — fire and special livestocks. Since 1965, when life mutual insurance was added, the mutual insurance system has made great progress. In 1966, a mutual insurance department was added. It deals with the following business:

a. Publicity for the promotion of mutual insurance.

b. Establishment of multilateral drive system for mutual insurance.

c. Keeping contracts not to be dissolved halfway.

d. Welfare services for contractors of mutual insurance.

As a result of such efforts, total mutual insurance amounts to 99,887 million won, accounting for 30 per cent of total contracted amounts by all insurance companies.

Among the mutual insurance, "living stabilization mutual insurance" and "children's mutual insurance," both belonging to life mutual insurance, have the largest weights.

The expiration period of life stabilization mutual insurance ranges from 5 to 20 years with 5 year intervals. Contractors must be within the

ages of 18 to 60. Each mutual insurance account amounts to 300 thousands won. Both yearly and monthly installments are possible.

Children's mutual insurance are provided in preparation for education, marriage, and self-reliance. The contractor's age range is from 20 to 25 and the children's age range from 0 to 17. The method of installment paying is the same as for the former. The children's mutual insurance expires when they are 12, 15, 18 and 22 years old.

All the mutual insurance received are important sources of funds as reserve requirements or other business funds.

Development of Mutual Insurance

	1964	1965	1966	1967
	(Unit: in million won)			
Life mutual insurance				
Contracted		1,604	26,340	38,575
Received		55	705	1,087
Mutual insurance for damages				
Contracted	12,245	18,274	31,732	61,312
Received	60	90	133	168

Progress in procurement and marketing business

Total procurement in 1967 aggregated 26,990 million won, an increase of 98 per cent over 1964. About 85.2 per cent of the total goes to the procurement of fertilizer, entrusted by the government, reaching 23,001 million won (694,574,720 MT), an increase of 108 per cent over 11,071 million won (1,224,922 MT) in 1964.

Fertilizer is sold to farmers directly, about 50 per cent on cash and the remaining on credit basis. The credit sales are repaid in kind according to the foodgrain-fertilizer exchange law.

In the past, farmers depended entirely upon foreign fertilizer. However, since 1965 when three large-scale fertilizer plants were constructed, most demand has been satisfied with domestic production.

In 1967 the price of fertilizer was down by about 15 per cent. Until 1963, most agricultural materials were procured through NACF and since then, through "Kun" cooperatives.

Total sales in 1967 reached 26,718 million won, an increase of 248 per cent over 1964.

Such increase in sales is attributable mainly to the rising amounts of transactions through cooperatives. The major products dealt with by NACF are rice, barley, soybeans, sweet potatoes, cocoons, eggs, straw bags and rope, fruit and vegetables. Among these, rice transactions are the largest.

In the meantime, sales in joint marketing centers, established in 5 cities in 1962, amounted to 8,768 million won in 1965, 14,776 million won in 1966 and 17,985 million won in 1967, showing a sharp increase as compared with 3,204 million won in 1964.

Looking at the composition ratio of major items transacted in the joint marketing centers, foodgrains accounts for 90.2 per cent, fruit 5 per cent, vegetables 3.9 per cent, livestocks 0.5 per cent and other 0.4 per cent. At the same time, the sales of Agricultural Handicrafts Promotion Center, founded in 1963, is on the upward trend: 73 million won in 1964, 97 million won in 1965 and 94 million won in 1966.

NACF exports continue to increase. Exports were no more than 9 thousand dollars in 1965. However, they reached 36 thousand dollars in 1966 and 180 thousand dollars in 1967.

The prospects for the future are bright as the efforts to exploit overseas markets are being strengthened.

Guidance work

NACF guidance work has been concentrated

on establishment of NACF management basis and on the inspiration of independent spirit of co-op members.

Above all, the merger program of Ri (or Dong) cooperatives was undertaken for the effective fostering of unit co-ops and attaining their self-reliance.

According to the degree of development, Ri (or Dong) cooperatives are divided into 4 classes, each class being consulted with adequate advice in every cooperative activity. As a result of such directed efforts, self-sufficient cooperatives numbered 362 at the end of 1967, A class co-ops 1,056, B class 5,343 and C class 10,213.

A nation-wide "New Farmer Movement", encouraging farmers to participate positively in modernization and farm village enlightenment, has been undertaken. The farmers themselves are the principal workers in the movement.

This movement was launched through the so-called "fieldmen centers" which were organized as a centripetal force (one fieldmen center for each Myun), to support such government projects as foodgrain production increase, specialized producing area build-up program, etc.

Along with this movement, Ri (or Dong) co-ops capital increase movement (attemping to achieve self-reliance) was instituted. At the end of 1967 the Ri (or Dong) co-ops own capital totalled 51,512 million won.

The most remarkable training project was the management of Co-op College, which was founded in 1962 as a private institution and turned over to NACF in 1966. Accordingly, this college, the only professional education institute of NACF, is entirely responsible for the training of NACF members, with the newly attached training board instead of the old training department.

IV. SCHEDULED PROJECTS FOR 1968

A series of ambitious projects have been formulated for the more brilliant development of NACF. These projects are included in the NACF project program for 1968, as endorsed by the Operations Board. Major targets of the program are directed toward:

a. Effectively fostering the unit cooperatives.

b. Increasing available resources.

c. Exploiting overseas markets for agricultural and livestock products.

d. Effectively operating agricultural credit and institutional improvement.

It is envisioned that in 1968 procurement and marketing projects are scheduled to increase 12 per cent over 1967, agricultural credit 33 per cent, deposit saving 45 per cent and life mutual insurance 53 per cent respectively.

In 1968, special emphasis is to be placed on their own capital increase project. At the end of 1968, a total of 47,354 million won of self-financed capital is planned.

This figure is tantamount to an increase of 10,424 million won over the 36,930 million won at the end of 1967. Deposit saving will increase from 27,174 million won in 1967 to 32,000 million won. Mutual saving is planned to increase from 1,955 million won in 1967 to 4,233 million won in 1968. At the same time Ri (or Dong) co-ops self-financed capital will increase from 5,497 million won in 1967 to 8,217 million won.

Self-financed Capital Increase Program

	1967	1968	Increase
	(In million won)		
Deposit saving	27,174	32,000	4,826
Mutual insurance	1,955	4,233	2,278
Ri (or Dong) co-ops capital	5,494	8,217	2,723
Special co-ops capital	456	623	167
Capital and surplus	1,851	2,281	430
Total	36,930	47,354	10,424

The highest expansion is anticipated in the mutual insurance sector in 1968. Mutual insurance contracted and received actually were 101,726 million won and 1,256 million won respectively in 1967 and in 1968 they will reach 94,891 million won and 2,278 million won respectively.

Mutual Insurance Increase Program

	1967		1968	
	Contracted	Premium Received	Contracted	Premium Received
	(unit: in million won)			
Life mutual insurance	40,414	1,088	55,000	2,090
(Life stabilization)	(351,891)	(919)	(45,300)	(1,667)
(Children's mutual insurance)	(4,523)	(169)	(9,700)	(423)
Damage mutual insurance	61,312	168	39,891	188
(Livestocks)	(605)	(15)	(1,390)	(28)
(Fire)	(60,707)	(158)	(38,501)	(160)
Total	101,726	1,256	94,891	2,278

V. PENDING PROBLEMS AND PROSPECTS

As reviewed above, NACF in Korea has made a remarkable development in recent years. As the national economy grows at a rapid rate, NACF is saddled with heavier burdens.

One of the most urgent problems is the shortage of capital. During the seven years since the foundation of NACF, the total amount of loans has doubled. However, it is insufficient to satisfy farmers' demands to say nothing of medium and long-term credit. The composition ratio of loans made by NACF declined sharply, accounting for only 16 per cent of the nation-wide total loaned by all banking institutions in 1967.

There still remain many difficulties to be solved. One of the problems is the shortage of capital in procurement and marketing projects. Financing by means of rediscounts and creation of credit is strongly regulated by the financial stabilization program.

Another problem is to foster self-supporting unit cooperatives and to solve difficulties in the management. The prospect for the management of Ri (or Dong) or Kun cooperatives is not bright for the time being.

The reverse margin between deposits and loans threatens the management of local cooperatives, therefore, compensation measures by NACF headquarters are required. These problems resolve into harmonizing the contradiction between more benefits for farmer and commercial profit. These problems will be solved somewhat in a sense by the improvement of managerial capability.

However, the shortage of excellent co-op managers is considered a common problem in most countries. In order to resolve the above-mentioned problem, various projects are being undertaken, such as self-supporting Ri (or Dong) cooperatives increase program, mutual insurance increase program, deposit saving increase program, application of new method of management, and strengthened training of NACF personnel. However, it will take longer than five years to reap fruitful results. Therefore, even more positive support by the government is desirable. At present, the National Agriculture Cooperative Federation cannot be considered sufficiently well-organized to meet these various problems.

Hence, a series of programs is under consideration to rearrange and reinforce the organization of NACF and they will be realized in 1968.

Laos

CREDIT GUIDES FARMERS FROM SUBSISTENCE TO CASH ECONOMY

LAOS is pleased to have the opportunity to participate in the Sixth Far East Agriculture Credit and Cooperative Workshop. We sincerely hope to benefit from the experience other countries have had who are also participating in this conference. If one reads the numerous books and periodicals published on the development of the agricultural sector in undeveloped countries of the world one finds most of the attributes associated with under development in our country. Unfortunately, we have further to progress than most of you here today.

Before we proceed let me provide you with some background information concerning our economy and in particular the agriculture sector. Until as late as ten years ago traditional Lao agriculture was much the same as it had been for several hundred years. It has been only within the past five years that Lao farmers have been exposed to the fact that there are new and improved rice cultural practices. You will note that I have referred to rice. Rice, as in most of the other underdeveloped Asian countries is the principal source of food and for the majority of our farmers' the sole crop. Of course many Lao farmers grow vegetables for home consumption. The remaining portion of this paper will be primarily confined to rice production and marketing organizational and financing problems.

Briefly, I would like to review with you some of the characteristics associated with Lao agriculture. To be sure the list presented does not exhaust all such characteristics but rather it is designed to provide you with a general analytical framework from which to evaluate our organizational and capital problems and requirements.

Laos is a landlocked country with most of the agricultural production potential adjacent to rivers and streams, particularly the Mekong River. The exact amount of land under cultivation is not known but is estimated to range from 700,000 to 1,000,000 hectares. It is further estimated that over twice this amount could be put into production. The land now under cultivation in the aggregate comes fairly close to feeding the small population of 2.5 millions persons but the disequilibrium of supply within the country causes an estimated 70,000 tons of rice or more to be imported annually plus vegetables and fish. Virtually all processed and manufactured goods must be imported. One must, of course, remember that Laos has been fighting a war of survival for over 20 years and many of the resources which normally would have gone toward the development of the country have been utilized by the military.

The disequilibrium of supply which is not uncommon to underdeveloped countries is thought to be primarily caused by the lack of adequate roads, limited transportation facilities (both land and water), political control of commerce which permits provincial authorities to control the flow of commodities into and out of each province and, to control price, tariffs imposed by the numerous military and police districts, the lack of storage facilities and in the case of perishable commodities the lack of processing facilities. Some communities are only accessible from the air, others only during the dry season over unimproved roads. The disequilibrium of supply also has lead to wide price fluctuations which Lao farmers can ill afford to withstand.

The urban centers which are mainly found along the Mekong River constitute only about 10 percent of the population. Often these urban centers are dependent upon the importation of both rice and vegetables even though food surpluses exist in other parts of Laos.

The Lao farmer is ill educated with a literacy rate of only about 60 percent. The farm family is the symbol of security in which large families not only provide a form of insurance against losses due to sickness or death but also governs the amount of land which can be farmed.

Traditional Lao agriculture cultural practices not only has limited the size of the land area farmed per family but it also limits the return to labor and the amount of investment necessary to farm. On the average a Lao farm family cultivates from two to three hectares and produces about a ton of paddy per hectare. There is no population pressure on the land at the present time with vast areas of land remaining to be cleared and farmed. A great deal of this uncleared land can be acquired simply by security permission to clear and farm the land. Thus, a family has the opportunity to enter into the occupation of farming at relatively little cost and to expand the amount of land farmed as it so chooses.

There is little indication that the average Lao farmer is actually expanding the amount of land he is farming even though he has the opportunity nor is there evidence to show that more people are entering into farming. In fact we are faced with a manpower shortage, due to the war, and there is growing evidence that buffalopower in some areas is also becoming scarce. Thus we are threatened with reduced agriculture supplies unless Lao Agriculture increases output per man hour. It is important to note that farmers attitudes and actions are influenced by the lack of a strong central government which has clearly defined laws to enforce contracts to develop a framework in which financial institutions and business type organizations may effectively and independently function.

Credit needs have traditionally been satisfied through borrowing from relatives, friends, and as a last resort from local merchants. Capital accumulation has been generally confined to the acquisition of cattle, buffalo or similar commodities. The general distrust of all outsiders such as government officials, police, and military personnel has not been very conducive to capital accumulation and the establishment of non-family business enterprises. In fact any form of a non-family related group action without government intervention is a new experience to most Lao farmers. Ownership of stock in an agriculture business venture or cooperative shares is virtually unknown and for the most part an unintelligible means of raising capital to most farmers. However, there are a few example of farmers "pooling" capital to buy tractors and similar labor saving devices. Generally the framework of the organization has been along the lines of a partnership arrangement but where one or two of the major contributors controls the particular asset.

I have painted a rather bleak picture of the Lao farmer and the monopolistic framework within which he has been forced to work. The Royal Lao Government has not been totally passive to the needs of the Lao farmers. While little has been done to change the overall monopolistic framework within which farmers must function several important contributions are being made to the welfare of the agriculture sector. Namely, farmers are being introduced to improved rice varieties and cultural practices. This has been accomplished through demonstration methods, literature on rice growing, farmers meetings, radio, and other techniques normally associated with an Extension Program.

In order to change farmers from a subsistence agricultural economy in which the major input is labor to one which requires the use of production capital an elementary and temporary credit system was developed. In 1964 the Agriculture Development Organization was established for the specific purpose of supporting the Lao Agricultural Development Program by importing

Left to right: Robert E. Laubis, advisor, US/AID; Tiao Somsavath and Singsamoth Boulom, delegates. Not shown, Svay Vilay.

such items as insecticides, fertilizers, hand tools, irrigation pumps and similar commodities for resale to farmers. ADO which this organization is commonly called, is a semiantonomous organization co-managed by the Director of Royal Lao Government Direction of Agriculture and the USAID Food and Agriculture Officer. ADO in addition importing and distributing production inputs also extends credit to Lao farmers using such inputs. Thus Lao farmers for the first time can secure "production credit loan" at a rather highly subsidized rate providing he participates in the governments program to increase rice production. Farmers through the ADO organization are also provided credit to purchase irrigation pumps and similar production inputs.

Credit given to farmers for rice production inputs simply requires the signing of a contract between the farmers, local government officials and the ADO representative at the beginning of the season at the time production inputs are received the repayment of the loan is made in the form of paddy rice at the end of the growing season. In the past farmers have been required to pay a kilo of rice paddy for each kilo of fertilizer and improved seed borrowed. For the first time and for the dry season 1967-68 rice crop farmers have been given the choice of selling the seed rice they produce for 30 kip per kilo to ADO or selling their production to commercial outlets and pay ADO for the inputs received on credit in Kip. This means that the Royal Lao Government is attempting to reduce violent price fluctuations in the form of forward pricing which should and appears to have had an effect upon the price paid farmers for paddy rice, rice merchants.

As stated previously there is not a well established banking system in Laos to service the Agricultural Sector of the economy. Moreover, Lao farmers at this stage do not appear to be particularly interested in making investments in which farmers "pool" their savings to purchase

an income service or commodity because they simply do not understand the financial advantage of such an action. The fact that increasingly farmers are required to participate in group activities in order to develop irrigation facilities and other self help projects demonstrates that Lao farmers can with proper guidance, undertake group action not only to purchase a given commodity but also to merchandise the commodities which they produce.

It is recognized by our government that group action is necessary before real development of the agricultural sector can be attained. We do not want to leave the impression that Lao farmers are devoid of any incentives to effectively organize for the benefit of the persons involved. We do have some experience to indicate that Lao farmers once convinced that certain practices are profitable can and do work together in business ventures as cited previously in the example of farmers purchasing tractor as a group. Such groups are exceptions rather than a rule but a least it has happened and hopefully it will happen more frequently in the future.

The low level of education and the lack of managerial know how of course limits the availability of local leadership. This means, that managers must be trained. The leadership at this stage of development must come through government motivation to organize farmers into groups which are essentially foreign to Lao custom and that new source of capital needs to be made available at reasonable interest rates.

Recent surveys of Lao farmer attitudes and farming practices indicates that there is a new class of agricultural entrepreneurs emerging who are prepared to meet the challenge of increased rice production through the use of cost per unit reducing production inputs providing the necessary capital can be made available in sufficient amounts and at reasonable interest rates. This emerging class of progressive farmers are looking to our government for the necessary leadership and capital.

Providing necessary capital is not enough. The government cannot afford to set back and assume that farmers will voluntarily organize themselves into an efficient unit to promote production and marketing efficiency. As pointed out farmers generally do not understand such an organization. Thus, farmer groups must be first organized, provided with external sources of management until such time that local manager can be trained, and the organization placed on a paying basis. To accomplish our goals consideration must be given to borrowers qualifications, lower loan guarantees and similar considerations before substantial improvements can be attained in the increase of output per farmer.

We envision the organization of "cooperative-like" business associations which Lao farmers can understand. We are studying and observing in an effort to determine the best type and kind of an organization which will bind together people into common business ventures. Such business associations could provide the necessary inputs, they would also help direct the planting and introduction of new crops and perhaps even influence supply.

ADO is not intended as a permanent organization. Rather, as the Royal Lao Government develops the various functions now carried on by ADO these functions will be absorbed into the present Ministries of the Government. Our biggest obstacle is the establishment of a commercial bank system throughout the country. Once banking institutions are developed servicing of the agricultural sector can be more adequately undertaken outside of the ADO concept. At present ADO is providing credit to farmers for rice production inputs and irrigation pumps. Loans have been made to purchase buffalos but this program has been discontinued. Needed are loans to mechanize Lao Agriculture and furnish the variable capital so necessary for the operation of such equipment. We hope this provides you with at least a little better idea of our problems.

Philippines

COOPERATIVES AND CREDIT INCREASE FOOD PRODUCTION

AT the Fifth Far East Agricultural Credit and Cooperative Workshop held in Seoul, Korea in 1965, we presented to you a clear picture of the agricultural credit and cooperative situation in the Philippines. Then, as now, the focus of our attention was the small farmer — how to increase his productivity and income and improve his living standards through the effective implementation of agricultural credit and cooperative programs.

Between the 1965 Workshop and the present, almost three years have elapsed, during which time we have made some progress in the pursuit of our agricultural development objectives. In the history of a developing nation such as ours, three years is a very brief period of time to achieve substantial gains in the task of nation building. And so, we can expect that many problems would still remain unsolved and new difficulties would now be encountered.

In the Philippines, the past three years have provided the setting for a change in national and local leadership and, in effect, a change in program emphasis and pace of implementation. One of the three most pressing problems of the nation to which our President, Ferdinand E. Marcos, addressed his Administration upon taking office in 1965 was the attainment of self-sufficiency in food production on a sustained basis. This objective is justified by the fact that our population is growing at the rapid rate of 3.25 per cent annually, and the maintenance of present welfare levels, let alone their improvement, would require sharp increases in food production. Moreover, chronic food shortages often lead to importations of foodstuffs and the consequent expenditure of valuable foreign exchange which could otherwise be used for the procurement of capital goods and equipment required for economic development.

In line with this objective of achieving self-sufficiency in food, all agencies concerned are directing their efforts towards improved agricultural productivity. Programs relating to agricultural credit and cooperatives have significantly been re-oriented to emphasize increased food production, in concurrence with the superior goal of improving the economic well-being of the Philippine rural population thru land reform and favorable agricultural policy of the government.

The present report is designed to provide continuity to the country report given in the last Workshop in Korea. Important developments that have taken place during the last three years in the fields of agricultural credit and cooperatives in the Philippines are reviewed, and plans for activities to be undertaken in the future have also been included. Unless otherwise indicated,

the period covered by this report is from January 1, 1965 to December 31, 1967.

I. THE RURAL BANKS PROGRAM

The enactment of the Rural Banks Act (Republic Act No. 720) in 1952 paved the way for the establishment of a nation wide network of rural banks in the Philippines. The system of rural banks, under the supervision of the Department of Rural Banks, Central Bank of the Philippines, is aimed at promoting and expanding the rural economy in an orderly and effective manner by providing the people in these communities the means of facilitating and improving their productive activities. With the establishment of rural banks in various parts of the country, credit on reasonable terms has been placed within the easy reach and access of small farmers, small merchants and small industries, and has encouraged the formation of farmer cooperatives.

As of December 31, 1967, there were 369 rural banks in operation. Their aggregate resources amounted to Peso 410.8 million, and capital stock, about Peso 121.0 million consisting of Peso 67.1 million of private investments and Peso 53.9 million of government counterpart capital. Total deposit liabilities of the entire Rural Banking System amounted to Peso 141.0 million, an indication that the rural banks have succeeded in attracting so much of funds that would otherwise be idle and mobilizing them to finance productive enterprises. For the past 15 years, the rural banks granted 2,702,683 loans to eligible borrowers in the aggregate amount of Peso 1.85 billion, about 80.6 per cent of which was availed of by small farmers.

Recent Developments

1. The Central Bank of the Philippines - International Bank for Reconstruction and Development Farm Mechanization Program. — On November 2, 1965, the Central Bank of the Philippines entered into an agreement with the International Bank for Reconstruction and Development (World Bank) for a credit line of U.S. $5 million to finance medium-and long-term loans for farm mechanization and irrigation through rural banks.

The medium-and long term loans that may be granted under this program shall be utilized for the following purposes:

a) The acquisition of farm machineries and implements, such as: tractors-hand tractors and attachments for land improvement and cultivation; farm implements for planting, mowing, harvesting, spraying and dusting; equipment and materials for livestock and poultry raising and fish culture.

b) The development of small private irrigation of low lift pump equipment, motors and spare parts, the equipment of wells, the construction of canals and water storage facilities, and land leveling.

Under the loan agreement, the Central Bank agricultural technicians and technicians of other government agencies serving the agricultural sector shall provide the necessary technical assistance to the farmers in the preparation of project feasibility studies, farm plans and budgets, as well as assistance in the proper and wise use of credit.

As of December 31, 1967, 165 rural banks were authorized to participate in this program, 126 of which had implemented the program by extending medium—and long-term loans. Roughly, Peso 15.2 million was released to small farmers for the acquisition of equipment.

The following tabulation shows that Peso13.2 million or 87% of the aggregate loan releases was utilized for farm mechanization, while loans directed to finance poultry, fish culture and the development of small irrigation systems accounted for the lesser volume equivalent to 13%.

Category	Number of Farmers	Amount	Per Cent
Tractors	1,482	Peso 13,129,810.54	86.00%
Tractors	1,482	Peso 13,129,810.54	86.00%
Farm Implements spraying & dusting	28	181,282.79	1.19%
Livestock, Poultry & Fish Culture	168	1,157,009.05	7.58%
Irrigation Systems	210	799,123.43	5.23%
TOTAL	1,888	Peso 15,267,225.81	100.00%

On the basis of the loans already released, it is reasonable to forecast the full utilization of the $5 million (Peso19.4 million) Central Bank-International Bank for Reconstruction and Development farm mechanization loan before June 30, 1968.

2. Agricultural Guarantee and Loan Fund. — Another development venture pioneered by the Rural Banking System is the development program launched by the U.S. Agency for International Development early in 1966 — the Systematic Program for Rural Economic Assistance Development (SPREAD).

Initially, US/AID provided Peso 250,000.00 for the Central Bank of the Philippines for relending to selected rural banks for production and commodity loans to small deserving farmers under a supervised credit program. The ultimate objective of this program was to enable farmers to take up modern farming methods to increase their productivity.

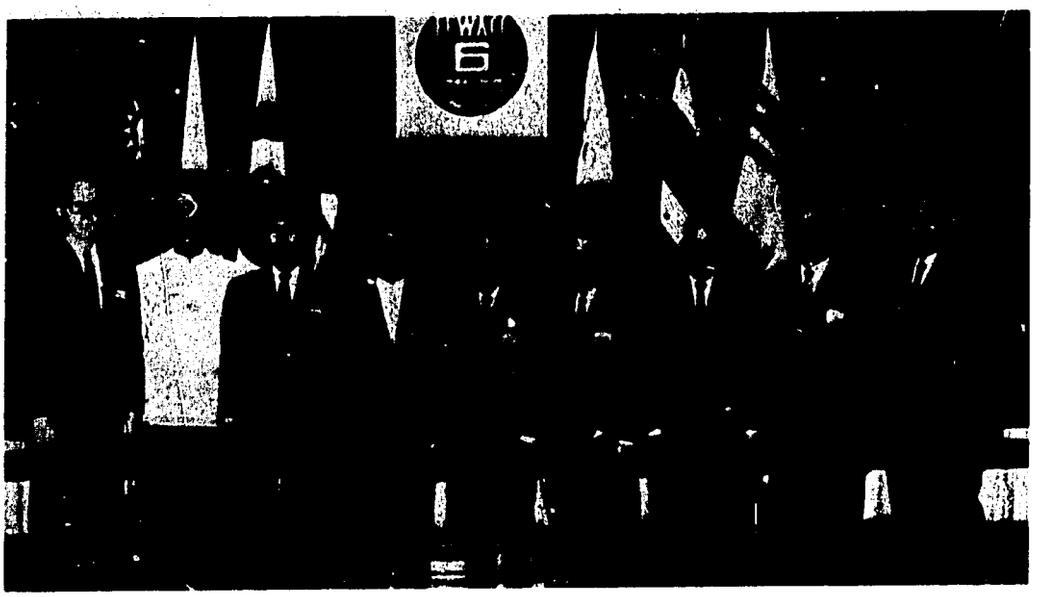
Operation SPREAD was so successful that in November, 1966, the Central Bank entered into an agreement with the National Economic Council and the US/AID Mission to the Philippines for the establishment of the Peso 5 million Agricultural Guarantee and Loan Fund.

The Fund was established primarily for the following purposes:

1. To provide funds by placing special time deposits in participating rural banks so that these rural banks in turn may extend more agricultural production and commodity loans to farmer-borrowers and farmer-cooperatives in areas served.
2. To encourage the institution of supervised farm program in rural banks availing of this Fund.
3. To partially protect the banks from losses incurred on loans granted thru the Fund, by guaranteeing a part of the loan.

As of December 31, 1967, total contribution to this Fund reached Peso 29 million ($1.00 = Peso 3.91) distributed according to sources as follows:

	Amount
National Economic Council - US/AID Mission, Philippines	Peso 5,000,000.00
Rice and Corn Production Coordinating Council	4,000,000.00
Philippine National Bank - Social Security System	10,000,000.00
Government Service Insurance System	10,000,000.00
TOTAL	Peso 29,000,000,00



Delegates: Republic of the Philippines
Philip L. Bergland (Advisor, US/AID), Romeo Liamzon (Observer), Cesar Arnaldo (Observer), Solomon G. Cabrera, Honesto O. Francisco, Emilio Salvatierra, Nathaniel Tablante, Mariano E. Gimenez, Nicolas S. Fernandez.

To insure the judicious utilization of this Fund for production and related purposes, the Central Bank of the Philippines, as Administrator of the Fund, decided to establish training centers on supervised credit. In coordination with the various government agencies involved in supervised credit, over 600 agriculturists were trained. These trained agriculturists with 80 Central Bank Technicians are working closely with 210 rural banks participating in the AGLF Financing Program.

3. **RCA Rice Procurement Program.** — The Rice and Corn Administration, as part of its effort to stabilize the price of rice and corn, entered into an agreement with the Central Bank of the Philippines thru the Department of Rural Banks whereby rural banks shall serve as RCA agent banks thru a system of payments against warehouse receipts or quedans. As agent bank, it shall act as:

a. Official depository of RCA Funds; and

b. RCA source of credit so that upon advice of RCA, the rural bank thru its facilities will purchase palay for and in behalf of the RCA from palay producers at support price. As of December 31, 1967, some 67 rural banks have already disbursed the amount of Peso 45.87 million for the purchase of rice and corn covered by warehouse receipts or quedans issued by RCA authorized warehouses.

4. **Central Luzon Development Program.**— The lending facilities of 110 rural banks situated in 7 provinces embraced within the Central Luzon Development Program are made available to the program in response to the Directive of the President of the Philippines to give top priority to the development of Central Luzon. With this objective, the Department of Rural Banks pursued vigorous efforts towards its implementation.

During the past 12 months ending December 31, 1967, the total credit extended to the area amounted to approximately Peso 96.4 million

granted to 114,412 farmers chiefly to meet operating expenses for production and to a certain extent to sustain growing demands for farm mechanization, poultry, piggery, fish culture and irrigation installation and development.

Future Rural Bank Plans

To carry on the activities of the Rural Banking System in pursuing the overall objective of achieving economic growth, the government is continuing its policy of assistance to rural banks, particularly in providing additional loanable funds thru rediscounting and obtaining for them special funds for development of agriculture and small industries.

In connection with the special financing programs of the System, the Central Bank is about to negotiate with the International Bank for Reconstruction and Development for an additional $10 million to finance the acquisition construction of more farm machineries, equipment, irrigation systems, fish culture (ponds), livestock and poultry houses by small farmers.

Correlatively, in coordination with the government's food production self-sufficiency drive, representations are presently being made to augment the Peso 29 million Agricultural Guarantee and Loan Fund. The additional fund will enable rural banks to finance under supervised credit the efficient production of rice, corn, fish, vegetables, secondary crops, livestock and poultry.

With the expansion of the supervised credit program on a nation-wide scale, there will be a growing need to train more credit supervisors and farm technicians. In this connection, coordination and the full support of other government agencies directly serving agriculture, will be solicited to assist in the implementation of the program.

A well-integrated system of continuing education for rural bankers will be operated to cope with the increasing need of rural banks for properly trained officers and employees.

Participants visit Grand Palace.

Promotional activities will be undertaken to sustain a continuing interest and to gain added public confidence in the Rural Banking System. Information on rural banks' services, particularly with regard to the IBRD and AGLF financing programs, will be disseminated thru press releases, informational brochures, pamphlets, and documentary movie showings.

Established rural banks shall be encouraged to participate in the AGLF and IBRD financing programs so as to include eventually all operating rural banks in the Philippines.

Amendments or revisions of existing legislations, rules and regulations affecting rural banks shall be made, so as to make the Rural Banking System more responsive to the changing economic conditions of the country.

II. DEVELOPMENT FINANCING

The Development Bank of the Philippines is charged with the function of providing credit facilities for the expansion and development of agriculture, commerce and industry, and for the broadening and diversification of the national economy. Its charter provides that, except when the interest of the economy requires, 45 per cent of loanable funds shall be available for industrial loans, 35 per cent for agricultural loans, and 20 per cent for other loans including home building.

In line with the policy of the Administration to accelerate agricultural development, particular emphasis is given by the Development Bank of the Philippines in providing assistance to the agricultural sector — in order to attain national self-sufficiency in food and to bolster the country's foreign exchange reserves with earnings from agricultural exports.

Loans for agricultural development projects of various types granted by DBP amounted to Peso 119 million in the two-year period from July 1, 1965 to June 30, 1967.

Small agricultural loans of Peso 2,000 and below numbered 12,065 involving an aggregate amount of Peso 16,470,525. This represented 63 per cent in number and 14 per cent in amount of agricultural lending operations in the two-year period.

Recent Developments in the DBP Program

1. New Loan Policies Adopted.

The DBP has adopted several new policies primarily designed to liberalize credit.

a. Lands covered by sales awards acceptable as loan collateral. — It has been noted that a great many farmers cannot avail of DBP credit assistance while waiting for the issuance of Torrens Titles for lands occupied by them by virtue of free patent (homestead) or sales awards. Owing to the lack of operating capital, such lands are perforce abandoned, left idle, or cultivated at marginal levels. DBP now accepts lands covered by Sales Awards as collateral for loans. Studies are now being undertaken to grant similar accommodations to farmers who occupy lands covered by homestead awards.

b. Upward revision of appraisal schedule. — To make credit capital available in adequate amounts, the DBP has implemented the upward revision of its appraisal schedule of agricultural lands. Where in the past, the main criterion for valuation was productivity, market value is now taken into account in determining the loanable value of such lands. This has resulted in doubling the loanable value of lands acceptable as securities.

c. Potential production and market value as bases for appraisal. — To encourage production of rice on idle agricultural lands and to incite the introduction of permanent improvements like irrigation systems on cultivated rice lands, another new measure is to base valuation on potential productivity and on prospective market value, following the introduction of financed improvements. Since financial outlays for the above intentions represent additions to the capital investments in land, this is a logical basis for determining appraisal and loanable values of land. This practice gives cognizance to the relationship between initial investment, additional investments accruing from loan funds and the total investment from which expected net income is derived.

2. New Loan Programs.

Since the last workshop, DBP has adopted several loan programs designed to increase productivity in the agricultural sector and to encourage the establishment of commercial-sized or large scale production enterprises.

a. Rice and Corn Financing.—DBP loans to the rice and corn sectors are of two kinds: agricultural loans to finance the production phase and industrial loans to finance the processing, storage and trading aspects of the industry.

The newly adopted Rice Financing Plan is basically an intensification of existing DBP agricultural and industrial rice and corn loan operations and is intended to encourage intensive and extensive rice production. This includes:

(1) New and additional loans to rice farmers who wish to plant IR-8 (commonly referred to as "miracle rice"), BPI-76-1, C-18 and other certified high yielding varieties;

(2) Crop loan - to farmers who have standing crops of high high-yielding rice varieties, secured by an assignment of such number of cavans of palay as is needed to cover the amount of loan;

(3) Loans for the conversion of non-irrigated rice lands into irrigated rice lands through the installation of pump irrigation systems; and

(4) Loans for the cultivation of otherwise idle lands so that they may be utilized for rice production.

Rice industrial loans, aside from the regular loans, include:

(1) Special rice and corn financing plan. - under which low interest loans are granted to applicants duly registered with the Rice and Corn Board, for the establishment of rice and corn mills, or to finance the working capital requirements for milling, processing, warehousing and trading of rice, palay and/or corn.

(2) Special financing plan for driers. - loans to assist rice producers and processors in the acquisition of mechanical driers that are needed for processing grains harvested during the rainy months.

b. Loans for Meat, Fish and Vegetable Production.—The DBP has prepared, and is now implementing, credit programs designed to promote and support, on a closely supervised and sustained basis, large scale projects for the production of beef cattle, poultry, swine, fish and vegetables. Certain features of these large-scale financing programs are: the amount of credit provides for all expenses incurred during the early non-producing period of operations; the term of repayment is on a long-term basis and geared to expected income; loan payments are deferred and fall due only when the project begins to earn; credit counselling and technological assistance by competent Bank personnel, in collaboration with specialists from other government agencies; and exercise of control and constant supervision to assure that loan funds are properly used and that loan payments are up-to-date.

