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COOPERATIVES, SMALL FARMERS & RURAL DEVELOPMENT



A report on a project that included a series of workshops culminating in a seminar held at Wingspread in Racine, Wisconsin, April 24-26, 1978, jointly sponsored by the Agricultural Development Council and the University of Wisconsin's Land Tenure Center and University Center for Cooperatives with the assistance of the Agency for International Development and the Johnson Foundation.

Edited by MARY JEAN McGRATH

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The Agricultural Development Council is a private, nonprofit organization. Its purposes are "charitable, scientific and educational and are designed to stimulate and support economic and related activities important to human welfare."

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The University Center for Cooperatives of the University of Wisconsin-Extension division assists the development of cooperative enterprises through education, training, information, consultation, documentation and research.

The Agency for International Development of the Department of State administers the foreign aid programs of the United States Government.

The Johnson Foundation is a nonprofit organization that "shall be an instrument for creative programs which serve man."

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We deeply appreciate the unselfish contributions of ideas, time and energy by many cooperators and others interested in rural development throughout the world that made possible this series of meetings, workshops, seminar, papers, and bibliography.

The entire project was directed by A. M. Weisblat, director of the Research and Training Network of the Agricultural Development Council, with collaboration of Don Kane!, director of the Land Tenure Center, and Mary Jean McGrath of the University Center for Cooperatives.

Randall Hackley, Donald P. Jones, Curtis A. Reintsma and Rupert Scofield prepared the bibliographic material. Donald Jones also worked on the reports.

This report was produced at

UNIVERSITY CENTER FOR COOPERATIVES
University of Wisconsin-Extension
524 Linnell Hall, 610 Langdon St.
Madison, Wisconsin 53706 U.S.A.
Telephone 608/262-3251

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Introduction

COOPERATIVES, SMALL FARMERS, AND RURAL DEVELOPMENT

BACKGROUND & QUESTIONS FOR DISCUSSION

From A. M. Weisblat, Director
Research and Training Network
Agricultural Development Council

The background of this effort. Twenty years ago there was a pressing need to build the infrastructure of agricultural technology. Universities, government agencies, foundations, and outstanding scientists joined forces to do the job. This very heavy investment paid off, for production of major food crops is up, and we now have a series of international agricultural institutes that are continuing in this effort.

We have the agricultural science in place, but we still have to deal with other components if we are to take on the task of helping the rural poor. We do not have the organizational capacity and the institutional structures to harness this technology for a meaningful return to the individual poor farmers in the less developed nations of the world.

There has been a growing awareness since World War II of the remarkable performance of voluntary agencies in international development efforts, cooperatives among them. A number of developing countries have been encouraging the use of cooperatives as a development tool to do this institutional building, especially among the rural poor, with mixed results. Congress and others felt more effective use should be made of voluntary agencies in foreign aid work, especially for technical assistance, and it mandated that a certain amount of foreign-aid money should be utilized by voluntary groups, with cooperatives one of the more important of these groups.

It became obvious that more information was needed about how cooperatives could most effectively contribute to helping the rural poor overseas. To gain a better perspective on the issue, the Research and Training Network, in cooperation with the University of Wisconsin Land Tenure Center and the University Center for Cooperatives, held a series of workshops with major United States cooperative associations and federations to discuss the role that these institutions might play in economic and social development abroad. Meetings also were held in Africa, Asia and Latin America, in which people from these regions reviewed the role of cooperatives in economic and social development and discussed the problems of external assistance and its effect on local cooperatives. One meeting was also held in London to view the experience of other major donors in Europe in providing assistance to cooperatives in poor countries.

Discussion Questions. Following are some questions that were posed to the workshops for their discussion, and which helped to focus the work of the final seminar in April.

1. How do cooperative agencies (and their people) conceive of the problems of rural development? For example: What are the problems you are trying to deal with? What people are you trying to serve? What proportions of the rural population do you see as your potential clientele? What proportion has it been in the past?
2. What are the conditions cooperative workers see as necessary (or as preconditions) to make their efforts successful? How do they define success, or a satisfactory outcome or achievements? What are the criteria? How do past efforts measure up to these criteria?
3. In the development literature, there is a great deal written on cooperative efforts of the 1950's and 1960's that were not too successful. Do cooperative

leaders agree with that? If not, why do these studies reach such conclusions? If so, what is being done differently today (or what can be done differently in the future) to achieve a better record?

4. How is it decided which countries are to be involved? Where AID has active mission programs? And with what groups and/or agencies within countries? What are the criteria? How are decisions made?

5. What is the scope of activities private voluntary organizations are permitted to undertake in different countries? What are the relations of private voluntary organizations with other organizations in the countryside, both internal and external agencies and organizations? What are the relations with governments both local and national? Do such relations create frictions or restrictions, or are they usually facilitating?

6. What could cooperative agencies do and accomplish if they had additional support (financial and other) from the Agency for International Development, international banks, other donors? Do they see any new problems, or aggravation of existing problems, with such increased support? Problems both with the bureaucratic regulations and requirements of these international donors, or with the countries within which they work?

7. Do or can cooperative agencies set up experimental programs and combine with such programs evaluative efforts in order to learn in a systematic way from their experience? What are the needs and/or prospects of such continuing monitoring and evaluation?

8. What kind of ties to academic research people, or collaboration with faculty and students, could be helpful in your evaluative efforts?

These explorations gave conclusive evidence that cooperatives from the developed countries have made important contributions, but also suggested ways to make their efforts more fruitful.

Four background papers were prepared for the final April seminar. (They are listed in the program and digested in this report.)

SEMINAR PROGRAM
 COOPERATIVES, SMALL FARMERS, AND RURAL DEVELOPMENT
 Wingspread - Racine, Wisconsin USA
 April 24-26, 1978

A. M. Weisblat, Conference Chairman

Monday

Welcome to Wingspread - Leslie Paffrath, President, Johnson Foundation

Session I: REVIEW OF BACKGROUND PAPERS

Purpose and Objective of the Seminar

A. M. Weisblat

Agency for International Development and the
 United States Cooperatives

John A. Ulinski, Jr.

Plenary Session

A Survey of the United States Cooperative Movement with
 Emphasis on U.S. Cooperative Collaboration with AID

Allie C. Felder, Jr.

Plenary Session

Agricultural Cooperatives in the Development Process:
 Perspectives from Social Science

John W. Bennett

Plenary Session

Some Observations Based on Issues Raised in the Nine Workshops
 on Cooperatives, Small Farmers, and Development

Don Kanel

Tuesday

Plenary Session

Session II: KEY ISSUES IN MAKING BETTER USE OF UNITED STATES COOPERATIVE
 EXPERIENCES IN PROGRAMS INCLUDING SMALL FARMERS IN THE DEVELOPING WORLD

Morning Chairman: Mary Jean McGrath

Do Cooperatives in the Developing Countries
 Have a Contribution to Development?

Kurt Ullrich

C. William Swank

Tuesday (continued)

Plenary Session

What Have Cooperatives of Industrialized Countries Done Best in Aiding Developing Countries?

Adriano Rossi
M. K. Wall

Plenary Session

Afternoon Chairman: William C. Merrill

What Criticisms Have Been Made of the Efforts of the Cooperatives of the Industrialized Countries to Aid Developing Countries, and What Have Been the Responses to These Criticisms?

Rune Forsberg

Plenary Session

What Kinds of Special Efforts Have Been Made by Cooperatives, and What Are Needed, to Deal with the Particular Problems of the Poorest Sectors in the Developing Countries?

Ahmed A. Gouel

Wednesday

Session III

Chairman: Jonathan Silverstone

What Are the Best Points of Intersection Between What the Developing Countries Need and What the United States Cooperative Movement Is Able to Provide?

Diana Opondo
Daryl Hobbs
Jacques J. Kozub

Plenary Session

Can or Should United States Cooperatives Give Technical Assistance to Sectors Outside the Cooperative Movement in Developing Countries?

Robert Hewlett
O. Somoye
Roger E. Soles

Luncheon Guest Speaker: Suren Saxena, Director, International Cooperative Alliance

Wednesday (continued)

Summary Session

Chairman: A. M. Weisblat

Contributions and Effectiveness of Cooperatives in Dealing
With Problems of Rural Development

Melvin E. Sims
V. S. Vyas
Peter Dörner

Plenary Session

Conference adjourned 5:00 p.m. April 26, 1978.

Participants of Seminar on
COOPERATIVES, SMALL FARMERS, AND RURAL DEVELOPMENT
 Wingspread - Racine, Wisconsin
 April 24-26, 1978

Mr. Graham Alder
 International Cooperative Alliance
 11 Upper Grosvenor Street
 London W1X 9PA, England

Mr. David Angevine
 Volunteer Development Corps
 1629 K Street, N.W.
 Washington, D.C. 20006

Mr. A. A. Bailey
 World Council of Credit Unions, Inc.
 Box 391
 Madison, Wisconsin 53701

Dr. John W. Bennett
 Dept. of Anthropology
 Washington University
 St. Louis, Missouri 63130

Dr. Peter P. Dorner
 Dept. of Agricultural Economics
 University of Wisconsin
 350 Agricultural Hall
 Madison, Wisconsin 53706

Mr. Jack Edmondson
 Foundation for Cooperative Housing
 International
 2101 L Street, N.W., Suite 409
 Washington, D.C. 20037

Dr. Allie C. Felder, Jr.
 The Cooperative League of the USA
 1828 L Street, N.W., Suite 1100
 Washington, D.C. 20036

Mr. Rune Forsberg
 International Cooperative Alliance
 11 Upper Grosvenor Street
 London W1X 9PA, England

Dr. Ahmed A. Goueli
 The Ford Foundation
 No. 1, Sharia Usiris
 Garden City, Cairo, Egypt

Mr. Bartlett Harvey
 Agricultural Cooperative
 Development International
 1430 K Street, N.W., Suite 1200
 Washington, D.C. 20005

Mr. Paul E. Hebert
 Credit Union National Association, Inc.
 1120 - 19th Street, N.W.
 Washington, D.C. 20036

Mr. Robert Hewlett
 COPAC
 Via delle Terme di Caracalla
 00100 Rome, Italy

Dr. Daryl Hobbs
 Rural Development
 620 Clark Hall
 University of Missouri
 Columbia, Missouri 65201

Prof. Ta-Cho Huang
 Agricultural Extension Department
 National Taiwan University
 Taipei, Taiwan
 Republic of China

Mr. Donald Jones
 Graduate Fellow
 Land Tenure Center
 University of Wisconsin
 310 King Hall
 Madison, Wisconsin 53706

Mr. Robert I. Kabat
 Management Services Department
 National Rural Electric Cooperative
 Association
 1800 Massachusetts Avenue, N.W.
 Washington, D.C. 20036

Mr. James Kalney
 Wingspread Fellow
 Carthage College
 Kenosha, Wisconsin 53140

Page 2 - Participants of Seminar on Cooperatives, Small Farmers, and Rural Development
Wingspread, April 24-26, 1978

Dr. Donald Kanel
Land Tenure Center
University of Wisconsin
310 King Hall
Madison, Wisconsin 53706

Mr. Jacques J. Kozub
The World Bank
Room D-749
1818 H Street, N.W.
Washington, D.C. 20433

Mrs. Mary Jean McGrath
University Center for Cooperatives
University of Wisconsin-Extension
524 Lowell Hall, 610 Langdon Street
Madison, Wisconsin 53706

Dr. William C. Merrill
TA/AGR/ESP, Room 2246
U.S. Agency for International Development
Department of State
Washington, D.C. 20523

Mr. Norman Nicholson
Rural Development Office
Development Support Bureau
U.S. Agency for International Development
Department of State
Room 506, Rosslyn Plaza
Washington, D.C. 20523