For the implementation of these large-scale financing programs, the DBP has initially earmarked the amount of Peso 150 million. For each program, quantitative goals have been set but these are flexible and may be expanded according to results obtained and depending on DBP's resources.

(1) Beef cattle financing. This program is designed to maximize the efficacy of credit resources in accelerating the numbers and quality of local beef cattle and in increasing beef supply. It aims to finance a minimum of 20,000 hectares of ranch and pasture land with an estimated outlay of Peso 3.6 million annually over a 13-year period, or a total of Peso 45.4 million.

(2) Piggery financing. This program seeks to effect early increase in swine population and to improve the quality of local stock by financing projects that maintain a minimum of 25 breeding sows at any

given time. For this program, Peso 18 million has been set aside for investment over a period of 10 years.

(3) Poultry financing. This program is aimed at encouraging the establishment of large-scale poultry (broiler or egg) projects and inducing small producers to expand their scale of operation. Considered under this program are those producers who operate or will operate poultry projects with a minimum population of 5,000 layers and/or 10,000 broilers at any given time.

(4) Fishpond financing. Under this program, the conversion of a minimum of 1,100 hectares of idle swamplands and marshes into productive fishponds will be financed annually, or a total of 11,000 hectares for the next 10 years.

Only borrowers with holdings of 50 hectares or more of potential fishponds will be financed from an annual outlay of Peso 1.7 million, or a total of Peso 17 million for the program period.

(5) Vegetable financing. This program is designed to render financial assistance for the intensified production of temperate vegetables. The program aims at financing a minimum of 1,000 hectares of truck farms in the first year, with annual increments of 500 hectares in each succeeding year for a period of five years, or a total of 10,000 hectares over a period of five (5) years. This will involve a DBP loan outlay of Peso 50 million.

c. Coconut Financing Program. This is a special DBP program designed to insure a steady and orderly development of the local coconut industry and to stabilize and strengthen its premiere position in the international market. The program aims at financing the new planting of 5,000 hectares to coconut annually for a period of 15 years, or a total of 75,000 hectares and requires a loan outlay of Peso 90.7 million. It is estimated that at the end of the programmed period, bearing trees on the entire area financed will have produced a total of 267 million kilograms of copra with a current value of Peso 139 million.

Complementing this program for new planting, the DBP is now implementing a work program for increased productivity on 310,000 hectares of existing coconut farms. Over a two-year period, Peso 100 million will be made available to coconut farmers.

d. Banana Financing Program. This program provides credit assistance for the production of the Giant Cavendish variety of banana which has been introduced into the country by the Standard (Philippines) Fruit Corporation. Loans under this program (Peso 2,800 per hectare) are granted to planters who have marketing and management contracts with the STAFILCO. DBP has earmarked Peso 6.8 million for this purpose.

3. Establishment of a Food Terminal Market

One other project borne of DBP initiative is the construction of a Food Terminal Market which, upon completion in 1969, would have required investments of about Peso 200 million in equipment and infrastructure. The market complex will consist of a combined producer—transit—wholesaler market for food-stuff, particularly farm produce, designed to serve the greater Manila area with a population of 3.3 million people.

The Terminal Market will provide local producers with a ready and convenient outlet for their produce; assure them of reasonable prices and prompt payments; provide adequate storage facilities for perishable commodities; and reduce distribution and marketing costs.

On the other hand, it will provide retailers and consumers in the Greater Manila area with an adequate and regular supply of foodstuff and prime commodities, thereby reducing and stabilizing their prices.

III. AGRICULTURAL FINANCING

The Philippine National Bank (PNB), closely adhering to the purposes and objectives of its establishment (under its Charter Republic Act 1300) to enhance the development of the agricultural, industrial and commercial sectors of the economy has consistently been pursuing its major role as one of the heaviest financiers of the country's industries.

To keep up with the general scheme of credit diffusion to the various sectors of the economy and to provide adequate and timely credit, it has established branches and agencies, as the need arises, in all big cities and almost in all progressive municipalities all over the country. It has now 101 branches and agencies well distributed and spread throughout the country. Worthy of note is the fact that the Philippine National Bank, a government bank with total resources amounting to Peso 3.33 billion as of the close of 1967, holds about 35% of the total resources of the entire banking system.

In 1964, a year before the last Credit Workshop, this Bank released loans amounting to Peso 1,346.03 million; in 1967, the amount increased to Peso 1,712.7 million. This amount, on the several industries in the following proportion: agriculture, 33%; industry, 12%; commerce, 45%; and others, 10%.

Contribution to Increased Agricultural Production.

The Philippine National Bank intensified its financial assistance to the rice industry in support of the government's objective of expanding the production of the nation's basic staple crop. For the agricultural sector, the Bank steadily increased the releases of loans from Peso 386.9 million in 1965 to Peso 409.6 million in 1966 and Peso 521.7 million in 1967 or an abrupt increase of Peso 112 million over that of the immediately preceding year. Of this amount, Peso 270.7 million went to the production of sugar, Peso 111.7 million to palay, Peso 56.4 million to coconut and Peso 78.1 million to livestock, poultry and other food crops. In the main, the biggest slice from the agricultural loan releases went to the sugar industry, sugar being one of our major export products.

In line with the Bank's policy of giving prompt and efficient service to its clients and in response to the clamor for more and readily accessible credit, the Bank established 20 branches, sub-branches and agencies in 1967. In view thereof, notable increases in the volume of transactions in the provincial branches and agencies were realized. While in 1965 the total loans granted was only Peso 423.7 million, the same was increased to Peso 458.1 million in 1966 then to Peso 660.8 million in 1967, the last figure accounting for an increase of Peso 237.1 million over the 1965 amount.

Aimed at providing loanable funds to meet the various financial requirements of the farmers in their efforts to accelerate agricultural productivity, the PNB undertook several financing and production schemes all directed to give incentive to the farmers. Existing bank policies were reviewed and/or revised, while new ones were adopted during 1967, including the following, in order to keep attuned to the changing economic climate and to meet the particular needs of the different sectors of the economy:

1. Adoption of a special rice financing policy which raised the loan value of irrigated and mechanized rice farms from Peso 600 to Peso 800 per hectare.

2. Reduction of interest rate from 9 per cent to 7 per cent for rice and corn production loans.

3. Granting of loans without collateral to landless farmers (tenants and lessees) under a supervised farm credit scheme.

ACTIVE participants who helped arrange Workshop program, left to right: Somrith Lersbusya, Director General, Department of Credit and Marketing Cooperatives, Ministry of National Development; Chamnien Saranaga, Manager, Bank for Agriculture and Agricultural Cooperatives, and Wallace J. Maddock, Agency for International Development, Workshop Advisor.

4. Setting up of a higher loan ceiling for the coconut industry based on increased loan value per hectare and per tree.

5. Giving supplementary assistance to the fishing industry in the form of special financing to small foreshore, offshore and river fishermen.

6. Creation of a revolving fund to service the financial requirements of small industries.

7. Adoption of a liberalized policy for the granting of advances against export contracts and other tangible assets of the mining, forestry and coconut industries.

In connection with the "Rice Crash Program" initiated by President Marcos, the Philippine National Bank undertook the following activities:

1. Initiated an educational information drive penetrating remote villages through:

a. Caravan trips of the PNB and Bureau of Plant Industry to major rice producing areas;

b. Holding of municipal and village rice seminars, conferences, rallies, etc., using radios and visual aids; and

c. Distribution of more than 500,000 brochures, literature and other reading materials in different dialects, and pictures on scientific farming.

2. Provided technical assistance to farmers. (The Bank pays experts and technicians of the Bureau of Plant Industry, Agricultural Productivity Commission and the Rice and Corn Production Coordinating Council to visit periodically, guide and assist the Bank's clients in their farm activities).

3. Purchased high-yielding rice seeds and distributed them at cost to farmers thru its provincial branches and agencies, thereby preventing the blackmarketing of high-yielding seeds.

4. Sponsored 660 demonstration and model rice farms involving 19,000 hectares in different **barrios** (villages) in the country.

5. Conducted the "Eat Miracle Rice" campaign to counteract adverse publicity against the Miracle Rice (IR-8-288-3).

6. Helped in the stabilization of the price of rice through the purchase by the PNB-Philippine Exchange Co. of paddy rice at government support price in places where the Rice and Corn Administration and the farmers cooperative marketing associations do not have procurement agencies.

7. Sponsored rice production contests, rice harvest festivals, etc., giving valuable prizes to winners, and actively participated in farm machinery fairs, regional rice production expositions, etc.

As a direct result of the success in rice production, collection of loans was enhanced by the relatively strengthened financial position of farmers. This accounts for the steadily rising trend of collections from the agricultural sector from Peso 322.9 million in 1965 to Peso 339.2 million in 1966 and Peso 409.07 million for 1967. The following basic results were furthermore achieved:

1. The earning and paying capacity of the palay farmers have increased. The 1967 collection records of the Bank show that it has exceeded the 1966 figures by Peso 221.2 million, a clear indication that, with a more profitable farm operation, a better repayment can be achieved.

2. The standard of living of the rice producers have improved. Many farmers were able to construct better houses, and purchase most of their farm needs as some were even able to acquire modern home appliances which heretofore were too far beyond their means.

3. The productivity of irrigated lands has increased from 40 to 100 cavanes per hectare. Farmers, following the new cultural methods and techniques, have gained added interest and greater dedication to their farm activities.

4. The big profit margin is an incentive and a motivating factor. Farmers who formerly devoted only a few months to farm activities have become more active and industrious. They are the new Filipino farmers of today.

5. The farmers who used to be credit-shy have now learned to be alert and credit conscious —cognizant of the benefits of financial credit facilities. This is attested by the loans granted in 1967 exceeding the 1966 figures by Peso 700.9 million, an abrupt increase as compared to increases in previous years.

The PNB 1968 Food Production Program

The initial success of the rice production program is expected to be expanded to include the production of other food staples and export crops. The rice production program of the PNB for 1968 will follow the pattern for 1967. In the corn production program, the Philippine National Bank will continue to sell "Wonder Corn" seeds thru its branches and agencies, and will put up corn demonstration projects in the provinces.

Side by side with the rice and corn production program, the government has also launched a program intended to increase the production of vegetables, poultry and livestock, to meet the nutritional requirements of the population. In view of the impressive showing of the PNB in the rice production program, it is expected to play the leading role in the production of vegetables, poultry and livestock. For these ventures, the PNB has no liberal policy yet as in the case of rice production incentive loans. Although a portion of the PNB agricultural loans have served these sectors before, the same were made possible under the general authority

of the Bank's straight agricultural time loan. This general policy does not meet present requirements for accelerating mass production in these industries; hence a study will be made to supplement this policy.

To meet the farmers' demand for financing and banking assistance in various parts of the country, Mr. Roberto S. Benedicto, President of this Bank, announced that more branches and agencies will be established this year.

IV. CREDIT FOR SMALL FARMERS

With the recent breakthrough in rice production and the emphasis currently being given by the government to land reform, the Agricultural Credit Administration (ACA) program of liberal credit for small farmers and cooperative development acquires greater timeliness and validity. For purposes of mobilizing the productive capacities of the farmers as well as reconstructing the social and economic structures of the depressed rural areas, nothing can be more important or effective than the availability of cheap credit and the voluntary organization of farmers into cooperatives. Through cooperative associations not only can more farmers be reached by government assistance, not only can marketing be done by, and for the benefit of, the producers themselves, but the farmers also work together, pool their capital and other resources, and develop the kind of outlook that is essential to a truly democratic society. The ACA is a credit institution whose loans and other services are consciously designed to achieve the larger objective of building up social and economic institutions—farmers' cooperatives—of lasting and progressive value.

Developments Since the Last Workshop

Since the last workshop held in Seoul, Korea, in May, 1965, significant improvements and progress have been achieved in the ACA program.

1. In the Field of Agricultural Credit.

In terms of loan releases and collections, both quantitatively and qualitatively, performance in the credit field has been quite satisfactory, as the following tables will show:

Table 1. — Growth in Loaning

Fiscal Year	Loans Released	No. of Farmers Served
1965-66	Peso 13,945,879.41	35,327
1966-67	25,214,326.88	45,421
1967-68	17,618,719.44	35,423
(July 1-Dec. 31, 1967) Total	Peso 56,778,925.73	116,171

Table 2. — Progress in Collection

Fiscal Year	Collections
1965-66	Peso 11,815,843.33
1966-67	17,621,886.66
1967-68	8,857,566.00
(July 1-Dec. 31, 1967) Total	Peso 38,295,295.99

Table 3. — Status of FaCoMas
As of December 31, 1967

Types of FaCoMas	Numbers		Membership	
	Total	Active	Total	Active
Palay	368	124	250,639	3 34,954
Tobacco	116	55	53,114	1 14,225
Copra	50	7	12,228	1,667
Poultry & Livestock	26	23	3,313	1,902
Sugar	22	18	26,222	2 25,800
Fiber	3	1	1,827	275
Fruits & Vegetables	7	2	1,596	116
Fish	7	1	712	30
Onions and Garlics	2	1	1,791	800
Coffee	5	1	1,806	21
Processing	2	2	67	67
Supply	1	1	172	172
Totals	609	236	353,487	80,029

At the end of FY 1967-68, that is on June 30, 1968, loan volume is expected to be double that of the preceding year. On the basis of the above figures, it can be said that the ACA has been restored to its real status as a credit institution for a rapidly increasing number of small Farmers.

The above figures indicate that remarkable progress has likewise been made in the all-important work of recovering loans. Collections during a particular year pertain mainly to loans released during the preceding year, as the main bulk of loans released in any year matures and is collected in the following year. The collections from July 1 to December 31, 1967 of Peso 8,857,566.00 represents an improvement of 100 per cent the performance for the same period in FY 1966-67.

The above record of collections has demonstrated the soundness and integrity of ACA's bold program of credit without collateral.

What has been responsible for the marked improvement in ACA's credit operations? Some of the more important factors are: (a) intensification of supervised credit; (b) increased production of borrowers; (c) improvement in FaCoMa management and operations; and (d) improvement in ACA's administrative machinery and policies.

a. Intensification of supervised credit.

Extension of loans on a supervised credit basis is generally acknowledged as one of the most effective systems of extending loans and insuring recovery. As a matter of fact, the previous workshop placed emphasis on this point in its deliberations and recommendations. The supervised credit system under the ACA is a collaboration between the ACA and the Agricultural Productivity Commission (APC). The former makes credit available with the latter providing technical assistance to the borrowers. The system is particularly employed in the case of direct loans to farmers under the land reform and rice self-sufficiency programs of the government. Loans thru cooperatives are as far as feasible also extended under the supervised credit system. Where it is not possible because of shortage of government technical personnel, loans are budgeted and

released in kind except when absolutely necessary in the form of cash. This minimized the diversion of loan proceeds to non-productive uses. In the more advanced cooperatives, farm management services offered by private parties are now being contracted by the associations for and in behalf of their members. This is a very recent development that bears watching.

b. Increased production.

The effective dissemination of technological know-how to farmers either through general extension programs or the supervised credit scheme has resulted in marked improvement of farmers' productivity. Increased income as a consequence of increased production, naturally, has improved the repayment capacity of borrowers. It has been proved that farmers will pay their loans if they have the needed income.

c. Improvement in cooperative management and operations.

As a matter of policy, priority in the extension of loans is given by ACA to members of properly managed and operated cooperatives, not only because ACA's lending operations are supposed to be geared to the development of farmers' cooperatives, but more important, it has been found that loans through reliable cooperatives are cheaper and easier to administer. There is, in the first place, more effective selection and processing of borrowers because cooperative officials know their members intimately. Secondly, the FaCoMas are in direct and close contact with the members. Personal contacts have been found to be the most effective way of collecting loans. Where members of a cooperative have already acquired a sense of belonging, they will go at great lengths to protect their organization against abuse both by their fellow-members or their officials and employees.

d. Improvements in ACA's administrative machinery and policies.

ACA's organization and operations follow two basic concepts: unified administration and decentralization. The present organizational structure of the ACA has been designed in accordance with the unified concept of administration prescribed for the implementation of the land reform program. This concept seeks to integrate the different agencies and services involved in land reform activities under one executive command under the central policy control and guidance of the National Land Reform Council (NLRC), which is composed of the heads of the land reform agencies. Under this set-up, the operations of the participating offices are supposed to be more effectively coordinated and directed.

Maximum decentralization of decision-making especially in the matter of loan processing and release has been adopted as a policy in order to facilitate the adjustment of the purposes, amounts and time of release of loans to local situations and requirements of borrowers. Within a broad framework officers or field units of the ACA are given wide latitude in implementing ACA's program and policies. Since ACA's program is basically a field operation, its field units comprise the larger segment of the whole organization.

Policies and procedures and the results obtained are periodically reviewed and evaluated so that necessary and desirable changes and improvements may be introduced. There is constant exchange of views and experiences between the implementing and the staff units of the organization in order to evolve better and more efficient ways of administering the ACA's program.

As part of the manpower development program of the ACA and in a desire to keep ACA personnel well informed on policies as well as to bring them up-to-date on modern management practices, various training and information devices are utilized on a continuing basis. Formal training courses are conducted with the collaboration of the Agricultural Credit and

Cooperatives Institute (ACCI) and the Philippine Land Reform Training Center. Seminars and conferences for the different types and levels of personnel are conducted. Printed instructions and informative materials are frequently issued.

2. In the Fields of Cooperatives.

The spectacular progress achieved in rice production has created a new problem — marketing. If the incentives to greater production are not to be lost to the farmers, the marketing of the output of the farmers should be so organized as to insure that the profits accrue to the farmers, not to the middlemen, as in the past. For this vital purpose, the development of farmers' cooperatives becomes a matter of utmost importance. The link-up of ACA's credit operations to the stimulation and strengthening of farmers' cooperatives finds in the situation special and practical merit.

a. Revival of FaCoMas.

Since 1963, with the assistance of the APC to which was assigned by the Land Reform Code the function of promoting cooperative education and the organization of agricultural cooperatives, the painful but vital process of reactivating and revitalizing virtually dead Farmers Cooperative Marketing Associations (FaCoMas) has been earnestly undertaken. The results have been very rewarding. Many FaCoMas, having learned from past experience, have achieved significant success, while many more have been coming back to life under the guidance of the ACA and the growing realization of the farmers of their need to protect themselves against the heartless operations of a middleman-dominated market. The present status of FaCoMas is shown in Table 3.

b. Services to cooperatives

Table 4 shows the nature and extent of ACA's services to cooperatives since FY 1963-64 when the FaCoMa revitalization program was vigorously pursued.

The foregoing figures indicate the rate at which the organization of new cooperatives and the reactivation and revitalization of old ones have been progressing. The rate is quite slow but learning from the past mistakes, the objective this time is more in terms of quality rather than quantity.

From the same table, two significant developments that are contributing very significantly to the improvement of FaCoMa management and the stabilization of their operations may be pointed out. These are the training of FaCoMa management officers and the institution of a "continuous audit" system.

Table 4 —Services to FaCoMas

Services	1963-64	1964-65	1965-66	1966-67	1967-68 July-Dec.
New FaCoMas Registered	3	10	31	24	7
Activated FaCoMas Revitalized	None	3	5	9	1
Dormant FaCoMas Reactivated	None	13	21	19	15
Management Officers Trained	None	None	None	110	140
FaCoMas Placed Under Continuous Audit	None	63	114	138	151

Officers of the Ministry of National Development and their guests were among those who attended the Opening Ceremony of the Sixth Far East Workshop.

1. Management training.

In FY 1966-67, the ACA with the assistance of Mr. Harold Manthei, USAID Advisor to ACA on Cooperative Management Training, drew up a four-year FaCoMa management officers training program, and was able to secure a grant-in-aid from USAID and the National Economic Council (NEC) of the Philippine Government of Peso 400,000 to finance the project. An initial release of Peso 41,872.00 was received by the ACA on March 31, 1967, and the first batch of FaCoMa Managers commenced training at the ACCI in Los Baños, Laguna, on April 3, 1967. The training program is conducted by the ACCI in collaboration with the ACA and the APC.

Based on the showing of the first group of managers trained under the program, management training is definitely a facet of cooperative development that can hasten the progress and stability of the cooperative movement in the country. Although the need for training cooperative officials and employees had been recognized early in the operation of the ACA (then the ACCFA) and, as a matter of fact, a cooperative training institute constituted a part of the ACCFA organization then, the project had to be suspended because of lack of funds. With the grant-in-aid from the NECUSAID, the cooperative movement was recipient not only of government attention but also of a much needed boost.

2. Continuous audit.

Prior to the institution of the continuous audit system, cooperatives were audited on a periodic basis, that is at least once a year. Under this system mistakes and irregularities were, very often, discovered too late to prevent or correct them. In 1965 a system of continuous audit was instituted. Under this system an ACA cooperative examiner was assigned such number of FaCoMas, usually 2 to 5, which

he can effectively visit and audit at least twice a month. The frequency of visits enables him to discover weaknesses and anomalies, if any, immediately and correct or prevent before they become serious. Under this system the examiner does not only audit the books and transactions of the cooperative; he is also required to provide management guidance and counselling to the FaCoMa. The adoption of the continuous audit procedure places FaCoMas under constant supervision with emphasis on "prevention" rather than "cure" of anomalies, defects or deficiencies in management.

Personnel hired by ACA for continuous audit work are professional certified public accountants. Even so, before they are sent to the field they are given intensive training on cooperative principles and practices to supplement their basic training on business administration.

The results of the continuous audit system are encouraging. Anomalies in the operation of FaCoMas have been minimized and more and more associations are improving their business and financial condition.

c. Other significant developments.

Cooperatives and fieldmen of the ACA on their local initiative are discovering ways and means of improving their own organization and operation.

1. Organization of managers' leagues.

In many provinces, managers of cooperatives are binding themselves into leagues or associations. These leagues are in effect study and problem-solving groups. Members of managers' leagues meet at least once a month, rotating the place of meetings from FaCoMa to FaCoMa. They would be observing and analyzing the host FaCoMa's methods and practices, making suggestions on how to improve them, or picking up helpful ideas and suggestions in the process. During these meetings, they would be discussing common problems and planning mutually beneficial activities. The process results in continuous management improvement.

The activities of managers' league supplement in a very practical sense their basic training at the ACCI and the audit and management guidance of ACA Cooperative Examiners. It also gives the managers a means for comparing their respective performance and sharing experience with others.

2. Capital formation.

One of the most evident effects of the training at ACCI is the rapidly snowballing efforts of cooperatives to buildup members' equity capital. So thorough is the understanding of managers after coming from training of the need for, and advantages if, adequate member capital in their associations that they vie with each other in developing methods and setting up goals of capital formation.

3. Barrio (village) associations.

In Cotabato Province in Mindanao Island, an experiment was quietly conducted under the initiative of the ACA Branch Manager in this province assisted by the Provincial Agriculturist of the APC to test the effectiveness of a new concept in the organization of farmers' cooperatives. The concept is to organize farmers in a barrio or village into an association (not cooperative) with a view to providing a practical laboratory for the farmers to acquire training and experience in working as a group and at the same time for the discovery and development of leadership amongst them. As soon as enough farmers have gained sufficient experience in these village associations and leadership has emerged, the farmers are accepted as members of a regular cooperative. If none exists, the association becomes the nucleus of a new cooperative. Thereafter,

the village associations retain their status as such and become local chapters or branches of the cooperative.

The results of the experiment have been completely satisfactory. Not only was reactivation and revitalization of cooperatives achieved faster and on a more solid basis, but the farmers in the village associations have also become deeply conscious of the value of cooperative organization and have developed a keen appreciation of their responsibilities as members of their cooperative. Loaning in the province of Cotabato has been undertaken at a fairly good level of expansion and collection greatly improved with the use of the organization and leadership of the village associations. In fact, loaning and collections in the province is among the best in the whole country today. The ACA in collaboration with the APC is adopting the pattern for universal application.

4. The GRAMACOP.

The Grains Marketing Cooperative of the Philippines (GRAMACOP) was organized early in 1967 by 9 FaCoMas and 6 individual producers in response to a long felt need for a specialized rice marketing organization on the national level. With a paid-up capital of Peso 30,000.00 the GRAMACOP started operation in February of 1967.

The organizers of GRAMACOP believed that they could serve their interests better if they formed an organization that will engage exclusively in the marketing of rice. They thought that a multi-purpose federation like the Central Cooperative Exchange (CCE) which, heretofore, handled rice marketing for the FaCoMas on the national level was not adequately meeting, and could not adequately meet, their needs. Specialization particularly at the apex level, they felt, was necessary. This thinking found support from USAID Advisors then assigned to ACA and the CCE organizers firmed up their decision to form the GRAMACOP.

Up to December 31, 1967 the GRAMACOP, operating with member-contributed capital of Peso 90,113.31 and a marketing loan of Peso 70,000.00 from the ACA, had done business worth Peso 1,254,610.88 and made a savings of Peso 11,047.00. From all indications the GRAMACOP is on the way to a useful and successful service to its members. It has demonstrated that cooperatives, to endure and be of permanent value to its members, must be organized only after the users of its services themselves recognize a real need for it — never before.

Plans for Further Improvement of Credit and Cooperative Operations

As stated above, the ACA and the FaCoMas are ceaselessly searching for new and better ways of conducting their respective operations. Some of the plans and policies that are now understudy and/or about to be implemented are the following:

1. Revolving Capital Loans.

As a means of accelerating the capital formation of FaCoMas, ACA will extend to FaCoMas on a fund-matching basis a revolving capital loan. This loan which will be in an amount equal to the paid-up capital of an association at the time of application, is to be retired over a five- to ten-year period out of members' capital contributions during the same period. With this accommodation, the cooperative will be able to acquire large enough funds for operating capital immediately and avoid difficulties inherent to cooperatives especially during their initial years of operation when almost inevitably they are financially handicapped.

2. Mobilization of Members' Savings.

In line with recommendations of the last

workshop, thrift and savings among members of FaCoMas are being promoted by encouraging cooperatives to adopt systematic methods of investing in their association. The capital formation drives and the replacement of the operating capital loan by members' capital just described are part of the deliberative plan to tap members' savings in financing cooperative operations. Understudy is the possibility of integrating the credit union type of savings and loan activities into the FaCoMa, so that in addition to assuming responsibility for cooperative financing, members of cooperatives may have within their association a depository for their savings. If this is not feasible, a tie-up between rural banks and cooperatives may be looked into.

3. Wholesaling of Production Loans.

Already approved and ready for implementation this year is a scheme under which ACA will wholesale production loan to FaCoMas which in turn will retail this lump sum loan to its members. This scheme will be applied initially to cooperatives that have established creditable collection performance and demonstrated reliability in their management. It is expected that through this policy more and more FaCoMas will derive incentive in perfecting their management and loan recoveries.

Heretofore production loans to members of cooperatives had been processed and approved by ACA personnel although channeled through cooperatives. Under the new system, cooperatives will have greater latitude in administering their own credit program within the cooperative framework and subject only to occasional verification by ACA fieldmen as to their adherence to regulations. The new system should result in the development of more self-reliance on the part of cooperatives and substantial reduction in the cost of ACA's lending operations.

4. Cooperative Farm Management Services.

As has already been stated, some cooperatives have begun contracting farm management services offered by private parties. Others are thinking of hiring their own farm management technicians. Free farm management guidance services are provided by the government, but FaCoMas realize that it is to their advantage to have their own technicians and members are willing to pay for the service provided they get it when and where they need it. On the part of the ACA and the FaCoMas, collection activities will be facilitated by the employment of technicians who will devote their full time and efforts to the needs of members and work under contract with or the payroll of the cooperatives.

5. Joint Liability.

In connection with the organization of village associations as local chapters of a cooperative, a joint liability requirement is being experimented upon by some FaCoMas. This means that if collection of loans in a certain village is below a minimum required by the cooperative, no new loans will be extended to members of the village association whether they have paid their individual loans or not. Strict enforcement of this policy makes the borrowers conscious of their obligations and each member will not allow his neighbors to default if they have the means to pay their debts. In some cases where a few members failed to pay because of crop failure, instances have been reported where the other members advanced payment for loans of the defaulting members just to preserve the good credit standing of the association.

Many other devices for the improvement of credit and cooperative operations in rural areas are being conceived and tried, but the foregoing, for purposes of this report to the Workshop, are the more important.

V. TRAINING AND RESEARCH

The past five Far East Workshops have generally recognized that the success of agricultural credit and cooperative programs in any of the participating countries is largely dependent upon the availability of adequately trained manpower at all levels of organization to improve existing institutions and assure the availability of those to be established. Experience in many countries, not excluding the Philippines, has clearly shown the urgent need for trained leaders, organizers, officers, employees and other personnel whose work involve or revolve around agricultural credit and cooperatives. In fact, it was such a recognition of this felt need that inspired the delegates to the First Far East Agricultural Credit Workshop held in the Philippines in 1956 to pass a resolution urging the establishment of a regional training center for agricultural credit and cooperatives in the host country at that time. The same resolution ultimately led to the creation of the Agricultural Credit and Cooperatives Institute at the University of the Philippines, dedicated to the laudable objectives set by the First Workshop.

As a training and research center in the fields of cooperatives and agricultural credit, the Agricultural Credit and Cooperatives Institute (ACCI, for short) has assumed the responsibility of organizing and conducting in-service and pre-service training courses and seminars for leaders, officers and other personnel interested in credit and cooperatives, not only in the Philippines but also in other countries in the Far East region; undertaking researches specifically directed towards studying current problems of agricultural credit and cooperatives and finding adequate and practical solutions to these problems, with a view to improving the effectiveness of these programs in alleviating the living standards of the rural population; and providing extension and consultation services to those in need of information on credit and cooperatives. It is also incumbent upon the ACCI to train cooperative teachers and volunteer organizers and agricultural credit supervisors and technicians; to prepare teaching materials and visual aids for member education programs of cooperative societies and federations and to maintain a comprehensive library on agricultural credit and cooperatives.

Being an integral academic unit of a state university, the Institute is in a strategic position to provide intelligent leadership in devising a curriculum for graduate education in cooperatives and agricultural credit, such a curriculum being enriched by inter-disciplinary relationships with other schools and colleges of the University of the Philippines. It can also play an important role in developing and preparing uniform syllabi and teaching manuals for courses on cooperatives to be taught in the elementary schools, high schools and universities.

Training Program of the Institute

For the period July 1, 1965 to December 31, 1967, the ACCI conducted 42 training courses and seminars on cooperatives and agricultural credit and other related subject matter, covering 1,444 participants trainees and involving 66,715 manhours of training. These courses varied in length from one week to eight weeks, either in residence at the Institute or in the provinces. Participants in these training courses include directors, employees, committee members and executives of agricultural and non-agricultural cooperatives; discussion group leaders and voluntary cooperative organizers; rural bankers; agricultural credit examiners and project evaluators; agricultural appraisers; employees of government agencies dealing with cooperatives, agricultural credit and food production; third-country participants from Vietnam, Nepal and Carolinas; Asian labor leaders; teachers, farmers; and laborers.

The ACCI cooperates with various agencies

and institutions in the conduct of its training programs and activities. It works closely, among others, with the Department of Rural Banks, Central Bank of the Philippines in the training of rural bankers, credit examiners, project evaluators and supervised credit technicians; with the Development Bank of the Philippines in the training of agricultural loan appraisers and field supervisors who will help implement the lending program of the Bank for agricultural development; with the Asian Labor Education Center in the conduct of training courses on cooperatives for Asian labor leaders; with the Cooperatives Administration Office and the Central Cooperatives Educational Board for training and education for non-agricultural cooperatives (credit unions, consumer co-ops, industrial co-ops and service co-ops); with the Agricultural Credit Administration and the Agricultural Productivity Commission in training programs for agricultural cooperatives, including the training of their own personnel dealing with agricultural cooperatives and credit; and with the Rice and Corn Production Coordinating Council for the training of their provincial directors and district production supervisors. In addition, staff members of the Institute offer regular courses on cooperatives and agricultural credit at the College of Agriculture of the University, and are often called upon to give lectures and expert advice on cooperatives and credit in seminars, and other training programs sponsored by various organizations and agencies.

Research Activities of the Institute

The ACCI has continued to direct its research efforts to the problems of agricultural credit and cooperatives in the Philippines, with the aim of making credit and cooperatives effective instruments for increasing agricultural productivity and improving the level of living of the rural people.

Among the important research studies completed during the last three years are the following:

1. An economic evaluation of a decade of rural banking in the Philippines in relation to the development of the Philippines. (Jointly undertaken with the Department of Rural Banks, Central Bank of the Philippines.)

2. An evaluation of the discussion group leaders training.

3. A study of the rural banking system in relation to capital formation. (In cooperation with the Department of Rural Banks, Central Bank of the Philippines.)

4. The role of local government, cooperatives and voluntary agencies in community development. (In collaboration with ECAFE.)

5. A case study of the effects of supervised credit on farm output, farm business, and credit practices among selected farmer-borrowers served by the Legaspi Branch of the Development Bank of the Philippines (In cooperation with Cornell University).

6. A second pilot project on supervised agricultural credit, Development Bank of the Philippines, Legaspi Branch. (Supported by the Development Bank of the Philippines).

7. Case study of selected farmers cooperative marketing associations (F a C o M a s) in the Philippines.

Research projects recently started include the following topics of investigation:

1. A comparative study of the Los Baños, Masagana and Janopol livestock and poultry cooperatives (the first three cooperatives to be assisted under the National Economic Council-U.S. Agency for International Development feed grain program in the Philippines).

2. Survey of teaching and examination arrangements in cooperative courses in the Philippines).

3. Survey on the training needs of rice FaCoMa officers.

4. Study of the effectiveness of the Agricultural Credit Administration as a substitute for landlords in supplying short-term credit needs of lessees in the land reform district.

5. An economic study of selected rice FaCoMas in Luzon.

6. Study of credit union operations in the Philippines.

7. Quasi-cooperative arrangements—an inventory and evaluation as instruments of market reform in East Asia.

Future Plans of the Institute

1. To prepare a project proposal covering curriculum, staffing pattern, financing, working relationships with training centers in other countries, etc. to make the Agricultural Credit and Cooperatives Institute of the University of the Philippines an active regional training center for cooperatives and agricultural credit in the Far East, in implementation of resolutions approved in past Workshops particularly the recommendation of the Workgroup on Education and Training of the Fifth Far East Agricultural Credit and Cooperative Workshop held in Korea in 1965. In this connection, plans are now under preparation for the Institute to offer training courses specifically designed for the training of highly selected cooperative and credit personnel of countries in the Far East, by 1969.

2. To prepare an academic program and curriculum for the Institute to offer graduate studies in cooperatives and credit administration leading to the Master's degree. Further upgrading of the faculty of the Institute to cope with this plan for degree oriented graduate education will be undertaken.

3. To re-examine to training courses and seminars that have been conducted by the Institute since its opening in 1960, with a view to introducing reforms and adjustments in course contents, training methods used, duration of training periods, etc. to make these courses conform with the trends and changed conditions.

4. To standardize the instruction in cooperatives now being given in schools, colleges and universities in the country through the development of a uniform syllabus on cooperatives.

5. To intensify the training of directors and committee members of agricultural cooperatives in provincial centers and to conduct more courses for managers and employees of non-agricultural cooperatives, in order to achieve a balanced training program for all types of cooperatives.

6. To organize refresher courses for agricultural credit and cooperative personnel who took their last training courses at least two years ago.

7. To expand the production and distribution of teaching manuals and visual aids for member education in cooperatives.

8. To undertake the following research studies, in addition to researches already underway:

(1) Evaluation of the effectiveness of the Agricultural Guarantee and Loan Fund (AGLF) in meeting the credit needs of small farmers.

(2) Evaluation of the Central Bank of the Philippines International Bank for Reconstruction and Development Farm Mechanization Program of the Department of Rural Banks.

(3) Evaluation of supervised credit programs in land reform districts.

(4) Pilot project on fishery cooperatives.

(5) Case studies of revitalized farmers cooperative marketing associations.

VI. CONCLUSIONS

The Philippines, under the stewardship of President Ferdinand E. Marcos, has embarked upon a massive program of national development. Particular emphasis in our developmental effort has been placed on programs and projects that will increase food production. All agencies concerned have accepted the challenge and the opportunity to achieve this primary objective, and they have responded well by making an all-out offensive to increase agricultural output, particularly the production of the basic foodstuffs.

In this regard, the agricultural credit institutions and cooperative organizations are contributing their respective shares. Each is a vital cog in the machinery of implementation of the total program for increasing food production to cope with the requirements of a rapidly growing population. Existing credit and lending policies have been revised, new policies have been formulated, and new financing plans have been developed and immediately put into operation. Additional sources of finance have been tapped. Rehabilitation of distressed cooperatives has been made, and the organization of additional farmers cooperatives is enthusiastically encouraged. Even the training of personnel needed in the expanded activities of cooperatives and agricultural credit agencies has been stepped up.

Barring force majeure and other unforseen circumstances, there is sufficient reason to believe that all our efforts in this direction will not have been in vain. The past five Workshops and the present one have given each of the participating countries the necessary foundation for a strong program in agricultural credit and cooperatives to make a maximum contribution to agricultural growth and development. In these workshops we have laid the ground work for a sound and balanced approach to the problems which tend to deter the attainment of our respective goals. We have defined the areas of concentration, discussed the means that we would use, individually or collectively as a family of nations with similar aspirations for a better standard of living, and shared experiences together in an atmosphere of fellowship and cordiality.

It is time, we believe, that the period of workshops should end with the Sixth Workshop, and the period of higher-level thinking, decision-making and action programs should now commence. We have reached that stage when we are ready to assume the responsibilities of a regional assembly. It is, therefore, proposed that the next meeting of these participating countries be the First Far East Regional Conference on Agricultural Credit and Cooperatives.

We take this opportunity and privilege to extend to you the invitation of the Government of the Republic of the Philippines to hold this First Regional Conference in the Philippines two or three years from now. Your acceptance of this cordial invitation to re-visit our country fourteen or fifteen years after the First Workshop held in the Philippines in 1956 will enable us to show you what we have done to implement suggestions and recommendations that we have discussed in all these workshops. You will then have the opportunity to see for yourselves what an effective, well-coordinated agricultural credit and cooperative program can do for a developing country in terms of achievements in increased agricultural production and improved well-being of farmers.

In this spirit, we look forward to a happy reunion with all of you in the Philippines in 1970 or 1971.

Thailand

CREDIT COOPERATIVES STIMULATE FARM BUSINESS

AGRICULTURE continues to be the mainstay of the economy of Thailand although there is a productive expansion in other sectors of the economy. Currently, agriculture generates 32% of Thailand's national product, 90% of its exports, and approximately 80% of total employment.

Recently, the Government has greatly expanded its outlays on irrigation, extension services, and on other infrastructure facilities, especially road networks as well as improvement of rail and port services. These efforts have contributed substantially to raising farm output and to increasing agricultural diversification through improving farmers resources and enlarging their market outlet. Capital requirements of agriculture are, therefore, growing at a rapid pace, leading the Government to become more involved in the field of agricultural finance.

However, the pattern of small-scale family farming has not changed very much. The average size of farmholding for the country as a whole is about 22 rai.[1] Typically, they grow only one crop a year, and cultivation is highly specialized in the production of rice. Despite Thailand's potential for a more diversified agriculture and marked recent trends in this direction, rice farming continues to occupy around 70% of the total cultivated area.

I. IMPORTANT CHANGES IN AGRICULTURAL FINANCE

A significant change that came over the field of agricultural financing in Thailand in 1966 is the promulgation of the Act establishing the Bank for Agriculture and Agricultural Cooperatives. The primary objective of the Bank is to provide a nation-wide agricultural credit service to agricultural cooperatives and individual farmers. Its Board of Directors is appointed

[1] 1 rai = .395 acre or .16 hectare.

by the Council of Ministers, consisting of the Under-Secretary of Finance as Chairman, the Under-Secretary of Agriculture as Vice-Chairman, and competent representatives from the agencies directly concerned with agricultural finance and credit, and the promotion of agricultural production.

The authorized capital of the Bank is one billion Baht of which 242.6 million Baht has already been paid up by the Ministry of Finance, and 6.3 million Baht by Cooperatives. (Baht 20 = US$ 1.) The authorized share-holders are the Ministry of Finance, cooperatives, farmers, and other persons subject to the Regulations of the Bank.

This institution has taken over all the assets, liabilities, and services of its predecessor, the Bank for Cooperatives, and functioned since November 1966, carrying out the lending operations through agricultural cooperatives, and directly to individual farmers who are not members of cooperatives.

It should be mentioned that the Bank prefers to operate through agricultural cooperatives, but where no such cooperative exists, loans are made by the Bank branches directly to individual farmers. In the meantime, the Bank's field personnel are attempting to impart co-operative education among farmer-borrowers, so that they may eventually form their cooperatives.

At the end of 1967, loans outstanding to agricultural cooperatives and individual farmers amounted to Baht 265.2 million and Baht 111.2 million respectively.

As for the cooperative programs, continuation of improving credit services, marketing and land and water usage activities had, since the last Workshop, been carried out with increasing vigour until early 1967 when the Ministry of National Development changed the policy on cooperative development aiming at organizing new multi-purpose cooperatives. As a result there was a pause in the organization of new credit, marketing, and land cooperatives. However, over 1,000 existing village credit cooperatives which are working on sound lines are granted by the Bank for Agriculture and Agricultural Cooperatives and additional loanable fund of Baht 35 million each year to admit new members. Ten production credit cooperatives, too, are strongly encouraged by the Bank for Agriculture and Agricultural Cooperatives to expand their membership among the small and medium-sized farmers.

II. MAJOR AGRICULTURAL CREDIT AND COOPERATIVE PROGRAMS

Bank for Agriculture and Agricultural Cooperatives

The Bank for Agriculture and Agricultural Cooperatives, organized in 1966, is still in its infancy coping with heavy operational engagements with relatively limited staff.

As of December 31, 1967, the Bank had a paid-up share capital of Baht 248.9 million, of which Baht 242.6 million subscribed by the Ministry of Finance and Baht 6.3 by cooperatives. Other sources of loanable funds of the Bank are accumulated surplus, deposits, borrowings from the Government and Government Savings Bank.

During 1967 the Bank made fresh advances to agricultural cooperatives amounting to a sum of Baht 143.8 million. The latter in turn loaned the fund to farmer-members for general farm purposes. The total amount of loans outstanding from the Bank to 9,579 village credit cooperatives, 10 production credit cooperatives, 12 land improvement cooperatives, and 6 paddy marketing cooperatives, as of the end of 1967, was Baht 265.2 million.

In 1967, the first year of operation, fifteen

branches of the Bank at the provincial level extended short and medium-term loans in the amount of Baht 121.3 million to 35,839 farmer-clients for increasing production of rice, maize and other upland crops.

Agricultural Cooperatives

In the field of credit, around 9,600 village credit cooperatives represent so far the largest institutional source of loans to farmers. They provide farmer-members with short-, medium-and long-term credit. At the end of 1966, they had loans outstanding with 157,000 farm families amounting to Baht 355.9 million. Although borrowings from the Bank for Agriculture and Agricultural Cooperatives constituted a major portion of their loanable funds, their owned funds amounted to Baht 128.4 million and deposits from members Baht 40.0 million, being about 46.7% of the total fund as of the end of 1966.

Production credit cooperatives, too, have extended production loans to their members at an increasing pace due to increasing membership. In 1967 they granted fresh loans to the amount of Baht 13.4 million as compared with Baht 10.0 million in 1966. Repayments made by their members during 1966 and 1967 amounted to Baht 8.0 million and Baht 10.3 million respectively, leaving loans outstanding at the end of 1967 of Baht 12.7 million. A 100% repayment record is made annually in most cooperatives. It is worth mentioning that the owned funds and members' deposits have been increasing steadily. By the end of 1967 they stood at Baht 5.3 million, being 27.2% of total fund employed.

Land improvement cooperatives' lending operations are supplementary services given in connection with land improvement. In 1967 they granted short and medium-term loans in an aggregate sum of Baht 7.8 million to their members. Repayments of Baht 7.6 million were made by their members during the year, leaving the loans outstanding of Baht 12.3 million at the end of 1967.

Bangkok Bank Ltd.

In early 1963 Bangkok Bank Ltd., which is a commercial bank, launched its unique bank-to-farmer Agricultural Credit Program with a special team of agronomists and agriculturists. The two aims were, firstly to increase rural financing for higher productivity and farm income, and secondly, to promote a better standard of living for the producers concerned.

This program provides:—

1. Supervised credit for farm productivity and land development to two distinct types of farmers, i.e., the well organized farming for commercial farmers and the tenant farmers who subsist on their seasonal farm practice.
2. Guidance and extension services for better crop husbandry, animal breeding, conservation of soil, irrigation, crop rotation and farm mechanization.
3. Farm supplies, e.g., necessary tools and implements, fertilizer, pesticides, and the channeling of farm products into market at fair prices.

For the past five years since 1963 Bangkok Bank Ltd. has extended agricultural credit to the total amount of Baht 127.76 million in 19 provinces. (see table)

According to a paper of Bangkok Bank Ltd., farmers who obtained loans, both short and medium term, from the Bank in 1967 are mostly tenant farmers whose guarantee was based on a joint-liability group system with no collateral pledged. The repayment record for each year has been 100 percent. In 1968, it is expected that the Bangkok Bank Ltd., will provide fresh loans of this type up to Baht 120 million.

Other Commercial Banks

In Thailand, with the rising trend in bank deposits in general and the increasing commercialization of agricultural production, commercial banks have in recent years been showing

Credit Paid Out by Bangkok Bank 1963 - 1967 Inclusive

Year	Farm Members	Short Term	Medium Term	Total	Percentage	Increase
1963-64	2468	4,844,500	11,818,500	16,663,000		—
1965	6715	15,554,300	2,667,000	18,221,300	109.35	Over 1963-64
1966	11,215	27,514,350	2,341,800	29,856,150	163.85	Over 1965
1967	23,634	59,404,969	3,621,500	63,026,469	211.10	Over 1966

interest in agricultural finance. For example, in 1967, five commercial banks, namely, Krungthai Bank Ltd., Bangkok Bank Ltd., Thai Farmers Bank Ltd., Bangkok Bank of Commerce Ltd., and Bank of Ayudya Ltd. participated, on an experimental basis, in a production loan program induced by the Office of Accelerated Rural Development (ARD), under the Prime Minister Office. Under the program, the participating banks extended short term loans in an aggregate amount of Baht 2.7 million to 7,861 farmers in 12 disticts in the Northeast. The primary objective of the program is the promotion of effective use of fertilizer for rice production. For the banks' participation, guarantee against losses on loans due to natural disasters has been provided by the ARD Office.

The average size loan in 1967 was smaller than expected, due primarily to farmers taking less fertilizer than that provided for in their loan applications. However, for the current year's operations the average size loan will be reasonably enlarged.

The joint undertaking of the ARD office and the participating commercial banks has the merits of providing loan funds from private sources and of bringing into operation the experience and skills of bank personnel in handling loan contracts and accounting.

Farmers Aid Committee

In recognition of the importance of farmers as feeders of the nation and the various problems facing them in the production and marketing of rice, the present Government has appointed a committee called "the Farmers Aid Committee", headed by the Prime Minister himself. The Committee has as its duty the finding of ways and means to help farmers in earning their living. It began its operation in 1966.

In 1966, the Government appropriated Baht 30 million out of premium on rice exports, for farmers aid. Three Government departments were assigned to do the job. The Rice Department was in charge of providing Baht 16.5 million in the form of loans to farmers through farmers' groups. The Local Administration Department received Baht 9.6 million for extending loans to farmers via private irrigation societies, and Baht 3.9 million was allotted to the Department of Land Co-operatives for lending to farmer-members of land co-operatives. This sum of money was to be used for purchasing fertilizer, water pumps, pesticides and sprayers.

During 1967, Baht 50 million was allotted for this purpose. Out of this, Baht 29 million was for fertilizer, Baht 16 million for water pumps and Baht 4.9 million for pesticide sprayers. The Rice Department received Baht 28.1 million while the Local Administration Department got Baht 15.5 million and the rest went to the Department of Land Co-operatives.

At the end of 1967, repayments of loans extended during the two years amounted to

Baht 25.4 million. This figure will be much higher at the end of this fiscal year (September 30, 1968) since repayments are being made at a faster rate.

During the current fiscal year, Baht 65 million is being earmarked for farmers aid. Of this the Rice Department will get Baht 30 million, the Local Administration Department Baht 25 million and the Department of Land Co-operatives Baht 10 million. This funds will be used for purchasing fertilizer (Baht 20.8 million), water pumps (Baht 39.4 million), pesticide sprayers (Baht 1.4 million) and agricultural equipment (Baht 3.4 million).

This measure is taken as incidental to farmers' groups promotion program.

III. IMPLEMENTING RECOMMENDATIONS OF PREVIOUS WORKSHOPS

In general, most of the recommendations made in the previous Workshops became guidelines for our operational programs, based on local conditions prevailing in Thailand. Foremost among these are:

1. In connection with the Workshop recommendations on agricultural credit system, the Thai Government has established a government sponsored specific institution—the Bank for Agriculture and Agricultural Co-operatives as an autonomous agency channeling credit to the farmers departmentally, either through agricultural co-operatives or directly. This is to support agricultural development programs to secure increases in production and productivity, and, of course, envisions co-ordination of credit and agricultural extension services.

The original aim of the village credit co-operatives in Thailand was to relieve poor farmers of the burden of their debts. But within the last seven years they have reoriented their program toward achieving another goal that of the expansion of agricultural output.

2. In pursuance of the recommendations related to making and servicing loans, measures designed to improve credit service of the village credit co-operatives have been in operation since 1961. Among other things, these measures include improvements in loan processing, loan supervision, and agricultural and credit education. As a result, repayment records of farmer-members of the village credit co-operatives have been greatly improved. This naturally has direct effect on the substantial increase in repayments made by the co-operatives to the Bank, contributing to a considerable increase in its loan operations. For example, repayments made by village credit co-operatives in 1966 amounted to Baht 122.3 million (53% of outstandings), against Baht 56.8 million (23% of outstandings) in 1961. Loans made by the Bank to village credit co-operatives during 1966 amounted to Baht 132.3 million, compared with Baht 43.0 million during 1961.

3. Through fair-sized production credit co-operatives, which are of recent development, certain aspects of supervised credit have been applied with a reasonable amount of success. Despite the limitations of these experiences, they have so far indicated the importance of supervised credit practices as an effective instrument for increasing agricultural production and farmers' income. In view of this fact, supervised credit practices are emphasized in the lending operations of the Bank for Agriculture and Agricultural Co-operatives in respect of loans to individual farmers.

4. In regard to improving agricultural productivity, the recent completion of several irrigation projects has played a significant part in offsetting adverse weather condition and maintaining a high level of output. Another important factor is the rapid expansion of land under cultivation, particularly, for upland crops, e.g., maize, kenaf, tapioca, etc. Total land under cultivation has expanded by 30% since 1950. Research and extension activities have recently been expanded and strengthened in order to lay the basis for improved farming

practices and to raise productivity. However, there is a need for an increase in size and effectiveness of the extension staff which is still inadequate and is very thinly spread. In recent years, measures have been taken by the Ministry of Agriculture, Department of Local Administration, and Department of Land Co-operatives to encourage crop diversification and multiple-cropping system and the production of those crops for which the land is best suited.

Principal Problems

In Thailand, as the program for agricultural credit in a "dynamic" sense has been launched only since last year, many immediate problems naturally arise. Some of the most important are as follows:

1. Insufficiency of fund for the Bank for Agriculture and Agricultural Co-operatives to finance fairly satisfactorily the co-operatives and to meet farmer-clients' demand for loans, in spite of the fact that about Baht 100 million has been appropriated annually from premium on rice exports for the Finance Ministry to subscribe for capital in the Bank.

Steps contemplated to provide solutions to this basic problem are: First, the amendment in December 1967 of Royal Decree regulating the affairs of the Bank of Thailand to the effect that the latter is authorized to rediscount agricultural bills maturing not exceeding 12 months. The Bank for Agriculture and Agricultural Co-operatives is, therefore, considering, in consultation with the Bank of Thailand, making use of this rediscount facility to expand its credit operations.

Secondly, also last December, an enactment was made enabling the Ministry of Finance to guarantee loans of specific financial institutions. Thus, BAC is contemplating to float a serial debenture issue with the support of the Bank of Thailand and guarantee facilities of the Ministry of Finance. The fund raised in this manner will be available for medium and long-term credit operations.

Thirdly, every effort will be made by both BAC branches and agricultural co-operatives to promote rural savings and, hence, to mobilize funds within the agricultural sector. The following methods are, in fact, being carried out:

(a) Improving services and related facilities of BAC branches and co-operatives in such a way that farmer clients' or members' confidence in their contact with the institutions be easily made.—In this respect, mobile units have been employed after harvest to receive deposits from clients in remote areas.

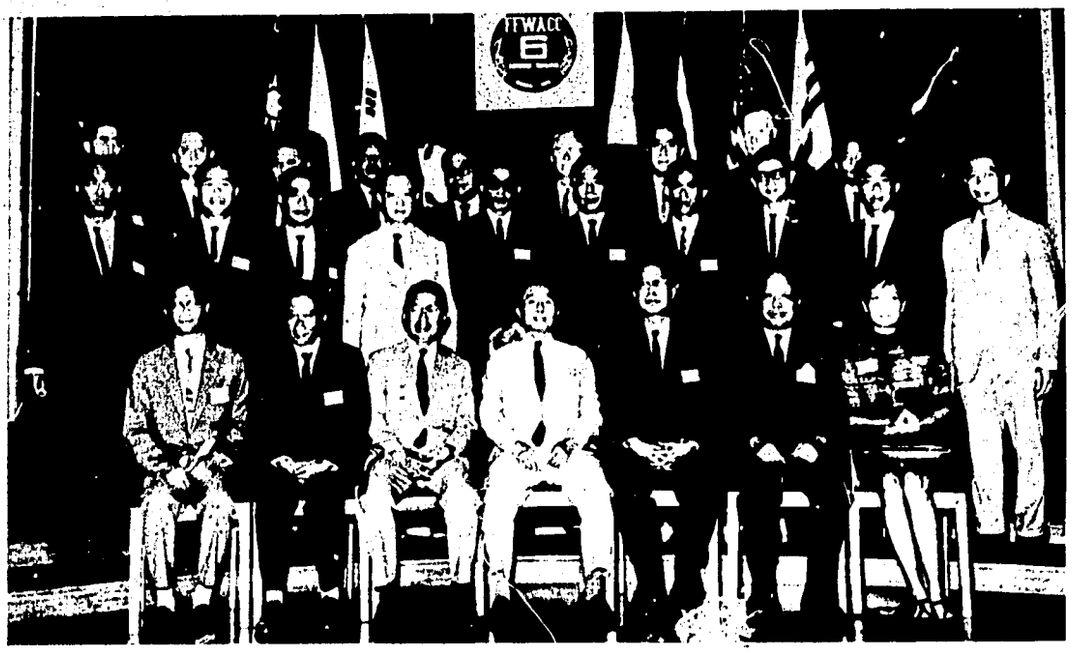
(b) Conducting continually educational programs to promote thrift and savings among farmers.

(c) Encouraging farmer members or clients to invest a reasonable amount of their borrowings in the co-operatives or the Bank. Currently a rate of 5% has been adopted by the production credit co-operatives and the Bank.

2. Although local extension personnel of the Agriculture Ministry are giving full co-operation to BAC branches, extension teaching has been carried out among farmer clientele to a narrow extent. This is accounted for by the fact that extension staff of the Ministry is still very limited and inadequate. BAC clients need more intense technical guidance.

Steps, however, will be taken in the current year for the Bank to co-operate also in the field of extension services with private enterprises operating practically sound, farmer assistance programs, so as to maintain co-ordination of credit, farm supply, and extension services for the benefit of farmer clients.

Besides, the Bank and larger-sized co-operatives will employ more technicians to give technical guidance to farmers in addition to that rendered by the Government.



KINGDOM OF THAILAND: left to right *First Row:* Chern Bamroongwong (D), Chamnien Saranaga(D), Chamras Chaturabatara(D), Renoo Suvarnsit(D), Somrith Lersbusya(D), Payong Chutikul(D), Mrs. Sombhis Koomalayavisai (D).

Second Row: Adul Niyomviphat(D) O-Pas Chareonapakdi (O), Thavi Nicrothananda (O), Thep Saiyananda (D), Phimol Jittemana (D), Prawat Chatikavanich (D), Narong Chuprakob (D), Chaleo Pisolyabutra (O), Suprida Prasasvinitchai (D), Prayard Chandrapuang (O).

Third Row: Suparp Sevatasai(O), Chane Kalayanamitra (USAID/THAILAND), Chaiyong Chuchart(O), Prawat Supaprawat (O), Skul Santikasem (O), Wallace J. Maddock (Workshop Advisor), Chusak Himathongkam (D), Glenn G. Browne (USAID/W), Arb Nakajud (D).

3. There is, at present, no federation on a national level to support, strengthen, promote and co-ordinate the activities of primary co-operatives in Thailand. Therefore, the Ministry of National Development is now contemplating giving full support to the establishment of a national business federation to render to the primaries economic services. The Co-operative League of Thailand was just organized in February of this year to provide educational and promotional services to the co-operatives in co-operation with, and also with full support of the Government.

IV. PRESENT PLANS FOR FUTURE DEVELOPMENT

The immediate goals of the agricultural credit and co-operative programs in Thailand are as follows:

1. By 1971 credit operations of BAC will be further expanded with the setting up of 57 branches at the provincial level to finance farm businesses both directly and through agricultural co-operatives in order to serve at least 10% of the farm households by the end of that year.

2. So far, practically all loans made by BAC have been confined to village credit co-operatives and production credit co-operatives. Only 30 other agricultural co-operatives have access to the Bank's resources. In the future, the Bank's facilities will be extended also to marketing co-operatives, land-improvement co-operatives and multi-purpose co-operatives, which operate

on sound business practices. Hence, these co-operatives must inevitably be strengthened financially and structurally to justify borrowing from BAC.

3. Provisions on amalgamation have been included in the drafted co-operative legislation which will be in force soon; so that strong moves toward mergers of small-sized village credit co-operatives can be implemented to ensure their future development especially for those in areas where there exists feasibilities of increasing production. The amalgamation in this manner will, it is expected, result in the establishment of production credit co-operatives with economic viability, in place of small credit co-operatives. Education and training program for co-operative members and office bearers has been under way for implementation of the amalgamation program which will start soon after the new legislation comes into force.

4. Expansion of production credit co-operative program is now under way in areas where agricultural expansion is promising, and where there exists increased demand for production credit and agricultural extension services.

5. Expansion of business activities of production credit co-operatives, which have been in operation for about three years, financially strong enough, and have sufficiently trained personnel, is being encouraged to include the marketing of farm products and provision of farm supplies. But these activities must be run on a commission basis.

6. The Ministry of National Development will formulate and implement a definite co-operative development program along with the organization and promotion of a national business federation. The recently established Co-operative League of Thailand will be given every due support in its functioning as a promotional organ and exponent of the co-operative movement in the Kingdom.

Attending the Opening Ceremony:
Mr. Boonrod Binson, Under Secretary of State, Ministry of National Development.
Col. Surin Cholpraserd Deputy Under Secretary of State, Ministry of National Development.

Vietnam

BUILDING INSTITUTIONS TO INCREASE PRODUCTION

Delegates: Ngo-Huy-Trinh and Do-Quang-Nang of the Embassy of the Republic of Vietnam, Bangkok Thailand.

THE institutions that have contributed to the increase in agricultural production are: cooperatives, Farmers' Associations and the Agricultural Development Bank.

A. THE COOPERATIVES

The movement of cooperatives had been co-ordinated by the Commissioner General for Cooperatives and Agricultural Credit until 1965, when it was placed under the Directorate of Cooperatives of the Ministry of National Economy.

A general survey conducted in 1966 has given the following information: see Table I.

These figures remain unchanged for the first 6-months of 1967.

The activities of agricultural cooperatives for the increase in agricultural productivity include the following programs:

— Short term loans given for annual crop production.

— Supply of chemical fertilizer and insecticides; irrigation pump and tractor services.

a. Short term loans are of two categories:
   1. loans for annual crop production.
   2. loans for paddy warehouses warrant.

These loans which amounted to hundreds of millions in the past years reached only VN$ 28 million in 1966. The decrease was due to insecurity in some regions and to the exodus of farmers in certain regions towards the cities.

Table I

Types of Coop.	Number	Members	Total value of shares (1,000 VN$)
— Rice Cooperatives	42	39,328	13,710
— Agricultural Cooperatives (for secondary crop)	95	35,114	13,842
— Union of agricultural Cooperatives	2	121	1,759

Table II

Foreign Aid Items			
— tractors	—	—	100 units
— irrigation pumps	—	—	11 units
— selected seeds	—	—	a quantity worth 2,100,000 piasters
— insecticides	—	—	14,500 tons

b. **Sale of chemical fertilizers:** 59 cooperatives have collaborated to the direct aid programs of fertilizers, an American aid program managed by the National Office of Agricultural Credit. The Cooperatives receive stock and sell fertilizers to members or non-members of their organizations at prices fixed by the managers of the program. The following figures reflect the importance of their activities:

— Fertilizers received : 46,463 tons
— „ sold : 34,948 „
— „ kept in stock on 31. D. 1966 : 11,518 „

In 1967, the direct aid program of fertilizers was replaced by the commercialized aid with an increase of nearly 100% of the sale price of fertilizer. The cooperatives are responsible for liquidating the remaining stock prior to purchase of new stock to satisfy the demands.

c. **Supply of insecticides, irrigation pumps, tractors and selected seeds.**

These items are provided by the foreign aid programs or imported by certain cooperatives and sold to members. In 1966 the supply was: see Table II.

B. FARMERS' ASSOCIATIONS

These associations have been created in accordance with the Decree No. 560 dated December 17, 1958. They are organized at 4 levels: village, district, province and national level.

The Directorate of farmers' associations have been integrated into the Ministry of Agriculture by Order No. 204-CN dated March 26, 1966.

At the beginning of 1966, the farmers' associations comprised:

— 8,517 sections grouping from 20 to 40 members of the same hamlet.
— 803 village associations.
— 59 district associations.

The members of a section elect a Chief or Deputy Chief of Section. The Chiefs and Deputy Chiefs of different sections of each village elect the Administration Council of the village association and their representatives to the District Congress. The latter elect the Administration Council of the District Association and the representatives to the Province Congress. While the cooperatives are specialized, the farmers' associations are more prevalent. In order to improve the production, they grant loans at low interest rates to farmers and take care of the marketing their agricultural products. They have at their disposal warehouses for the storage of products and some machines to process agricultural products in accordance with the demands in the market. For the Year 1967, the program of farmers' associations included the following activities:

— Dissemination of agricultural technique progress

— Sale of fertilizers and distribution of selected seeds, insecticides

— Construction of dams and irrigation works

— Establishment of factories for transformation of agricultural products.

The activities of farmers' associations will be co-ordinated by the Central Farmers' Association which receives financial assistance from the Government and is in charge of studying and setting up a common action program for all farmers' associations.

C. AGRICULTURAL CREDIT IN VIETNAM

At the present time Agricultural Credit in Vietnam is administered by the "**Agricultural Development Bank**". The ADB was established in lieu of the National Agricultural Credit Office in January 1967.

The creation of ADB has been the most important institutional measure adopted by the Government of the Republic of Vietnam in view of promoting agricultural and economic growth.

The ADB was officially inaugurated on May 8, 1967. The Bank will have branches in every province and major city in the country.

Capital Fund

The initial capital fund for Agricultural Credit was only VN$ 248 millions; this was increased rapidly. By the end of 1965, basic capital was increased threefold VN$ 895 million of which VN$ 565 million came from U.S. Aid. Equity capital is also provided from the 5% retention scheme on direct loans (savings account) amounting to VN$ 66 million at the end of 1966, and profits from operations, amounting to VN$ 3 million. In addition, the National Bank is committed to provide loan funds up to VN$ 300 million as needed.

So far, VN$ 250 million have been used. Thus on December 31, 1966 the total capital fund for Agricultural Credit was the VN$ 1,236 million.

In comparison with 1965, an increase of VN$ 14 million in Agricultural funding sources was noted for 1966, while the basic capital and loan funds from the National Bank were unchanged, the savings accounts and the profits from operation funds were increased by VN$ 6 million and VN$ 8 million respectively.

With respect to the saving accounts, the reduction was ascribed to a decision by the Agricultural Credit Board to stop collecting the 5% on direct loans which before May 1964 had constituted the Agricultural Credit Savings fund, but instead, to reimburse to the depositors the amount they had contributed to that fund.

In 1966, a new policy adopted by the Agricultural Credit authority authorized an increase in activities regarding loan extensions and collections in comparison with 1955.

Loans

Loans under the capital fund are of three categories:

1. Short-term loans of 6-18 months, mainly for annual crop production. Interest is 1% per month.
2. Medium-term loans of 18 months to 5 years, for purchase of cattle, farm equipment etc. Interest is at 8% per year.
3. Long-term loans of 5 to 15 years, for substantial capital invested by cooperatives, plantation owners, and well-established farmers. Interest is at 6% per year except for cooperatives where it is 5% per year and they charge 1% per month when they reloan to their members.

RUBBER PLANTATION DEVELOPMENT FUND

This fund, created in 1958 with a capital of VN$ 400 million, is aimed at encouraging the expansion and renewal of rubber plantations. The loans bear an interest rate of 2% per year and are reimbursable within a 5-year period, starting from the 9th year after the date of the loan. The fund was closed out as of May 1961. At that time the total amount of loans extended was VN$ 315.7 million of which VN$ 29.4 million was distributed to 26 Vietnamese planters and VN$ 286.3 million to 10 French planters. The balance of VN$ 84.3 million was transferred back to the National Budget.

Pacification Fund

This fund was created in June 1964 with a capital of VN$ 300 million granted through the National Budget. Loans under the Pacification program were intended for use in such areas as animal husbandry, fishery and fertilizer programs and were issued under simplified procedures in order to facilitate action in response to rapidly changing needs. Loans in kind for chemical fertilizers were free of interest. At the end of 1966, total amount of loans extended under this program was VN$ 280.4 million and total collections was VN$ 53.0 million.

Reserve for Bad Debts

Prior to 1964, a fixed amount per year was reserved for bad debts. This reserve accrued from annual profit. By the end of 1963, the bad debt reserve was VN$ 37.2 million out of the total outstanding debt of VN$ 1,112.8 million (3.3 per cent). Recently, due to the increase in security and larger delinquent loans, this reserve policy was revised.

As of 1964, the following ratios were applied to calculate the reserve for bad debts:

3% for one-year overdue debt
15% for two-year overdue debt
50% for three-year overdue debt
90% for four-year and more overdue debt.

With the application of the above ratios, the reserve for bad debts as of December 31, 1966 reached VN$ 303.0 million in relation to the total outstanding debt of VN$ 1,183.0 million.

MAJOR PAPERS REPRESENT TURNING POINT ON FAR EAST ACTION PROGRAMS

Characteristics and functions of effective agricultural credit and cooperative institutions.
Their expanding role in marshalling capital resources and developing credit, education and training, for people.
Add agribusiness to the growing range of cooperative services.
A food production breakthrough spells new cooperative opportunities.

Republic of China

EFFECTIVE COOPERATIVE FUNCTIONS

Presentation

by

MR. G.Y. YU

Director, Monetary Department
Ministry of Finance

I. AGRICULTURAL COOPERATIVE INSTITUTIONS IN TAIWAN

AGRICULTURAL cooperative institutions in Taiwan can be grouped into two broad categories, the single purpose cooperatives and the multi-purpose cooperatives. The first group consists of irrigation associations, fishermen's associations and other cooperatives engaged mainly for production, marketing, supply and utilization. The second group includes the farmers' associations and cooperative farms.

1. Single Purpose Cooperatives

The fishermen's associations are cooperatives organized by more than 200,000 fishermen with the sole purpose of promoting their economic welfare and improving fishing techniques. Currently, there are 69 associations in Taiwan. They provide extended facilities such as fish markets, cold storage, transportation and ship repair. Some of the associations even own supply stores where the fishermen can procure fishing materials, fuel and miscellaneous items. As deep-sea fisheries are being aggressively promoted by government, these associations have placed increasing emphasis on training, especially those programs for senior officers and engineers of tuna fishing fleet.

Irrigation associations in Taiwan have contributed substantially to the development of irrigation facilities. They are entrusted with planning, administration and supervision of all irrigation projects programmed by the Government. The associations maintain the existing irrigation facilities with membership fees and effect loan repayment with collection of water fees. As of the end of 1967, there were 26 irrigation associations with a membership of over 830,000.

Production cooperatives limit their major activities of a specific field such as tea, forestry, fishery, poultry and other agricultural products. These cooperatives deal mostly with financing,

supply of raw materials, production and marketing of agricultural products, improvement of production techniques and preparation of production facilities.

Another active group of single purpose cooperatives are fruit marketing cooperatives which are established for the benefit of Taiwan fruit growers. They handle not only marketing business but also supply seedlings, fertilizers, insecticides and provide operational funds as well as improved production techniques and facilities to fruit growers.

The supply cooperatives have relatively limited scope of business; agricultural machines and fuels are their chief supply items.

There are three types of utilization cooperatives, namely rice milling, warehousing and land improvement. Their services have recently gained wider appreciation from Taiwan farmers.