Mrs. Diana Opondo
International Cooperative Alliance
Office for East and Central Africa
P. O. Box 946
Moshi, Tanzania

Mr. Ferris S. Owen
International Programs
The Cooperative League of the USA
1828 L Street, N.W., Suite 1100
Washington, D.C. 20036

Mr. Calvin H. Raulerson
Bureau for Private and Development
Cooperation
U.S. Agency for International Development
Department of State
Washington, D.C. 20523

Mr. Adriano Rossi
Organization of the Cooperatives
of America
Baltazar La Torre 1056
Apartado 4657
Lima, Peru

Dr. Suren Saxena
International Cooperative Alliance
11 Upper Grosvenor Street
London W1X 9PA, England

Mr. Jonathan Silverstone
Civic Participation Division
Bureau for Program and
Policy Coordination
U.S. Agency for International Development
Department of State
Washington, D.C. 20523

Mr. Melvin E. Sims
FS Services, Inc.
1701 Towanda Avenue
Bloomington, Illinois 61701

Mr. Roger E. Soles
Inter-American Foundation
1515 Wilson Boulevard
Rosslyn, Virginia 22209

Mr. O. Somoye
Federal Ministry of
Co-operatives and Supply
Co-operative Development Division
Awolowo Road, Onkian
Lagos, Nigeria

Dr. C. William Swank
Ohio Farm Bureau Federation
245 N. High Street
Columbus, Ohio 43215

Mr. John A. Ulinski, Jr.
Office of Private and Voluntary Cooperation
Bureau for Population and Humanitarian
Assistance
U.S. Agency for International Development
Room 3664, State Department Building
Washington, D.C. 20523

Page 3 - Participants of Seminar on Cooperatives, Small Farmers, and Rural Development
Wingspread, April 24-26, 1978

Mr. Kurt Ullrich
Instituto de Financiamiento Cooperativo
(IFICOOP)
Casilla 1118
San Antonio 220 - 2^o Piso
Santiago, Chile

Mr. Thomas M. Venables
International Programs Division
National Rural Electric Cooperative
Association
1800 Massachusetts Avenue, N.W.
Washington, D.C. 20036

Dr. V. S. Vyas
Indian Institute of Management
Vastrapur, Ahmedabad-380015
India

Mr. M. K. Wali
Development Commissioner and Secretary
Agriculture, Dev. and Allied Departments
Rajasthan Secretariat
Jaipur, India

Mrs. Michaela Walsh
Rockefeller Brothers Fund
Room 5450
30 Rockefeller Plaza
New York, N.Y. 10020

Dr. A. M. Weisblat
Research and Training Network
Agricultural Development Council, Inc.
1290 Avenue of the Americas
New York, N.Y. 10019

Prof. Robert E. Will
Department of Economics
Carleton College
Northfield, Minnesota 55057

Dr. T. T. Williams
Unemployment-Underemployment Institute
Southern University
P. O. Box 9846
Baton Rouge, Louisiana 70813

Summaries of Papers, No. 1

AGENCY FOR INTERNATIONAL DEVELOPMENT AND
THE UNITED STATES COOPERATIVES

By John A. Ulinski, Jr.

Ulinski opened by saying that, because cooperatives in the developed world have been successful, it was easy for government to expect that they could make an equally important contribution to development in poor countries, first, because there is a romantic association between cooperatives and egalitarianism and social change; and second, because cooperatives are effective business enterprises.

The Congress of the United States of America for some years has directed that foreign assistance efforts should encourage cooperatives in less developed countries (LDCs) and that the American cooperative movement should be involved in this, and in 1978 Congress specified that ten million dollars should be spent on these efforts.

However, the results of promoting cooperatives have been mixed, Ulinski said. He acknowledged some real successes, giving as examples credit union growth in Latin America and Africa, the cooperative fertilizer program in India, and flourishing rural electric cooperatives in poor countries; but he said some co-op programs have "spotty histories." Also, occasional questions have been raised about whether the modern Western cooperative structure that evolved to fit an industrialized society is appropriate in developing countries.

Ulinski referred to research sponsored by the United Nations Research Institute for Social Development (UNRISD) which concluded that, while cooperatives have stimulated economic development in LDCs, they have not benefitted large numbers of the rural poor and that some had even increased income disparities.

He then gave some of the answers to the UNRISD findings, referring to an article by Leonora Stettner¹ of the International Cooperative Alliance, a copy of which he attached to his paper. The major point he highlighted is that projects in LDCs didn't fail because they were "cooperative" in nature, but because the basic requisites for development -- political, economic, legal, and social -- were not there, and (quoting the Swedish Cooperative Center) that it isn't reasonable to expect cooperatives to be an island of efficiency, or to perform better than other economic institutions in such a situation.

This suggests the need for more careful selection of sites where cooperative activities are to be promoted. Once a cooperative is selected as the appropriate development instrument, there should be early collaboration on the project design by the Agency for International Development with the American cooperatives that will carry out the technical assistance work.

Recent questions and discussions suggest that "the best of the cooperative competence and spirit is not being engaged in the development effort," Ulinski said, and more attention is needed to channeling the capabilities of cooperative organizations to situations where they have a realistic chance of success.

Furthermore, sometimes it might be better to work in LDCs through indigenous regional or national federations of cooperatives to strengthen them.

¹ "Cooperations and Egalitarianism in the Developing Countries," by Leonora Stettner, International Review of Cooperation, Vol. 66, No. 6, pp. 203-218.

A SURVEY OF THE U.S. COOPERATIVE MOVEMENT
WITH EMPHASIS ON U.S. COOPERATIVE COLLABORATION WITH AID

By Allie C. Felder, Jr.

Felder's paper, in summary, reveals many similarities between the history of cooperatives in the U.S.A. and the experience of developing countries with cooperatives, notably:

1. Failures, many false starts, and slow progress over a period of years characterized the early history of cooperatives in the U.S.A.
2. Foreign influences were important in the development of American cooperatives. Government as well as private individuals studied experiences of cooperatives in other countries over a period of many years, and American cooperatives got early leadership from European immigrants.
3. Government assistance was an important factor in the success of American cooperatives. Enabling legislation plus government long-term capital investment, and an integrated cooperative farm credit system helped get the U.S. cooperative movement on its feet.

Following are highlights from Felder's paper, which he notes is intended to present the information without evaluation or interpretation.

The paper includes five sections: I. A Summary of U.S. cooperative history; II. Current facts and figures; III. How and why U.S. cooperatives began assisting cooperatives in LDCs; IV. Collaboration of U.S. cooperatives with the U.S. Agency for International Development (AID), and V. An appendix consisting of statements on their experiences in development work from cooperative organizations that have contracts with AID.

On the History of U.S. Cooperatives:

Although informal cooperation had been a way of life since earliest days in the USA, the first agricultural cooperative enterprise was a dairy marketing

cooperative formed in 1810. Felder points out that cooperatives got off to a slow start in North America; that most of the members were poor, and dependent on members' small savings for capital, or on money members borrowed at high interest rates. Labor Union groups started a number of cooperatives in the 1840's, which died out in a few years. Many early cooperatives failed because they lacked capital and strength of membership to survive. It was not until the 1870's that cooperatives began to emerge as an important force, when they were promoted by the Grange. This effort died out, and later the Farmers Alliance and the Farmers Education and Cooperative Union, and the American Farm Bureau Federation promoted agricultural cooperatives.

Credit unions and housing cooperatives also got a slow start, in the early 1900's. The first U.S. credit union started in New Hampshire with a ten cent deposit, in 1909, the same year the first U.S. credit union law was passed in Massachusetts. Cooperative housing didn't take hold until the 1920's when organized labor became interested in building housing cooperatives for their members.

The first national cooperative organizations, the Cooperative League of the USA (CLUSA) and the Milk Producers Federation, were founded in 1916. By 1920, federated and centralized marketing cooperatives grew up, and supply cooperatives got started, mainly to buy fuel wholesale and deliver it to the farm. The demands of World War II on the agricultural sector accelerated the expansion of cooperatives into all kinds of agricultural services and processing.

Felder credits much of the success of American agriculture to the growth of the cooperative movement, which gave the family farmer the institutional means of lowering the cost of production and introducing many innovations.

European Ideas Important in the USA

However, Felder reports that European experiences and ideas had an important effect on American cooperatives. One significant influence was the immigration of European cooperators, particularly Scandinavians, who brought their cooperative experience with them and who provided early leadership for many U.S. agricultural and consumer cooperatives. Another was the discovery by Americans who traveled abroad of cooperatives in other countries. (Edward A. Filene, who observed credit union activity in India and later started the credit union movement in the U.S.A., is given as an example.)

A third important factor was the work sponsored by the U.S. government to study the European experience with cooperatives, with a view to applying it to rural problems in the USA. A Country Life Commission was appointed by President Theodore Roosevelt in 1908 to conserve rural resources and improve rural life. The work of Sir Horace Plunkett, a leading Irish cooperator, influenced the Commission to concentrate on cooperative organizations. This led to the creation of the Rural Organization Service in the U.S. Department of Agriculture, and the sending to Europe of several commissions to study agricultural cooperation and rural credit systems in Europe, under President Taft in 1912 and President Wilson in 1913.

Felder quotes several recommendations of the Wilson 1913 United States Commission which foreshadowed the future U.S. government approach to cooperative development: "...the Government should do nothing that can effectively be done by individual farmers, or by the farmers collectively through voluntary aid. It is highly important to develop self-help...The Government however may take the lead temporarily..."

U.S. Government Involvement in and Support to Cooperatives

Felder then cited three laws passed in the U.S.A. in the 1920's and 1930's that influenced the nature and scope of cooperative development: (1) The Capper-Volstead Act (1922) which said farmers are not violating the antitrust laws by getting together to form a marketing cooperative; (2) the Cooperative Marketing Act (1926) that set up a department of cooperative marketing in the U.S. Department of Agriculture, which later became the Farmer Cooperative Service; and (3) The Agricultural Marketing Act (1929) which established the Federal Farm Board and set up a \$500 million revolving fund to stabilize farm prices from which loans could be made to cooperatives.

The Farm Credit System, set up in 1933 with government capital, now owned by U.S. farmers and their cooperatives, includes 12 Federal Land Banks, 550 Federal Land Bank associations; 12 Intermediate Credit Banks, 430 Production Credit Associations, and 13 Banks for Cooperatives. Cooperative banks supply about 65 percent of the operating and facility credit needs of U.S. farmer cooperatives.

In 1935, the Rural Electrification Administration was established; it became the primary source for financing local rural electric cooperatives, and in 1942 was expanded to finance rural telephone systems. Now 1000 electric cooperatives provide electricity to 99 percent of rural families.

Facts and Figures on the Cooperative Movement in the USA

More than 50 million people--one out of three families in the U.S.A.--belong to some type of cooperative. Credit unions are the most numerous, with 31.5 million members. (See the table, Cooperative Facts and Figures, 1977.)