2. Multi-purpose Cooperatives

Taiwan's farmers' associations have been regarded as the most effective multi-purpose cooperatives in serving the rural economy. The credit department of a farmers' association is, more often than not, the only banking facility in a township and therefore, functions as a rural bank. It accepts deposits, makes loans and handles remittances. In addition to the credit department, it has a supply and marketing department to market farm produces and to supply fertilizers, pesticides, farm implements, seeds and other items for farm operation and an extension department to promote and disseminate modern production techniques. The activities of these three departments are well coordinated to provide maximum benefits to Taiwan farmers.

The cooperative farms are formed to coordinate with the land reform program and to assist owner-farmers to make optimum use of the land. These cooperatives are responsible for farm development, irrigation construction, improvement of public facilities and processing and marketing of agricultural products. It is a multi-purpose cooperative in the sense that it is a farmers' organization aimed to fulfill a combined service in training, land utilization, farm management and cooperative undertaking. The development of cooperative farms not only benefited greatly their own members, but contributed substantially to the general improvement of rural community as well.

Both groups of cooperative institutions may respectively organize federations to meet their operational and regional requirements. In principle, the economic region should serve as the basis of delineating operational region for agricultural institution. Administrative region has no restriction over the operational region of these agricultural cooperative institutions. However, farmers' associations base their activities strictly on administrative regions and have been functioning most efficiently and effectively.

II. EXPERIENCES IN DEVELOPMENT OF AGRICULTURAL COOPERATIVES

The factors for assuring an effective agricultural cooperative institution are diversified and complicated. They involve such internal factors as rational organization, effective business activities and sound management and external factors such as government policies and socio-economic environment.

Due to differences in economic, political and social conditions, those factors may very extensively in scope from one country to another. However, our experiences which will be discussed in the following paragraphs may highlight some of the criteria leading towards the development of effective agricultural cooperative institutions.

1. Effective Business Activities

Among the various internal factors, effective

scope of business is generally considered as the most important factor. The activities undertaken by the agricultural cooperatives must meet the requirements of their members. To assure this, it is essential to map out a business plan at the beginning of the fiscal year, and conduct pre-project surveys to ascertain how such a plan will serve the interest of their members. A successful business plan must have whole-hearted support from all or majority of the members.

Every township farmers' association in Taiwan has its own warehouse, rice mills and other facilities. As rice has always been the major farm crop on this island, these facilities, therefore serve the best interest of association members. The fees charged for utilization of such facilities are often lower than those charged by commercial firms. The members are not only offered a convenient service but also an economical one.

In general, a large majority of farmers in the Far East are small farmers. These farmers are in need of credit as well as technical assistance to maximize their farming returns. At the same time they need channels to market their farm produce. Therefore, without close coordination between its various kinds of business activities, an agricultural cooperative will be very difficult to perform its function effectively. This is especially true to a multi-purpose primary level institution. Close coordination and contact between its departments will not only provide better service to its members, but also will bring about higher operational efficiency and insure fulfillment of their functions.

A typical example is the township farmers' association in Taiwan. It extends through its credit department production loans to members and follows up with proper supervision of their end-use. Extension workers of the association provide simultaneously technical assistance on

A toast to the good health of the delegates and a successful Workshop.

matters relating to seed selection, cultivation techniques, fertilizer application and pest control. Its supply department also assists borrowers in many different ways: it supplies commodities for farming use, handles transportation and sale of farm products produced by the borrowers. Unless the borrowers need cash, sale proceeds will be deposited, after deduction of the loan principal and accrued interest, into the borrowers' accounts in the credit department. With deposits in the credit department, farmers can make purchases from the supply department on account basis.

The success of an agricultural credit program depends largely on the efficiency and financial capacity of the local credit units on one hand and on its ability to develop relationship between individual members and the cooperative on the other. The well coordinated operation of credit, economic and extension programs is attributable to the success of Taiwan's farmers' associations.

The theory of coordination must be practiced not only within the multi-purpose cooperative, but also between various types of agricultural institutions. Unless such a coordination is assured, the total impact of individual efforts in promoting cooperative development will be greatly reduced. This theory perhaps is best illustrated in our cooperative training program. While most of the cooperatives conduct training courses on individual basis, the most effective training programs are those jointly sponsored by government, credit institutions and cooperatives from the provincial level down to township level. These joint training programs are usually conducted on an annual basis covering such aspects as credit serving, financial and personnel management and other technical problems. Undoubtedly, effective and well coordinated training programs are useful tools to enhance the quality of cooperative personnel and thereby enrich the welfare of cooperative members.

2. Support and Assistance

External factors such as adequate technical assistance and financial support are especially important in areas where the development of cooperative institutions is still in its embryonic stage. In under-developed countries the characteristics of cooperatives are, in general, small in size and short of fund. Without financial support from the government, they are not in a position to conduct their operation efficiently and profitably. Agricultural credit institutions also play an important role in strengthening the financial capability of weak cooperatives by channeling their loans through cooperatives. The risks of extending loans to cooperatives can be kept within bounds through careful credit investigation, effective supervision over the use of loans and proper assistance during the planning and operation stages.

In general, support and assistance from external sources may include: (1) pertinent government supervision and guidance over cooperation to ensure their normal development and growth, (2) technical and financial assistance from specialized agencies and institutions which will improve their operations, (3) joint supervision and technical guidance of higher level institutions which will assist lower institutions in solving operational problems, and (4) assistance from agricultural credit institutions to meet their credit needs.

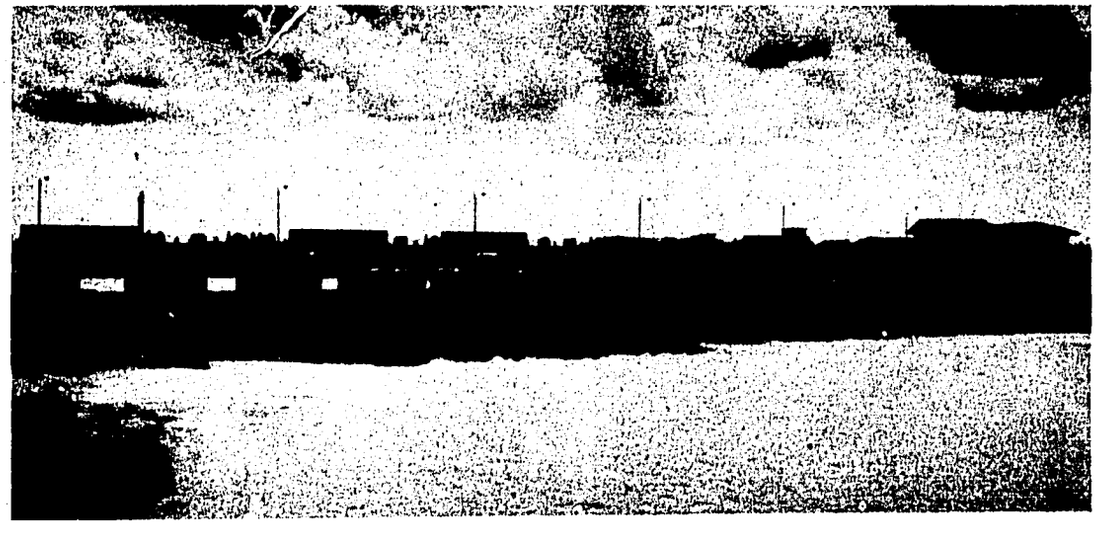
Development of the agricultural cooperative movement and the strengthening of farmers organization to help develop rural economy and improve the standard of living of farmers are government's major agricultural policies. Hence, the government has, in close coordination with other agencies concerned, made all-out efforts to supervise, guide and assist the development of agricultural cooperative institutions in Taiwan. Such supervision, guidance and assistance have played a vitally important role in the gratifying improvement and development of these institutions.

The economic policy of the Republic of China is adopted in line with the idea as expounded in the Principle of People's Livelihood, and the practice of cooperative enterprise is considered the best device to suit that economic policy. Thus, the government has provided in both the Cooperative Law and Tax Law that all cooperative institutions may be exempted from business tax, and the consumers' cooperatives may be exempted from both income tax and business tax.

Furthermore, in order to avoid exploitation by the middlemen and to safeguard the profit of the fruit growers, the government issued an executive order in 1963 that the banana growers may conduct export business up to 50 percent of total exports, with the balance to be consigned to commercial exporters. The cooperatives and farmers' associations are urged by the government to help fruit growers in matters such as packing, quality improvement and pest control, etc. Under such a positive encouragement by the government, the export of bananas, for example, has taken a sharp turn upward from 1.2 million baskets worth 8.5 million US dollars in 1963 to 8.9 million baskets worth 64.3 million US dollars in 1967. As to the other agricultural products such as vegetables, hogs and mushroom, governmental assistance has been given to farmers for handling production and marketing directly through their own cooperatives.

Besides, the government has assigned the farmers' associations to attend to such matters as the distribution of seeds, fertilizer and forage needed in the agricultural production; collection, custody and milling of government rice, and purchase, on behalf of the government, of rice, peanut, wheat, and others at a support price ahead of the planting season. As regards the delivery of commodities, the government has assigned the various cooperatives to perform the services.

In addition to government financial support, it is desirable that the needed agricultural lending funds could be secured from a capital market through the floating of bonds or debentures. However, if the capital market of the respective country is not active enough to share the responsibility of agricultural financing, measures should be taken to accumulate funds for agricultural financing. At the same time, the Central Bank should assume the role in giving rediscounts to the agricultural banks against discounts or loans they have granted to farmers or their organizations.



Korea

AGRICULTURAL DEVELOPMENT INVENTORIED

Presentation

by

MR. BOK RAE PARK
Manager of the NACF
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I. FACTORS DETRIMENTAL TO AGRICULTURAL DEVELOPMENT

Small land units scattered over vast areas and the use of traditional and customary agricultural methods are features common to agriculture in developing Asian countries. The result is regrettably low productivity.

These countries today are implementing development plans aimed at putting an end to the inefficient feudal agricultural methods and achieving modernization of agriculture. The following factors, however, undermine these efforts of the developing nations.

1. Rickety Production Structure

As pointed out above, agricultural productivity in Asian countries is low mainly because the majority of arable land units average around 1 hectare in area and because the small land units are scattered over a vast land space with nothing to coordinate production activities carried out on them.

Therefore, it is urgently required to reorganize the existing agricultural structure in such a way as to ensure introduction of scientific methods to increase productivity through modernization of agriculture.

2. Irrational Distribution Order

The farmer is subject to intermediary exploitation due to the faulty distribution order. Because they are competing with one another in the marketing of their products and because they are not well informed of general market conditions, due to their own ignorance, farmers are inevitably gullible with regard to the quality and prices of goods they sell or purchase. This makes desirable social institutions to guarantee justifiable price levels for farm products.

3. Shortage of Capital

The farmer is in a perpetual vicious circle which starts at poverty and ends at poverty. Small units of land together with unscientific agricultural methods in use render impossible simple production, let alone expanded production.

Any attempt of the farmer to escape such a vicious circle and achieve modernization in agricultural management is doomed from the start by the lack of capital.

And it is beyond the capacity of individual farm households to accumulate capital in sufficient amounts to finance modernization, and there is none to readily extend low-interest loans to farmers. The only choice left to the farmer is to borrow money at a high rate of interest.

Dependence on high-interest loans, however, will only aggravate the lot of the farmer. It does not help him improve agricultural methods or his livelihood.

4. Natural Calamities

Agriculture is an industry most vulnerable to the rampage of nature. Its productivity is largely determined by weather conditions, which may undergo unpredictable changes at any time. There have been many instances when weather conditions favorable to agriculture disappeared overnight to give place to storms, floods, droughts, hailstones or frost. Such calamities occur in certain cycles of their own. There is nothing the farmer can do before the frivolity of nature.

Such calamities, when they occur, are bound to wipe out what meager amount of capital the farmer may have saved by economization of his expenses and utilization of family labor.

5. Low Intellectual Standard of the Farmer

Generally the educational standard of the farmer is very low. He has difficulty in understanding literature written even in **Hangul**. His chance to take in such new knowledge as may be needed to improve his farming skill and methods through the reading of articles pertinent to agriculture which are carried in newspapers and magazines is limited.

His lack of enquiring mind and his unscientific way of thinking are likely to make him indifferent to the needs for improvement of his technique and of his livelihood.

6. Lack of Leadership

Leaders of high educational standards and with a devotion to the improvement of livelihood in farm villages are few in number.

II. AGRICULTURAL DEVELOPMENT AND FUNCTIONS OF AGRICULTURAL COOPERATIVES

1. Capital Formation

Agricultural cooperatives are an important tool of capital formation. A credit association (which represents the credit function of an agricultural cooperative) absorbs capital remaining idle in the hands of its members to form a pool of financial resources. Such financial resources are released to its members in loans to finance improvement of agricultural methods and modernization of agriculture.

The amount of savings in the hand of a single member of the association necessarily lacks such scale as is needed to improve the lot of any of his fellow members. If, however, the savings of the individual members of the association are pooled at the association, the savings will collectively assume the needed scale. Thus a credit association plays an important role in the formation of capital

required for modernization of agriculture.

A cooperative society (or association) is organized to help protect the farmer from the damages of natural calamities and serves as a means of capital formation for medium - and long-term loans. The amount of capital available for loans by a credit association will increase further if the range of its operation is to include life insurance and educational insurance works for its members and their families.

2. Rationalization of Distribution Order

A marketing cooperative (which represents the marketing function of an agricultural cooperative) and a purchasing association (which represents the purchasing function of an agricultural cooperative) are tools of rationalizing distribution order involving the marketing of farm products and the purchase of agricultural materials and daily necessities for their members.

The major functions of a marketing association are:

(1) To increase the value of farm products through the handling of farm products in large quantities, grading and standardization of farm goods—all of which are beyond the managerial capacity of individual farmers.

(2) To prevent a slump of the prices of farm products through control of the timing of marketing and marketable quantity.

(3) To strengthen the bargaining position of the farmer by blocking price manipulations by middlemen and placing the farmer on an equal footing with merchants.

(4) To help the farmer economize his expenses.

(5) To help the farmer improve his knowledge and skill in commercial transactions.

(6) To rationalize distribution order by excluding the part of middlemen.

The functions of a purchasing association are:

(1) To eradicate intermediary commercial and industrial profits.

(2) To help the farmer economize his expenses.

(3) To enable the farmer improve the quality of his products and lower his production cost.

(4) To eliminate the many deficiencies involved in the distribution process between the farmer and the merchant.

(5) To help the farmer economize his living cost by restraining his consumption tendency.

Thus the two organizations have the functions of reorganizing the distribution order in such a way as to ensure maximum benefit for the farmer in terms of his agricultural management and home economy.

3. Improvement of Production Structure

The only means by which the production structure built on the basis of widely scattered small land units can be reformed rests with the creation of cooperatives for the small farmer.

Where population overflows limited arable land areas, the disintegration of farm villages taking place in the course of the development of capitalism is bound to deprive the farmer of his land, degrading him to the status of a serf.

This will cause serious social unrest. Therefore, modernization of agriculture through the disintegration of farm villages is a thing not to be desired.

An ideal solution to the problem is found in the creation of cooperatives among the producers, through which each has the benefits of his own production and can gain more for that by marketing cooperatively with other producers. Similarly, he can lower the cost of his supplies through the same coop.

4. Compensation of Damages by Natural Calamities

The primary function of a cooperative society is to protect the farmer from natural calamities. It represents a mutual-aid system aimed at preservation of life and property of the farmer.

When he joins a cooperative society, he pays membership dues in normal times to receive compensation for what damages he may suffer when natural calamities befall him. The compensation paid him will enable him to recover from the disaster.

5. Training in Democracy

Training of the farmer in democratic institutions is a prerequisite to modernization of agriculture. Modernization will remain a remote possibility as long as the farmer is slave to the feudalistic way of thinking.

An agricultural cooperative is sometimes called a classroom for the training of its members in democracy. It is an organization for, by and of its members, just as the Government is for, by and of the people.

The members of an agricultural cooperative participates in the management and control of the organization through their participation in its projects and their attendance at its general meetings where they elect its officials and in turn are elected to its offices. It is through their participation in the affairs of the organization that they learn what obligations they have to the State and what rights they may demand from the State.

An agricultural cooperative is a body conducive to the education of the farmer in democracy. It is effective because its educational methods are based on the principles of educationalism.

Moreover, an agricultural cooperative provides its members with new agricultural know how and renders guidance to the farmer in an advanced agricultural technique, thereby promoting modernization of agriculture.

III. EFFECTIVE AGRICULTURAL COOPERATIVE SYSTEM

We have taken a look into factors detrimental to the development of farm villages and studied the functions and roles of cooperatives of various types as a means of eradicating such factors.

Eradication of one or two of the factors will of course not usher in modernization of agriculture. It is necessary to solve all of the problems simultaneously. Let us assume that the individual problems in the way of the development of farm villages are to be solved by individual and separate means.

If we are to organize production cooperatives in order to reorganize the existing production structure, purchasing associations and marketing cooperatives in order to rationalize the distribution order, credit associations in order to raise capital, cooperative societies in order to minimize the effects of natural calamities on farm households, and guidance societies in order to train the farmer in advanced agricultural technique, what then?

1. The farmer will have to join the groups enumerated above simultaneously if he is to improve his agricultural skill and his livelihood. He will be forced to spend his valuable time and bear a heavy material burden at the same time.

2. Capital formed through credit associations will have to be used for the formation of the foundations of increased agricultural productivity, the purchase of agricultural machinery and tools and for other purposes which are conducive to modernization of agriculture.

   There are, however, many instances where effective utilization of capital is undermined because of lack of coordination among cooperatives of producers whose role is formation of the foundation of increased agricultural productivity, purchasing associations whose function is to purchase fertilizers, agricultural chemicals and farming tools in behalf of the farmer, and credit associations whose role is the mobilization of capital. The same lack of coordination applies to relationship among other cooperative groups, too.

3. The number of leaders is very limited in farm villages. Because of this, various cooperatives, if organized in a region, will certainly face managerial difficulties which will undermine their normal growth.

   This makes it necessary to fully coordinate the projects of various groups and utilize to the maximum degree the ability of the few leaders. The most effective system will be the organization of multi-purpose agricultural cooperatives which can carry out the various functions of the various groups, while at the same time lessening the burden of the farmer in terms of time and economy.

   In other words, the creation of integrated agricultural cooperatives which represent simultaneously the functions of credit associations, cooperative societies, purchasing associations and marketing cooperatives and rural guidance societies is desirable. Such cooperatives will have to accept all members of their affiliated groups as their members.

Such multi-purpose cooperatives are of course not completely free of defects. To enumerate a few of them:

1. Limited availability of able administrators.
2. Difficulty to ensure correctness in all of the various work channels.
3. Unequal opportunities for the utilization of the system. This may give rise to sectionalism.
4. Complicated managerial procedures may render inefficient undertaking of projects under the system.

In order to eliminate these defects, it will be necessary to avoid any sudden expansion of the workload. It is desirable that works are undertaken by the integrated cooperatives gradually, beginning from such projects of relatively simple process and lesser degree of financial risks as credit business, purchasing operation and marketing functions, in that order.

Multi-faceted projects may be undertaken when the consciousness of participation in them is increased on the part of their members on the strength of accumulated experiences and increased amount of capital.

The organization of local unit cooperatives shall be followed by the organization of regional or national cooperatives.

The national organization must take, in the initial stages, the form of a national federation which controls all the functions exercised by local cooperatives, namely credit, purchase, marketing, guidance, calamity compensation and education. However, as workload increases, it will be divided into a number of unit national federations each representing a separate field of functions. The national federation's functions then will be limited to those of guidance and education.

The national federation and unit federations may then organize provincial chapters and their branches.

Vietnam

COOPERATIVES PERFORM FOUR DISTINCT ROLES IN RURAL LIFE

Presentation

by

DO-QUANG-NANG
Republic of Vietnam

IN Vietnam, the movement of cooperatives had been coordinated by the Commissioner General for Cooperatives and Agricultural Credit until 1965, when it was placed under the Directorate of Cooperatives of the Ministry of National Economy.

A general survey conducted in 1966 has given the following results:

Types of Co-op.	Number	Members	Total value of shares (VN$ 1,000)
-Rice Cooperatives	42	39,328	13,710
-Agricultural Cooperatives (for secondary crop)	95	35,114	13,842
-Union of Agricultural Cooperatives	2	121	1,759

Besides the above mentioned agricultural cooperatives there are also forestry cooperatives, breeding cooperatives, fishery cooperatives, handicraft cooperatives and consumer's cooperatives.

I. FUNCTIONS OF AGRICULTURAL COOPERATIVES

In fostering the development of agriculture and the improvement of rural life, the agricultural cooperatives institutions have played four distinctive functions:

1. In the Marketing of farm products.
2. In the Distribution of agricultural inputs.
3. In Stimulating the farmers' self-help efforts.
4. In building up the foundations of a democratic structure at the village level.

1. The role of cooperatives in the marketing of farm products.

Cooperatives have been of great help to farmers by giving them financial assistance. The financing of farmers' products for marketing

is given under the form of short term loans for annual crop production.

Other operations of cooperative marketing include feed milling and cold storage. This will bring about additional income to the farmers through processing of their own feed crop. The tobacco and tea cooperatives have succeeded in increasing their sale through better marketing and more processing.

2. Role of cooperatives in distribution of agricultural in-puts.

Agricultural cooperatives have participated actively in the distribution of agricultural in-puts, like : seed, fertilizer, hardware, machinery, equipment, pesticide, ducklings, trucking etc.

In the rural development of Vietnam, agricultural cooperatives have played an important role in the implementation of the fertilizer distribution programs.

It is believed, however, that the cooperatives network should be complemented by a commercial marketing system in order to bring about a more effective distribution of agricultural in-puts in rural areas.

This line of thinking is based on the belief that: a complementary commercial marketing system would:

a. Increase the capitalization of the distribution system.

b. Add its technical ability to instruct farmers in the use of seed, pesticide, fertilizer, and other products and services which it provides.

c. Increase the ability to service and provide shares for the goods it sells.

d. Increase the capability to give credit to its customers.

3. Role of cooperatives as local institutions to promote self-help aspirations and efforts.

Cooperative efforts are also considered as vitally important local institutions which can provide appropriate outlets for expression of farmers' self-help aspirations and efforts. The lines of action of several cooperatives stay within the village limits: their members know each other better, they show greater awareness of their joint responsibility and exercise greater self-control in the proper use of services or loans provided by the cooperatives.

This role is, no doubt, the most important one for cooperatives in Vietnam at the present time. The agricultural cooperative institutions not only help to rally the people behind the Government to fight off Communist invasion, subversion and terrorism, but the cooperative movement also plays a major role in the conduct of the "other war" which has been underway under such name as "Revolutionary Development" and "rural reconstruction".

The cooperatives movement, with its special emphasis on the role of the people as participants, weave together economic, social and educational projects which aim at enlisting the people in the fight for their own betterment and their nation's progress.

4. Role of cooperatives in building economic and social democracies.

The agricultural cooperative movement is a program in which the government helps the people to help themselves to a better way of life. It gives the people, and particularly the farmers and laborers, the feeling of ownership and partnership which goes with the cooperative.

The cooperative members come to grip with a sense of responsibility. They become involved in group action and community works. It is by participating in activities of the coopera-

tives that they become responsible citizens of the hamlet and ultimately of the village, district, province and nation.

The cooperative movement not only instills in its members the sense of civic responsibility as a concept but it puts that concept into action in the most effective ways of the self-help activities. It is the fact that through these activities, people and government work in close partnership, and that ultimately the people will become aware that the government is the people, and the people are the government.

II. FACTORS UNFAVORABLE TO DEVELOPMENT OF COOPERATIVES INSTITUTIONS.

The road to Democracy however is not all the time smooth and uneventful. In Vietnam, like in other developing countries, the development of agricultural cooperative institutions has met with several unfavorable factors such as: the low educational standard of the farmers, the lack of leadership and management skill, shortage of capital and the irrational land distribution.

An inadequate pricing policy would also be detrimental both to agricultural production and the development of cooperative institutions. Adequate price incentives to farmers will encourage greater efforts in production. Prices should not necessarily be lowest, but sufficient margins over cost must be accepted to cover all operating costs, depreciation, reserves for contingencies and a margin for building equity for future growth.

Finally, the state of security is highly important to the development of the cooperative movement. During the last few years, the insecurity in some regions has created an exodus of farmers towards the cities and has thereby reduced the activities of cooperatives in these regions.

III. SUPPORT AND ASSISTANCE GIVEN BY VIETNAM GOVERNMENT AND USAID.

The establishment of the new Agricultural Development Bank and its branches in the provinces has been the most important measure taken by the Vietnamese Government to give support and financial assistance to the cooperative movement. This has brought about encouraging progress in the simplification of loan procedures, decentralization of executive powers, re-examination of interest rates and pricing policy, and coordination of credit procurement facilities.

With regard to education and training activities, the Cooperative Research and Training Center have organized training courses ranging from two-day membership education to one-year pre-service training courses for future higher officials. The Center also applied the "case study" method in addition to the method of education by multiplication. A number of courses have also been organized in provincial towns for local field agents and cooperative cadres. The Center also sent hundreds of mobile field agents to the countryside to disseminate government policy and to explain to farmers the principles and methods of borrowing.

With regards to improving cooperative management, recently, consideration has been given to desirable steps for bringing special U.S. cooperative management talents to bear on these Vietnamese needs for rural institutional and national development.

Japan

MARSHALLING CAPITAL RESOURCES

Presentation
by
MR. YUZO TANAKA
Central Cooperative Bank
for Agriculture and Forestry

IN Japan agricultural fund is supplied through cooperatives, commercial financial institutions and Governmental institutions out of corporate and personal savings, and Government finances. Adequate supply of agricultural fund out of the total fund available for national economy depends upon the organization and function of finances. The organization and function of agricultural finance determine whether agricultural fund is utilized to increase agricultural productivity and to raise farmers' standard of living.

The Agricultural Basic Law of 1961 stipulates that the Government shall formulate financial measures necessary for various policies which designate to eliminate the difference of productivity between agriculture and other industries and to balance income of agricultural employees and that of others. According to the Law, Japanese Government has been attaching importance to agriculture in formulating its budget and Treasury loans and investments plan in each year. This is proven by the facts that the share of agricultural budget in the total has been about 10% and farmers have been restoring 15 times the amount of taxes they paid to the Government. The Treasury loans and investments plan has also been allocating considerable amount of fund for loans by the Agriculture, Forestry, and Fisheries Finance Corporation, a governmental financial institution for agriculture as well as forestry and fisheries.

Since 1966 Japanese Government has been raising some of its fund through issuing long-term national bonds, most of which have been bought by commercial banks. As the commercial banks have not enough surplus fund, the Government has been unable to issue as many bonds as it has expected. Therefore, the increase of total amount of budget has been less than expected. Though agricultural budget has been occupying about 10% of the total, it has also increased less than expected. In the total agricultural budget the share of amount for supporting price of agricultural products, es-

pecially rice has been increasing so much that for other purposes has been forced to decrease. Since the Governmental investment to the Agriculture, Forestry, and Fisheries Finance Corporation has been replaced by the subsidies interest of loans, the balance of income and expenditure has become unfavourable for the Corporation.

Each outlook of three kinds of agricultural finance—short-term, medium-term and long-term as the following.

I. SHORT-TERM AGRICULTURAL FINANCE

Since farmers' income has increased, their demand for short-term loans within one year has considerably decreased. Most of short-term loans are supplied by cooperatives, especially by cooperatives, especially by unit cooperatives and their prefectural (regional) credit federations. That is, bumper crop in recent successive years, increase of agricultural income brought by higher price of rice, increase of farmers' income from side-jobs along with the growth of general economy and increasing farmers' propensity to save—these facts as well as the increase of creditability of cooperatives through developing "Depositors Protection Measure" and handling governmental funds have brought 3,600 billion Yen of total deposits and savings received by all unit cooperatives. This amount is enough for them to extend short-term loans to their member farmers. The average rate of interest has decreased to 10.2% per annum. The decrease has been brought mainly be larger scale of unit cooperatives through amalgamations and less cost of funds through rationalizing the management of co-operatives.

II. MEDIUM-TERM AGRICULTURAL FINANCE

Along with the modernization of agriculture the demand for medium-term loans repayable in 1-10 years has been increasing. The Government has also been promoting these loans in order to attain the goals of its agricultural policies.

1. There are 4 kinds of resources for these loans. The first one is time deposits received by each level of cooperatives. Though the maximum term of time deposits is one year, the increasing amount has brought their stability. Therefore, most of prefectural credit federations can extend medium-term loans out of their own funds.

The second one is the reserve fund for insurance liabilities of mutual relief insurance of agricultural cooperative. With the rapid increase of amount of insurance contracts the reserve fund held by prefectural mutual relief insurance federations amounted to a considerable sum. About half the amount is deposited with prefectural credit federations, which utilize it for medium-term loans. Since prefectural mutual relief insurance federations have to increase yields of their reserve funds in order to compete with non-cooperative insurance companies, it is no easy task for them to determine how much should be utilized for agricultural loans and how much for more profitable purposes.

The third one is the debentures issued by the Central Cooperative Bank for Agriculture and Forestry, the apex organization for co-operative credit activities. Only 5 banks being authorized to issue financial debentures in Japan, the Government seems to give thoughtful consideration to provide medium-term funds for agriculture. The total outstanding amount of debentures issued by the Central Cooperative Bank is 350 billion Yen, in which 180 billion are discount debentures of one year term and 170 billion are debentures with interest coupons of 5 years. The former is bought mainly by individuals and the latter by corporations. Since 1966 when long-term national bonds were issued the issuance of debentures with interest coupons has been a little difficult and then that

of discount debentures has been promoted.

The fourth one is Governmental funds. Some of funds raised by the Government through postal savings, annuity and life insurance are loaned to the Agricultural, Forestry, and Fisheries Finance Corporation to be funds for its medium-term loans. However, the share of Governmental funds in total funds for medium-term loans has been decreasing, while that of cooperative savings and the Central Cooperative Bank debentures has been increasing.

2. One of recent important improvements in extending medium-term loans to agriculture is the approval by the Government of direct loans by prefectural credit federations to members of unit cooperatives. Before the approval members of unit cooperatives were able to borrow only from the unit cooperatives to which they belonged. Since the maximum amount of loans permissive to each member, which is approved by the general meeting, is rather small, it can hardly cover the funds necessary for large-scale raising of chickens and hogs. The approval has enabled prefectural credit federations to extend larger amount of loans directly to members of unit cooperatives.

As the result of this approval, the members of unit cooperatives can borrow adequate amount of medium-term loans even if their cooperatives are too weak to bear the risks of such loans and the maximum amount of loans is too small for such loans. However, when prefectural credit federations extend direct loans to the members of unit cooperatives, the said cooperatives used to take part in examining loan applications and taking care of them after they are extended even if the cooperatives are not authorized to approve the loans nor bear the risks of them.

The Central Cooperative Bank has also become to extend loans directly to individual juridical persons which operate agriculture, mainly dairy farming, beef cattles and hog-raising. The Bank bears the risks of loans which unit cooperatives and their credit federations cannot do and utilizes its special knowledge necessary for such loans.

3. The interest rate of medium-term loans has been considerably decreasing. The interest rate of "Modernization Loans" which was subsidized by the central and local governments decreased by 1% per annum in 1966. Therefore, personal borrowers of the Loans pay interest of 6% per annum and corporate ones pay 7%.

These interest rates are lower than those for non-agricultural purposes. The Central Cooperative Bank and prefectural credit federations have also decreased the interest rate of some kinds of medium-term loans out of their own funds. Most of these loans are extended for livestock raising and fruit growing which have been rapidly developing and need financial assistance as well as joint marketing organizations by cooperatives.

4. In order to promote medium-term loans the Agricultural Credit Insurance Association was established. There has been an agricultural credit fund association in each prefecture, which has guaranteed "Modernization Loans" extended by various financial institutions. Since it became too small to guarantee increasing amount of loans within a prefecture, the Agricultural Credit Insurance Association, a nationwide institution, was established by law in 1966 in order to insure guarantee liabilities of an agricultural credit fund association in each prefecture. Of the total capital of the former 800 million yen was invested by the Government, 400 million by the Central Cooperative Bank and 1 million by each prefectural credit fund association. The premium is 0.18% of the guarantee liability amount of each credit fund association and insurance amount is 70% of guarantee liabilities.

The Credit Insurance Association also insures "Modernization Loans" extended by the Central Cooperative Bank. Eight years have passed

since "Modernization Loans" started, and some of the Loans have come out to be unredeemed. Only 1% of unredeemed Loans has been subrogated by prefectural credit fund associations. Therefore, the purpose of the said associations to promote "Modernization Loans" has not been attained effectively. The Credit Insurance Association will make up for such a shortcoming considerably.

III. LONG-TERM AGRICULTURAL FINANCE

1. Most of long-term loans with the term of more than 10 years are extended to attain the goals of agricultural policies. Since 1955 most of Governmental subsidies to farmers have been replaced by loans. Therefore, the amount of long-term loans to agriculture has been so much increasing year by year that long-term loans have become one of mainstays of Governmental assistance to agriculture as well as price-support facilities for agricultural products. As mentioned above, funds for long-term loans are invested by the Government from the general account and are raised out of postal savings and life insurance. The Government, however, has never invested since 1965.

As the Governmental investment requires no dividend, its decreasing share in the total funds for long-term loans brings higher costs of such loans through increasing share of borrowed funds with interest. In order to reduce the cost of long-term loans, the Government has been giving increasing amount of subsidy to the Agriculture, Forestry, and Fisheries Finance Corporation.

2. Increasing amount of long-term loans has been extended to farmers through prefectural credit federations as agencies of the said Corporation. That is, "Comprehensive Loans", long-term loans of 25 years with interest of 4.5% per annum, are going to start this year. These loans are extended through prefectural credit federations, not via unit cooperatives, directly to farmers who can support themselves only by agricultural income.

Farmers who want to get agricultural income enough to support themselves have to borrow a large amount of funds to enlarge the scale of their farms. However, it is too risky for most of unit cooperatives to extend such a large amount of loans to each member farmer. Therefore, prefectural credit federations are going to extend such loans instead of unit cooperatives as seen in the case of medium-term loans.

3. Though farmland has been the sole mortgage for long-term loans, a legislative measure is now under consideration in order to create a new mortgage of farm management as a whole which includes not only farmland but also livestocks and farm machineries. Since the Government has promoted the farmers who can get as much income as the employees of other industries through the management of their own farmland with their family labor, most of long-term loans have been extended to buy farmlands. The Government, however, has changed the policy to admit that farmers may rent farmland instead of buying it in order to enlarge the scale of their farms. The change has created a necessity for the new mortgage mentioned above.

4. Since long-term loans are extended as an important measure to attain the goals of agricultural policies, they have various problems different from those of short - and medium-term loans extended by non-governmental financial institutions out of their own funds. When long-term loans are applied, financial institutions examine personality of borrowers, adequacy of business and financial projects, possibility of repayments, mortgages and other factors, while governments check whether the loans are in line with the goals of certain policies.

Since the "examination" by financial institu-

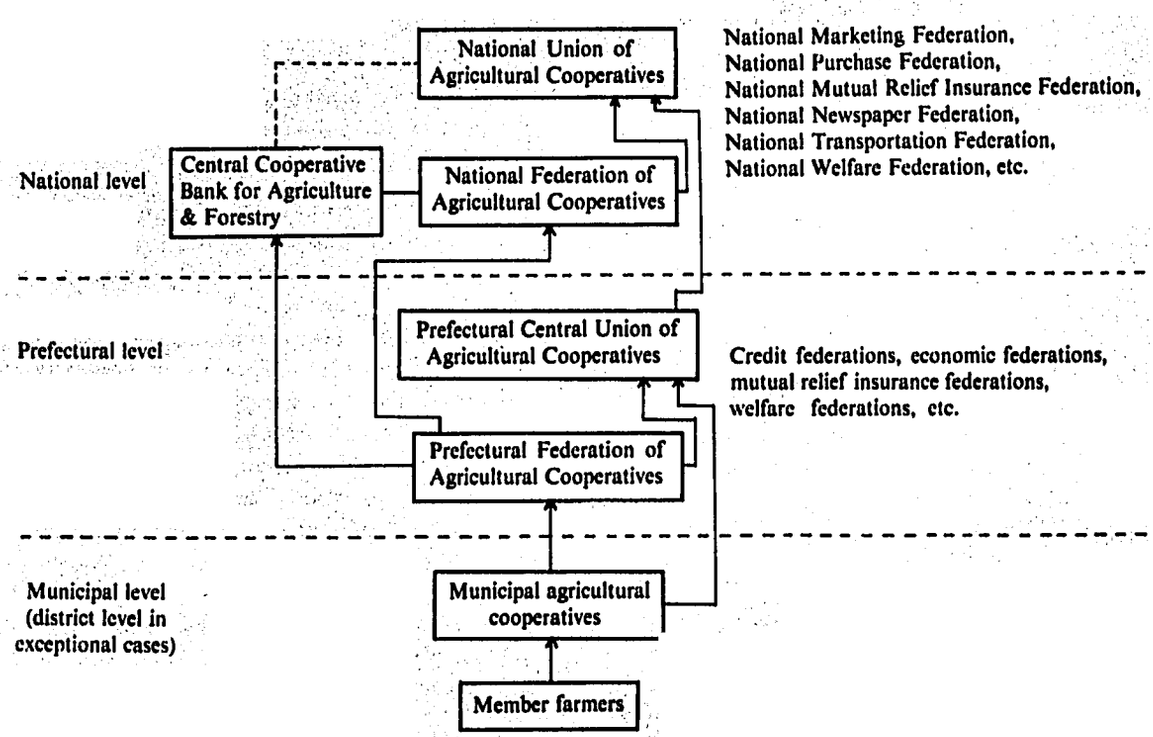
tions is done along with the "check" by governments, the loans need more days from the application to the approval than other kinds of loans, which is burdensome and inconvenient to borrowers. In order to remove such burden and inconvenience the "check" by governments has been simplified and the "examination" by financial institutions such as the Agriculture, Forestry, and Fisheries Finance Corporation has become more important. However, as far as long-term loans are an important measure to attain the goals of policies, it is impossible to abolish the "check" by governments. It is a problem to be solved how to prevent inefficiency caused by the "examination" along with the "check" of the application of long-term loans.

Though Japanese agricultural finance has some problems to be solved as mentioned above, it has been very much contributing to the development of agriculture. This is macro-economically proven by the "social account of agriculture" formulated by the Ministry of Agriculture and Forestry in Japan.

As is generally known, there are three kinds of resources for the investment to agricultural fixed assets—governmental investments to public works, investments out of funds borrowed from financial institutions and farmers' investment out of their own funds. According to the "social accounts of agriculture", the total gross investment to agricultural fixed assets in 1960 amounted to 451.8 billion Yen, in which 47.9 billion, 10.6% of the total was borrowed from financial institutions, while the total investment in 1966 amounted to 915.3 billion, in which borrowings from financial institutions increased up to 179.4 billion, 19.6% of the total. This shows that the share of financial institutions in the investment to agricultural fixed assets has increased. This has been the result of the promotion by financial institutions of agricultural development through the investment to fixed assets. The fact that Japanese agricultural financial system has been effective in developing agriculture as seen above does not necessarily mean that other policies than the improvement of agricultural financial system may be neglected.

Financial system for agriculture as mentioned above is reconsidered to have been too effective to promote farmland policy as the basic agricultural policy mainly to enlarge the scale of farm. This is because agricultural finance, due to its own restrictions, should be subsidiary to the agricultural policy, however effective it may be for agricultural development.

ORGANIZATIONAL CHART OF AGRICULTURAL COOPERATIVES



Philippines

INTERNATIONAL AND REGIONAL ORGANIZATIONS

Presentation

by

DR. NATHANIEL B. TABLANTE
Director, Agricultural Credit and Cooperatives Institute

ECONOMIC development is at the forefront of national policies and programs of many countries of the world today. In the under-developed countries of Asia and the Far East, where the people have become aware of the problems of poverty, disease and illiteracy in their midst, where they have been afforded new financial opportunities, and where they are imbued with a strong urge to move forward because they have in recent years gained their political emancipation, the major task at hand is the raising of the critically low standards of living of the mass of the population within the shortest time possible.

Prompted by the increasing demands of the people to satisfy a host of new and higher levels of aspiration for improved living standards, these nations are starting to break out of their hegemonious and deeply conservative type of existence and are thus beginning to enter, or have entered, into an early period of transition from economic backwardness to socio-economic modernization. The ultimate goal in this awakening to economic development is to assure the people of improved well-being through the provision of better living for all, in an atmosphere which respects the dignity and worth of each individual as a human being, and where there is equality of economic, social and political opportunities.

There is general agreement among us that attainment of the objectives of economic development at an accelerated pace in many countries in the region is largely dependent upon the improvement of agricultural productivity, since agriculture is the basic industry which supports the economy of these countries. Increased efficiency in agricultural production will mean more and better food for the growing population, more raw materials for the expanding nonagricultural industries, greater amounts of foreign exchange earned or saved, excess manpower on farms being made available to industries producing goods and services that make for a high standard of living, and higher

incomes for rural families, that would provide the necessary purchasing power with which to acquire the manufactured consumer goods and farm supplies and equipment. On this basis, it is clear that increased agricultural productivity stimulate total economic development and should, therefore, be given priority in our programs.

In many of the developing countries of the Far East today, cooperatives and credit institutions offer unlimited possibilities for agricultural and rural development, which, in turn constitutes the generating force in economic growth and development. As stated in the proceedings of the 1965 Workshop, "The systematic growth of the agricultural sector of every economy rests upon the infusion of credit and capital resources in farm marketing and farm supply most favorable to individual and the national agricultural economies;" and again in the general theme of the present Workshops. "Serving a Growing Agricultural Economy through Institutional Development," there is sufficient reason to believe that credit and cooperatives are recognized as valuable instruments in the achievement of our objectives.

Whatever its type, the cooperative form of organization provides an opportunity for small individual producers and consumers, whose resources are generally limited, to obtain commodities and services not available to them economically as individuals, thereby placing them in a better position to enjoy the benefits of large-scale operations in purchases, sales and service. The cooperative cuts across all levels and practically all kinds of economic activity which affect the members or in which they are involved or are deeply concerned. In the cooperative enterprise, they are afforded an excellent opportunity to participate actively, irrespective of their wealth, in management decisions affecting their interests as individual producers or consumers. Cooperatives are not only instruments in the hands of members to protect their common interests in removing a particular economic disadvantage or in achieving a desirable objective, but also they are a practical means of educating the citizenry on how to collaborate in a constructive task, to deal with economic realities, and to practice self-discipline under leaders whom they themselves choose.

Again, to quote from the 1965 Workshop proceedings: "In an economy based on agriculture, however, such as most of the Far East region, the inclusion of cooperatives in over-all national planning is one of the most helpful methods to raise living standards in rural areas, to provide an orderly and efficient marketing system for farm products, to encourage individuals to take part in community efforts and to release farmers' hidden capital."

On the other hand, credit permits the small farmers to acquire the necessary inputs required for efficient agricultural production. Given adequate financial resources, they would be enabled to use modern technology and better farm management practices in their farm operations. And they would be liberated from the inflexibilities of a marketing system brought about by the tie-up of credit and marketing under the monopolistic control of unscrupulous merchant-money-lenders, and thereby improve their bargaining position. Credit will provide the farmers with the funds for financing farm operations, for the purchase of livestock and equipment for undertaking farm improvements, for promoting the fuller utilization and increased efficiency of farm labor, and for enhancing technological advancements in production, processing and marketing — capital which they usually cannot supply out of their own savings.

It is apparent that the attainment of increased productivity and improved levels of rural living in any country whose economy is basically agricultural hinges largely upon the effectiveness of credit and cooperative programs. For this reason, governments, farm leaders and other organizations have taken steps to develop

effective credit and cooperative institutions. Within each country, we find a ferment of internal effort to improve existing traditionally—embedded institutions and practices, and to develop new and more efficient programs and policies relating to agricultural credit and cooperatives. Using their own limited resources and indigenous skills and experiences, the national governments of these countries have studied their particular situations and possibilities, defined their objectives, formulated general policies and carried out appropriate courses of action directed towards institutional arrangements for increasing agricultural productivity and for improving the distribution of the product. Side by side with these governmental activities is the support given by the private sector to speed up the process of institutional adjustment.

Doubtless, much has been accomplished by relying on one's own resources and facilities. However, there is a limit to what can be done by individual action. Some of the larger efforts of individuals and even governments, can be successful, or will be more effective, only if undertaken collectively. Countries now undertaking the expansion of their development plans can proceed at a faster pace than otherwise it would be, because they can benefit from the accumulated experience, the pool of expertise knowledge, and oftentimes, the financial resources, of external-assistance agencies and organizations. From the standpoint of both technological and financial abilities, many advanced nations and international organizations are now engaged in a huge program of spreading their knowledge and giving financial assistance to the less favored nations. There has never been a time in the economic history of the world when the more developed and the underdeveloped countries reach out toward one another, each aware of the mutual advantage that comes from sharing problems and solutions.

Regional or international organizations are of different kinds and are established for a variety of purposes. For example, some are bilateral, i.e. involving two nations, such as the United States Agency for International Development (USAID), in which a program agreement is signed between the Governments of the United States of America and the Republic of the Philippines. Others are multilateral, in the sense that their programs involve many nations, e.g. the Food and Agriculture Organization (FAO). The multilateral type may still be subdivided into regional (i.e. involving nations of a specific region; e.g. the Economic Commission for Asia and the Far East, or ECAFE, and the South East Asia Treaty Organization, or SEATO), or international (i.e. involving countries in different regions; for example, the International Bank for Reconstruction and Development).

Some organizations are concerned with particular commodities, such as the various international commodity agreements and the International Labour Office; others are general in coverage, i.e. the Expanded Technical Assistance Programme of the United Nations and the Colombo Plan. Still others are associated with political objectives, while some are limited to technical matters. Or, an organization may limit its operations to the production aspects, while others are market-oriented. Some international organizations are non-governmental in character; e.g. the International Cooperative Alliance, the Church World Service, the C.A.R.-E. (Cooperative American Remittances Everywhere), the Rockefeller and Ford Foundations, the Agricultural Development Council and the Asia Foundation.

As to purposes or activities, international or regional organizations may be engaged in promoting the interchange of ideas and information, providing technical and/or financial assistance, supplying statistical data and economic intelligence service, stabilizing currencies and markets, promoting the training of technical personnel, formulating and evaluating development projects, and engaging in philan-

thropic activities, to mention a few. Evidently, no one form of organization is superior in undertaking all purposes. Depending upon the objectives and operating conditions, international organizations differ in their suitability and performance. But it can be justifiably claimed that wide divergence of purposes and organizational structures of these institutions is in itself an indication that each of them has its place and its respective role to play.

To paraphrase Abraham Lincoln, the guiding principle that should be observed with respect to the allocation of responsibility between the assisting organizations and the recipient countries is that the legitimate object of a regional or international organization is to do for a nation or a community of people whatever they need to have done but cannot do at all, or cannot do so well for themselves in their separate and individual capacities. In all activities that the people of a given country can individually do as well for themselves, the international organization ought not to interfere. Prof. Don Paulberg of Purdue University added a corollary to this principle. Any given operation should be performed as close to the local level as possible, the criteria being efficiency and the development of broadly shared responsibility. This means doing in the local community whatever can be done well there, leaving to international agencies those tasks which they can discharge and which national governments cannot better accomplish. The work of the international agencies and regional organizations must reinforce, not replace that of national governments. It should supplement or complement, not substitute the efforts of the countries being assisted. It must to a large degree be similar in their objectives to those of the recipient nations and should respect the cultural values of the people of the countries. And it should primarily be advisory rather than coercive or dictatorial in nature. It should facilitate rather than obstruct the progress of the nation concerned.

Whatever the type, purpose (s), and motivations of international donor organizations may be, their assistance to underdeveloped countries is certainly welcome. Their efforts, in combination with those of the recipient governments and private agencies with the countries concerned, will surely help to advance the beneficiaries several steps farther along the road towards the attainment of national development objectives.

There is a wide range of activities with which regional and international organizations can make cooperative and credit institutions and programs in underdeveloped countries more effective instruments for achieving agricultural and rural development. In many of these countries, the efforts of the assisting agencies and organizations can, and should be directed towards generally strengthening the weak points in the structure of existing institutions and helping them develop new policies, new programs and new tools for the solution of pressing problems, within the context of the prevailing local culture patterns and value systems of the nation to which the assistance is being administered. The main idea is to build upon existing plans and programs which have been developed by the local people themselves, rather than to destroy these structures and start all over again, primarily utilizing the experience, values and background of the innovator's way of life.

With these general principles in mind, international organizations can be expected to play an important role in developing effective credit and cooperative institutions and in strengthening related programs which are likewise geared towards agricultural and rural development.

These organizations may provide expert service for advising cooperative and credit institutions and agencies concerned with these institutions. The services of these technicians are needed in the Philippines in the specific areas or organization and management of

cooperatives, loaning operations and credit policies of lending institutions, training methods and courses for cooperative and credit personnel, developing suitable training materials and visual aids, agricultural development programs, including the modernization of production and marketing activities, planning for the establishment of the Regional Training Center for Cooperatives and Credit and other fields of endeavor. Such expert service has been provided to the Agricultural Credit Administration, the Department of Rural Banks of the Central Bank of the Philippines, and the Agricultural Credit and Cooperative Institute, by the U.S. Agency for International Development and the International Labour Office of the United Nations.

The assistance of these organizations in providing capital funds, equipment and facilities to cooperatives and credit institutions and agencies may also be mentioned. Examples of these are the $5 million loan granted by the World Bank to the Rural Banking System to finance medium and long-term loans for farm mechanization and irrigation, the Peso 5 million Agricultural Guarantee and Loan Fund established by the U.S. AID Mission to the Philippines, the storage, processing and other facilities provided by the U.S. AID, the farmers cooperative marketing associations, and the facilities and equipment of the Agricultural Credit and Cooperatives Institute acquired through the financial assistance given by the U.S. AID, as well as the setting up of suitable library facilities by the Institute, out of a grant from the Asia Foundation. In the future, funds generated by the Asian Development Bank will be made available to member governments which, in turn, may utilize these funds for increasing the capitalization and lending capacities of credit and cooperative institutions.

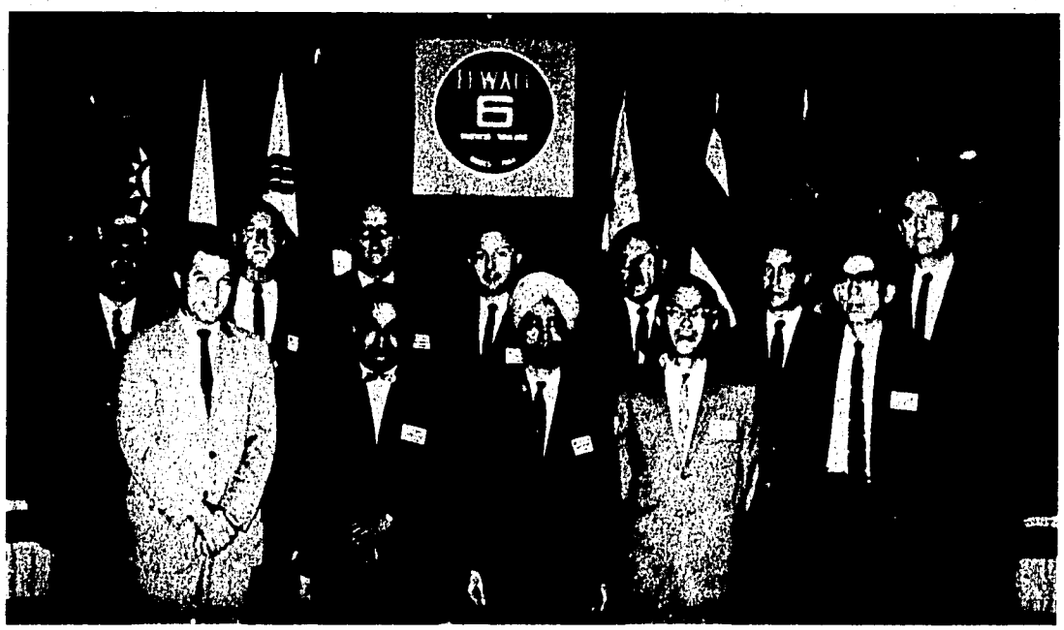
Another important area of technical assistance from international organizations is the granting of fellowships and study grants to develop a pool of trained personnel who will man the cooperative and credit institutions and to upgrade the staff of training centers. Assistance in this form is available through the U.S. AID, Colombo Plan, United Nations Special Fund, ILO and other UN agencies, foundations and bilateral agreements.

One of the needs in many countries in the Far East is for more dependable statistical data and information on the situation and prospects. International organizations may help in gathering and compiling statistical and economic information through researches and technical studies and in disseminating them to requesting governments. They can also serve as clearing houses for the exchange of information and experience among the countries concerned, since they are in a strategic position to determine what work is underway in every country and what publications are available.

Through their sponsorship of regional conferences, seminars and workshops, international organizations can provide a world forum where problems and specific issues concerning cooperatives and credit administration, management and development can be discussed and debated, and common lines of national policies agreed upon; where there can be an interchange of information and ideas that would promote a more cohesive relationship between institutions; where experts from each major region are able to discuss among themselves the most recent advances in cooperatives, credit marketing, land reform and other rural institutions; and where participating nations can plan jointly and carry out collectively measures designed to secure improvements in production, processing, marketing, distribution, credit, cooperatives and international commodity arrangements.

The Far East Agricultural Credit and Cooperative Workshop is a good example of the use of international machinery for the solution of common problems in the region. Light has

been shed on many matters affecting the efficiency of agricultural credit and cooperative institutions. A regional conversation has been started among the responsible leaders and officials in many countries of the Far East, and this conversation is constantly growing. The results of this international conversation are reflected in the maturing development of credit and cooperative institutions as effective tools of agricultural development and total economic development. Certainly, this is sufficient justification for us to make greater use of regional and international organizations in the attainment of our goals.



OBSERVERS: International Organizations

Front: Peter T. Mc Neill (CLUSA/Thailand), S.K. Saxena (ICA), Mohinder Singh (ECAFE), M. Yamashita (FAO), A.M. Seth (FAO).

Back: C. D. Prasada Rao (AARRO), John W. Eklund (FUIAC), Robert R. Forbes (CLUSA/Thailand), M. T. Balke (CLUSA/Vietnam), Adlowe L. Larson (ICTC), Edgar Tilly (ILO), Ferris S. Owen (CLUSA).

Laos

TRAINING FOR EARLY STAGES OF DEVELOPMENT

Presentation

by

MR. SINGSAMOUTH BOULOM

Deputy Executive Officer
for Agricultural Development

EDUCATION and training is the foundation of credit and cooperatives and is a basic essential element to developing economies.

To establish a successful program the existing facilities for training must be analyzed and if necessary expanded.

Laos, it must be recognized, is in the incipent stages of agricultural development. Laos has no training facilities for either credit or cooperatives.

The approach which is currently being considered is as follows:

1. To establish in country training facilities as quickly as possible.
2. To initiate out of country educational programs for qualified Lao personnel.
3. To temporarily use credit and cooperative experts to initiate the educational program in the country. Preferably the expert should be recruited with adequate knowledge of conditions in Southeast Asia and experience in cooperative development work.
   a. The expert will assist Lao officials draft laws, select personnel, interpert rules, and the type of cooperative.
   b. He will help the responsible Lao official organize management of the Office of Cooperative and Credit.
   c. He will train the personnel attached by the use of conference and training seminars.
4. Plans are being instituted to allow trainees to receive training sites in countries comparable to Laos. This however should be considered temporary. The development of a well-planned and permanent training program for cooperative leaders, prospective teachers and selected government officials, and the initiate of a strong education and

information programs, cooperatives and credit should be benificial. Another objective is to develop sound cooperative legislation; experts should be assigned with the Directorate of Agriculture to formulate for enactment suitable national cooperative laws.

5. The economy of Laos is basically agricultural so most of the work on cooperatives will be related to agricultural development.

We should consider establishment of a Department of Credit and Cooperatives under the Directorate of Agriculture so as to promote, educate and draft broad guide lines for future cooperative development of Laos.

The emphasis in areas of cooperatives and credit is currently being placed on the distribution of goods of production such as fertilizer, insecticide, hand tools, water pumps, and other productive inputs.

Groups are currently being organized to purchase via credit water pumps and other commodities of production. It is hoped that eventually, as cooperative education becomes a reality, these groups may mature into cooperatives. The major objective of the foreign aid program, (U.S. Government) AID, is extending financial and technical assistance in line with the general policy of emphasis on development and assistance to cooperatives in under-developed countries.

In light of this policy we believe that a solid foundation and good organization base for cooperatives and credit is a strong educational and training program which will be useful as a counter-insurgency measure and instrumental to the developing economy of Laos.

Different types of credit system in Laos

For the first time in Laos a credit system was introduced in May 1967, under the direction of Mr. Thomas M. Ketelle Credit Advisor to the Agricultural Development Organization.

a. Credit sale of small water pumps.

He initiated the sale of small water pumps on credit to eligible farmers. The terms of small water pump credit sales was a maximum repayment period of one year, a minimum of 40% or more down payment, and a charge of 1% per month interest. During the initial stages of on credit sales program, bottle necks in pump supplies did not allow ADO to keep current with demand. To date during FY 68, ADO has sold 165 small water pumps via credit sales and about another 35 water pump cash sales. It is expected that 100 more credit sales contracts will be negotiated in FY 68. The potential for credit sales of small pumps in Laos is almost unlimited.

It is expected that ADO will easily sell 500 water pump in FY 69. Laos has a sales potential of 10,000 small pump units per year after dealer capabilities have been established.

We believe that after one more year of water pump sales and promotion, ADO will have accomplished its purpose of creating demand for small pumps. ADO endeavor to encourage private business to enter business of selling pump.

ADO should however, continue to provide credit for water pumps until commercial institutions or credit cooperatives are developed to assume this function.

b. Credit sales of fertilizer, insecticide and small commodities in Laos.

Under the dynamics of Mr. Ketelle, credit advisor to ADO a simplified credit and sales system was established to facilitate distribution of production commodities to the Lao farmer.

Briefly the system involves taking orders from individual farmers on a village basis and

delivering the commodities at a pre-arranged date prior to rice planting.

The delivery of goods, such as fertilizer and insecticide, is made at a central location at which time the individual credit sales contracts are signed. The collection may be accepted in rice in kind or in kip.

The administrative fee charged by ADO is 5% per season. ADO presently has credit contracts with approximately 500 dry season farmers. The payment on these contracts should begin in June 7, 1968.

We expect to have 6,000 credit sale contracts which will probably be negotiated during the season of 1968.

The potential scope of this credit program overshadows all prior programs instituted by ADO. It is conceivable that Laos will be potential market, within five years, for 30,000 M.T. of fertilizer. It is imperative, if sufficient quantities of fertilizer-insecticide are to be distributed, that a basic Agricultural Credit system be established to facilitate such sales.

Problems:

a. No existing commercial Agricultural Credit system.

b. No existing rural banking System.

c. Complete lack of credit education for both the RIG and the Lao farmer.

d. No credit training facilities or instructor available that has technical Lao language training-complete with credit education.

e. No cooperative education or promotional institution exists on the national level.

f. No Agricultural Credit Bank discount facilities for credit unions if they were established.

Mr. Gordon Roth, Editorial Consultant AID/W
Mr. Pramoon Vidhyananda, Chairman, Publications Committee.

Thailand

ESSENTIALS OF EDUCATION AND TRAINING

Presentation

by

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THIS paper aims to briefly present (1) credit situation in Thailand, (2) education and training activities for effective credit and efficient cooperative institutions carried out by the cooperative administrative agencies during the period from 1965 to 1967, (3) problems facing the education and training, and (4) conclusion and points for discussion.

1. Credit Situation in Thailand

There are more than 3 million farm families in Thailand today, accounting for 75 percent of the total families in the country. With the growing agricultural economy, Thai farmers are in need of more new inputs in order to make their farming viable and more productive.

Of the total farm families, 5 percent were members of agricultural credit cooperatives with an average loan of 2,500 baht per member in 1966. These farmers cultivated about 10 percent of the total farmland in the country. The study by Kasetsart University[1] disclosed that 70 percent of the total farm families in the country were indebted with an average of 5,450 baht per family.

The major source of credit among Thai farmers are relatives, individual money lenders, neighbors, and credit institutions respectively. Besides credit cooperative institutions, the Bank for Agriculture and Agricultural Cooperatives and some commercial banks now operate their own farm credit programs.

We all agree that credit or borrowing does not imply insolvency; many prosperous business firms and individuals are regular borrowers. But not all of us agree that credit is always effective. There are several factors influencing the effectiveness of credit. By far the most important is the productivity and profit of the inputs for which the credit will be used. This in turn depends upon (1) highly productive new inputs being researched and developed,

[1] Pantum Thisyamondol, et al., *Agricultural Credit in Thailand* 1965, p. 20.

(2) being distributed so that farmers can buy them if they have the credit, and (3) the prices of the inputs and the products are such that they are profitable. On top of all of these conditions, the farmers must be good managers to use credit efficiently. The topic of this paper is to discuss how education and training can produce better managers.

2. Education and Training Activities.

To make credit and cooperative institutions effective and efficient, credit receivers, credit givers, government and non-government officials of the cooperative administrative institutions and the people concerned must be adequately educated and trained.

During the period from 1965 to 1967, more than 60,000 members of rural credit cooperative organizations were educated and trained by the Mobile Units of the Ministry of National Development. Of these members, 96 percent are committeemen. About 20,000 of the general public were also educated and trained by the Mobile Units. Each of the nine Mobile Units worked 130 days a year with an average daily expense of about 400 baht. It costs about 0.17 baht per head of the participant farmer members. And the total expenditure per year for training and extension purpose of the Mobile Units was about 0.07 percent of the total working capital of rural credit cooperative organizations.

In addition, regular education and training of the members and committeemen at district and provincial levels is normally carried out by responsible central and local cooperative officials.

In the same period mentioned above, 1,401 government officials of cooperative administrative agencies received inservice training. Duration of the training ranged from 9 days to 4 months. The subject matters of training varied with the kinds of the trainees and the objectives of the training.

The Bank for Agriculture and Agricultural Cooperatives and some commercial banks operating their own farm credit programs also educated and trained their staff members and farmers who receive their credit services.

3. Problems Facing Education and Training.

Problems facing education and training for effective credit and efficient cooperative institutions especially rural credit cooperatives in Thailand may be itemized as follows: (1) relatively low level education and training among the farmer members of cooperative organizations, (2) inadequate qualified officials in both non-government and government organizations responsible for guidance, assistance, promotion and supervision to cooperative organizations, (3) inadequate funds allocated for education and training, (4) inadequate subject matter as well as teaching technique materials, duration and repetition of education and training, and (5) rural credit cooperative organizations being too small in terms of volume of business.

The level of education of the farmer members of rural credit cooperative organizations must be relatively low even among the general Thai farmers. The reason for this statement is that the underlying objective of organizing rural credit cooperatives as stated in the Cooperative Law is to help farmers of small means, particularly who fell into debt. The farmers of small holding in Thailand have relatively low level of education as outlined in Table 1, and the rate of literacy among Thai farmers varies from region to region as shown in Table 2.

The committeemen who run the rural credit cooperative organizations must also have relatively low level of education if the reason stated in 4.2 is correct.

As of October 1, 1966 only about 14 percent of the government officials employed by cooperative administrative agencies and responsible for guidance, assistance, promotion and supervi-

sion to cooperative organization had received an associated degree or higher. Of these with more education, 60 percent were stationed in respective central departments in Bangkok. The study by Kasetsart University found that only 8 percent of provincial and local government officials in relation to agriculture (See Table 3) hold the associate degree or higher; and only about one-fourth of their time was spent for field work.

The funds allocated for education and training farmer members and the non-government and government officials who are concerned with credit cooperatives are very limited. If it is compared with the total working capital of rural credit cooperatives in a year, it will hardly be more than one percent.

The types of subject matter offered by cooperative colleges in selected countries are outlined in Table 4. The emphasized subjects are Cooperation, Economics, Sociology, Law, Management and Marketing respectively. Since this list suggests what the officers in agencies concerning with cooperative movement were educated and trained in, what the farmer members of cooperative organizations were educated and trained in, no doubt, would be less. Note that management and marketing were the least covered subjects, yet one would expect these to be the biggest problems in making cooperatives successful.

If rural credit cooperatives are to be considered as business organizations, the rural credit cooperatives in Thailand are too small in terms of volume of business to be efficient under present circumstances. Considering level of knowledge and technology of Thai farmers in addition to their volume of need for credit, a multipurpose cooperative organization, covering a whole district (amphur), as the Ministry of National Development is now considering and undertaking, will probably give the volume that could make for efficient operation.

4. Conclusion and Points for Discussion.

In an economic sense, demand for credit increases when farmers can make profit from using more credit. A growing agricultural economy requires new inputs. Credit enables farmers who are in need of it to buy new inputs. Managerial skill of farmers, however, is essential for making the credit more effective.

In order to improve the managerial skill of farmers, education and training should be emphasized accordingly as follows: (1) proper subject matters for effective short, intermediate and long term credit and efficient cooperative institutions must be selected in the light of their needs, (2) teaching methods, materials, teaching aids, etc., must be proper and adequate, (3) qualified trainers as well as trainees have to be considered and selected for specific purposes of education and training.

If we want to make credit and rural credit cooperative organizations effective and efficient in terms of economic activities, it is wise to separate credit service into two programs dealing with two different groups of farmers. The economic credit group of farmers' cooperatives should be based on economic size of farm, volume of business and profitability of the inputs for which the credit will be used. Considering Tables 1 and 5, if economic credit cooperative consists of farmers who hold a farm of size, say, 45 rai and over, then the number is around 10 percent of the total farmers in the country. The cost of educating and training them would be relatively lower for the level of their education and training is relatively higher and managerial skill of these farmers must be relatively higher. They would be more capable of making credit more effective and their credit cooperative organizations more efficient.

TABLE 1. Educational Level of Thai Farmers in 1963, Classified by Size of Farm.

Size of Farm (rai)	No.of Farmers %	Literate %	Level of Education (%) no grade	below[1] grade 4	grade 4 and over	other
(1) 2 - 5.9	100	60.8	41.3	16.7	38.7	3.4
(2) 6 - 14.9	100	63.8	38.9	18.7	39.4	3.0
(3) 15 - 29.9	100	69.3	34.7	19.5	42.3	3.4
(4) 30 - 44.9	100	72.1	33.4	19.3	43.0	3.9
(5) 45 - 59.9	100	72.7	33.5	19.3	42.6	4.5
(6) 60 - 139.9	100	74.5	33.1	18.7	42.8	5.3
(7) 140+	100	80.6	26.3	15.4	50.7	7.5

[1] Four years of elementary schooling.
Source: National Statistical Office, Bangkok, *Census of Agriculture 1963*. (organized data)

TABLE 2. Educational Level of Thai Farmers in 1963, Classified by Regions.

Regions[1]	No.of Farmers	Literate %	Level of Education (%) no grade	below grade 4	grade 4 and over	other
North	777,642 (100%)	62.5	40	20	37	3
Northeast	1,220,786	67.6	32	17	49	2
Central	722,971	73.0	35	19	42	4
South	493,006	63.0	42	18	35	5
	3,214,405	66.9	36	19	42	3

[1] North, 16 Provinces; Northeast, 15 Provinces; Central, 26 Provinces; South, 14 Provinces; Total 71 Provinces.
Source: National Statistical Office, Bangkok, *Census of Agriculture 1963*. (organized data.)

TABLE 3. Educational Qualifications Held by Ordinary Permanent Officials in Relation to Agriculture According to Grade of Rank, Udornthani, 1958-1959

Qualifications	Personnel Grade						
	Special	First	Second	Third	Fourth	Total	%
Preliminary School	—	—	—	—	1	1	2
Six years or less of secondary school	—	—	2[1]	9[2]	30[3]	41	63
Pre-college school (two years after six years of secondary school)	—	—	—	1	5[4]	6	9
Agricultural vocational high school (three years after six years of secondary school)	—	—	1[5]	—	4	5	8
Teaching certificate in agriculture	—	—	—	3	4	7	10
Associate degree (Kasetsart University)	—	—	2[6]	1	—	3	5
B.S. (Kasetsart University)	—	—	1	1	—	2	3
Number of Personnel Grade	—	—	6	15	44	65	100

[1] One had two-year training in relevant field of knowledge.
[2] Five had two-year training in relevant field of knowledge.
[3] One had three-month training in relevant field of knowledge.
[4] Two had six-month training in relevant field of knowledge.
[5] Two-year training in relevant field of knowledge.
[6] One has associate degree in engineering.

Source: Arb Nakajud, *A Study of Provincial and Local Government in the Province of Udornthani, Thailand, with Special Reference to Agriculture;* Kasetsart University, unpublished research report, 1962.

TABLE 4. Courses Offered by the Cooperative Colleges in Selected Countries.