COOPERATIVE FACTS AND FIGURES, 1977

<u>Kind of Co-op</u>	<u>Number of Co-ops</u>	<u>Membership</u>	<u>Dollar Volume</u>
Consumer Goods	1,000	1.2 million	\$477 million
Credit Unions	22,866	31.4 million	\$33.9 billion savings \$27.9 loans outstanding
Rural Electric	934 (49 G&T)	8,039,686	\$2.84 billion (distr.) \$947 million (G&T)
Farm Credit System Banks for Co-ops	13	3,171	\$8.9 billion
Federal Land Banks	553	467,039	\$4.4 billion
Production Credit	432	331,635	\$16.1 billion
Farm Market Supply & Service	7,786	6,200,000	\$42.3 billion
Fishing	104	8,772	No estimate
Group Health Plans	15	400,000	No estimate
Housing	2,500	500,000 families	\$1 billion annually
Insurance, co-op related	2,034	7,607,497	No estimate
Memorial Societies	135	600,000	No estimate
Nursery Schools	1,700	68,000	No estimate
Student co-ops	250	25,000	No estimate
Telephone co-ops	238	1,013,882	\$146,102,000

- NOTES: 1. 1974 figures are the latest for group health, housing, insurance, nursery schools, student and telephone co-ops.
2. Only 15 group health plans are organized as cooperatives. There are about 200 group health associations, consumer-oriented and serving 4.5 million members.
3. The above table gives the facts and figures for cooperatives in the United States for 1977. In preparing the above summary, several problems were faced: No organization or agency is able to provide firm statistics for any cooperatives, except credit unions, rural electric, rural telephone and farmer-owned co-ops. However, we were able from various sources to provide reasonably reliable estimates.

-The Cooperative League of the USA

By 1974-1975, cooperatives handled 27 percent of all agricultural products marketed in the U.S.A., compared with 20 percent in 1950-1951. This included 75 percent of all dairy products, 40 percent of the grains and soybeans, 26 percent of the cotton crop and 25 percent of all fruits and vegetables. In the same period, the proportion of farm supplies handled through cooperatives totalled 35 percent for petroleum, 30 percent for fertilizer, and 29 percent for farm chemicals.

A substantial majority of cooperatives are small businesses: In 1971-72 (latest period for which data are available) almost 40 percent of all cooperatives had annual business volume of less than \$500,000.

How and Why Cooperatives in the USA began assisting cooperatives in LDCs

When the majority of LDCs gained political independence, they also sought economic independence. Cooperatives were part of the economic strategy in many LDCs as a middle road between laissez-faire capitalism and too much reliance on public sector enterprise. Most LDCs were aware of the relative success of cooperatives in giving farmers access to markets, finance, and agricultural knowledge in the more developed nations. They also viewed cooperatives as a means whereby people could democratically participate in control of their affairs.

Following World War II, many European countries were not able to respond to requests for help in developing cooperatives, and were receiving economic aid themselves from private relief and public (Marshall Plan) programs.

Meanwhile, in the 1950's, the Cooperative League of the U.S.A. (CLUSA) and the Credit Union National Association (CUNA) began to respond to requests for assistance using their own resources.

CLUSA in June 1944 launched the Freedom Fund to rehabilitate European cooperatives. Volunteers from U.S. cooperatives were used in CLUSA's early international work. A \$30,000 advance helped launch CARE, and contributions

were solicited to set up an Italian lending agency for cooperatives. In 1955, the Freedom Fund was made perpetual, and in 1957 it was renamed Fund for International Cooperative Development (FICD). In 1962, FICD started a World-Wide Co-op Partners campaign for funds. FICD provided funds for the CLUSA work in India which began in 1954. Activities included cooperative education, agricultural credit, rural health, and helping Indian cooperatives establish a ten-year development program, including emphasis on establishment of rural electric cooperatives, fertilizer production, and oilseeds processing. FICD also helped to finance cooperative development work in Brazil from 1962 to 1967. The Cooperative League Fund is the successor of FICD.

The National Farmers Union began training of farm leaders from abroad about the end of World War II.

Credit Union National Association set up a World Extension Department in 1954 and set aside ten percent of its annual budget for overseas development activities, with which it provided technical assistance in twelve Latin American countries and in Africa.

Collaboration with the U.S. Government in Foreign Aid Work

The U.S. Congress in 1961 declared it to be the official policy of the foreign aid program "to encourage the development and use of cooperatives, credit unions and savings and loan associations."

Legislation passed in 1973, the Mutual Development and Cooperation Act, greatly reinforced U.S. cooperative assistance to LDCs, stipulating that \$20 million be directed toward cooperative development. This support was reaffirmed in the Foreign Assistance Act of 1977, which commits \$20 million specifically to technical assistance for cooperative development, over two and a quarter years, plus \$10 million a year for more general cooperative development.

Organizations That Have Had Contracts with USAID for Cooperative Work

Cooperative League of the USA (CLUSA) is a national federation of all types of cooperatives. Under its contract with AID, since June 1963, it provides services to developing countries in all fields except those in which its member cooperatives have contracts with AID (credit unions, housing, and rural electrification). The largest percentage of its international work has been with agricultural cooperative programs.

Credit Union National Association (CUNA) is made up of more than 23,000 credit unions in the U.S.A. Under contract with AID since 1962, it has fostered credit unions and credit union organizations in Asia, Africa, and Latin America. Programs in production credit have been assisted in more than a dozen countries.

Agricultural Cooperative Development International (ACDI) was formed in 1968 by the merger of Farmers Union International Assistance Corporation which was started in 1963, and the International Cooperative Development Association, that began operations in 1965. Both of these organizations did cooperative work under AID contract. ACDI represents primarily U.S. agricultural cooperatives, and specializes in assistance to agricultural cooperative programs overseas. ACDI has been under AID contract since its inception.

Foundation for Cooperative Housing (FCH) is a nonprofit foundation organized in 1950 that does study, research and educational work for development of cooperative housing, and has three affiliated companies that provide technical assistance. Under contract with AID since 1962, FCH is concerned with the total shelter needs of the poor majority in developing countries.

National League of Insured Savings Associations (NLISA) from 1962 until about 1970 did technical assistance work under AID contract to help establish savings and loan associations in developing countries. Much of NLISA's international work was closely associated with programs of FCH.

National Rural Electric Cooperative Association (NRECA) has been providing technical assistance to help develop rural electric cooperatives in LDCs since 1962, under AID contract. NRECA has personnel overseas on long-term assignment, and also trains foreign participants in the U.S.A.

Advisory Committee on Overseas Cooperative Development (ACOCD) was organized in 1967 as a non-official voluntary group of private citizens representing cooperatives with 35 million member families in the U.S.A. It provides liaison with U.S. and international agencies in development work, and sponsors conferences and studies of cooperative development.

Volunteer Development Corps (VDC) provides short-term volunteers for technical assistance to cooperatives in LDCs. A private nonprofit organization started in 1970 with sponsorship of a variety of U.S. cooperative organizations, VDC receives funds from AID, U.S. and overseas cooperatives, and individuals.

Cooperative Resources Committee (CRC), founded in 1973, is a coordinating group of representatives of U.S. cooperative organizations that are in overseas development in collaboration with AID. It also responds to needs that may exceed the scope of any one member organization.

International Cooperative Training Center (ICTC) was set up as a department of the University of Wisconsin in 1962 to provide training on cooperatives for personnel from developing nations, and consulting services on the development of cooperatives. A sister organization, International Cooperative Training, Inc., (ICT) was set up as a liaison with cooperatives of the U.S.A., and to arrange for field training of ICTC participants.

ICTC had AID funding from 1962 until 1970, when the department was reorganized to combine the domestic cooperative work with the overseas activities, and it was renamed University Center for Cooperatives (UCC).

At the same time, ICT became Cooperative Education and Training, Inc. (CET). CET derives its income from fees for services. CET continues to arrange training in U.S. cooperatives for U.S. and overseas personnel. More than 1,100 cooperatives have volunteered to help provide such training.

Overseas Private Investment Corporation (OPIC), set up by Congress in 1971, is required to have one director representing cooperatives in the U.S.A., and OPIC continues to look for ways it might assist cooperative development programs overseas.

Other International Relations

Cooperatives in the U.S.A. are associated with hemispheric and worldwide organizations engaged in funding, organizing, promoting, federating and otherwise strengthening cooperatives as described briefly below:

International Cooperative Alliance (ICA), headquartered in London, is the oldest and largest international non-governmental organization in the world. It was founded in 1895 and includes cooperatives in 63 countries with a membership of 330 million. ICA's purpose is to propagate cooperative principles and methods, and promote friendly and economic relations between all kinds of cooperatives.

International Federation of Agricultural Producers (IFAP) has representatives on all continents. IFAP promotes agricultural development including trade, and has worked closely with the ICA in recent years.

Joint Committee on the Promotion of Aid to Cooperatives (COPAC) works to increase collaboration between cooperative organizations and agencies providing technical assistance on cooperatives. Members include the Food and Agriculture Organization, the International Labour Organization, the ICA, IFAP, the World Council of Credit Unions, and the International Federation of Plantation Agricultural and Allied Workers (IFPAAW).

Organization of Cooperatives of America (OCA) is a hemispheric umbrella organization which includes national cooperative federations as well as government institutions that work with or for cooperatives. CLUSA provided technical assistance to OCA under contract with AID from 1963 to 1968.

Inter-American Cooperative Finance Development Society (SIDEFCOOP) is an organization of cooperative finance and insurance institutions and government agencies that deal with them throughout Latin and North America. Technical assistance in nine Latin American countries has been provided SIDEFCOOP by CLUSA, primarily with financing from AID.

The World Council of Credit Unions (WOCCU), organized in 1970, is a nonprofit association of credit union confederations with more than 43 million members around the world. CUNA continues to assist the World Council by contributing a large percentage of its budget, about \$400,000 in 1977.

The Latin American Confederation of Credit Unions (COLAC) was formed in 1973, uniting 16 national federations of credit unions with more than a million members. Small farmers' production credit programs are operating through credit unions in ten Latin American countries. Before formation of COLAC, CUNA provided technical assistance to most of the countries of Latin America with AID and private funding. Through COLAC, AID has provided development loan funds totalling \$6.7 million to national credit union organizations in five Latin American countries.

Similar confederations of credit unions have been created in Africa, Asia and the Caribbean.

Summaries of Papers, No. 3

AGRICULTURAL COOPERATIVES IN THE DEVELOPMENT PROCESS:
PERSPECTIVES FROM SOCIAL SCIENCE

By John W. Bennett

Part one of this paper is titled "Indigenous and Institutional Cooperation: Problems of Compatibility and Transferability." It explores the relationship of indigenous or traditional forms of cooperative activity with the formally-organized cooperative business enterprise imported from Western countries.

Bennett briefly reviews case studies of cooperative action in different parts of the world to point out that:

- (1) Cooperation in one form or another appears in all socioeconomic systems;
- (2) The motivation for cooperation can be either altruism or self-interest, and usually is a combination of both;
- (3) Any specific form of cooperation will be modified by the existing socioeconomic environment; and
- (4) These sanctions and adaptations will change as the organizations evolve.

Thus, in view of the great variety of human cooperative activity and the fact that it is shaped by social systems, cooperative developers should avoid narrow or doctrinaire conceptions of cooperative organization.

Bennett maintains that cooperative development programs that are based on a thorough understanding of indigenous forms of cooperation have a much better chance of success.

To sharpen this point, he contrasts the generalized types: Indigenous, or socialized cooperation, and institutional, or planned cooperation. Both share the same rationale; that is, both have practical instrumental goals or tasks. However, functions, tasks, and authority tend to be diffuse in the indigenous,

and more specific in the institutional cooperative. One participates in a traditional cooperative activity as a matter of course; one is born into his social role; there are strong social pressures to conform; and group benefits are equated with individual benefit; whereas, in the Western type of cooperative, the individual benefit is the main incentive for joining and members must be "recruited." In the indigenous cooperative effort, social pressure and the reciprocity system generally insure that the individual will perform adequately; while in the Western model, performance of members is variable, with little social pressure, and commitment to the group's goals is not taken so seriously. (But, Bennett notes, if an "introduced" cooperative is to succeed in the long run, its members must feel an obligation to serve that is related to some organic source of authority and reciprocity in the community -- thus institutional forms can develop into indigenous forms of cooperation.)