Subjects	Countries				
	England[1]	Japan[2]	Taiwan[3]	South Vietnam[4]	Thailand
1. Agriculture					
General	—	x	—	—	x
History	—	x	—	—	—
2. Accounting					
General	—	—	—	x	x
Coop. Accounting	x	x	x	x	x
3. Cooperation					
History of Coop. Movement	x	x	x	—	x
Coop. Systems in different Countries	x	—	x	—	x
Principles of Cooperation	x	—	x	—	x
Coop. Supervision	—	x	x	x	x
Ag. Cooperation	—	x	x	x	x
Consumptive Cooperation	—	—	x	—	x
4. Economics					
General	x	x	x	—	x
Economic History	x	—	x	—	—
Economy of the Country	—	—	—	x	—
Ag. Economics	—	x	x	—	x
Economics of Cooperation	x	—	—	x	—
Economics of Business Firms	x	—	—	—	x
5. Finance					
Coop. Finance	x	—	x	—	x
Ag. Finance	—	x	—	x	—
6. Law					
General	—	x	—	—	—
Coop. Law	x	x	x	—	x
Commercial Law	—	—	—	x	x
Industrial Law	x	—	—	—	—
7. Management					
Coop. Management	x	—	—	—	x
Farm Management	—	x	—	—	x
Business Management	—	—	x	—	x
8. Marketing					
General	—	—	x	—	—
Ag. Marketing	—	x	x	—	—
Coop. Marketing	—	—	x	—	x

Table 4. (continued)

Subjects	Countries				
	England[1]	Japan[2]	Taiwan[3]	South Vietnam[4]	Thailand[5]
9. Statistics	—	x	x	—	x
General					
Business Statistics	x	—	—	—	x
10. Sociology					
General	—	x	—	—	x
Social History	x	—	x	—	—
Human Relations	—	—	—	x	—
Rural Sociology	—	x	—	x	x
11. Mathematics					
General	—	—	—	—	x
Business Math.	—	—	—	x	—

Note: x=yes
— =no

Source: [1, 2, 4] Mr. Thep Saiyananda, *Co-operative Education, Training and Promotion in Accordance with the Economic Development Plan*, Co-operative Techniques and Promotion Division, Office of the Under Secretary of State, Ministry of National Development, Bangkok, 1954.
[3] *The Department of Co-operation, Chung - Hsing University, Ho - kiang* street, Taipei, Taiwan, 1962.
[5] Faculty of Economics and Business Administration, Kasetsart University, Bangkok, Thailand, 1967.

TABLE 5. Number of Farmers and Area farmed in Thailand, 1963.

Size of Farm (rai)	No. of Farmers	% of all Farmers	Area Farmed	% of all Area Farmed
less than 1.9	127,264	4.0	51,478	0.1
2 - 5.9	467,876	14.6	1,728,179	2.4
6 - 14.9	944,526	29.3	9,060,788	13.0
15 - 29.9	884,411	27.5	18,498,369	26.6
30 - 44.9	422,710	13.1	15,044,175	21.6
45 - 59.9	193,262	6.1	9,811,983	14.1
60 - 139.9	163,183	5.1	12,892,136	18.6
140 - over	11,173	0.3	2,595,329	3.7
TOTAL	3,214,405	100	69,682,437	100

Source: National Statistical Office, Bangkok, *Census of Agriculture 1963*. (Organized data)

Philippines

BREAKTHROUGH IN RICE PRODUCTION

'resentation

by

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AT the Second International Conference on War on Hunger held in Washington, D.C., U.S.A., on February 20, 1968, the Committee on World Food Crisis, in a citation, praised the President of the Philippines, Ferdinand E. Marcos, for his vigorous leadership and noted the Philippines' self-help efforts in agricultural development as having set an example "for the peoples of other food-deficient nations" to follow.

This signal honor for the Government of the Republic of the Philippines and the Filipino people is in recognition of the country's "outstanding success in expanding rice production." It is expected that the current rice crop will produce about three million metric tons of milled rice, representing a 10 percent increase over last year's production—an all time record in the history of rice production in the Philippines. Such an increase is considered more than adequate to cover the rice importations made in the past year, with prospects even of exportation in the coming year.

Prior to this breakthrough, rice shortage has always been a nagging problem in the Philippines. Previous efforts to solve this problem have not yielded satisfactory results so that importation had to be resorted to in order to fill the gap between consumption requirements and domestic production. The national average rice yield in the Philippines for over half a century now has remained at not more than 30 cavans of 44 kilograms each, or about 1.3 metric tons per hectare.

Factors Responsible for the Breakthrough

In his address before the joint session of the Philippine Congress, President Marcos called attention to this basic problem when he stated that: "Demanding prime attention is the challenge of sufficiency in food crops. Our food supplies are grossly inadequate. We now produce less than three-fourths of our nutritional needs. Self-sufficiency in rice must be attained."

And so, the Rice and Corn Production Program was launched immediately at the start of his administration. This program, which resulted in the breakthrough in rice production, was directed towards strengthening the weak points of past efforts in attacking the problem. Essentially, it was action-oriented, with both the public and private sectors contributing their respective shares to make it succeed. Specifically, the basic ingredients of this program are:

1. The introduction and extensive use of high-yielding varieties (HYVs) of rice developed at the College of Agriculture of the University of the Philippines, the Bureau of Plant Industry and the International Rice Research Institute, such as the C-18, C-4-63, BPI-76-1, IR-5 and IR-8 (otherwise known as the "miracle rice"). These non-seasonal varieties have proved their capacity to produce from 100 to 200 cavans, or about 4 to 8 metric tons per hectare.

2. Infrastructures, such as irrigation systems and farm-to-market roads to facilitate production and marketing of rice. With adequate irrigation, at least two crops of rice can be harvested a year on the same piece of land.

3. Use of fertilizers and plant pest and disease control chemicals.

4. Farm mechanization. — The introduction of non-seasonal high-yielding varieties of rice and the increase in irrigated areas have resulted in year-round harvests, which necessitated the use of farm machinery and equipment to hasten farm operations.

5. Supervised farm credit, with the farmer-borrowers being guided in their farm operations by trained government agricultural technicians. The lending programs of the rural banks, the Development Bank of the Philippines, the Philippine National Bank and the Agricultural Credit Administration were all geared towards a supervised credit system to help the farmers obtain enough funds to buy the inputs required by the high-yielding varieties.

6. Setting up of demonstration farms for all phases of rice culture. —The production technicians of the Bureau of Plant Industry provide technical guidance, while the Philippines National Bank extends loans for production expenses of these demonstration farms.

7. Price support and rice procurement programs. — Government price support of Peso 16 to Peso 17 per cavan of paddy rice has spurred the rice farmers to greater production. This support price and the rice procurement operations using the warehouse receipts have stabilized the price of rice.

8. Concentration of program resources in top priority areas. — The limited resources available to the program were concentrated in eleven top priority provinces which were selected on the basis of economic rather than political considerations. The top priority areas were chosen on the basis of their having maximum production potential, such as those which have large irrigated areas, irrespective of whether or not the governor of the province belongs to the party in power.

9. Increased participation of the private sector in the implementation of the program. —President Marcos noted that it is not enough that the entire government machinery be coordinated on the program. It would have been impossible to attain success in the rice and corn program without the support of the private sector in handling farm supplies and equipment, storage and milling operations, supplying agricultural credit, propagating high-yielding varieties, and engaging in other activities previously being performed by the Government.

10. Presidential leadership was made to bear heavily on the implementation of the program.—All government agencies concerned with the rice production campaign were mobilized by the President. He activated the Rice and Corn Production Coordinating Council (RCPCC) to coordinate the activities of these various agencies. He directed that all programming must be "farmer-centered" and designed for execution at the "ground level." As a coordinating agency, the RCPCC. systematized the action of all the agencies having to do with the production of rice. No less than the Vice-President of the Philippines and the Executive Secretary of the Office of the President were designated as Chairman and Executive Director, respectively, of the Rice and Corn Production Coordinating Council. Such aggressive leadership on the part of the President in implementing the program has resulted in prompt action taken on matters pertaining to rice and corn production.

Present Problems and Steps Being Taken to Solve Them

With the increase in production, the technical aspects of producing more rice to meet the requirements of a rapidly growing population are practically covered. However, increased production gives rise to new problems:

1. Lack of adequate funding to finance infrastructure projects such as the construction and/or repair of irrigation systems, and access and feeder roads from farm to highway. Production technicians who supervise the farmers in their farming are restricted in their movement because of inadequate funding.
2. Water rights processing too slow, especially in connection with the installation of irrigation pumps.
3. Adequate supervision needed.—Not one agency has sufficient personnel to supervise the on-going field program; pooled supervisory personnel encounters administrative complications, particularly in the synchronization of release of funds to support the field personnel.
4. Number of seed testing laboratories not sufficient to cope with demands of the rice program for high-quality seeds.
5. Inadequate cereal drying and warehousing facilities. — Off-season crops could not be marketed profitably due to high moisture content. Fermentation affects the quality of palay.
6. Outlets for farming inputs are still not sufficient in some remote farm areas.

Correlated to this expansion in rice production, the problem of processing, warehousing, and marketing has come to the fore. The RCPCC, consequently, has shifted more of its attention toward the solution of this problem. A group of foreign experts was contracted to undertake a study of this particular phase of the rice problem, will soon submit its report.

Greater participation of the private sector is being encouraged thru the Development Bank of the Philippines and the Philippine National Bank, which made available a considerable amount of loanable funds for the putting up of additional warehouses, mills and dryers. Plans for a massive information drive geared toward private business are under preparation.

To complement the foregoing, the following steps are presently being undertaken to solve these various problems:

1. Generation of more funds to finance infrastructure projects including pump irrigation.
2. An Executive Order revising existing rules and regulations in granting of water rights.
3. Allocate more funds to the Agricultural

Credit Administration (ACA) and Agricultural Guarantee Loan Fund (AGLF) to service more adequately the credit requirement of farmers.

4. Accelerate the revitalization and strengthening of Farmers Cooperative Marketing Associations (FACOMAS)
5. Encourage the establishment of more rural banks to serve the needs of the farmers.
6. Promote the establishment of terminal warehouses or silos.
7. Encourage private business to increase its participation in the marketing of rice.

Projections for the Near Future

The RCPCC, cognizant of its responsibility to Filipino farmers to continually improve their living standards through ever-increasing rice production, is determined to undertake the following activities:

1. Increased plantings in dry season (January-June 1968) anticipated.
2. More accomplishment on irrigation and roads expected.
3. More credit funds available to boost the program.
4. Intensify transfer to private sector of business of production inputs and its expanded participation in cereal marketing.
5. Intensify farmer education project training of production technician has progressed fast towards goals.
6. Increased collaboration with local governments pertaining to local agricultural development resulting from apparent success of the RCPCC program, coupled with the advent of decentralization which entrusts provincial development principally to local governments.
7. Land tilling acceleration.

Correlatively, President Marcos, recognizing the importance of achieving basic sufficiency in food, launched recently a nation-wide drive directed to achieving this objective. To insure the early realization of this aim, the RCPCC has de-facto been converted into a Food Production Council—primarily because of its success in achieving breakthrough in rice production in the Philippines.

Barring unforeseen circumstances, food self-sufficiency in cattle, hogs, poultry, fish, vegetables, and secondary crops may become a reality in the early 1970's in the Philippines.

In closing, we would like to express our gratitude to the Steering Committee of this Workshop for giving us the rare opportunity to share our experiences and our problems with our distinguished colleagues in the Far East region. It is our hope that all our efforts towards the achievement of freedom from hunger in all parts of the world will be translated into reality within our generation.

Group One

EFFECTIVE AGRICULTURAL COOPERATIVE INSTITUTIONS

INTRODUCTION

Improving the productivity, income and living standards of farmers all over the Far East has been the subject of serious concern for the governments of countries in this region. In most, if not all countries, the promotion of cooperative principles and the grouping of farmers into cooperative organizations as a means of solving many of the problems of agriculture and agricultural workers have been adopted as state policy. These problems have to do largely with the lack or inadequacy of credit and exploitation of farmers by middlemen. The absence or insufficiency of liberal credit has prevented most farmers from applying modern technology in their farming operations; middleman domination has reduced the profitability of farm business and deadened the productive impulse of farmers.

Cooperatives provide farmers, especially the poor and small ones, with their own means of acquiring necessary production goods and services as well as with a mechanism for keeping to themselves the profits that otherwise would go to traders. In contrast to cooperatives in the more advanced nations, cooperatives in developing countries also perform, or are expected to perform, roles that extend beyond mere economic objectives. They serve, or are looked upon, as instruments for improving the social and cultural conditions in the rural areas. It should be born in mind, however, that cooperatives are only a means to an end and not all problems can be solved through cooperatives. The days when cooperatives were organized on the strength of their broad ethical appeal are over; modern day cooperatives are first and foremost business organizations designed to achieve certain economic benefits for the members, and only secondarily are vehicles for social and cultural amelioration.

PROPER SETTING FOR FARM COOPERATIVES

Cooperatives thrive best in a farming community where the farmers recognize common economic needs and are willing to pool their resources, talents and energies to solve their mutual problem or problems. Seldom, however, are farmers in a developing economy capable of thinking beyond the perimeter of their physical experience and, if they are, seldom are they capable of generating sufficient resources to satisfy the economic requirements of a successful business venture. Without help, therefore, farmers might not be able to understand the need for, or advantages of, group action insofar as this relates to a business operation that may be foreign to their culture.

While cooperatives in the more advanced countries have emerged and prospered with a minimum of government intervention and support, governments in the Far East have to play an aggressive role in creating a climate that is conducive to the healthy growth and development of cooperatives. It would not be sufficient to help farmers organize and provide financing and supervision to cooperatives. Initially governments will have to carry the burden of providing opportunities for cooperative members' education and for management

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training. This can be done through the regular educational institutions, the agricultural extension service and through state-financed or subsidized training agencies. As cooperatives are stabilized and become financially sound, then they may and should carry out their own educational and training programs.

Cooperatives cannot grow in a feudal environment. Land reform has to be instituted side-by-side, or concurrently with, cooperative development and agricultural extension programs. The farmer's dignity as a person has to be elevated by making him independent and capable of managing his own farm business. He must be given every possible incentive and taught the knowledge and skills essential to increased productivity. Only when he can make his own decisions and is producing beyond mere subsistence levels will he appreciate the need for and value of cooperative efforts.

A preferential government policy towards cooperatives will facilitate the full development of the movement. However, in order for the cooperatives to cover rapidly the most farmers in their respective countries, support through tax exemption privileges might be allowed during the initial stages of cooperative development. Care should, however, be taken that cooperatives are not used as agencies of governments for assistance programs to agriculture which might ultimately run counter to the cooperative purpose and be implemented outside the cooperative framework. While such programs as price subsidies, for instance, may temporarily boost cooperative business, in the long run they may weaken the cooperative because the self-help principle is defeated. Cooperatives operate best in a free economy and in open competition with other forms of business organizations. Undue reliance on government controls and subsidy programs creates an artificial atmosphere that may destroy instead of build up cooperatives once such programs are withdrawn.

ORGANIZATIONAL STRUCTURE

In most countries in the Far East a definite pattern of organization is discernible. There is a marked preference for the federated type of organization. Generally the multi-purpose cooperative is preferred at the local or primary

level, and the single-purpose cooperative at the secondary or overhead level. For purposes of marketing there is a tendency for cooperatives to be organized on a commodity basis.

No specific pattern of organization can be recommended. In keeping with the voluntary nature of cooperatives, the organizational structure to be adopted should be flexible and suited to the desires and needs of the people forming a cooperative. There are, however, certain guides and principles which may be observed.

Cooperatives at the primary level should be multi-purpose not only to insure adequate volume of business for economical operations but also because farmers, especially the ones with relatively low education, are accustomed to dealing with only one agency for all their needs. The multi-purpose society provides a variety of services and, therefore, can attract a greater number of people from all sections of a community. Management of a multi-purpose local cooperative may be more complicated than a single-purpose cooperative but a qualified manager can always be trained.

Higher or secondary level organizations at the intermediate or national level need not always be multi-purpose because at these levels their volumes of business may be big enough to permit specialization. When highly qualified management is available a multi-purpose federation or overhead organization may be formed provided the different functions or operations are departmentalized to facilitate accounting and controls.

In the interest of economic stability, a local cooperative should be large enough but should not be so far removed from its members as to preclude a direct and intimate contact with them. Where the members are located at some distance from the cooperative, it might be necessary to divide the members, even in an informal way, into smaller village associations to facilitate group planning and decision making among neighboring farmers with closely allied problems and requirements.

FUNCTIONAL RELATIONSHIPS

Being the unit closest to the farmer the local cooperative should be able to provide the essential services directly needed by and affecting the farmer, such as credit, supply, marketing, and extension or farm management guidance. If a local cooperative cannot handle a marketing function efficiently, either because of inadequate volume or the lack of managerial capability, this marketing function should be turned over to, and performed by, a higher cooperative organization or a specialized cooperative, preferably on a commodity basis. Organization on a commodity basis will enable an association to use the same facilities, equipment, methods and trade channels for all related products, and divergence in members' interests and difficulties in allocating costs and benefits will be avoided. As a general rule operations at the local level should be kept as simple as possible and the more difficult and risky activities raised up to secondary level cooperatives, at which levels risks may be spread out over a larger volume and higher-priced but qualified management hired.

An organization which will undertake "union" or non-business type activities such as publicity, education, legislation, etc., should also be set up to enhance the development, not of specific cooperative institutions but of the movement as a whole. This type of organization is best established at the national level. In many countries these "unions" or "leagues" are formed separately from the business or economic organizations. In others union activities are carried out by the business federation or overhead organizations. The important thing is that cooperatives have their own agency for educational, legislative, public relations and other similar purposes, not only to cultivate

general public understanding and acceptance of the cooperative way of doing business but also to promote and maintain professional competence among cooperative officials and employees and to protect the movement from detractors if necessary.

As national cooperative movements gain strength thinking should be directed towards extending cooperatives beyond national boundaries, especially in the direction of international trade between or through cooperatives. Some modest beginnings have already been made in this area, but continuing efforts should be exerted to discover compatible or complimentary needs of national cooperative organizations that can be met through bi-lateral or multi-lateral arrangements. In this effort international organizations operating in the region, such as the ICA, ECAFE, etc., may be requested to serve as possible clearing houses of communication for import-export business between or among sister movements.

MANAGEMENT AND SUPERVISION

The failure of many cooperatives may be attributed to mismanagement. A newly organized cooperative very often cannot hire a good manager because it cannot pay its price but it is at this stage that the cooperative badly needs a competent manager: otherwise, it cannot expect to go far. Because of inability to secure the services of qualified management personnel, many cooperatives have died even before they could commence business operations.

One measure being taken to solve the management problems in some countries is to attract membership in cooperatives from the better educated and financially well-off members of the community so that they may lend not only their financial but also managerial abilities to the cooperative. But combining the small and the big producer in the same cooperative is not always possible. The government, therefore, often has to step in and provide opportunities for the training of managers and employees of cooperatives. Overhead cooperative organizations can eventually take over the training function and create a pool of trained managers who can be assigned to manage newly organized cooperatives or serve as trainers for newly recruited management materials.

A cooperative has to be operated or managed in the interest and in accordance with the needs and wishes of the members. Unless this is the guiding principle in the operation of cooperatives, member participation and support cannot be maintained. There has to be a two-way flow of information between the cooperative and the members so that understanding and harmonious relations may prevail between them. The Board of Directors of a cooperative may serve as the connecting link between the association and the members. Being the policy-making body, the Board of Directors individually and collectively should constantly be in touch with the members to keep them informed of facts concerning their cooperative as well as to hear their suggestions and complaints if any. However, within the broad policies formulated by the board in accordance with the expressed wish and needs of the membership, the hired management should have wide latitude in planning and executing the day-to-day activities of the cooperative. This way the policies and operations of the cooperative may continuously be geared to member requirements and desires.

The government regulatory authority should exercise only such guidance and restraints as will not interfere with the freedom of the members, the board or the manager to determine their own problems and work out their own solutions. The government may also provide an auditing service which will analyze cooperative operations, point out mistakes or weakness. Governments should never attempt to directly manage or control cooperatives. While some kind of direction and guidance by the government is necessary in order to insure that cooperatives are properly run, there should be a planned

withdrawal of government interference as cooperatives demonstrate ability to run their own affairs. The provision of management counselling is essential for the sound development of cooperatives. However, this can best be done by non-governmental cooperative institutions as, for example, by the Central Cooperative Union in Japan and the National Agricultural Cooperatives Federation in Korea.

CAPITAL FORMATION

The need for member equity capital in cooperatives cannot be overemphasized. While governments in the region recognize the need for providing a source of liberal financing for cooperatives and to provide such a source, there can be no substitute for member contributed capital. The best indication of a member's faith and interest in an association is his readiness to put capital in the association. Member's capital is also the cheapest capital that can be used by a cooperative. Members' participation, loyalty and attachment to a cooperative may be heightened by working a systematic plan of capital formation from members' contributions.

Whatever the capital structure of a cooperative may be, the capital burden should be apportioned among members in some way proportionate to the use that each one makes of the cooperative. Those who derive more benefit from, or do more business with the association, should be required to carry a correspondingly bigger share of the financial load than those who make lesser use of the association. One way of doing this is to assess each member for capital stock subscription in relation to area of farmholding or per unit of produce delivered regularly to the cooperative. Another is through deduction of a pre-agreed percentage of loans received from or through the association and/or similar percentage of sales proceeds of crops sold to or through the cooperative. There are many other possible devices, but to equalize the responsibilities for financing the cooperative among the members using its services, assessments for capital purposes should be made in proportion to patronage.

VOTING RIGHTS

Another area of member participation in cooperatives that deserves serious thought is the allocation of voting rights or control to members. In most cooperatives voting rights are on the basis of the generally accepted principle of one-man-one-vote. This is the traditional and most effective way of maintaining democratic control of cooperatives.

In recent years, however, it has been found necessary to provide some flexibility to the one-man-one-vote rule in order to meet certain situations. Several variations in the manner of giving additional votes to members on the basis of patronage have been reported to be in practice in the region. In one instance, voting privilege is limited to members only who contribute a pre-established minimum volume of business. In another, additional votes are allocated on the basis of the volume of business done with the association. There are instances where the one-man-one-vote principle is observed at the local level but patronage votes are allowed at the federation level. When voting is done through representatives in the case of cooperatives covering a wide area, more representation is given to districts where a larger volume of business is generated. It is interesting to note, however, that no case has been mentioned where voting for election purposes was carried out in violation of the time-honored one-man-one-vote method.

In conclusion, the principle of one-man-one-vote may be suitably applied to the controlling system in primary multi-purpose cooperatives in some countries in Southeast Asia where each cooperative is composed mostly of small farmers. When big and small farmers are consolidated to create a large volume of business and the cooperative has to face keen competition

from traders and merchants, enthusiastic participation of all members is indispensable. Then patronage voting may be introduced into a marketing or supply cooperative or a specialized cooperative as a means to solve the problem. This method is subject to the decision of the general meeting of the cooperative and the laws of each country.

CONCLUSION

Never in the history of the developing countries in the Far East have cooperatives meant and promised so much to the impoverished masses in the rural areas. Through paternal state policies cooperatives as a means of helping farmers solve their age-old problems (low production, illiteracy, disease, and sometimes hunger) are gathering momentum in achieving the economic and social objectives that have been set before them. Some countries have already succeeded in developing potent cooperative organizations. Some have just recently discovered the elements of successful cooperative business. Others have but feeble beginnings. But in all instances there is a recognition of the possibilities of cooperation as a means whereby small scattered farm units may acquire competitive strength without which farmers will always remain backward and unable to reap their fair share of a dignified and decent life to which every human being aspires.

At this time, when many forms of social and economic alternatives or ideologies are being foisted upon the people of developing nations, cooperatives may well serve as the counterpoise. If this challenge is accepted, then farm leaders, whether in the government or private sector, should put their heads and shoulders together not only to provide the leadership so sorely needed by the masses of farm workers, but also to discover and set to work all the factors and the forces that will accelerate the full realization and attainment of the cooperative purpose.

Group Two

MARSHALLING CAPITAL RESOURCES

OUTLINE

A. Development of Effective Agricultural Credit Institutions

1. Policy problems:
   a. Interest Rates;
   b. Repayment Schedules;
   c. Collateral, Security or Mortgages;
   d. Simplification of Lending Procedures and Staff Training;
   e. Special Financing Programs; and
   f. Coordination of Financial and Government institutions.
2. Organizational problems:

B. The Marshalling of Capital Resources

1. Bond issues:
2. Foreign borrowing:
3. Savings and time deposits:
   a) Institutional Deposits;
   b) Government Deposits; and
   c) Individual Deposits
4. Guarantee operations: and
5. Rediscounting of the Central Bank

A. DEVELOPMENT OF EFFECTIVE AGRICULTURAL CREDIT INSTITUTIONS

1. Policy Problems

A. INTEREST RATES

Work Group No. 2 respectfully recommends that the interest rate charges of credit institutions be re-examined so as to make them reasonable and realistic.

B. REPAYMENT SCHEDULES

It is likewise recommended that in granting loans, credit institutions should give farmers a repayment schedule within the paying capacity of the project financed. If necessary, the farmers should be required to pay only interest on his loan during the unproductive period of the project.

C. COLLATERAL, SECURITY OR MORTGAGES

Collateral requirements should be relaxed with a view to providing farmers with adequate funds for their projects. Whenever needed and possible, credit assistance should likewise be extended to farmers without collateral on the strength of his signature and that of at least two guarantors. Groups of farmers without collateral should be extended loans on a "group joint liability" basis. It is recommended that the agricultural credit guarantee system now practiced in Japan and the Philippines be studied and looked into by the participating countries of this Workshop, with a view to evolving, when advisable, a similar guarantee system in each respective country.

D. SIMPLIFICATION OF LENDING PROCEDURES AND STAFF TRAINING

1) Lending procedures and documentation should be simplified with the objective of expediting the processing of loan applications.

2) The approving authority of loans should be decentralized so as to give the sub-offices authority to approve loans up to a certain amount.

3) In order that credit institutions should be effective, manpower development is of extreme importance.

E. SPECIAL FINANCING PROGRAMS

In order to make credit institutions a more effective tool in agricultural production, they should initiate special financing programs aimed at raising the production of certain food items which are presently insufficient, not only for local consumption but also for export purposes.

Work Group No. 2 feels that the time has come when credit institutions should take the initiative of helping the farmers to produce more by devising financing programs that would attract farmers to avail themselves of their credit systems, instead of leaving the farmers to find ways of making their lands more productive.

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Robert R. Forbes	Cooperative League of the United States of America	Observer
Mashiro Numata	COLOMBO PLAN	Observer
G. Spinks	Food and Agriculture Organization	Observer
Philip L. Berglund	USAID/ PHILIPPINES	Advisor

To illustrate this point, it might be mentioned that a special financing program has been arranged for the planting of coconut trees in the Philippines. Through this program, farmers are granted loans up to certain amounts per hectare of land. These loans are released at intervals during a period of five-and-one-half years, according to the development schedule. Neither the payment of interest nor of principal is required during the first seven unproductive years; interest payments are made only after the eighth to the tenth year; and the amortizations of the principal and interest are paid from the eleventh to the fifteenth year, at the end of which period the loans are fully repaid.

A program with such attractive features encourages farmers to avail themselves of credit assistance, and this is the kind of worthwhile program that could be offered by the credit institutions.

F. COORDINATION OF FINANCIAL AND GOVERNMENT INSTITUTIONS

While credit institutions provide financial resources, it has to be recognized that the supply of funds alone is no guarantee of increasing the productivity of the farmer. Technical assistance and the dissemination of the latest agricultural techniques can be equally important and since government agencies are those that possess such knowledge resulting from research, Work Group No. 2 recommends very close coordination between credit and government institutions in order to plan credit and technical knowledge together.

2. Organizational Problems

It is recognized that a credit institution can be effective only if its facilities are within reach of the farmer. For this reason Work Group No. 2 recommends:

That credit institutions should expand their facilities so that the coverage of their operations can reach the rural areas in order that farmers do not have to travel long distances to get the credit assistance required.

B. THE MARSHALLING OF CAPITAL RESOURCES

1. Bond Issues

Authorized credit institutions could generate capital through a bond issue which would be exploited to the maximum by providing attractive features like interest payments, liquidity, etc. Work Group No. 2 recommends that bond issues be studied and considered by such authorized credit institutions as a potential source of funds.

2. Foreign Borrowing

It is the impression of Work Group No. 2 that regional and international credit institutions like the Asian Development Bank, the International Bank for Reconstruction and Development and the Export-Import Bank extend credit to countries or institutions on a "project basis." It is the thinking of Work Group No. 2 that this approach is not effective as far as agriculture is concerned. Work Group No. 2 therefore strongly recommends that the credit institutions mentioned above be requested to re-examine their policies with a view to providing credit on a "program basis". It is also recommended that loans from regional and international credit institutions should be made payable on terms no shorter than the length of the loan to be granted to the farmer by the respective country. If a loan to a farmer is for ten years, the credit from abroad should be for a similar length of time, otherwise repayment problems will result. We suggest that this Workshop make strong recommendations on this point.

3. Savings and Time Deposits

A. INSTITUTIONAL DEPOSITS

Institutions like insurance companies, pension and provident funds, should channel a portion of their funds, available for investment, into Agriculture. If necessary, a national policy to this effect should be adopted by the different participating countries in this Workshop.

B. GOVERNMENT DEPOSITS

Within the limits of the existing regulations of each country, government agencies with funds not earmarked for specific purposes in the immediate future, should be encouraged to deposit such funds with the agricultural credit institutions.

C. INDIVIDUAL DEPOSITS

It is felt that savings by individuals could be a source of funds and this could be achieved by educating the public on the merits of saving.

4. Guarantee Operations

Work Group No. 2 recommends that credit institutions avail themselves of the advantages of guarantee operations. Agricultural implements, fertilizers, and other needed items, to be procured domestically or from abroad under a deferred payment plan could be made available to the farmer under the guarantee of credit institutions.

5. Rediscounting Of The Central Bank

Rediscounting policies and procedures of the central banks of the participating countries in this Workshop should be reviewed in order to enable agricultural credit institutions to meet the demand for farmers' credit.

Group Three

REGIONAL AND INTERNATIONAL ORGANIZATIONS

AGENDA

1. Inventory of existing regional and international organizations and their respective activities and programs, particularly in the fields of agricultural credit and cooperatives.

2. Discussion of the problems relating to the granting of assistance by regional and international organizations to developing nations.

3. Determination of specific areas where programs and activities of regional and international organizations may contribute greatly towards the development of effective credit and cooperative institutions in different countries in the region.

4. Summary of recommendations.

OBJECTIVES

1. To study the types of programs and activities being carried out by different regional and international organizations which may be availed of by the developing countries in the region to supplement and/or complement local efforts in developing effective credit and cooperative institutions.

2. To pinpoint specific areas to which assistance from regional and international organizations may be put to maximum use in making credit and cooperatives more effective instruments of agricultural and rural development and eventually contribute largely to total economic development of the countries in the Far East region.

INVENTORY OF REGIONAL AND INTERNATIONAL ORGANIZATIONS

The participants in this Work Group took stock of existing regional and international organizations and the kinds of activities and programs these organizations are engaged in, particularly in relation to agricultural credit and cooperatives, as well as to agricultural and rural development in general. The details of the programs of the more important regional and international organizations are appended to this report. The activities of some of these organizations are summarized below.

1. Afro-Asian Rural Reconstruction Organization. (AARRO)

This Organization is engaged in the following fields of activity:

1. Supplement the efforts of the Food and Agriculture Organization (FAO) of the United Nations by acting more or less as a catalytic agency and an extension field agency at the international level.

   a. Identification of problems faced by a country or a group of countries in a region through studies and surveys.

   b. Assistance in obtaining technical and financial help from international agencies and organizations.

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C.D. Prasada Rao	Afro-Asian Rural Reconstruction Organization	Observer
J. Rome Du Mouchel	Credit Union International	Observer
Ferris S. Owen	Cooperative League of the United States of America	Observer
Mohinder Singh	Economic Commission for Asia and the Far East	Observer
S. Yamashita	Food and Agriculture Organization	Observer
S.K. Saxena	International Cooperative Alliance	Observer
Edgar Tilly	International Labor Organization	Observer
Wallace J. Maddock	USAID/VIETNAM	Advisor

c. Collection, analysis and dissemination of relevant knowledge and information.

d. Follow-up programs for noting results and arranging feed-back to expert agencies.

2. Undertake studies on rural cooperatives, rural community development and farmers' professional organizations.

3. Provides technical assistance, whenever needed, in the fields of cooperative legislation, marketing, banking and credit.

4. Provides assistance in cooperative education and training through the establishment of training facilities and the provision of fellowships.

5. Helps in the formulation of suitable programs on rural and cooperative development.

6. Assists in the promotion of international cooperative trade by disseminating economic information among cooperatives and agricultural agencies.

2. Asian Development Bank. (ADB)

This regional development bank for Asia was established by 31 member countries to lend funds, promote investment and provide technical assistance in Asia, and generally to accelerate the economic progress of the developing member countries in the region, collectively and individually.

3. Co-operative League of the U.S.A. (CLUSA)

By utilizing its own resources and through contracts with the US Agency for International Development and Peace Corps, the League assists in the development of agricultural credit and cooperative programs in the following ways:

1. Program planning assistance.

2. Establishment of regional marketing structures.
3. Technical feasibility and other studies.
4. Organization, operations and management assistance.
5. Diversification of operations.
6. Formation of confederations and federations of cooperatives.
7. Education and training.
8. Assistance in organization and operations of credit institutions.

4. Credit Union National Association. (CUNA)

CUNA International is a worldwide organization for the promotion and development of credit unions throughout the world. Activities of this organization are limited to technical assistance, mainly for the training of credit union lenders, the dissemination of information, the conduct of seminars and conferences. It works with USAID, under contract basis, and sometimes with governments and other organizations, in the provision of technical assistance for credit union development.

5. International Cooperative Alliance. (ICA)

The main forms of assistance extended by the regional office of the ICA in New Delhi to the cooperative movements in the Far East are as follows:

1. **Education**—regular experts' conferences, regional and national seminars, with emphasis being given to management training and member education.
2. **Research and publications** — research on pertinent cooperative problems; release of publications on cooperatives.
3. **Fellowships** — given to cooperators for studying particular cooperative problems.
4. **Promotion of international cooperative trade** — survey of the present situation, obstacles and possibilities of international trade by cooperative organizations both on an intra-regional basis and on an international basis; establishment of trading contacts.
5. **Technical assistance** — identification of meaningful cooperative projects in the region and getting assistance from cooperative organizations in the advanced countries of the world.
6. **Regional auxiliary committees**—to disseminate information on productivity and extension techniques in agriculture and to generate a collective force for the emergence of genuine national level agricultural cooperatives.
7. **Collaboration with U.N. agencies** by virtue of ICA's consultative category "A" status with UNESCO.
8. **All nations Incorporated** — a new corporation formed by the insurance subcommittee of the ICA. It is now an official organization based in the USA, providing loan guarantees through appropriate affiliate banks of the First National City Bank of New York. Loans are to be made to local cooperative institutions who wish to develop cooperative type insurance organizations.
9. **International Cooperative Bank.** (ICB) — was fostered by ICA and established in Basle, Switzerland, for the purpose of financing the development of all types of cooperatives. The lending funds of this bank are derived from subscriptions of shareholding member cooperatives and organizations.

6. United Nations Agencies and Organizations.

These include the following:

1. Food and Agriculture Organization (FAO)

2. Economic Commission for Asia and the Far East (ECAFE)
3. International Labor Office (ILO)
4. International Bank for Reconstruction and Development (IBRD or World Bank)

The most important areas of assistance that may be given by these United Nations agencies and organizations are as follows:

1. Provision of technical assistance for the development of economic programs pertaining to:
   a. Agricultural and rural development
   b. Agricultural credit and cooperatives, including marketing
   c. Cooperative education and training
   d. National or regional development projects
2. Provision of financial assistance
   a. Capital funds of credit and cooperative institutions
   b. Funds for the acquisition of equipment and facilities, including the building up of library facilities
3. Sponsorship of seminars, conferences and workshops to promote the interchange of knowledge and information
4. Research and documentation, including the dissemination of statistical data and information
5. Training and education to upgrade the skills and competence of manpower resources.

7. United States Agency for International Development. (USAID)

In the last four years or so, the policy of the United States Government in connection with USAID assistance programs has been shifting towards utilizing cooperative organizations and other private institutions to provide the necessary technical and advisory services in the development of cooperatives and agricultural credit in the recipient countries. This is done through contracts entered into between the USAID and the organization concerned. It is believed that funds for USAID assistance programs will be reduced further, inasmuch as many of the programs or projects started with AID assistance are now being carried out by the governments and cooperative organizations concerned.

8. Other Organizations.

There are many other regional and international organizations which have programs of assistance to developing countries in the fields of agriculture, agricultural credit and cooperatives and rural community development. These include the Foundations (Ford Foundation, Rockefeller Foundation, Asia Foundation, Agricultural Development Council, Friedrich Ebert Foundation of Germany, etc.); the religious organizations (Socio-Economic Life in Asia or SELA, Catholic Relief Services, Church World Service); the voluntary organizations (Farmers Union International Assistance Corporation, International Cooperative Development Association or ICDA, Cooperative Fertilizers International (CFI), Cooperative American Remittances Everywhere or CARE, Swedish Federation of Farmers, Japanese Cooperative Union, Rural Electric Cooperative Association, etc.); and miscellaneous organizations like the World Neighbors, the International Cooperative Training Center, training centers in other countries such as India, Denmark, etc.

This list is by no means complete; some other organizations may not have been included herein because no information about them is available to the delegates at the time of discussion.

ROLE OF REGIONAL AND INTERNATIONAL ORGANIZATIONS

Because of the geographical nature of the Far East region in respect to communications and relationships with the developed nations, there exists a general lack of information concerning the regional and international agencies interested in rendering and financing technical assistance. Absence of voluntary organizations operating in the field of agriculture and in cooperatives has also affected the flow of information and assistance.

Therefore, this group feels the development of local voluntary organizations at the national level is of utmost importance. Such voluntary organizations will be able to bring about a greater amount of coordination between the efforts of the people and their governments in developing agriculture, cooperatives and credit institutions.

Moreover, the involvement of the maximum number of people in their own programs is desirable as a long term objective of state policy. Towards this end, the group feels that governments should actively encourage setting up peoples' organizations on a democratic basis and make them partners in the processes of development. Association of such voluntary organizations from the initial stages of the formulation and implementation of development programs will go a long way in affording greater chances for the continuance of the programs by the people through their own units after government assistance is phased out.

The regional and international organizations should be enabled to take an active interest in assisting development programs in agriculture credit and cooperatives in the countries of the region. Towards this end, the governments themselves should become members or assist the voluntary organizations to become members, as the case may be, in these organizations.

Regional and international agencies interested in the development of agriculture credit and cooperatives in the countries of this region are also similarly handicapped. They require information as to the specific areas in which assistance is needed and the quantum of such assistance. They would also like to know whether the voluntary organizations or other agencies requiring assistance have the capacity to utilize the aid and whether plans were developed for continuation of the program when assistance is phased out. They will also like to know whether the countries can satisfy the minimum requirements necessary for receiving assistance.

The assistance programs of at least some regional and international organizations are not availed of because the countries concerned are not fully aware of the existence of these organizations, or of the activities they are engaged in and how these programs could be put to use. It is, therefore, necessary that the governments of these countries should designate an appropriate department to serve as a contact agency for the regional and international agencies operating in the area until such time as voluntary agencies are developed.

The assistance programs of regional and international organizations can be more effective if directed towards assisting or fostering activities in which groups of people, through their own initiative and with the understanding and support of their local governments, are actively involved. These programs are intended to complement or supplement the efforts of the local people and their governments in the solution of their problems.

Financial assistance should be accompanied by technical assistance and should be program-oriented, as was pointed out also by Work Group No. 2 placing more emphasis on agricultural development. The regional or international organizations should provide technical support for the financing institutions in the recipient countries.

An apparent lack of coordination of effort exists among the various implementing agencies of the countries concerned, among the regional and international organizations extending assistance, and sometimes between the local agencies and the assisting organizations. Such a situation results in unnecessary duplication of effort and tends to waste valuable manpower and financial resources. Also, some programs and projects will have a heavy concentration of assistance, while other equally meritorious programs receive little or no attention. This should be avoided.

While most of the regional and international organizations interested in agriculture credit and co-operatives have programs under way in one or the other of the countries of this region, the group feels that there is great scope for bringing about greater coordination for their activities. In the absence of national level cooperatives operating in this region, which could have helped to bring about some measure of the desired coordination, the group feels it necessary that the regional and international organizations should be brought together to discuss at a conference and decide upon the practical steps to be taken by them for ensuring coordination for putting the available resources to maximum utilization, similar to the inter-agency conferences conducted regularly by various United Nations agencies.

The group is of the opinion that the aid-giving agency/organization should make the preconditions attached to assistance programs more flexible and bring them within the reach of fulfillment by the aid-receiving countries/organizations having regard to the particular stage of development reached by the country/organization. Some assistance programs cannot be utilized to maximum advantage because the conditions imposed are not suited to the conditions of the recipient countries.

Also the local agency should be sure that all important aspects of successful development are considered when assistance is requested. For example, management training facilities, adequate cooperative laws, proper auditing services, realistic pricing policies, adequate extension services, etc. should be taken into consideration.

The group recommends the following as specific roles for regional and international organizations in helping the development of agriculture, rural credit and cooperatives in this region.

1. Promoting the development of agricultural credit and cooperative institutions by plowing in technical knowhow and finance, and by recommending adaptation of procedures and practices found successful in other countries with similar background and conditions.

2. Helping in the establishment of processing, marketing, and production supply cooperatives, by initially providing necessary technical assistance and training of local skills. Financial assistance could include provision of capital equipment.

3. Helping in the development of international trade in agricultural commodities through agricultural cooperatives by disseminating commodity information and market intelligence on a continuous basis. (Work group No. 1 also discussed this matter of international trade through cooperatives.)

4. Assisting to develop facilities for education of members and staff of cooperatives at the national level by providing financial and technical assistance whenever necessary. Assistance in this area could include exchange of literature on latest practices and procedures found sucessful, development of prototype teaching materials for use in national educational programs, and provision of fellowships for training in cooperatively advanced countries.

5. Undertaking feasibility studies at the request of the agency concerned for initiating new projects or programs in agricultural credit

for achieving larger coverage, in establishing agro-industries (processing) for enlarging the real incomes of farmers and in setting up units for manufacture of agricultural requisites for making available the major inputs at cheaper prices.

The Asian Development Bank can be expected to play a major role in providing resources and funds for agricultural credit use. The main emphasis in the first few years of operation of the Bank should be on agricultural development, since agriculture is the basic industry which supports the economics of most countries in the region. The Asian Development Bank should be requested to extend more low-cost, long-term loans and more technical assistance to the countries in the region.

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Group Four

EFFECTIVE EDUCATION AND TRAINING

AGENDA

Objective: To assess training needs of participating countries and to develop effective guidelines for meeting these needs.

I. TRAINING OF PERSONNEL AND OFFICIALS INVOLVED IN THE COOPERATIVE MOVEMENT

It was the consensus of opinion among the participants that training of cooperative leaders, organizers, members, managers, and employees is fundamental to insure the successful implementation of the cooperative movement in their respective countries. To insure the effectiveness of the cooperative effort, the Group likewise opined that personnel and officials of government agencies and institutions concerned with the implementation of cooperatives and agricultural credit programs be required to undergo training along cooperative lines. Moreover, technicians and supervisors from the private sector should be encouraged to receive appropriate training programs to upgrade their working efficiency. The Group recognized the problem of providing an adequate and competent teaching staff to implement this program. Delegates from Thailand made the observation that the teaching staff should also hold regular seminars on agricultural credit and cooperatives so as to bridge the gap between theory and practice.

II. TRAINING FACILITIES

The Group emphasized the importance of delineating local and country training in contrast to regional training facilities. Obviously, without adequate local training, the trainee-scholar may not be able to absorb the full benefits of a regional training program. Each participating country should evaluate seriously, existing training facilities available with the end in view of determining whether present facilities should be expanded, modified, or totally changed in answer to local training requirements and objectives. Correlatively, the Group also agreed that voluntary organizations or private educational institutions should be encouraged by their respective governments to participate in the development and expansion of their training facilities.

To complement the facilities available in each participating country, there are at present several agencies concerned with providing education and training on agricultural credit cooperatives on the regional level. Presently, these institutions are as follows:

Agricultural Credit and Cooperatives Institute (ACCI) — Philippines

The Institute for the Development of Agricultural Cooperation in Asia (IDACA) — Japan

International Cooperative Alliance (ICA) — Regional Office for Education and Training for S.E. Asia - India

THE COMMITTEE

Mariano E. Gimenez	Philippines	Chairman
Y.T. Wu	China	Secretary
Akitake Futagoishi	Japan	Delegate
Park Jung-Jae	Korea	Delegate
Singsamouth Boulom	Laos	Delegate
Thep Saiyananda	Thailand	Delegate
Arb Nakajud	Thailand	Delegate
O-pas Chareonpakdi	Thailand	Observer
Chanit Chantanasmit	Thailand	Observer
Peter T. McNeill	Cooperative League of the USA	Observer
Adlowe L. Larson	International Co-operative Training Center	Observer
Robert Laubis	USAID/LAOS	Advisor
Chane Kalayanamitra	USAID/Thailand	Advisor

With the establishment of these regional training centers, some degree of integration with participating countries has been achieved. In accord with this common objective, professors and technical men have been exchanged between these participating nations so as to achieve this objective.

The Group also opined that bi-lateral and multi-lateral agreements should be encouraged to promote the cooperative movement among participating countries.

a. Courses Offered

To determine the courses to be offered to meet local and/or national needs, it is important to undertake an evaluation of the effectiveness of the training courses that are already in existence. Such review must be carried out continuously and strengthened by follow-up evaluation periodically. In this connection, training committee boards set up to determine training needs may be effective. The participating countries agreed that courses offered ought to answer the actual requirements of three distinct groups, the cooperative members and the general public, the supervisory and technical personnel, and top level personnel. In countries of Southeast Asia faced with problems of small land holdings and large families, there is the problem of migration of population from rural to urban areas. A related problem which should be recognized and dealt with is developing conditions within the rural areas which would result in farming operations of economic and viable size. Cooperative training programs should be geared to strike a balanced development between these two areas so as to insure the least disturbance during such transfer.

In relation to regional needs, the Group felt that optimum benefits may be derived from the training facilities of ACCI, IDACA, and ICA if an independent evaluation group such as USAID, ECAFE, and/or other interested organizations were assigned to study available facilities. This study group would undertake to answer questions like regional training requirements of participant countries, facilities to be expanded, expertise needed, and possible sources of financing. Objectively, such a study would help immensely in accelerating cooperative training programs in the region.

b. Training Methods

Membership education has been generally promoted among participating countries through the primary-level cooperatives that is where it can be conveniently reached by their members. Prior to establishment of such a close-by

cooperative, such education can be disseminated through mobile units as adopted in Thailand and travelling lecturing parties as used in Taiwan. Other measures include the use of mass-communications media such as periodicals, radio broadcasting, correspondence courses, and study circles. Informal discussion groups are also being suggested as effective training methods and their selection should depend on local conditions and education level of the members. Moreover, workshop seminars, conferences and formal education are likewise considered as effective methods to train cooperative workers and top-level personnel.

III. FINANCING AND LOGISTICS OF EDUCATION AND TRAINING PROGRAMS

a. Local Programs

The Group opined that participating countries should take a hard look at the agricultural cooperative and credit training objectives that they want to attain. Cognizant of this, it is equally important that each country reassess or review the local training resources available. Obviously, with the foregoing knowledge it would be easier for the participant country to inform external organizations what outside resources ought to be made available to complement training resources already in existence. In this connection, funding for physical facilities and personnel staff was considered a serious problem in most countries.

b. Regional Programs

For regional programs, it is important to have adequate facilities such as classrooms, offices and training equipment; but it is the feeling of the group that what is more important is the source of funding. Local government must endeavor to contribute its share of financing. The participation of local government is desired because it provides the needed coordination for successful implementation of the regional training programs.

Presently, IDACA of Japan has accommodations for housing about 30 persons. ACCI in the Philippines has larger facilities considering that it is within the campus of the State University, and adjacent to the International Rice Research Institute. ICA's regional office and education center offers educational resources to countries who have entered into an agreement with the organization and has meeting room facilities to take care of approximately 30 participants.

Possible sources of funds for these regional training programs are the United States Agency for International Development (USAID); Cooperative League of the United States of America (CLUSA); Farmers Union International Assistance Corporation (FUIAC); Food and Agriculture Organization (UN-FAO); Credit Union National Association International, Inc. (CUNA); National Rural Electric Co-operative Association (NRECA); International Cooperative Training Center (ICTC); Colombo Plan; Rockefeller Foundation; and Ford Foundation. Foundations in Germany which may help achieve this common objective are (1) Adenaur Foundation, (2) Friedrich Ebert Foundation, (3) Bread for the World and (4) Catholic Relief Services. With all these organizations interested in offering regional training, overlapping could occur. An assessment of their specialities must be undertaken and this is again a job of an evaluation committee before setting up a unified body to coordinate these activities.

In the last Workshop, a decision was made to follow up the activities of every participating country by submitting a report semi-annually but, due to the lack of an effective clearinghouse, this has not been implemented. To collect such information, another method such as the use of questionnaires may be considered. The clearinghouse may devise an outline for specific areas and request countries in the region to fill out the information required. The center shall analyze and evaluate these various answers for dissemination to each participating country.

This may be sent regularly at least once a year. A procedure shall be developed to implement remedial action within each country.

Once the sources of funding is ascertained, the responsible training authorities can go ahead with its planning on organization, activities, and budget. The budget should include personnel, supplies, materials, fellowships, scholarships, maintenance, and extraordinary expenses.

On the subject of training expenses, the Group agreed that in contrast to the general practice of providing one-way air ticket for participants receiving training abroad, the international agency should finance the cost of the return trip as well. Day-to-day expenses and per diem should be borne by the sponsoring government or other organizations.

It is the opinion of the Group that a library plays an important role in education as well as in training and such a regional facility should be provided. Once the library is established, it should undertake the initiative to keep the concerned training centers informed about its resources. Some countries have excellent books on cooperative science but language has been a barrier for its dissemination. The regional center should not only compile a list of the latest related books, journals, and periodicals available but should also try to remove the language barrier with efficient translation service.

IV. PROBLEMS RELATING TO EDUCATION, TRAINING AND RECRUITMENT

The Group recognizes that there are many problems related to education, training and recruitment in each participating country, but emphasis should be placed on the following things:

a. Establishment of Program Priorities

Before establishing program priorities, each participating country should realize the necessity of making a survey before programing. When a program involves more than one agency, it is deemed a "must" to have such a survey reviewed by agencies concerned and an objective mutually agreed upon. When several training programs are to be implemented, it is also important that these programs be coordinated.

On regional training such a survey and evaluation is just as important as on local training. Its funding is an aspect that has been discussed at length by the Group and it was emphasized that AID, ECAFE, and/or other interested organizations may be requested to make the survey. Thus, waste and duplication of effort will be eliminated in this area and such survey may lead to an early establishment of a unified regional training center. This regional center should serve as a clearinghouse of information, a storehouse of knowledge in relation to agricultural credit and cooperatives, and a center for coordinated development for the standardization of syllabi and course methods of participating countries.

b. Delineation of Responsibility for Education, Training, and Coordination of Effort to Achieve Objective

Every participating country has relied on vocational agricultural high schools and universities for cooperative education. Individual cooperatives, higher level cooperatives and local governments should be responsible either independently or jointly for the implementation of training programs. While there may be clear delineation of responsibilities, there is increasing need for coordination between these agencies regarding cooperative training and education. Equal emphasis must be placed on the practical as well as theoretical aspects of the cooperative movement. For countries with low literacy levels, it is felt that cooperative education in elementary schools should be started at an early stage to accelerate its promotion and understanding among its future farmers.

c. Public Education in Agricultural Cooperatives and Credit

Besides schooling, mass communication is generally considered as an effective means to educate the general public. Magazines for farmers are now published regularly in the participating countries to educate farmers on farming techniques and activities of their associations as well as other cooperative matters. The effectiveness of these magazines can be enhanced if such magazines are not only directed toward the farmer alone, but to his wife, daughters, and sons, as well as the general public. Other mass media such as visual aids and radio can also be effectively utilized. Mass communication should also be aimed to assist the farmer to establish the cottage industries thereby enhancing his standard of living.

d. Problem of Recruitment

The newly recruited technician is generally offered an orientation training course and then followed up with in-service training. The problem faced by these countries is how to keep these newly recruited personnel from leaving their present jobs. The Group felt that the best solution to this problem is establishment of a workable incentive plan including adequate salaries based on merit and a continuous effort standard to upgrade management.

V. RECOMMENDATIONS:

This Group agreed that the following recommendations are essential for training:

1. Since both financial and human resources are limited in each participating country, the government and related organizations should exercise due care in the selection and recruitment of people to be trained so as not to waste these limited resources.
2. Closer coordination and cooperation among different training organizations on local or national level must be promoted to assure a more integrated and effective local training program.
3. Agricultural cooperative and credit education should be started at the elementary level, thus paving the way for wider acceptance of the cooperative movement.
4. An independent agency such as USAID, ECAFE, and/or any other interested organization should be requested to survey and evaluate the existing training programs offered by the regional training centers. This survey and evaluation will serve as the initial step for the systematized operation of the present training institutions for the consideration of a unified regional training center which is to be funded by various existing international organizations who are interested in promoting agricultural cooperatives and credit in this part of the world.
5. The regional center should endeavor to serve as a clearinghouse of information, a storehouse of knowledge in relation to agricultural credit and cooperatives and a center for coordinated development for the standardization of syllabi and course methods of participating countries.
6. To assist the local and country training centers whose growth is restricted by limited financial sources, the unified regional training center should provide them with technical expertise and complement the country's effort in developing training materials, improving publications, audio-visual aids, and other training equipment.
7. As training programs expand within each country, it is deemed important that the unified regional training center should conduct an evaluation of training programs of each participating country regularly.

Steering Committee Report

1970: NEW CONCEPTS AND GREATER OPPORTUNITY

AT this, the Sixth Far East Agricultural Credit and Cooperative Workshop, the work of the Steering Committee departed from the traditional role and took on broader and more inclusive functions than heretofore. In previous workshops the role of the Steering Committee, under the chairmanship of the Workshop consultant, essentially has been that of guiding the overall activities of the Workshop and serving in an advisory and co-ordinating capacity.

When the present Workshop was in the planning process, it was considered by those involved that the role of the Steering Committee might very well be broadened to include all of its past responsibilities, but additionally to include the responsibility of developing appropriate resolutions for consideration of the Workshop and preparation of an overall report to highlight the major business activities of the meeting. It was felt by the planners that in so doing it would be possible to bring together in one place recommendations and resolutions which might be adopted as the thinking of the entire Workshop.

During the first meeting of the Steering Committee action was taken to further implement the thinking that the Workshop should more and more become a primary activity of the participating countries and that leadership of the Steering Committee should be assumed by a representative of a participating country. It was, therefore, agreed that the Chief Delegate of the host country should serve as Steering Committee Chairman with the Workshop Consultant serving as Vice-Chairman.

During the course of this Workshop, daily meetings of the Steering Committee have been held and the following report and resolutions are offered to the delegates of the Workshop for their consideration:

The Workshop theme of serving a growing agricultural economy through institutional development has been uppermost in the minds of the delegates as they participated in the various work groups, and these groups, in their deliberations, not only reviewed activities and progress in implementing recommendations of previous Workshops, but also discussed current problems and endeavored to establish objectives and goals to guide further development of institutions—domestic, regional and international.

In its consideration of the characteristics and functions of effective cooperative institutions, Work Group No. 1, among other things, concluded that cooperatives in developing countries now perform or are expected to perform roles that extend beyond mere economic objectives. Cooperative development must be directed towards intensifying agricultural production and mobilizing local manpower and resources in order to build a viable rural economy.

From the discussions of Work Group No. 1, it is evident that governments in the Far East must play a very active role in creating a climate conducive to the healthy growth and develop-

STEERING COMMITTEE Left to right: Wallace J. Maddock, Bok-Rae Park, Renoo Suvarnsit, Maj. Gen. Chan Ansuchote, Glenn G. Browne, Honesto O. Francisco, Chern Barmroongwong and Chamnien Saranaga.

ment of cooperatives. It is not sufficient merely to help farmers' organizations and to provide financing and supervision through cooperatives. Rather, it is believed that initially governments will have to carry the burden of providing cooperative members education and management training with the understanding that as cooperatives are stabilized and become financially sound, then they should carry out their own education and training programs.

Preferential government policy for cooperatives will serve in most cases to facilitate the future development of the movement. Emphasis is placed, however, on the fact that care should be taken that cooperatives are not used as agencies of the government for assistance programs to agriculture, which may ultimately run counter to the cooperative purpose. Further, it is an accepted fact that cooperatives operate best in a free economy and in open competition with other forms of business organizations.

In concluding its deliberations, the Work Group observes that never in the history of the developing countries of the Far East have cooperatives meant and promised so much to the impoverished people in the rural areas. It is essential, if progress is to be made, that farm leaders and others, whether in the government or private sector, should put their heads together to provide the leadership so sorely needed to achieve the full realization and attainment of the basic cooperative purpose.

Work Group No. 2 concerned itself with the very broad subjects of developing more effective credit institutions and the marshalling of capital resources. Although these general subjects have been considered in previous Workshops, several items appeared to us to be noteworthy as indicating forward movement in this area. Among these are the growing and expanding activities of private and quasi-government financing institutions in extending

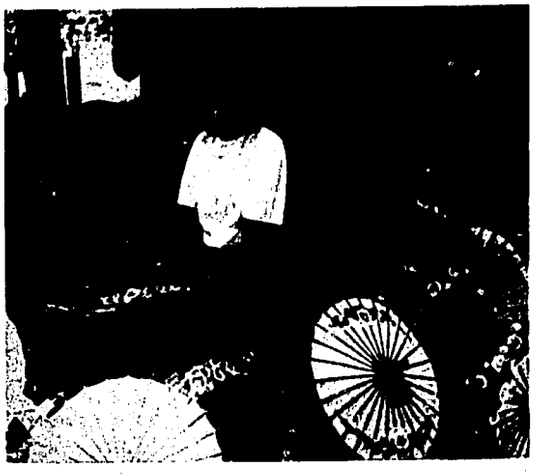
useful credit to the agricultural sector, more effective methods in accumulating and mobilizing capital from both rural and urban areas; and in a growing ability in several countries to effectively market bonds and debentures for use in the agricultural lending process.

In considering the role of regional and international organizations in developing effective credit and co-operative institutions, Work Group No. 3 undertook an inventory of existing regional and international organizations and their activities and programs in the field of agricultural credit and cooperatives. This inventory can be beneficial to Workshop delegates in understanding the many and varied resources available for agricultural development. This Work Group pointed up the fact that in the Far East, and particularly in some of the newer developing countries, a general lack of information exists concerning regional and international organizations and their capabilities for providing technical or financial assistance. The Workshop has provided a valuable opportunity for Delegates to meet and become better acquainted with representatives of international organizations and to acquire more insight into their operation. It is agreed, however, that methods must be found by the concerned countries to develop better points of contact with such organizations and that the organizations themselves must make their services better known and available toward that end and that more progress can be realized in developing agricultural cooperatives and credit institutions in the Far East. This calls for clearer channels of communication. In order to foster the greatest degree of co-ordination, and so as to eliminate conflict or overlap in the activities of the various international voluntary organizations, these organizations must develop a practical solution for co-ordinating their activities.

Note is taken of the emergence of the newly created Asian Development Bank as an important organization in the future development of the agricultural economy of the Far East.

Work Group No. 4 dealt with the subject of effective education and training for agricultural cooperatives and credit institutions. Important in their conclusions is the thought that, in addition to the necessity of improving already existing in-country capabilities for training, a comprehensive and objective survey should be made of regional training facilities and resources. Ultimately, such a survey and the actions which conceivably might stem from it could lead to a more complete and unified regional training service.

The Steering Committee is conscious of previous Workshop recommendations dealing with a change in title for this particular forum. We believe that it is now a matter which should be dealt with in a broader concept than heretofore. The major benefits which can accrue from a Workshop type of meeting have, in our opinion, largely been realized, and the needs of the participating countries have taken on new and greater dimensions. It is timely, therefore, to look toward the future and establish a conference activity which, although not overlooking individual country problems, will address itself to the broader spectrum of regional and international activity. Further, we believe that for the purpose of continuity and planning, this activity must be buttressed by the establishment of a secretariat.



THE FINAL PLENARY SESSION

CLOSING ADDRESS

H.E. MOM LUANG XUJATI KAMBHU
Deputy Minister of National Development

IT has been a great pleasure for me to know that the Sixth Far East Workshop on Agricultural Credit and Cooperatives has been held in Bangkok for the last ten days and the topics for discussion were timely.

Agricultural credit and cooperatives have been in existence in many countries in this part of the world for at least a half-century. The results achieved by the individual countries, however, have been widely different. Therefore, the lessons we learn from this Workshop of both successful and difficult experiences will be useful for present day developments.

Although I have not been in the Workshop, my attention has been with all of you and I must congratulate this Workshop for making such recommendations as:

- Cooperative development be directed toward intensifying agricultural production;
- Multi-purpose cooperatives be encouraged at the local level;
- The Government should only create the climate conducive to the healthy and natural growth and development of cooperatives.

I hope that the good intentions and efforts developed in this Workshop will provide guidance to the agricultural credit and cooperative movements, so that they can make real contributions to agricultural development in this region, which is in the process of transformation from subsistence agriculture to modernized commercial agriculture.

I want to take this occasion to express my sincere appreciation for the cooperation extended to the Workshop by the United States Agency for International Development, to thank all those who have devoted their time and effort to make this Workshop operate efficiently, and to the delegates and representatives for their valuable contributions.

I now declare the closing of the Sixth Far East Agricultural Credit and Cooperative Workshop. My very best wishes to all of you.

An Evaluation

AGRICULTURE IN FAR EAST MOVING INTO A NEW ERA

GLENN G. BROWNE
Consultant to the Sixth Workshop

IT seems but a moment ago that this Workshop was set in motion by the Minister of National Development and Economic Affairs, His Excellency, Mr. Pote Sarasin. Actually, we have gone through twelve action packed days of work and travel and have shared together a number of delightful social occasions. As a result, there is no doubt that the Delegates, Observers and others who participated in these varied activities have come together in a much closer understanding and appreciation of the manifold problems with which the Workshop has been pre-occupied.

As has been the case at previous Workshops, this meeting got off to a somewhat slow start in the early Plenary Sessions but gained real momentum in the Workshop meetings and in the Plenary Sessions just concluded. As a result I believe the Workshop has fully lived up to an early prediction that it would be a stimulating and successful meeting.

At this point in time it is difficult to fully assess or evaluate the tangible benefits which inevitably flow from such meetings. It can be said, however, and with a good deal of certainty that both short and long term benefits do accrue. I think that any of you who have attended previous Workshops would agree with me that those meetings prepared you to take a more active and productive role, not only within your own country, but also at this particular Workshop. Visible results of previous Workshop activities can be seen in the form of improvements in cooperative and credit institutions and in a more healthy agricultural economy in many countries of this region. I have no doubt that by the time of your next gathering in the Philippines, the beneficial results of this meeting will be clearly evident.

Here in Bangkok you have performed yoeman service in bringing into clearer focus the growing importance of regional and international cooperation in the field of institutional finance for agricultural development. Here you have shed new light on the ever present problems which bear on development of basic institutions so essential to growth of viable agriculture economics. Discussions resulting from an exposition of some of the more troublesome problems of our times, have resulted in Work Group conclusions and Workshop resolutions which, if fully implemented, can go far toward providing new and broader opportunities for service to the expanding agriculture of your countries. Here, too, we have been able to become better acquainted with the activities of regional and international organizations and to sense the vast potential of those organizations to work harmoniously with you in the nation building process.

At this Workshop well deserved recognition has been given to the valuable and expanding contribution of private financial institutions of several countries in extending much needed credit to the farm areas.

You have taken a giant step forward in arriving at a determination to conclude the present series of Workshops and establish a new series of conferences with a much broader frame of reference. Also, the fact that you have taken definitive action to bring into existence a mechanism for providing continuity until your next meeting indicates to me the earnestness of your intention that strong people with strong resolution will see to it that a proper forum for discussing necessary questions dealing with agriculture, agricultural institutions and related areas will be continued in the Far East. I congratulate you for these actions and applaud your courage in now moving ahead into a new era. You may be assured that the country which I represent will continue to take a very keen and cooperative interest in your activities as your aspirations and ours are very closely and deeply interlocked.

I would be remiss if I did not express my admiration at this time for the most excellent manner in which the organization committee and the secretariat have operated. These folks were always available and willing to assist in a multitude of details upon which rests the fundamental operations of a conference. I am sure that all of us appreciate the speed and accuracy with which our voluminous reports were edited, printed and returned to us in finished form. So, too, have valuable contributions been made by the many other committees and organizations, who have labored so diligently in the background. To all of you my personal and heartfelt thanks for a job well done.

May I say in conclusion how very much I have enjoyed being at the Workshop and serving, although poorly, as your Consultant. This has been a high point in my career and it will be difficult indeed, as I return to my own organization in the United States, to quickly adjust to a more routine and certainly less exciting atmosphere. Needless to say, this Workshop will be long in my memory and I am sure that statement can be made for all of us. Thank you very much, good luck and God speed.

GOOD LEADERS AND SOUND MANAGEMENT

R. E. PATTERSON
Assistant Director for
Agricultural Development
USOM/Thailand

As was stated at the opening of the Workshop by Director Parsons, let me again say that the USOM/Thailand Mission is honored to welcome this Sixth Far East Agricultural Credit and Cooperative Workshop. One of my very first assignments as an AID employee, even before arriving in Bangkok last September, was to offer Thailand all assistance possible in the

planning and conduct of the Workshop. It was in Washington, D.C. last September that I first met Mr. Glenn G. Browne from whom I sought advice and counsel regarding such a Workshop. He gladly gave of his advice and counsel, drawing, I am sure, from his experience with the Third and Fourth Far East Agricultural Credit and Cooperative Workshops. I am especially happy that he accepted the invitation to serve as your consultant, which, I am sure, you all agree he has done with great energy and real distinction.

It has been a real pleasure for me personally to have been associated with the fine members of the Thai Central Committee which effectively carried out their many duties and functions under the capable Chairmanship of Major General Chan Ansuchote.

I cannot resist calling attention to the excellent job done by the members of the Planning Committee headed by Mr. Chamnien. Mr. Chamnien has probably had at least two to three hours of sleep each night since this Workshop started, and I expect he didn't get any sleep last night having spent the time preparing the report.

In my opinion no better choice could have been made in selecting the Chief Delegate from Thailand who has served as the Chairman of the Workshop. Mr. Renoo Suvárnsit is Director of the Bureau of the Budget, a very demanding position. He has a great interest in the development of agriculture and is appreciative of the need for credit. It is good to have a man of such high caliber, who is concerned with the financial aspects of this great country on the side of agriculture credit cooperatives.

Further, it has been a rare privilege for me to be associated with you, the country delegates, observers, and advisors these last two weeks. I only wish that the duties of my USOM office would have permitted more regular attendance at the Workshop.

There is no way of applying an accurate or absolute measure of the worth of meetings such as this one. But one can be certain that the exchange of views, discussions, and thoughtful consideration of problems of agricultural credit and cooperatives has had and will continue to have positive and effective impacts upon the efforts to improve the agricultural economy of the countries of the Far East. Tangible results have already accrued from previous Workshops where the foundations and superstructures are becoming more evident. But much is yet to be done. As the knowledge and the will and enthusiasm to move forward are being generated it is certain that more will be done.

In any country or group of countries the building of a productive, dynamic and progressive agricultural economy is dependent upon many factors, with complex inter-relationships among these factors. Consideration must be given to the basic agricultural resources such as soils, water, climate, transportation and people. There must be an active demand for the products of agriculture at prices that will insure reasonable returns for the producers. Markets are critically important but in a world where the amounts of food and fiber being produced fall far short of meeting even minimum requirements, there must be logical solutions to market demands and market prices.

In considering the development of a sound and productive agriculture I believe agricultural credit stands very high among the basic requirements. In fact, without credit, agriculture can rise no higher than subsistance level farming and this we must agree is undesirable, either economically, socially or politically.

To be sure, more effective use of the basic agricultural resources requires improved technology. This involves proper soil and water management and the use of fertilizer on responsive soils and crops; improved varieties of crops; new crops; and proper nutrition for

improved breeds of livestock. But to adopt improved or modern technology new and expanded inputs are required along with the knowledge of how to use these properly. These inputs require financial resources that are usually beyond the availability of the small farmer. He must, therefore, have a source of credit that is adequate in amount, reasonable in interest rate and of sufficient duration.

It can be easily established that increased agricultural productivity and strengthening of the agricultural economy are directly dependent upon the development of an effective credit system. But what credit system?

Other Workshops have agreed and, indeed, the theme of the Workshop "Serving a Growing Agricultural Economy Through Institutional Development" infers that cooperative systems can perform valuable functions in providing needed agricultural credit as well as in marketing, sales and services.

No one needs to be reminded that there are other credit institutions or institutions that perform credit functions. These are the private banks, dealers in agricultural inputs, and handlers of agricultural produce, to name a few. Some of you may have been as impressed as I was by the very fine report given by Mr. Chusak Himathongkam on the agricultural business handled by the Branch Bank of the Bank of Bangkok at Cholburi during our tour. However, most of these institutions are not in a position to provide the kind of credit and services for a small farm agricultural economy. The costs of processing small farmer loans are excessive with generally high risks. This usually results in excessively or unreasonably high interest rates. Most dealers of agricultural input items are not prepared to provide the kind of credit required and would be quite satisfied that this activity be assumed otherwise.

Credit institutions in the form of cooperatives have many desirable characteristics favorable to providing small farmers the necessary credit at reasonable rates and amounts. Such institutions, however, must be based upon sound business principles. Conversely, credit cooperatives that are based upon emotional precepts or attitudes can hardly be expected to succeed. The credit institutions must be considerate of all levels of the private agricultural sector, including private banks interested in agriculture; sales and service organizations that can contribute effectively to progress and prosperity in agriculture.

In institutional development great care and patience must be exercised in dealing with the individual farmers and farmer groups. Particular attention must be given to attracting to the organization the best leadership possible. To make the greatest possible use of the very best leadership, within a given area, multi-purpose institutions should be encouraged.