Different concepts of authority and leadership also separate the indigenous from the introduced cooperative. People used to indigenous cooperation don't understand the egalitarian participative basis of the new institutional cooperatives, and when they "elect" leaders, they usually simply revert to naming their traditional hierarchical leaders.

Similarly, traditional groups often resist or ignore the formalized mechanisms for ensuring trustworthiness of officials and for preventing corruption that are taken for granted in Western cooperatives.

Winding up the comparison, Bennett recommends that wherever possible, any introduced form of cooperative should build on existing forms of cooperation. Yet this condition is not sufficient: adoption of new institutions also depends on the "psychological readiness of participants to accept new forms." This in turn may be affected by the degree of alienation suffered under colonial regimes -- and how oriented the people are to individual rather than to group activities: "the balance between affiliative and individuating attitudes and expectations" in the group.

Bennett states that the social distance is greater than the economic distance between many forms of cooperative activity, and that measuring cooperative success by purely quantitative criteria will not give a true picture.

He concludes this section by pointing out the need for time to allow change to be effective: "Cooperatives should be given sufficient time to prove themselves before negative evaluations are made ... For change to be effective it must be incorporated in the experience of recipients, and this takes time. In almost all cases, the most effective outcomes will take place in the next generation."

The second section of the paper titled "Cooperatives as Social Behavior: Problems of Exchange, Membership, and Participation," examines generally the motivation of individuals to enter relationships implied by cooperatives. Three forms of social exchange are delineated:

- (1) Instrumental exchange -- the practical, goal-oriented type underlying much of the activities in traditional farming communities;
- (2) Social exchange -- those interactions that provide gratifications from friendship or association; and
- (3) Symbolic exchange -- based on the ideals of brotherhood, altruism, and sacrifice, especially important in collective farming communities.

Bennett also distinguishes between reciprocal instrumental exchange and sharing. In the exchange, it is implied that the trading gives each partner something in the process, although the gains may not always be equal, while altruistic sharing is a unilateral action, often stemming from the emotional bonds of primary groups. However, it is seldom that a freewill gift isn't reciprocated in some way, so the distinction is hard to maintain.

The cooperative is an example of instrumental exchange: "The shared self-interest ideal of institutional cooperation implies that members of cooperatives

do things together because all benefit, more or less equally, by doing so. That is, members exchange personal objectives for group goals; labor for services; participation for economic benefits; cash investments for future gain. The members also exchange with each other, taking their turns in management responsibilities; letting their deposits be used as loans to others; and so on."

Bennett notes that the central concept of shared self-interest is a combination of opposites, a classical Western idea that may be difficult for people from different traditions to understand.

Bennett then reviews the concept of public good or collective good, especially as developed by Mancur Olson, and applies it to cooperatives. He suggests that as cooperatives grow in size they have problems of maintaining incentives for members to participate, and that selective incentives are necessary. He cited case studies in several countries where cooperatives were dominated by the well-to-do. He also pointed out that, as a cooperative grows in size, the individual's decision power is diminished.

Looking at cooperatives in the USA, Bennett cites factors of success that surfaced in the historical studies made by Joseph Knapp*: genuine economic need as a basis for cooperatives, and "the need to temper cooperative altruism with a sense of reality and responsibility, and to use and build on market competition." However, the ways in which cooperatives are different from other economic organizations are also credited for their success: he refers to Knapp's points that ownership increases the dignity of the individual; participation in cooperatives teaches responsible citizenship and teaches attention to local needs and self-help. "These qualities seem to add up to a resocialization of adults in a more affiliative mode of interaction and self-help than is typical for the society as a whole," Bennett comments.

*"The Rise of American Cooperative Enterprise: 1620-1920.

Bennett also describes a study of member relations in a Kansas cooperative and comments on the findings: "In short, cooperatives in North America are like other social groups in this pragmatic society: people join them for tangible benefits, and only a minority -- usually the better prepared and educated -- accept them as a focus for personal commitment and identification." He goes on to say that the strong entrepreneurial bias in North America creates an emphasis on practical benefits, but the general pattern holds true for other societies: "Social participation is always differentiated in human social groups," and that "the ideal of egalitarian membership and participation is an ideal only; it can never be achieved completely."

Bennett concludes this section of his paper with the statement, "The institutional cooperative seeks profits as a business; the indigenous cooperative system seeks security and well-being through coordinated action among traditional social groupings."

Part three of Bennett's paper is titled "Cooperation as a Development Strategy: Problems of Multiple Objectives, Social Mobilization, Poverty, and Responsibility." In this final section, the question of multiple objectives is first taken up. The major conflict is seen to be between the modest cooperative goal of spreading risks, providing small loans, etc., and the more demanding objectives of high output and earning of foreign exchange, often set by national development plans.

Bennett says that sometimes the criteria by which cooperative development is measured are unrealistic and productive of the very dependency that the cooperative was set up to eliminate, and that an imperfect accounting system or even dissolution of a particular society does not imply failure; in most cases, certain limited goals have inevitably been reached.

Bennett states that social mobilization may accomplish more in the long run than technological or purely financial development measures -- other things being equal, and he advocates social mobilization as a desirable alternative to the

exclusive use of economic and technological means that he says have dominated development for three decades. However, it is no panacea and doesn't work in isolation from other techniques.

In this connection, Bennett says that "cooperation on the classical Western model is not the only way to achieve the savings inherent in shared labor and capital costs." He points out that the Western cooperative is "capitalist" in that it is based on individual entrepreneurship, and "socialist" to the extent that it features some collective resource allocation and division of proceeds. This mixture works for the middle segment of the socioeconomic pyramid, but it leaves out those on the bottom - i.e., the poor landless farmers. He argues:

"Individual entrepreneurship is inherently competitive, or at least seems to emphasize a degree of operator independence which is in part contradictory to the cooperative ideal. The frequent abuses of cooperative societies seem to emerge from this contradiction: they include elitism, usurpation of resources by the most aggressive and skilled members, and financial peccadilloes of various kinds. These are all 'entrepreneurial' activities; they suggest that the commitment to collective goals is by no means complete...."

He suggests the interests of the poorest sector might be protected by full-scale cooperative or collective farming, in which a measure of the production facilities are owned in common, and which has constraints on the ability of individuals to benefit at the expense of the rest. But, he also cautions that no panaceas exist here, either, and that if cooperative farming is to be introduced, it would require adjustment to local conditions "after careful research has suggested its practicality."

On the general question of whether and how the Western institutionalized cooperative of the classical type can help the poorest of the poor, Bennett answers that it can help the poor who have some land or access to tools of agricultural

production, but it can do little, in its present form, for the landless. Bennett points out that "poverty" is a complex phenomenon, embracing several quite different types of economic groups and social classes. In many Third World countries, the landless poor are included in hierarchal social groups with landlords or other local magnates at the head. In return for labor and loyalty, such "poor" people may obtain the basic necessities, but little more. Nevertheless, the social and economic relationships are such as to make it very difficult to introduce cooperatives, since the indigenous hierarchal exchange systems are deeply rooted. Bennett also points out that development programs emphasizing cooperation must face up to the social reformist implications of the effort... "There would appear to be no reason to exclude cooperative planning along social-redistributing lines, in place of the profit-making business model." He describes other approaches, such as limiting cooperative membership to small producers and consumers (as in the Philippines), making loans to the landless of enough capital to allow for a transition to cash-crop production (as in Kenya), and using credit unions to help the very poor get into production for market. He suggests the cooperative could be a kind of "transmission belt of upward mobility," moving the really poor into the middle sector between the wealthy cash-crop farmers and the semi-subsistence groups, "thus bringing larger numbers of producers into a self-sustaining economic position."

Summaries of Papers, No. 4

SOME OBSERVATIONS BASED ON ISSUES RAISED IN THE NINE WORKSHOPS
ON COOPERATIVES, SMALL FARMERS AND DEVELOPMENT

By Don Kane1

This paper is the result of an effort to review the experience of U.S. cooperatives in extending assistance to cooperatives in LDCs through a series of workshops: five with cooperative organizations in the U.S.A.; followed by one each in Bogota, Colombia; Nairobi, Kenya; and Los Banos, the Philippines, to get reactions of people in LDCs; and one in London to get the ideas and experience of Europeans and international agency people in cooperative development work.

The meetings invariably included discussion of: (1) the nature of cooperatives, (2) the role of cooperatives in development, (3) the role of cooperatives in teaching the rural poor, (4) assistance of cooperatives in the U.S.A. to cooperatives in LDCs, and (5) comparison with experiences of cooperatives as they developed in the U.S.A.

The purpose of the paper is to review issues raised in the workshops, and questions generated but not resolved, as background for the discussions at the seminar on Cooperatives, Small Farmers, and Rural Development.

Differences and Similarities

In the workshops it was immediately apparent that, although all cooperatives share some common traits and needs, there is great diversity in the amount of capital, technology, and expertise needed to get them established. Credit unions and rural electric cooperatives are contrasted as an example of these differences.

Establishing Participatory Organizations with Outside Assistance

Initial cooperative activity in western countries was largely a slow, grass-roots effort to form small societies, and many of these failed. Those that succeeded were not based on idealism alone, but (1) could provide services to members, (2) had an informed membership, and (3) had capable leaders.

Kanel quotes Knapp¹ on lessons learned in the U.S.A. by the 1920's which include:

"Effective cooperatives cannot be built on idealism alone ... if cooperatives promise too much, disillusionment will soon set in. Cooperatives require an informed membership that is willing to accept responsibility ... slow initial progress usually contributes to later strength ... membership must be kept thoroughly informed ... education programs and member relations work are required ..."

After 1920 more outside assistance was available to cooperatives in the U.S.A. from (1) cooperative federations and organizations, and (2) government.

Today, outside initiative is also the usual way of promoting cooperatives in LDCs. The task is that of providing initial assistance and encouragement that does not create a continuing dependence, but rather develops local leadership and commitment of members. Various ways of meeting this challenge were discussed in the workshops and are described below.

Credit union leaders said they could successfully form a credit union if given sufficient time and are allowed to determine the relevant natural groups: for example, it takes less time and effort to start an employee credit union with payroll deduction for savings and loans, than it does to build a community credit union from the ground up. Some credit unions started for limited income groups failed because they were based on artificial areas rather than groups with a common bond; others failed for lack of time to develop and train local leadership.

However, a different approach may be needed in agriculture. For instance, only a large regional multi-village marketing and supply cooperative could provide the services needed by Guatemalan Indian peasants, so Agricultural Cooperative Development International (ACDI) had to bring in outside-educated Spanish-speaking Guatemalans to fill managerial positions.² This made possible more rapid business development, but may create a management-dominated cooperative that blocks or delays true membership control.

An alternative approach is being used by one group in the Philippines which begins only with group activities that can be carried on by local people; the skills of managing joint enterprises are created by working together before a formal cooperative is organized.

A fourth strategy is illustrated by the history of rural electric cooperatives in the U.S.A., where a government agency, the Rural Electric Administration, supplied organizational and financial assistance and trained managers and technicians until the cooperatives were securely established.

In LDCs, cultural distance and lack of contacts with the larger society among the poor require a supporting outside structure for cooperatives that is dedicated both to the interests of the members, and to the development of their ability to cope with the larger society. This raises the questions of how socio-political movements and activists compare with more neutral and technically-oriented staffs in organizing cooperatives.

In the early stages of a cooperative, it is particularly important that directors and staff are trusted and seen as committed to members' interests. Later, after a cooperative becomes established, and the members have advanced economically, the cooperative may become only one alternative among others, and the cooperative continues to be responsive to members primarily by offering services on attractive terms.

In early stages of rural cooperatives in LDCs, what kind of assistance can help increase effective control by members and their boards of directors? And what are the distinct roles of national cooperative organizations, government agencies, international co-op organizations and technical assistance programs from developed countries?