The success or failure of cooperative institutions is greatly dependent upon the employment of highly capable management officers. Of equal importance is the need for providing proper education and training for members of boards of directors as well as the general membership. It is simply not enough for the members to know what the institution can do for them but they also must know what they must do for the institution to insure its success. In this connection may I give you a definition of education as I believe it will apply at all levels of institutional development. "Education is the process of moving from a stage of cocksure ignorance to one of thoughtful uncertainty."

Closing Remarks

MR. RENOO SUVARNSIT

DIRECTOR, BUDGET BUREAU
OFFICE OF THE PRIME MINISTER

CHAIRMAN OF THE SIXTH FAR EAST AGRICULTURAL CREDIT AND COOPERATIVE WORKSHOP

Your Excellency, Distinguished Delegates, Observers and Guests: When I accepted your kind nomination for the chairmanship of this distinguished gathering, I requested that I be allowed to withhold my speech until an appropriate time. Now the moment has arrived and it is a pleasure to begin by responding to the kind words and warm sentiments that have been expressed around this room for my country, the Thai Delegation, and myself.

I came to this meeting, The Sixth Far East Agricultural Credit and Cooperative Workshop, with a feeling of reluctance that was turned into misapprehension and doubt. But as the meeting proceeded these misgivings were quickly dissolved into reassurance and finally pleasure. I was reluctant when I was asked by the Undersecretary of State for National Development to head the Thai Delegation because the convening time coincided with the period of budget preparation. But when the request persisted I could not turn it down. I have been involved in this work from the beginning until the establishment of the Bank for Agricultural Credit and Agricultural Cooperatives which I proposed to the Thai Government more than twelve years ago. My decision to join the Thai Delegation is a matter of the heart, more than anything else.

As the meeting time approached, I felt apprehensive of the work that would be involved. When I came to the Steering Committee on Sunday afternoon, March 10, just three hours after I landed at the airport, my attention was quickly drawn to the theme of the Workshop—that it will take a new departure and will be 'action-oriented'. My apprehensions grew in number and size. But as the delegates assembled on the first day, the smiling faces that register the seriousness of purpose did have a soothing effect. The first-indication came when I requested that the first plenary session be held without a break and the honorable delegates complied without a murmur. As an atonement for such rigor, I later pointed out, at the Reception held in your honor by the Thai Delegation on the first evening, that the strenuous program was designed for an average delegate in his advancing years, but for the fellow delegates whose robustness grew with the years, a marvelous feat in

which even the best intentioned planner could have erred, I wish to make amends by suggesting that an unscheduled program be added. The arrangement could be made with despatch and in the vicinity of the party site. Again the delegates rose to expectation and the unscheduled program was unanimously adopted. The next day I received a glowing report from our observant Consultant. With more than a gleam in his eyes, though bleary and a bit red, he gave his assessment of the meeting performance: "This conference is destined for success, as the delegates are all eager to accede to the Chairman's wishes. And it is going to be action-oriented. I saw the bus that was to take the delegates back to the hotel, leave the party practically empty." That was the first sign of success and with such a reassuring report all doubts that I had were quickly dispelled.

The task at hand for the Sixth Workshop is large in magnitude, broad in scope and urgent in time. The study of the Agricultural Credit Problems and the measures for strengthening the Cooperative Movement must search for practicable solutions, ways and means to assist the farmers, to increase their productive capacity; to reduce their burdens; to strengthen their financial conditions through cooperative means. Viewed in the broad context our deliberations will eventually bring us to grip with the basic problems of mankind: insufficient food to meet the needs of a growing population. The inability to cope with this basic need has split the world in our time. The struggles that followed to control and redistribute wealth have brought in its wake countless miseries, hardships and deaths. In a number of cases, the struggles alleged to assist the people and to lift them to a better life took the form of armed struggles that kill and maim not only soldiers, but also civilians, including the old and the very young in the arms of their mothers, while fleeing or seeking shelter. The shattering experiences of our wartorn neighbors in Vietnam has shown how brutal and futile this kind of struggle could be. We are now at a new crossroad of history, being all embroiled in a new kind of war, undeclared but total. No one is allowed to find peace and to live in peace. The people of the soil can no longer till their land in peace, nor can the others pursue their professions undisturbed. All of them—including us—are now soldiers on the economic front. The armed men on the military front are no longer enough, or fully effective in this total struggle. Yet this fight, with all its ugliness, remains the fight to preserve the right of man to live a free and decent life. The success hinges greatly on how fast we can improve the lot of the poor and ill-fed farmers who form the mass of the Asian populations. The farmer's future is our future. Unless we bring reality to this oft-forgotten fact, the fate of the free world is sealed. The farmer must feel assured of the following rights:

1. They are entitled to a fair and reasonably high price for their products,
2. they are entitled to assistance to free them from debts of usurious rates,
3. they are destined for a better and healthier life with its rising standards.

A number of people, economists, politicians, as well as others, claim that certain economic doctrines can cure the ills of the world and thus hold the wave for the future. All of us in this room believe otherwise, because we know that the future lies in the spirit of cooperation, the very thing that we seek to foster and strengthen at this meeting. Some people, through devious means, seek to extinguish this spirit that breathes life into democracy, thereby destroying the will of free men. In this group we must include the trembling truncated teach-ins and the sit-ins, sapped-out, among many others. Some wish to see the complete withdrawal of American troops from this part of the world. More than a few predicted and hoped that the ignominous

phenomenon at certain *cal-de-sac* be re-enacted at Khe San. To these misbegotten Cassandra we say: "Tell it (again) to the Marines".

This meeting has been a success due to the cooperative efforts from several quarters. Our thanks go first to the United States Government for having initiated this type of meeting, and it has played a great part in putting life into this meeting together with the capable planning committee of the Thai Ministry of National Development. We are appreciative of the talent and industry of Mr. Glenn G. Browne, the Deputy Governor of the Farm Credit Administration Washington, and Mr. Wallace J. Maddock of USOM/Vietnam, who performed the difficult job of Consultant to this Workshop. A special tribute must be paid to the Secretariat for the efficient manner of the operation. The topic itself is not easy to follow, but their problem was compounded by the complexity of language which they had not fully appreciated until now. No doubt our secretaries have good reasons to feel that they are well grounded in the variety of English known to them, King's English and even American English, but they were not quite prepared for other English; the Thai English, the Japanese English, the Korean English, the Philippine English, just to name a few. These are all good, invigorating English that our secretaries accepted without a murmur. They are, indeed, a credit to this workshop, the kind of credit that all normal farmers would dream about, but it is beyond the domain of this meeting to further discuss.

In reassessing the value of this important meeting in which many serious discussions have passed we should not let a central fact go ungrasped. Practically all of the undeveloped countries participating here are basically rich in natural resources and yet they lie untapped for centuries. There is an urgency in time that our wealth be developed. This morning, the distinguished delegate of Japan gave an example of how their young are taught in rhyme the value of cooperative spirits. I feel that the young and the old in the underdeveloped must be taught the reality of urgency. I have as my neighbor a lovely lady of three. Her name is Robin, and she usually sings with her sister, Lisa, "Ring Around Rosie". Several times in her lovely way she asked me to join hands in a circle, which I gladly consented to do. The words of this little ditty, with a slight modification, appears apt for our situation:

Ring around the Rosie
Pocket full of money
Act fast, Act fast,
Or we all fall down.

While this meeting, the sixth of its kind, is coming to a close, its continuity for the next four years have already been assured. It is gracious of the Philippine Government to offer to act as our next host and also of the Japanese Government to propose that the meeting after next be held in her country. I know that all of you here will join me in lauding these generous and constructive gestures of the two governments. To those of you who will leave Bangkok, I say, "Sawat Dee and Pob Kan Mai", (Good-bye and See You Again). To those who are going to the Philippines for the next meeting, I know that our hospitable and gracious host will await you with a tremendous "Mabuhay".

CLOSING REMARKS BY THE DELEGATES

Statements made in reply to the invitation by the Chairman of the Workshop for remarks from each Delegation at the close of the Plenary Session.

REPUBLIC OF CHINA

MR. I SHUAN SUN

On behalf of the Chinese Delegation, I reiterate our deep appreciation for the excellent arrangements made by our host delegation and the U.S. Agency for International Development in carrying out the Workshop programs. I wish also to thank the Chairman, the two Vice-chairmen, and Mr. Browne for their successful handling of the meetings in their respective capacities.

There is no doubt that the discussions and exchange of ideas taking place in the Workshop have become more fruitful and beneficial and will contribute greatly to the future development of agricultural credit and cooperative institutions in our respective countries. I am also confident that when the participating countries meet again in 1970 in Manila, the constructive recommendations of this Workshop will be successfully implemented to bring about a better world for the rural population of the Far East.

Nearly all countries in the Far East are currently faced with the need for accelerated development in agriculture credit. Whether the need is derived from a population explosion or a desire for higher productivity and fuller land utilization, we are all convinced that with increased supply of capital, both land and labor can be more efficiently utilized.

It is my belief that among all factors that govern the path to expanded rural economy, captial is the most essential one. I have seen the importance of supplying ample capital to the rural areas emphasized in the Workshop. We must also put this emphasis into action and strive to provide adequate supply of credit in order to raise the efficiency of land and labor.

Cooperatives which are built on principles of democracy and mutual cooperation are the very organizations that can be relied upon to shoulder the responsibility of making optimum use of these resources. When complemented by the wisdom and experience of international cooperative and credit organizations and supported wholeheartedly by Government, our task will be made much easier. During the past two weeks, we have manifested how coordination and cooperation can bring us together to do a job more effectively and to enjoy life more fully. With the same spirit, I hope that we can put our words into action.

We have come to the Workshop with open minds to share and benefit from each one's experience. We are parting with more wisdom and confidence to launch our programs in our countries. With these words and hopes, I bid each and everyone of you farewell and a happy journey home.

JAPAN

MR. AKITAKE FUTAGOISHI

Nowadays we no longer need many years to construct a large factory or a huge dam in our world where engineering has made such rapid progress. On the other hand, in order to raise the level of agriculture or rural society as a whole, by as little as one centimeter, we must still utilize our persistent endeavors over long periods.

We cannot expect that our efforts to improve agricultural financing and cooperative movement will have an immediate effect. In this sense our works may not seem conspicuous. However, without these almost invisible investments, such physical assistance as supplying materials and providing techniques, could not have been effective.

Among our seven participants there is a wide range of times and circumstances under which institutional financing took place and cooperatives developed. Some of us started early and some were late. Therefore, it seemed that sometimes we had difficulties in discussing our matters from a common base. Nevertheless, these difficulties were overcome through the generous and friendly spirit of the respectable delegates assembled here. It is this friendly mind, that has made it possible to hold a successful Workshop. It is our responsibility to make the old Workshop, now we should say the Regional Conference of Agricultural Credit and Cooperatives good.

Finally, in addition to the excellent management of this Workshop, by Thailand, I should like to express my hearty appreciation to our Consultant, Mr. Browne, Advisor, Mr. Maddock, and other Observers from the AID and International Organizations who were so modest and sensible as to ferment an atmosphere for us in this meeting. Their presence helped us in a most satisfactory way.

REPUBLIC OF KOREA

MR. BOK-RAE PARK

My heartfelt gratitude to the Chairman of this Workshop and to the Manager of the Bank for Agriculture and Agricultural Cooperatives for their hospitality and outstanding contribution to the proceedings of this Workshop. I also express appreciation to the Government of Thailand and USAID for their positive services to this Workshop. I extend my warm appreciation to Mr. Glenn G. Browne, Consultant, for his assistance in leading and guiding this Workshop.

This Workshop has renewed its purpose as described in the Country Reports of each hosting country since the first Workshop in 1956. The recommendations and resolutions made at the Workshop reflected on the development of the economy of each country represented here.

With many difficulties and problems including the menace of the North Korean Communism, the Republic of Korea has made remarkable progress in her economy through the application of the first and second economic development plans. However, the recent provocation of the North has set us to work while fighting and to fight while working with the strengthened spirit to defend and develop Korea.

At this moment I would like to acknowledge what the Workshop has contributed to the progress of cooperatives and the credit system and agriculture as a whole.

I think the knowledge and precious experience obtained through this Workshop could contribute greatly to the development of this part of of the world upon the adaptation of resolutions and recommendations.

Before this Workshop adjourns I once again express our deepest thanks to the people of

Thailand for their warm hospitality, especially during the field trips to the countryside.

May all of you have a pleasant trip home, my friends. Goodbye, La-Kon, Bon Voyage, until we meet at the next Workshop in Manila, Philippines, thank you.

KINGDOM OF LAOS

MR. SINGSAMOUTH BOULOM

It is a great privilege for me and my country to have the opportunity to attend this Workshop.

For the past two weeks of hard work, we have greatly benefited by our discussions. I hope to take with me the precious knowledge and recommendations gained here to aid my home country.

I wish to thank the International Agencies for their advice and especially Mr. Glenn G. Browne and Mr. Wallace J. Maddock, the Workshop Consultant and Advisor, respectively, who helped us solve the many problems that we encountered during the workshop.

I am deeply impressed by the hospitality and friendship of the staff members of the Ministry of National Development, the Bank for Agriculture and Agricultural Cooperatives, and the Bangkok Bank and our host country in arranging for us observation tours, receptions and other programs.

On behalf of the government of Laos, before the closing of the Workshop, I would like to express my gratitude and thanks to our host country, the Kingdom of Thailand, for sponsoring this Workshop.

Best Wishes to you all for the future and Je vous sonbaite a vous tous "Bon Voyage".

REPUBLIC OF THE PHILIPPINES

MR. EMILIO SALVATIERRA

The members of the Philippine Delegation are searching for words with which to express our appreciation and gratitude to the host country, the Government of the Kingdom of Thailand, for the courtesy and hospitality extended to us during our stay.

The officials of your Government have shown extreme concern in making our stay in this country most enjoyable. We are happy that the participating countries have graciously accepted our invitation to hold the next workshop and our First Conference in the Philippines. As we end our sessions today, and say our good-byes to all of you, we are comforted by the thought that some day in the future we shall be meeting again in the Philippines and thereby give us an opportunity to reciprocate the kindness which you have shown us.

For two weeks we have worked together, exchanged ideas and shared our problems and experiences. There might have been differences in our views during our discussions but we are sure that from the clashes of opinions, we have

been enriched in our visions of the problems of the farmers for whose welfare this Workshop has been held. We from the Philippines are going back to our country enriched with added knowledge and experience, and we hope that we have been able to give something in return. There could be a deeper meaning to this Workshop. It can be much more than an exchange of ideas and a sharing of experiences. What is more meaningful is the realization that a brotherhood of nations and of peoples can exist in this world. Thank you.

REPUBLIC OF VIETNAM

MR. DO-QUANG-NANG

I wish to join the other delegates in expressing our profound gratitude to the people and Government of the Kingdom of Thailand for the warm hospitality and kindness they have shown us.

I wish also the express our highest esteem and gratitude to the Chairman and the two Vice-chairmen for their enlightened guidance and excellent leadership, which have greatly contributed to the success of this Workshop.

Our delegation is also deeply grateful to the Government of the United States of America, and particularly to Mr. Glenn G. Browne and Mr. W. J. Maddock and other distinguished representatives of A. I. D. here who have helped to make this Sixth Far East Workshop on Agricultural Credit and Cooperatives possible and an outstanding success.

Let me also thank Mr. Chamnien Saranaga and Mr. Chern Bamroongwoong and all Staff members, for their devotion, skill and courage, and for their excellent work and perfect organization with which they facilitated the intricate task of our meetings.

I would like also to express, on behalf of our participants, to the previous workshops, who are not able to come here this time, our deepest thanks for the sympathy the Chairman, and all delegates have reserved for us. I could assure you that no matter how large were the destructions and sabotages caused by the Communists, the people of Vietnam are always resolute to resist their aggressors. The more the Communist aggressors want to conquer by the force of arms, the more we are determined to remain firm to defend our liberty and to rebuild our land.

What we have gained here in the Workshop, after so many days of hardwork, of fruitful discussion, of exchange of views, will be of great importance to the future development of the agricultural credit system and cooperative movement in Vietnam.

We do believe that, in spite of the varied and diversified structure of the economics of member countries to this Workshop, this common field of activities is the most appropriate one for a close international cooperation and a full exchange of experiences. The fruitful results Thailand has realized in the field of agricultural credit and cooperative organization will be very helpful and useful for our future improvement.

Before I conclude, I wish to express once more our thanks to the Chairman, the Ministry of National Development and all others concerned with this workshop who have labored so hard to make it a success. I wish all of you "BON VOYAGE" and a very pleasant trip home.

KINGDOM OF THAILAND

MR. SOMRITH LERSBUSYA

On behalf of the Delegation of the host country, I feel it a great honor to make a brief statement on this occasion.

I would like to say, first of all, that we greatly enjoyed having you with us. Duties assigned to the Thai Delegation included, not only attending the sessions of the Workshop, but also looking after the well-being of fellow participants. In trying to fulfill the duties we feel that certain shortcomings might have arisen along the way, especially on the welfare side. Therefore, on behalf of the Thai Delegation, I would like to take this opportunity to ask for your comments, if you feel so inclined.

On behalf of the Delegation of Thailand, I would like to join the delegations of other countries in saying that we have been benefitted very much by the Sixth Workshop. Those deliberations and recommendations given by experienced participants could contribute greatly to our future efforts in agricultural credit and cooperative development. Consequently, I would like to take this opportunity to express our sincere thanks to all our friends in their helping to make this workshop a success and of great use to us.

Again, as Delegation of the host country of Thailand, we would like to thank the Agency for International Development, the able Workshop Consultant, Advisors, the very efficient and hard-working members of the secretarial staff for their cooperation and assistance from the very beginning in the organization, implementation, and conducting of this Workshop.

Finally, on behalf of the Thai Delegation, I wish you all success and happiness. Good luck. Have a good trip, and Good-bye until we meet again in the next conference.

INTERNATIONAL ORGANIZATIONS

MR. C.D. PRASADA RAO

I consider it a privilege to have been called upon to make a few observations on behalf of the Regional and International Organizations participating in the Workshop. I believe I am voicing the feelings of the observers of the participating agencies when I say that all of us deeply appreciate the opportunity afforded to us to associate ourselves with this Workshop, and I thank the organizers for giving us this opportunity.

Participation in the Workshop has helped us all to have an insight into the nature and dimensions of the more pressing problems the countries of the region are confronted with in the fields of agricultural credit and cooperatives. We are impressed by the sincerity and the realistic approach of the delegates in finding appropriate solutions to the problems. This, we believe, is a very healthy sign and in fact a very sound step for addressing ourselves to the solution of the problems. We commend the governments and cooperators of the participating countries who have recognized the need for creating the conditions necessary for the expansion of agricultural credit and development of cooperatives on sound lines within as short a time as possible.

The Regional and International Organizations also have been able, possibly for the first time, to come face to face with the problems that exist in this region. I have no doubt that this knowledge will help our organizations to so shape the programs of assistance to meet the more pressing needs. We are also impressed with the need to achieve a much larger measure of coordination among activities of our organizations and I sincerely hope that some steps will be taken in this direction on the basis of our report.

FIELD TOURS

DELTA LAND

AND

HILLS

THE Sixth Far East Workshop gave participants many things to see as well as to hear. Field tours and sightseeing tours came as a welcome break after long hours of deliberation in work group sessions. They also gave visitors a better understanding of life in the rural communities and the variety of agricultural production.

The different tours were spaced so as to cover countryside and historic sites to the north of Bangkok on one visit, and the districts to the east and south of Bangkok on another trip. Tours were also made at Kasetsart University at Bangkhen, and of the Marble Temple, the Emerald Buddha Temple, and the Grand Palace.

At Kasetsart University the tour visited the Dairy Farm and Livestock Section, the Agricultural Engineering Section, the Poultry Section, the Horticultural Section and the Faculty of Fishery.

The field trip to Ayuthya and Saraburi was the first opportunity the Workshop participants had to observe credit operations of the Bank for Agriculture and Agricultural Co-operatives. The main operation of the Saraburi branch deals with extending credit to farmers for agricultural investment and accepting deposits from farmer-customers as well as the public. This branch opened in June, 1967, and now includes ten sub-branches in Saraburi and Lopburi. Since its opening, this branch bank has granted B 9,886,110 in loans. At Ayuthya, the visitors were received by the Governor of the province. The stops included a dairy farm and places of historic interest at Ayuthya, the old capital of Thailand.

The major expedition of the Workshop was a two-day bus tour swinging through Chachoengsao, Cholburi and Rayong provinces to the east and south of Bangkok. Two buses, under special escort, carried the delegates through rich delta country, along the sandy coastal strip and into hill country for a distance of almost 200 miles. The variety of products seen along the way began with the intensively-cultivated vegetable plots within Bangkok. Then came rice fields alongside busy waterways filled with small boats, the stretch of salt-drying beds, more rice paddies, sugar cane and palm trees. There were the fruit orchards, fields of cassava, peanuts and corn. Among the hills further back from the coast there is considerable logging.

The first stop on this tour was the Muang Chachoengsao Production Credit Co-operative, Ltd., which has a membership of 400 farm households in 17 groups. It is in Muang district, which has 7,086 farm households. There are 33 village credit co-operatives in the district with a membership of 511 households. Most farming consists of rice growing, poultry and hog raising, and fruit trees. The Credit Co-operative members own 6,440 acres, with the average being 16.2 acres per member.

The cooperative was organized in 1960.

It has had an excellent record of growth. During 1967, it made 269 seasonal loans, 101 short-term loans, and 233 medium-term loans, for B1,754,805. The repayments of B1,892,705 exceeded loans because of payments before due date. The cooperative sold 63.5 tons of fertilizer at cost to members for rice production.

A supervisor and two assistants are provided by the Department of Credit and Marketing Cooperatives to give technical assistance in such operations as investigation on admission of new members and loan applications, advice on production plans, loan supervision, members' farm records, farm extension service, cooperative and farm credit education, training of cooperative employees and board members. The supervisor is not allowed to handle cooperative funds except for overseeing its accounts, bookkeeping and records.

Three types of loans are made: seasonal loans for main-crop production, such as rice, repayable within 12 months; short-term loans for purposes other than those in the first category, also repayable within 12 months; and medium-term loans for capital items and repayments of old debts repayable in installments within three years.

The security is provided by joint responsibility of group members for seasonal loans; two members standing surety for short-and/or medium-term loans not exceeding B4,000; and land mortgages for loans exceeding B4,000. The interest is 12% per annum. The credit limit is B10,000. Loan applications together with production plans are submitted to the Board of Directors which has sole authority to approve the loans. The cooperative supervisor's report on investigation of the plan is essential for approval. Loans are due, together with interest, at the end of the business year, March 31.

The tour visited several model farm operations, financed by the Muang Chachoengsao Production Credit Co-operative, Ltd. One such farm belongs to Mr. Chan Nakprasert, a 38-year-old farmer, who in six years has increased the worth of his farm by nearly 700 percent. Mr. Chan started raising poultry and rice in 1958. He recently shifted entirely to poultry production. He now has 2,000 laying hens, 2,000 spring chickens and 1,000 baby chicks. He also operates a rice mill for neighboring farmers, taking his fee in bran for poultry feed.

Mr. Chan uses government extension service-type assistance. His operations emphasize the value of short-term loans for seasonal capital so essential to expanded operations. In five years he has obtained six loans, none for more than B4,000. His farm, worth B51,370 in 1961 when he secured his first loan, now is worth B346,650.

Another model farm visited was that of Mr. Loom Tumchaitong, a rice producer and poultry farmer. Mr. Loom originally operates 16 acres of rice land and only recently added poultry. He has obtained eight loans for a total of B18,000, the largest being B4,000. All but the most recent loan have been repaid.

The Muang Rayong Production Credit Co-operative, Ltd. which occupies a modern building that reflects its flourishing operations, has a membership of 552 farm households in 13 groups. The district of Muang Rayong has a population of 66,471 of which 71% or 7,261 households, are in agriculture. The farm enterprises include cassava cultivation, fruit trees, para-rubber, rice farming and water melon growing. Total land holdings of members is 11,170 acres. The average holding is 19.8 acres.

Two types of loans are short-term, for farming expenses repayable within 12 months, and medium-term for capital items and repayment of old debts by instalments within three years. The security requires two members to stand surety for short-and/or medium-term loans not

to exceed B4,000, and land mortgages for loans exceeding B4,000.

This production credit association has a remarkable record of repayments, running high as 167% of loans made, for the year. During 1967, B1,189,000 was granted for 565 short-term and medium-term loans. Repayments amounted to B1,412,000 for the year.

The credit association supplied its members from April 1967 to January 1968 with 123.8 tons of fertilizers at cost for fruit trees and watermelon production. The association has assets of B2,063,000.

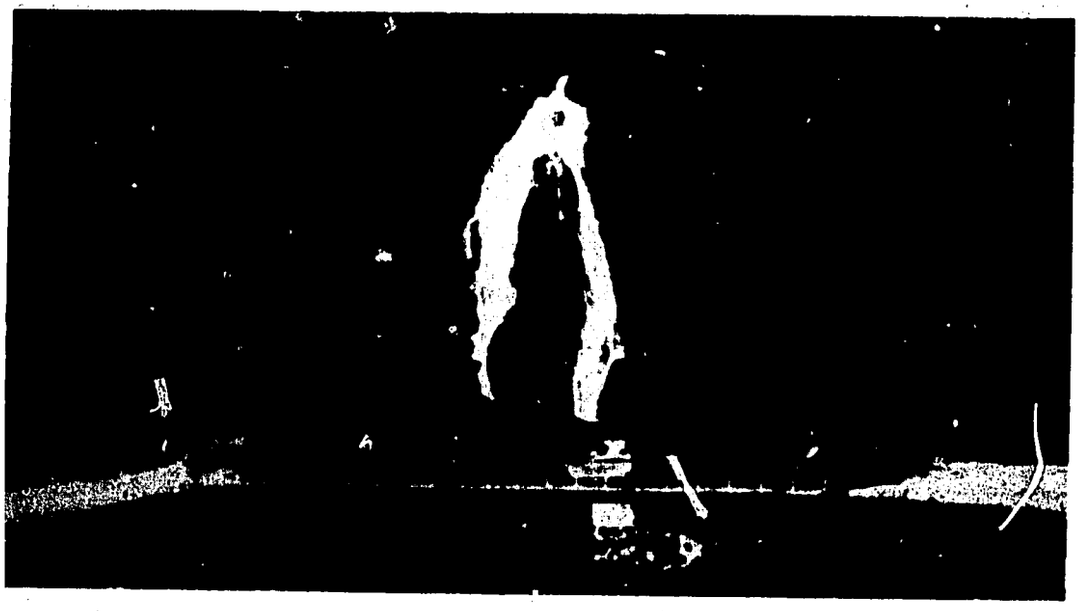
In Rayong district, Mr. Teng Payakasang, a 64 year old farmer with 6.4 acres of fruit orchard is an exemplary farmer. Seasonal loans plus good farming practices have enabled Mr. Teng to increase his farm holdings from B258,820 in 1963 to a current value of B436,540.

Stopping at the Cholburi Branch of the Bangkok Bank, Ltd., the visitors were briefed on the problems and opportunities for commercial agricultural credit. Pioneering in the field, the Bangkok Bank has a packaged type of agricultural loan, in which family members or neighbors become co-signers and the borrower agrees to carry out certain recommended agricultural practices to be eligible for a loan.

The bank currently has more than 23,000 loans to farmers for over B63 million. As substantial as the sum seems, the Bank is first to point out that this still represents only a fraction of 1% of its total business and is only a gesture as to what needs to be done in the field of credit to encourage modern farming practices.

The tour also included a visit to a tapioca mill, one of the most modern processing from root to starch in less than an hour, and utilizing the fiber for animal feed for its model dairy farm.

The evening's stop was at the pleasant seaside Bangsaen Hotel. Stops were also made at the seaside resorts of Cholburi, and Pattaya Beach and Pine-Tree Garden, before returning to Bangkok.



APPENDIX

SIXTH FAR EAST WORKSHOP PROSPECTUS

In response to the Resolution No. II of the The Fifth Far East Agricultural Credit and Co-operative Workshop held in Seoul in 1965, and with the approval of the Government of Thailand, the Sixth Far East Agricultural Credit and Co-operative Workshop will be held in Bangkok, Thailand, for approximately two weeks, commencing on March 10, 1968.

Theme of the Workshop

The overall theme of the Sixth Far East Agricultural Credit and Co-operative Workshop shall be: Serving a Growing Agricultural Economy through Institutional Development.

The Workshop will be action-oriented and its basic purposes three-fold as follows:

1. To review and evaluate the activities and progress of participating countries in implementing previous Workshop Recommendations;

2. To identify and discuss current problems common to the geographical area represented by the participating countries and to suggest solutions;

3. To establish a broad set of objectives and goals to guide future development of institutions —domestic, regional, and international.

The detailed programme and tentative agenda for the Workshop and suggestions for the preparation of country reports will follow as soon as possible.

Countries and International Organizations Invited

Invitations are sent to the following countries to send delegations; Union of Burma, Republic of China, Indonesia, Japan, Republic of Korea, Kingdom of Laos, Federation of Malaysia, Republic of the Philippines, Singapore, and Republic of Vietnam.

The Following International Organizations are also invited to participate in the Workshop: AARRO, ADB, CO-OPERATIVE LEAGUE OF U.S.A., CUNA, ECAFE, FAO, IBRD, ICA, ICDA, ILO, AND NATIONAL FARMERS' UNION OF THE UNITED STATES.

Location and Duration

The Workshop will be held at the Sala Santitham in Bangkok.

March 10, 1968: Registration
Meeting of Steering Committee

The Workshop Sessions will be officially opened on March 11, and closed on March 22, 1968.

Organization of the Workshop

The Workshop will consist of two parts, i.e., plenary and work group sessions. Field trips will be arranged to enable the participants to observe agricultural credit and cooperative operations and related activities.

Since the Workshop would, it is contemplated,

involve at least four Workgroups, designation of at least four delegates, from each participating country is urged.

Official Language

The official language for the Workshop will be English.

Administrative Arrangements

The Government of Thailand is pleased to bear such expenses as necessary for meeting and field observation tours during the Workshop.

Transportation to and from the conference site will be provided at the beginning and the end daily meetings.

International traveling and living expenses of participants will be the responsibility of the governments and agencies concerned.

RULES AND REGULATIONS FOR PROCEEDINGS OF THE WORKSHOP

1. Composition of Workshop and Election of Chairman and Vice-Chairman.

A. Plenary Session

Plenary Session will be composed of the delegates and observers from participating countries and observers of the international organizations. Chairman and two Vice-chairmen will be elected at the beginning of the plenary session. Visitors may be accommodated in the area reserved for this purpose.

B. Work Group Meeting

Conference party will be divided into four groups and each group will discuss respective topics assigned to it. The chairman as well as secretary for each work group will be elected from among the members of the respective work group.

C. Steering Committee

Steering Committee will be composed of the Workshop Consultant and Advisor and all of the chief delegates or designates of the participating countries, and USAID advisors stationed in the respective participating country. Concurrently, however, the Consultant will take the chair of the steering committee at the first meeting. Upon election of the Workshop Chairman, he will assume the position of Chairman of the Steering Committee, and the Consultant will serve as Vice-Chairman. Whenever deemed necessary, the Chairman shall call for the meeting in order to discuss any important subject related to the Workshop. This committee is to draft such resolutions and such recommendations as may be appropriate for the Workshop.

2. Proceedings of Plenary Sessions

A. Opening Ceremony

The opening ceremony of the Workshop will be performed in the presence of the delegates, observers, diplomatic missions of the participating countries, and high dignitaries of the Kingdom of Thailand in the General Assembly Hall.

B. Introduction of Delegates

All delegates and observers of the participating countries will be introduced in alphabetic order of their respective country before the meeting.

C. Presentation of the Country Report

The chief delegate or his designate of each participating country will summarize the country report in not more than 15 minutes. Copies of the country report will be distributed among participants in advance. This presentation will be made in alphabetical order.

D. Discussion of Major Papers

Major papers will be presented from among the participating countries. These papers will

become resource material for the respective work group. Any delegate or observer will be given the privilege to participate in the discussion of major papers. Presentation of major papers will be limited to fifteen (15) minutes.

E. Adoption of Reports

The chairman of each work group will present the report prepared by his work group and any delegate or observer may join in the discussion. The steering committee report will be made by the chief delegate designated by the committee. Reports along with the resolutions shall be adopted in the plenary session.

F. Closing Ceremony

Following the response by the chief delegate of each participating country and observer of the international organization, the closing ceremony will be performed. Response will be limited to ten minutes.

3. General

A. Observers of International organizations are encouraged to select the work group of their choice and be available as a resource for the chairman.

B. International organizations may provide brochures or other material on their programs to the Secretariate.

C. The Workshop Organization Committee shall be responsible for final selection of material (besides the approved reports) and the arrangement of the printed report.

WORK GROUP AGENDA

1. Characteristics and functions of effective agricultural cooperative institutions.
2. Developing effective agricultural credit institutions and marshalling capital resources.
3. The role of regional and international organizations in developing effective credit and cooperative institutions.
4. Meeting the education and training demands for effective credit and cooperative institutions in an expanding agricultural economy.

Each work group should consider in its deliberations all 5 parts of the country reports.

The individual country reports, the major papers, and special papers will be available to the work groups as basic material for their discussions.

MAJOR PAPERS

Each participating country is requested to prepare a major paper on one of the topics specified under "Work Group Agenda". The major paper will be presented at the plenary session and discussed at the respective work group sessions.

The countries mentioned after each topic are requested to prepare the major paper on that subject.

Topic No. 1 Taiwan and Korea
Topic No. 2 Japan and Vietnam
Topic No. 3 Philippines
Topic No. 4 Laos and Thailand

Copies of each major paper should be available for distribution in the same manner as those of country reports.

COMPREHENSIVE REPORT

In addition to the individual work group reports prepared by respective work groups, the Steering Committee will assume responsibility for preparing a comprehensive report of major Workshop conclusions and resolutions.

1968 WORKSHOP COMMITTEES

ORGANIZATION COMMITTEE

The Organization Committee for the Sixth Far East Agricultural Credit and Co-operative Workshop was appointed by the Council of Ministers from 16 Government agencies or organizations, namely: Ministry of National Development, Ministry of Agriculture, Ministry of Finance, Budget Bureau, Office of National Economic Development Board, Department of Credit and Marketing Co-operatives, Department of Land Co-operatives, Department of Co-operative Auditing, Department of Technical and Economic Co-operation, Department of Public Relations, Kasetsart University, Bank of Thailand, Bank for Agriculture and Agricultural Co-operatives, Bangkok Bank, Ltd., Krung Thai Bank, Ltd., and Tourist Organization of Thailand. The Members of the Organization Committee had the responsibility to develop and direct the overall plan of operations. The members of the permanent secretariat which composed the work committees of the Sixth Far East Workshop, were appointed by the Organization Committee and responsible to it.

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