Situations in Which Cooperatives Have Better Opportunities to Succeed

A general prescription made at the ACDI workshop summed up previous examples: cooperatives need to be developed where essential services are not already provided economically, where a new clientele can be reached, or where new services can be performed. In general, this is a strategy of starting in areas of greatest economic opportunity and least opposition, building the movement economically and politically and, when the movement is stronger, moving into new activities.

Kanel explores the reasons why private business did not move in aggressively to exploit opportunities cooperatives saw. He points out that, where profitable, private business will invest in human development and infrastructure as well as in the product from which it earns profit, but private business is not committed to developing specific groups of disadvantaged producers or consumers if it can more profitably deal with other groups.

Cooperatives as well as private business need to earn enough to cover costs, but the goals of the two types of enterprise are different: a cooperative is committed to serving the unserved, and developing or creating ancillary conditions so that it becomes economic to serve them, including member education, training of directors and staff, etc. Also, some additional uncharged costs allow cooperatives to succeed; namely, the volunteer service of directors and members.

But this doesn't mean all attempts to organize cooperatives will be successful; even with concessional interest rates or technical assistance from public agencies, cooperatives have to develop organizational efficiency so revenues cover costs; in this they are closer to business activities than to government programs.

Another relevant question is what services cooperatives perform better than state agencies. Several examples from the workshops were (1) electric cooperatives, which provide the organizational structure for continuing service; (2) credit unions, which have a better repayment record than supervised credit programs run by public agencies; and (3) housing cooperatives, where payments are more regular and maintenance better than in public housing.

The implication seems to be that cooperatives can be more flexible and responsive to their members, and better able to provide continuous maintenance and repair than public programs initiated on the basis of political promises, but comparisons are needed with well-run state programs.

Cooperatives Versus Political Activity on Behalf of the Poor

An issue that surfaced repeatedly in the workshops was whether the very poor can be helped by the slow process of building cooperatives, or whether political pressure is needed to get changes in the system. It was evident that cooperatives are not welfare agencies. Exploitation was used in two senses in the discussions: (1) as the equivalent of a "consumer complaint" which could be remedied by forming co-ops to provide better service (for example, by forming credit unions to replace moneylenders); and (2) in the sense of an inherent inequality in the system (for example, people without land who need a land reform as a first step). Kanel suggests this formulation may help in distinguishing where cooperatives can be useful.

He notes that the conception of people without resources is too simple; even the very poor have some resources that organized activity can help them link up to opportunities denied them as individuals. He cites the example of landless peasants in El Salvador who used a socio-political movement and production cooperatives to rent land to get into the market system.

Whether building cooperatives or doing political organization work dominates, is an important issue, because there needs to be a certain distance between the two. The talents needed for building cooperatives are not the same as those needed for political activity. Also, it is important for cooperatives to maintain their autonomy, and not allow political differences to split the membership, or allow outsiders to use cooperatives for political purposes. On the other hand, co-op leaders should be careful not to seem negative or hostile to political movements that may be important to their members.

Kanel outlines three political situations calling for different responses: (1) where a revolution or major reforms are in progress and cooperatives must adapt themselves to new groups and activities; (2) where no major reforms are in progress, but the political and economic situations are permissive, so cooperatives could help a variety of groups; (3) where great inequality and poverty exist without scope for political activity or reform, so cooperatives are limited to redressing some "consumer complaints." In this last case, there may be a strong difference of opinion on whether cooperative activity or political activity should take priority.

Cooperatives and Development in U.S. Agriculture

In several workshops the assertion was made that cooperatives increased participation of rural people in development. But another view is that cooperative democracy is internal to cooperatives, and that cooperatives are an outgrowth of a democratically permissive setting rather than the cause of it. However, cooperatives no doubt have improved marketing opportunities for farm families, and have been a competitive measure in the marketplace that has benefitted all farmers.

Cooperatives and the Rural Poor in the U.S.A.

Although typically cooperatives in the U.S.A. do about 80 percent of their business with 20 percent of their members, both larger and smaller farmers need each other: larger farmers provide needed leadership plus a volume of business large enough to pay for good management, while smaller farmers provide a broader base of support for cooperatives in the community. U.S. cooperatives have increased production and income of farmers below the median and above the lowest 10 to 15 percent of income, but the cooperative is not primarily a transfer mechanism, even though smaller and weaker cooperatives do get a disproportionate share of technical assistance funds from co-op federations.

Cooperatives and the Rural Poor in LDCs

Rural societies in LDCs are less homogenous than in the U.S.A., so the American experience probably is not very relevant to conditions in LDCs, particularly where agriculture is dualistic, as in most of Latin America. Problems of the LDC poor include inability to compete with larger farmers, social discrimination, and patron-client systems that make it difficult for poor farmers to act independently.

Human Development

Cooperative technical assistance programs are difficult to evaluate, partly due to the time needed for self-sustained growth; efforts to form cooperatives at a rapid rate have failed repeatedly. It might be better to support a smaller number of cooperatives long enough for them to become a nucleus of viable cooperatives, that in turn would lead to further growth of the movement. Cooperative federations are cited as a mechanism that can assist self-sustained cooperative growth. An additional output of viable cooperatives is the human development of new leadership, which also benefits other sectors of the LDCs.

A problem in some LDCs is that the government loads the cooperatives with outside activities that prevent their performing well the primary business functions for which they were set up.

LDC Views of Technical Assistance by U.S. Cooperatives

At workshops in Africa, Asia and South America, mixed views were expressed about the value of outside technical assistance. Some participants were critical of all kinds of help, not just that from cooperatives.

In the Asian workshop, in general, financial assistance, and help in dealing with new technology, is more welcome than advice on cooperative organization and philosophy. It was reported that some consultants are not sensitive to cultural differences; they think they have all the answers, and some are the most available and retired rather than the best qualified persons from cooperatives in developed countries. One useful aspect of technical assistance reported is that government personnel tend to be more receptive to ideas of local cooperators if backed up by foreign advisors.

However, a need was expressed for training of trainers for director, manager and member education. There was interest in sending staff to developed countries for training to learn teaching and training techniques. It was stated that good instructors are hard to find; that in general, managers are not good instructors, and that university teachers have no practical experience with management.

The Indian cooperative fertilizer manufacturing program was mentioned with great appreciation; evidently CLUSA was very helpful in aiding Indian cooperators think through the manufacturing and distribution problems before the plans were set.

The Asian workshop was interested in inter-cooperative trade, and hoped cooperatives in developed countries would take the lead in letting people know (1) needs of LDCs, (2) adverse effects of foreign investment in LDCs, and (3) the LDCs' drive for a new international economic order.

In the African workshop, participants agreed that cooperative organization seldom succeeds unless the people participate in the planning and execution of the programs.

Much technical assistance was criticized as being too expensive for recipient countries because of the need to provide living expenses, services, transport, etc., to visiting "experts." Sweden was cited as a welcome exception.

Cooperative-to-cooperative assistance tends to be smaller scale, more related to needs of the cooperatives, and therefore more successful than government-to-government projects. It was concluded that the more direct the aid can be, the more likely it is to be successful. However, it was concluded in the London workshop that it is almost impossible to provide aid without going through government, because usually cooperatives are part of a government program. The Africans said the political aspect of cooperatives should be accepted as a reality.

Technical Assistance as Seen by U.S. Cooperatives

There was universal complaint among U.S. cooperators about donor expectations and evaluation procedures. Complaints were about (1) expecting too much too soon, and (2) lack of funding for follow-up assistance. From the discussions, one got the impression that the Agency for International Development (AID) emphasized "outputs" in a specified time frame, while U.S. cooperators asked whether a self-sustaining organization has been created.

Another complaint was about lack of cooperative involvement early enough in the planning of technical assistance projects. The bidding procedures also were criticized: cooperatives find themselves bidding on a project they do not consider to be well-designed, or losing a bid to a non-cooperative organization that later turns to them for assistance in implementing the project.

Another issue is the extent to which the LDC cooperatives for whom assistance is intended can participate in the early stages of planning projects.

U.S. cooperatives prefer to work with parallel cooperative organizations in LDCs, but do work with government agencies and non-cooperative organizations.

U.S. cooperatives assist projects that are largely government-directed and cooperative in name only, to help them change to a more genuine cooperative form, which they believe would be a more effective organization in reaching the objectives of the LDC.

In general, U.S. cooperators believe it makes more sense to provide technical assistance at a level where it can help national cooperative organizations, and thus have a multiplier effect. An example is the development of regional confederations of credit unions in Africa, Asia, and Latin America that can assist local groups.

It is hoped that the discussion of these workshop findings will aid in determining how the resources of the U.S. cooperative movement can be most helpful to cooperatives in developing countries.

NOTES

¹ Knapp, Joseph G. The Rise of the American Cooperative Enterprise; 1620-1920. Danville, Ill.: Interstate Press, 1969. pp. 432, 434, 435, 436.

² See David Fledderjohn's article describing this, "Cooperative Dilemma: A New Approach in Guatemala that may show the way out of a common impasse." International Journal of Cooperative Development, Vol. 5, No. 4.

SOME KEY POINTS

that emerged from the total exercise on
COOPERATIVES, SMALL FARMERS, AND RURAL DEVELOPMENT

On Cooperatives in Less Developed Countries

In LDCs (a) outside assistance, intervention, and even control, plus (b) subsidy in early stages, are facts of life in building cooperatives.

We need realistic expectations of what cooperatives can accomplish in LDCs; cooperatives cannot compensate for unjust political, economic and social systems.

Cooperatives in LDCs need strength that comes from united action, such as federations, and often they need to do lobbying, but they should keep out of partisan politics.

The kind of leadership needed for political action is different from that required to build viable cooperative enterprises.

Cooperatives are a form of self-help that has increased incomes of the rural poor, but not all poor people are in condition to help themselves.

In general, the poorest farmers are better served by cooperatives that include some members of higher income groups.

Traditional forms of cooperation in Europe and the USA are not necessarily the best or only forms of cooperative business activity; the substance is more important than the label.

On Technical Assistance to Cooperatives in LDCs

Long-term contact is needed for cooperative development; results may not be measurable for many years.

U.S. cooperative organizations in technical assistance to LDCs need to be involved in the early planning stages

- ideally recipient country, USAID, and U.S. cooperations should be able to work together on the entire process from need identification, planning, through implementation. The present competitive bidding system of USAID prevents this.

Technical assistance is seldom neutral; therefore, cooperative organizations are better able to help develop cooperatives in LDCs than independent contractors from non-cooperative organizations.

Planned, continuous programs of cooperative education and training are required for development of successful cooperatives. LDCs need help in "training trainers" for this.

Some cooperatives in LDCs want help with improving their technical skills, and equipment, but prefer to build their own institutions according to their own socio-economic and cultural patterns.

**LIST OF PREPARATORY WORKSHOPS
on
COOPERATIVES, SMALL FARMERS, & RURAL DEVELOPMENT**

**WORKSHOP WITH CREDIT UNION NATIONAL ASSOCIATION & WORLD COUNCIL OF CREDIT UNIONS
December 18, 1976
Madison, Wisconsin**

**WORKSHOP WITH NATIONAL RURAL ELECTRIC COOPERATIVE ASSOCIATION
January 4, 1977
Washington, D.C.**

**WORKSHOP WITH FOUNDATION FOR COOPERATIVE HOUSING INTERNATIONAL
January 5, 1977
Washington, D.C.**

**WORKSHOP WITH AGRICULTURAL COOPERATIVE DEVELOPMENT INTERNATIONAL
& VOLUNTEER DEVELOPMENT CORPS
January 6, 1977
Washington, D.C.**

**WORKSHOP WITH COOPERATIVE LEAGUE OF THE U.S.A.
January 19, 1977
Columbus, Ohio**

**WORKSHOP ON LATIN AMERICAN COOPERATIVE EXPERIENCE
April 1-2, 1977
Bogota, Colombia**

**WORKSHOP ON THE ASIAN COOPERATIVE EXPERIENCE
April 3-5, 1977
Los Banos, Philippines**

**WORKSHOP ON THE AFRICAN COOPERATIVE EXPERIENCE
May 9-10, 1978
Nairobi, Kenya**

**WORKSHOP ON THE EUROPEAN COOPERATIVE EXPERIENCE
May 5-6, 1977
London, U.K.**

**WASHINGTON WORKSHOP ON COOPERATIVES, SMALL FARMERS, & DEVELOPMENT
November 17, 1977
Washington, D.C.**

ADVISORY COMMITTEE
FOR
SEMINAR ON COOPERATIVES, SMALL FARMERS, AND RURAL DEVELOPMENT
1977-78

A. A. Bailey
Managing Director
World Council of Credit Unions, Inc.
5910 Mineral Point Road
Box 391
Madison, Wisconsin 53701
Ph: 608/238-5851

John W. Bennett
Professor
Dept. of Anthropology
Washington University
Lindell & Skinker Blvd.
St. Louis, Missouri 63130
Ph: 314/863-0100 Ext. 4627

Trevor N. Bottomley
Cooperative Department
2, Musgrave Avenue
Kingston 10, Jamaica

Daniel A. Chaij
Chief, LA/DR/RD
U.S. Agency for International Development
Department of State
Washington, D.C. 20523
Ph: 202/632-8126

Peter P. Dorner
Professor
Dept. of Agricultural Economics
University of Wisconsin
350 Agricultural Hall
Madison, Wisconsin 53706
Ph: 608/262-3653

Donald K. Emmerson
Professor
Dept. of Political Science
University of Wisconsin
306 North Hall
Madison, Wisconsin 53706
Ph: 608/263-2295

Allie C. Felder, Jr.
Vice President
The Cooperative League of the USA
1828 L Street, N.W., Suite 1100
Washington, D.C. 20036
Ph: 202/872-0550

Clarence Gray
Foundation Representative
Agricultural Sciences
Rockefeller Foundation
1133 Avenue of the Americas
New York, N.Y. 10036
Ph: 212/869-8500

Bartlett Harvey
Vice President
Agricultural Cooperative Development
International
1430 K Street, N.W., Suite 1200
Washington, D.C. 20005
Ph: 202/638-4661

Daryl Hobbs
Director for Rural Development
University of Missouri
620 Clark Hall
Columbia, Missouri 65201
Ph: 314/882-7396

Don Kanel
Director
Land Tenure Center
University of Wisconsin
310 King Hall
Madison, Wisconsin 53706
Ph: 608/262-3657

Bryant E. Kearn
Vice Chancellor
G.E.A. University Administration
Professor, Agricultural Journalism
University of Wisconsin
150 Bascom Hall
Madison, Wisconsin 53706
Ph: 608/262-1304

Akhter Hameed Khan
Professor
Dept. of Agricultural Economics
Rural Development
206 International Center
Michigan State University
East Lansing, Michigan 48823
Ph: 517/353-0617

Page 2 - Advisory Committee for Seminar on Cooperatives, Small Farmers, and
Rural Development

Jane Knowles
Executive Assistant & Editor
Land Tenure Center
University of Wisconsin
310 King Hall
Madison, Wisconsin 53706
Ph: 608/262-3657

Mary Jean McGrath
Cooperative Education Specialist
University Center for Cooperatives
University of Wisconsin--Extension
524 Lowell Hall, 610 Langdon Street
Madison, Wisconsin 53706
Ph: 608/262-3251

Pius Paul Mbawala
Department of Sociology
University of Missouri
Columbia, Missouri 65201

Mark Dan Moriarty
Director of World Extension
World Council of Credit Unions, Inc.
5910 Mineral Point Road
Box 391
Madison, Wisconsin 53701
Ph: 608/238-5851

Mancur Olson
Professor
Department of Economics
University of Maryland
College Park, Maryland 20742
Ph: 301/454-3447

Russell Olson
Chief, Agriculture Development Division
Bureau for Near East
Office of Technical Support (NE/TECH)
U.S. Agency for International Development
Department of State
Washington, D.C. 20523
Ph: 202/632-9256

H. A. Oluwasanmi
Visiting Professor
Dept. of Agricultural Economics
University of Wisconsin--Madison
1976

University of Ibadan
P. O. Box 4621
Ibadan, Nigeria

Charles Prejean
Federation of Southern Cooperatives
P. O. Box 95
Epes, Alabama 35460
Ph: 205/652-9676

Vernon E. Schneider
Professor, Cooperatives
Dept. of Agricultural Economics
Texas A & M University
College Station, Texas 77843
Ph: 713/845-4912

Jonathan Silverstone
Civic Participation Division
Bureau for Program & Policy Coordination
U.S. Agency for International Development
Department of State
Washington, D.C. 20523
Ph: 202/632-8250

Roger E. Soles
Inter-American Foundation
1515 Wilson Boulevard
Rosslyn, Virginia 22209
Ph: 703/841-3827

John Thomas
Senior Advisor
Ministry of Agriculture
P. O. Box 47098
Nairobi, Kenya
Institute for International Development
1737 Cambridge Street
Harvard University
Cambridge, Massachusetts 02138
Ph: 617/495-4248

John A. Ulinski, Jr.
Director, Office of Private & Voluntary
Cooperation (PHA/PVC)
Bureau for Population & Humanitarian
Assistance
U.S. Agency for International Development
Room 3664, State Department Building
Washington, D.C. 20523
Ph: 202/632-9206

A. M. Weisblat
Director, Research & Training Network
Agricultural Development Council, Inc.
1290 Avenue of the Americas
New York, N.Y. 10019
Ph: 212/765-3500

Page 3 - Advisory Committee for Seminar on Cooperatives, Small Farmers, and
Rural Development

Howard S. Whitney

Professor

University Center for Cooperatives
University of Wisconsin-Extension
524 Lowell Hall, 610 Langdon Street
Madison, Wisconsin 53706
Ph: 608/262-3251

Roy Wiebe

Agricultural Cooperative Development
International

1430 K Street, N.W., Suite 1200
Washington, D.C. 20005

Western Farmers Association

201 Elliott Avenue, West
Seattle, Washington 98119
Ph: 206/284-8500

Participants of

WORKSHOP WITH CREDIT UNION NATIONAL ASSOCIATION & WORLD COUNCIL OF CREDIT UNIONS
December 18, 1976
Madison, Wisconsin

Dale W. Adams

Professor
Dept. of Agricultural Economics
& Rural Sociology
The Ohio State University
2120 Fyffe Road
Columbus, Ohio 43210
Ph: 614/422-8014

A. A. Bailey

Managing Director
World Council of Credit Unions, Inc.
5910 Mineral Point Road
Box 391
Madison, Wisconsin 53701
Ph: 608/238-5851

John W. Bennett

Professor
Dept. of Anthropology
Washington University
Lindell & Skinker Blvd.
St. Louis, Missouri 63130
Ph: 314/863-0100 Ext. 4627

John R. Brake

Professor
Dept. of Agricultural Economics
Agricultural Hall
Michigan State University
East Lansing, Michigan 48824
Ph: 517/355-0147

Peter P. Dorner

Professor
Dept. of Agricultural Economics
University of Wisconsin
350 Agricultural Hall
Madison, Wisconsin 53706
Ph: 608/262-3653

Boguslaw Galeski

Institute of Sociology & Philosophy
Polish Academy of Sciences
Nowy Swiat 72
Palac Ftaszica
Warsaw, Poland

Paul E. Hebert

Director, Global Projects
Credit Union National Association, Inc.
1120 - 19th Street, NW
Washington, D.C. 20036
Ph: 202/659-4571

Don Kanel

Director
Land Tenure Center
University of Wisconsin
310 King Hall
Madison, Wisconsin 53706
Ph: 608/262-3657

Bryant E. Kearl

Vice Chancellor
G.E.A. University Administration
Professor, Agricultural Journalism
University of Wisconsin
150 Bascom Hall
Madison, Wisconsin 53706
Ph: 608/262-1304

James Kirsch

304 Rockbridge Road
Portsmouth, Virginia 23707
Ph: 804/393-1552

Richard T. Lowe

Training Specialist
Global Projects
Credit Union National Association, Inc.
1120 - 19th Street, NW
Washington, D.C. 20036
Ph: 202/659-4571

Mary Jean McGrath

Cooperative Education Specialist
University Center for Cooperatives
University of Wisconsin-Extension
524 Lowell Hall, 610 Langdon Street
Madison, Wisconsin 53706
Ph: 608/262-3251

Page 2 - Workshop With Credit Union National Association & World Council of Credit Unions
December 18, 1976

Rupert W. Scofield
Program Officer
American Institute for Free Labor Development
1015 - 20th Street, N.W.
Washington, D.C. 20036
Ph: 202/659-6300

Dominic Servillo
1445 Wyoming Avenue
Forty-Fort, Pennsylvania 18704
Ph: 717/287-7932

Roger E. Soles
Inter-American Foundation
1515 Wilson Boulevard
Rosslyn, Virginia 22209
Ph: 703/841-3827

A. M. Weisblat
Director, Research & Training Network
Agricultural Development Council, Inc.
1290 Avenue of the Americas
New York, N.Y. 10019
Ph: 212/765-3500

Participants of
 WORKSHOP WITH NATIONAL RURAL ELECTRIC COOPERATIVE ASSOCIATION
 January 4, 1977
 Washington, D.C.

John W. Bennett

Professor
 Dept. of Anthropology
 Washington University
 Lindell & Skinker Blvd.
 St. Louis, Missouri 63130
 Ph: 314/863-0100 Ext. 4627

Peter P. Dorner

Professor
 Dept. of Agricultural Economics
 University of Wisconsin
 350 Agricultural Hall
 Madison, Wisconsin 53706
 Ph: 608/262-3653

Leon Evans

Deputy Coordinator
 International Programs Division
 National Rural Electric Cooperative Ass'n.
 1800 Massachusetts Avenue, N.W.
 Washington, D.C. 20036
 Ph: 202/857-9689

Don Kanel

Director
 Land Tenure Center
 University of Wisconsin
 310 King Hall
 Madison, Wisconsin 53706
 Ph: 608/262-3657

Mary Jean McGrath

Cooperative Education Specialist
 University Center for Cooperatives
 University of Wisconsin-Extension
 524 Lowell Hall, 610 Langdon Street
 Madison, Wisconsin 53706
 Ph: 608/262-3251

Theodore Mesmer

Sr. Economist
 Agriculture Division, Project Department
 Inter-American Development Bank
 801 - 17th Street, N.W., Room 761A
 Washington, D.C. 20007
 Ph: 202/634-8000

Harry Oswald

Manager
 Arkansas Electric Cooperative Corp.
 Box 9469
 Little Rock, Arkansas 72209

Bill Rayman

Cooperative Resources Committee
 1028 Connecticut Avenue, N.W.
 Washington, D.C. 20036
 Ph: 202/785-3199

Rupert W. Scofield

Program Officer
 American Institute for Free Labor Development
 1015 - 20th Street, N.W.
 Washington, D.C. 20036
 Ph: 202/659-6300

Roger E. Soles

Inter-American Foundation
 1515 Wilson Boulevard
 Rosslyn, Virginia 22209
 Ph: 703/841-3827

Paul Tidwell

115 Perry Street
 Centerville, Tennessee 37033

Thomas M. Venables

Coordinator, International Programs Division
 National Rural Electric Cooperative Ass'n.
 1800 Massachusetts Avenue, N.W.
 Washington, D.C. 20036
 Ph: 202/857-9500

William C. Wenner

P.O. Box 211
 Orangeville, Pennsylvania 17859

Participants of

WORKSHOP WITH FOUNDATION FOR COOPERATIVE HOUSING INTERNATIONAL
January 5, 1977
Washington, D.C.

Wallace Campbell

Consultant to
Foundation for Cooperative Housing
2101 L Street, N.W., Suite 409
Washington, D.C. 20037
Ph: 202/857-4100

Richard Owens

Vice President, International Programs
Foundation for Cooperative Housing
2101 L Street, N.W., Suite 409
Washington, D.C. 20037
Ph: 202/857-4100

Charles Dean

Senior Vice President, International
Programs
Foundation for Cooperative Housing
2101 L Street, N.W., Suite 409
Washington, D.C. 20037
Ph: 202/857-4100

Lisa Redfield Peattie

Professor
Dept. of Urban Studies
Building 9-515
Massachusetts Institute of Technology
Cambridge, Massachusetts 02139
Ph: 617/252-1787

Peter P. Dorner

Professor
Dept. of Agricultural Economics
University of Wisconsin
350 Agricultural Hall
Madison, Wisconsin 53706
Ph: 608/262-3653

Clarence Schubert

Deputy Director for Multinational Programs
Foundation for Cooperative Housing
2101 L Street, N.W., Suite 409
Washington, D.C. 20037
Ph: 202/857-4100

Don Kanel

Director
Land Tenure Center
University of Wisconsin
310 King Hall
Madison, Wisconsin 53706
Ph: 608/262-3657

Rupert W. Scofield

Program Officer
American Institute for Free Labor Development
1015 - 20th Street, N.W.
Washington, D.C. 20036
Ph: 202/659-6300

Mary Jean McGrath

Cooperative Education Specialist
University Center for Cooperatives
University of Wisconsin-Extension
524 Lowell Hall, 610 Langdon Street
Madison, Wisconsin 53706
Ph: 608/262-3251

Roger E. Soles

Inter-American Foundation
1515 Wilson Boulevard
Rosslyn, Virginia 22209
Ph: 703/841-3827

Participants of

WORKSHOP WITH AGRICULTURAL COOPERATIVE DEVELOPMENT INTERNATIONAL
& VOLUNTEER DEVELOPMENT CORPS
January 6, 1977
Washington, D.C.

David W. Angevine

President
Volunteer Development Corps
1629 K Street, N.W.
Washington, D.C. 20006
Ph: 202/223-3349

John W. Bennett

Professor
Dept. of Anthropology
Washington University
Lindell & Skinker Blvd.
St. Louis, Missouri 63130
Ph: 314/863-0100 Ext. 4627

Fernando Chaves

Chief, Technical Unit on Cooperatives
Rural-Urban Development Program
Organization of American States
17th Street and Constitution Avenue, N.W.
Washington, D.C. 20006
Ph: 202/331-1010

Peter P. Dorner

Professor
Dept. of Agricultural Economics
University of Wisconsin
350 Agricultural Hall
Madison, Wisconsin 53706
Ph: 608/262-3653

A. M. Feland III

Executive Vice President
Southern Farmers Association
P.O. Box 5489
North Little Rock, Arkansas 72119

Ray V. Fitzgerald

Administrator, ASCS
Room 206W
U.S. Department of Agriculture
P.O. Box 2415
Washington, D.C. 20013
Ph: 202/447-3467

David C. Fledderjohn

ACDI Guatemala
USAID Mission
% American Embassy
Guatemala City, Guatemala

R. Bruce Gervan

1412 Nashua Circle
Sun City Center, Florida 33570

Bartlett Harvey

Vice President
Agricultural Cooperative Development
International
1430 K Street, N.W., Suite 1200
Washington, D.C. 20005
Ph: 202/638-4661

Don Kanel

Director
Land Tenure Center
University of Wisconsin
310 King Hall
Madison, Wisconsin 53706
Ph: 608/262-3657

Mary Jean McGrath

Cooperative Education Specialist
University Center for Cooperatives
University of Wisconsin-Extension
524 Lowell Hall, 610 Langdon Street
Madison, Wisconsin 53706
Ph: 608/262-3251

Robert B. Ray

Agricultural Cooperative Development
International
1430 K Street, N.W., Suite 1200
Washington, D.C. 20005
Ph: 202/638-4661

Page 2 - Workshop With Agricultural Cooperative Development International & Volunteer
Development Corps - January 6, 1977

Bill Rayman

Cooperative Resources Committee
1028 Connecticut Avenue, N.W.
Washington, D.C. 20036
Ph: 202/785-3199

Rupert W. Scofield

Program Officer
American Institute for Free Labor
Development
1015 - 20th Street, N.W.
Washington, D.C. 20036
Ph: 202/659-6300

Melvin E. Sims

President
FS Services, Inc.
1701 Towanda Avenue
Bloomington, Illinois 61701
Ph: 309/557-2111

Roger E. Soles

Inter-American Foundation
1515 Wilson Boulevard
Rosslyn, Virginia 22209
Ph: 703/841-3827

William Sorenson

Program & Training Officer
Agricultural Cooperative Development
International
1430 K Street, N.W., Suite 1200
Washington, D.C. 20005
Ph: 202/638-4661

Mario Yuri

Technical Unit on Cooperatives
Rural-Urban Development Program
Organization of American States
17th Street and Constitution Avenue, N.W.
Washington, D.C. 20006
Ph: 202/331-1010

Participants of
 WORKSHOP WITH COOPERATIVE LEAGUE OF THE U.S.A.
 January 19, 1977
 Columbus, Ohio

Dale W. Adams
 Professor
 Dept. of Agricultural Economics &
 Rural Sociology
 The Ohio State University
 2120 Fyffe Road
 Columbus, Ohio 43210
 Ph: 614/422-8014

Robert Beasley
 Vice President of Public Relations
 Farmland Industries, Inc.
 P.O. Box 7305
 Kansas City, Missouri 64116
 Ph: 816/459-6000

Peter P. Dorner
 Professor
 Dept. of Agricultural Economics
 University of Wisconsin
 350 Agricultural Hall
 Madison, Wisconsin 53706
 Ph: 608/262-3653

Allie C. Felder, Jr.
 Vice President
 The Cooperative League of the USA
 1828 L Street, N.W., Suite 1100
 Washington, D.C. 20036
 Ph: 202/872-0550

Clarence Gray
 Foundation Representative
 Agricultural Sciences
 Rockefeller Foundation
 1133 Avenue of the Americas
 New York, N.Y. 10036
 Ph: 212/869-8500

Daryl Hobbs
 Director for Rural Development
 University of Missouri
 620 Clark Hall
 Columbia, Missouri 65201
 Ph: 314/882-7396

Dean Jeffers
 General Chairman & Chief Executive Officer
 Nationwide Mutual Insurance Company
 246 N. High Street
 Columbus, Ohio 43216
 Ph: 614/227-7111

Don Kane
 Director
 Land Tenure Center
 University of Wisconsin
 310 King Hall
 Madison, Wisconsin 53706
 Ph: 608/262-3657

Bryant E. Kearn
 Vice Chancellor
 G.E.A. University Administration
 Professor, Agricultural Journalism
 University of Wisconsin
 150 Bascom Hall
 Madison, Wisconsin 53706
 Ph: 608/262-1304

Lonnie Lane
 Assistant Director, International Programs
 The Cooperative League of the USA
 1828 L Street, N.W., Suite 1100
 Washington, D.C. 20036
 Ph: 202/872-0550

Ferris S. Owen
 Director of International Programs
 The Cooperative League of the USA
 1828 L Street, N.W., Suite 1100
 Washington, D.C. 20036
 Ph: 202/872-0550

Charles Prejean
 Federation of Southern Cooperatives
 P.O. Box 95
 Epes, Alabama 35460
 Ph: 205/652-9676

Page 2 - Workshop With Cooperative League of the U.S.A. - January 19, 1977

Bill Rayman
Cooperative Resources Committee
1028 Connecticut Avenue, N.W.
Washington, D.C. 20036
Ph: 202/785-3199

Roger E. Soles
Inter-American Foundation
1515 Wilson Boulevard
Rosslyn, Virginia 22209
Ph: 703/841-3827

William Swank
Executive Vice President
Ohio Farm Bureau Federation
245 N. High Street
Columbus, Ohio 43216
Ph: 614/225-8711

A. M. Weisblat
Director, Research & Training Network
Agricultural Development Council, Inc.
1290 Avenue of the Americas
New York, N.Y. 10019
Ph: 212/765-3500

Participants of
 WORKSHOP ON LATIN AMERICAN COOPERATIVE EXPERIENCE
 April 1-2, 1977
 Bogota, Colombia

Silvio F. Anguilla

Presidente
 CALFORU
 Valparaiso 1171 al 1183
 Montevideo, Uruguay

Oscar Busemi

Gerente Tecnico Administrativo (ACA)
 Casilla 4298
 Correo Central
 Buenos Aires, Argentina

Nery Chinchilla

Direccion de Fomento Cooperativo
 Apartado 235
 Tegucigalpa, Honduras

Juan Demeure

Director
 Centro para el Desarrollo
 Social y Economico (DESEC)
 Casilla 1420
 Cochabamba, Bolivia

Peter P. Dorner

Professor
 Dept. of Agricultural Economics
 University of Wisconsin
 350 Agricultural Hall
 Madison, Wisconsin 53706 USA

David C. Fledderjohn

ACDI Guatemala
 USAID Mission
 % American Embassy
 Guatemala City, Guatemala

R. William Flynn

Dept. of Agricultural Economics
 and Rural Sociology
 Ohio State University
 2120 Fyffe Road
 Columbus, Ohio 43210 USA

George Huggins

Program Officer
 F.A.O. Action for Development
 P.O. Box 1071
 Port of Spain
 Trinidad & Tobago

Gervasio Inoye

Presidente
 COTIA
 Caixa Postal 11020
 Sao Paulo, Brazil

Andres Lockward A.

Director Ejecutivo
 Confederacion Dominicana de
 Cooperativas (CODOCOOP)
 Anibal Espinosa #102
 Apartado 386
 Santo Domingo
 Dominican Republic

Donaldo Mejia

Gerente
 FECOAR
 4 Calle 1-25, Zona 10
 Guatemala City, Guatemala

Nautilio Monge

Gerente
 Federacion de Cooperativas
 de Cafecultores R.L.
 Apartado 4913
 San Jose, Costa Rica

Francisco Oliart

IICA
 Apartado 10281
 San Jose, Costa Rica

Moacir Querino dos Santos

Cooperativa Central Agricola
 do Nordeste (COCANE)
 Estrada dos Remedios 1780 (Afogados)
 50.000 Recife P.E.
 Brazil

Page 2 - Workshop on Latin American Cooperative Experience - April 1-2, 1977

Roger E. Soles
Inter-American Foundation
1515 Wilson Boulevard
Rosslyn, Virginia 22209 USA

Judith Tendler
3062 Buena Vista Way
Berkeley, California 94708 USA

Armando Teran
Gerente
Confederacion de Cooperativas
de Ahorro y Credito (COLAC)
Ap. Postal 6664
Panama 5, Republic of Panama

Kurt Ullrich
Vice Presidente de Desarrollo
Instituto de Financiamiento Cooperativo (IFICOOP)
Casilla 1118
Santiago, Chile

61

Participants of
WORKSHOP ON THE ASIAN COOPERATIVE EXPERIENCE
April 3-5, 1977
Los Baños, Philippines

Samarendra Choudhuri

Director
Bimal Sinha Institute of Co-operative
Study & Research
A/3, Kareya Housing Estate
Calcutta 700019, India

H. M. Dalaya

General Manager
Kaira District Cooperative Milk
Producers' Union
Anand 388001, India

L. J. Fredericks

Faculty of Economics & Administration
University of Malaya
Kuala Lumpur 22-11, Malaysia

H. D. Gupta

Divisional Manager (Inst. Dev.)
M. P. State Dairy Development Corp.
Guru Teg Bahadur Complex
Roshanpura, Bhopal 462003, India

Ibrahim

Directorate General of Cooperatives
Post Box 384
Jakarta, Indonesia

Don Kane

Director
Land Tenure Center
University of Wisconsin
310 King Hall
Madison, Wisconsin 53706 USA

David J. King

Visiting Professor
Agrarian Reform Institute
University of the Philippines

Land Tenure Center
University of Wisconsin
310 King Hall
Madison, Wisconsin 53706 USA

Nguyen Mai-Tam Kotte

Evangelische Studentengemeinde
7 Stuttgart 1
Kniebisstrasse 29
West Germany

Anthony J. Ledesma

Faculty House
Ateneo de Manila University
P.O. Box 154
Manila, Philippines

Sawtisak Limpabhand

Chief, Economic Business Division
Office of Accelerated Rural Development
Sunantha Palace
Bangkok, Thailand

Mary Jean McGrath

Cooperative Education Specialist
University Center for Cooperatives
University of Wisconsin-Extension
524 Lowell Hall, 610 Langdon Street
Madison, Wisconsin 53706 USA

Jeremias U. Montemayor

President
Federation of Free Farmers
41 Highland Drive
Blue Ridge
Quezon City, Philippines

John Montenegro

Director
Mindanao Development Center
740 Quezon Boulevard
Davao City 9501, Philippines

Akin Rabibhadana

Mae Klong Integrated Rural
Development Project
Thammasat University
Bangkok, Thailand

Orlando J. Sacay

Undersecretary for Cooperatives
Dept. of Local Government & Community
Development
Dela Merced Building
West Avenue
Quezon City, Philippines

Page 2 - Workshop on the Asian Cooperative Experience - April 3-5, 1977

Gil F. Saguiguit

Deputy Director
Southeast Asian Regional Center for
Graduate Study & Research in
Agriculture
College
Laguna 3720, Philippines

Saoedin

Directorate General of Cooperatives
Post Box 384
Jakarta, Indonesia

Sung Hwan Ban

Associate Professor
Dept. of Agricultural Economics
College of Agriculture
Seoul National University
Suweon, Korea

Glicerio Tan

President
Federation of Free Farmers of Bukidnon
Malaybalay Height
Bukidnon, Philippines

Clement E. Terso

Director
Bureau of Cooperatives Development
Dept. of Local Government & Community
Development
Ablaza Building
117 E. Rodriguez
Quezon City, Philippines

M. M. K. Wali

Chief Executive
National Cooperative Union of India
ERos Apts., 6th Floor
56, Nehru Place
New Delhi 110024, India

Participants of

WORKSHOP ON THE EUROPEAN COOPERATIVE EXPERIENCE
May 5-6, 1977
London, U.K.

Graham Alder
Development Officer
International Cooperative Alliance
11 Upper Grosvenor Street
London W1X 9PA, England

Francoise Baulier
Federation Nationale des Cooperatives
de Consommateurs
27 - 33 Quai le Gallo
92100 Boulogne Billancourt, France

Trevor N. Bottomley
Cooperative Department
2, Musgrave Avenue
Kingston 10, Jamaica

Ana Lauretta Diaz
Women's Programme Officer
Cooperatives & Other Rural
Organizations Group
Human Resources & Institutions
Agrarian Reform Division
FAO
Via delle Terme di Caracalla
00100 Rome, Italy

Allie C. Felder, Jr.
Vice President
The Cooperative League of the USA
1828 L Street, N.W., Suite 1100
Washington, D.C. 20036 USA

Rune Forsberg
Swedish Co-operative Centre
Fack
S-104 65
Stockholm, Sweden

Leonard Harman
7 Romney Road
Islington
Ontario, Canada

R. Hewlett
COPAC
Via delle Terme di Caracalla
00100 Rome, Italy

Daryl Hobbs
Director for Rural Development
University of Missouri
620 Clark Hall
Columbia, Missouri 65201 USA

Mary Jean McGrath
Cooperative Education Specialist
University Center for Cooperatives
University of Wisconsin-Extension
524 Lowell Hall, 610 Langdon Street
Madison, Wisconsin 53706 USA

Hans-H Münkner
Institut für Kooperation in
Entwicklungsländern der
Philipps Universität
3550 Marburg
Am Plan 2, B R D, Germany

N. Newiger
Senior Officer
Cooperatives & Other Rural Organizations
Group
Human Resources & Institutions
Agrarian Reform Division
FAO
Via delle Terme di Caracalla
00100 Rome, Italy

Lord Oram (Bert Oram)
House of Lords
London SW1, England

Jonathan Silverstone
Civic Participation Division
Bureau for Program & Policy Coordination
AID, Department of State
Washington, D.C. 20523 USA

Leonora L. Stettner
82 Marine Parade
Brighton BN2 1AJ, England

Michaela Walsh
Rockefeller Brothers Fund
Room 5450
30 Rockefeller Plaza
New York, N.Y. 10020 USA

Page 2 - Workshop on the European Cooperative Experience - May 5-6, 1977

A. M. Weisblat

Director, Research & Training Network
Agricultural Development Council, Inc.
1290 Avenue of the Americas
New York, N.Y. 10019 USA

P. H. Yeo

Co-operative College
Loughborough
Leicester, England

B. J. Youngjohns

Adviser on Cooperatives
Overseas Development Administration
Eland House
Stag Place
London SE1E 5DH, England

Participants of
 WORKSHOP ON THE AFRICAN COOPERATIVE EXPERIENCE
 May 9-10, 1977
 Nairobi, Kenya

Allie C. Felder, Jr.
 Vice President
 The Cooperative League of the USA
 1828 L Street, N.W., Suite 1100
 Washington, D.C. 20036 USA

Daryl Hobbs
 Director for Rural Development
 University of Missouri
 620 Clark Hall
 Columbia, Missouri 65201 USA

Kamal Hamdy Abu'l Kheir
 Rector
 Higher Institute of Cooperative &
 Managerial Studies
 El Mounira
 Cairo, United Arab Republic

E. S. Kamulegeya
 P.O. Box 3585
 Kampala, Uganda

Silvanus Matsoso
 Samaria Mission
 P.O. Box 24
 Mafeteng, Lesotho
 Southern Africa

John Musundi
 Kenya National Federation of Cooperatives,
 Ltd.
 P.O. Box 49768
 Nairobi, Kenya

Dan Nyanjom
 International Cooperative Alliance
 Office for East and Central Africa
 P.O. Box 946
 Moshi, Tanzania

Diana Opondo
 International Cooperative Alliance
 Office for East and Central Africa
 P.O. Box 946
 Moshi, Tanzania

Margaret C. Snyder
 Training & Research Centre for Women
 U.N. Economic Commission for Africa
 Africa Hall
 Addis Ababa, Ethiopia

Dunstan S. C. Spencer
 West African Rice Development Association
 E. J. Roye Memorial Building
 P.O. Box 1019
 Monrovia, Liberia

John Thomas
 Ministry of Agriculture
 P.O. Box 30028
 Nairobi, Kenya

Michaela Walsh
 Rockefeller Brothers Fund
 Room 5450
 30 Rockefeller Plaza
 New York, N.Y. 10020 USA

A. M. Weisblat
 Director, Research & Training Network
 Agricultural Development Council, Inc.
 1290 Avenue of the Americas
 New York, N.Y. 10019 USA

T. T. Williams
 Unemployment--Underemployment Institute
 Southern University
 P.O. Box 7846
 Baton Rouge, Louisiana 70813 USA

Participants of
 WASHINGTON WORKSHOP ON COOPERATIVES, SMALL FARMERS, & DEVELOPMENT
 November 17, 1977
 Washington, D.C.

David W. Angevine

President
 Volunteer Development Corps
 1629 K Street, N.W.
 Washington, D.C. 20006
 Ph: 202/223-3349

A. A. Bailey

Managing Director
 World Council of Credit Unions, Inc.
 5910 Mineral Point Road
 Box 391
 Madison, Wisconsin 53701
 Ph: 608/238-5851

James Cudney

Assistant Coordinator
 Far East Division
 National Rural Electric Cooperative Ass'n.
 1800 Massachusetts Avenue, N.W.
 Washington, D.C. 20036
 Ph: 202/857-9500

George Doud

Project Specialist
 National Rural Electric Cooperative Ass'n.
 1800 Massachusetts Avenue, N.W.
 Washington, D.C. 20036
 Ph: 202/857-9500

Leon Evans

Deputy Coordinator
 International Programs Division
 National Rural Electric Cooperative Ass'n.
 1800 Massachusetts Avenue, N.W.
 Washington, D.C. 20036
 Ph: 202/857-9689

Allie C. Felder, Jr.

Vice President
 The Cooperative League of the USA
 1828 L Street, N.W., Suite 1100
 Washington, D.C. 20036
 Ph: 202/872-0550

Allan A. Furman

Deputy Assistant Administrator
 Bureau for Population & Humanitarian
 Assistance - USAID
 Washington, D.C. 20523

Bartlett Harvey

Vice President
 Agricultural Cooperative Development
 International
 1430 K Street, N.W., Suite 1200
 Washington, D.C. 20005
 Ph: 202/638-4661

Paul E. Hebert

Director, Global Projects
 Credit Union National Association, Inc.
 1120 - 19th Street, N.W.
 Washington, D.C. 20036
 Ph: 202/659-4571

Daryl Hobbs

Director for Rural Development
 University of Missouri
 620 Clark Hall
 Columbia, Missouri 65201
 Ph: 314/882-7396

Harlan Hobgood

Office of Rural Development
 Bureau for Technical Assistance
 506 Rosslyn Plaza
 U.S. Agency for International Development
 Washington, D.C. 20523

Susie O. Jones

Administrative Assistant
 International Programs
 The Cooperative League of the USA
 1828 L Street, N.W., Suite 1100
 Washington, D.C. 20036
 Ph: 202/872-0550

Don Kanel

Director
 Land Tenure Center
 University of Wisconsin
 310 King Hall
 Madison, Wisconsin 53706
 Ph: 608/262-3657

Earl Kessler

Housing Advisor
 Foundation for Cooperative Housing
 2101 L Street, N.W., Suite 409
 Washington, D.C. 20037
 Ph: 202/857-4100

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Lonnie Lane

Assistant Director
International Programs
The Cooperative League of the USA
1828 L Street, NW - Suite 1100
Washington, D.C. 20036
Ph: 202/872-0550

Mary Jean McGrath

Cooperative Education Specialist
University Center for Cooperatives
University of Wisconsin--Extension
524 Lowell Hall, 610 Langdon St.
Madison, WI 53706
Ph: 608/262-3251

Norman K. Nicholson

Office of Rural Development
Bureau for Technical Assistance
506 Rosslyn Plaza
US Agency for International Development
Washington, DC 20523

Ferris S. Owen

Director of International Programs
The Cooperative League of the USA
1828 L Street, NW - Suite 1100
Washington, D.C. 20036
Ph: 202/872-0550

Richard Owens

Vice President, International Programs
Foundation for Cooperative Housing
2101 L Street, NW - Suite 409
Washington, DC 20037
Ph: 202/857-4100

Bill Rayman

Cooperative Resources Committee
1028 Connecticut Avenue, NW
Washington, DC 20036
Ph: 202/785-3199

James E. Reichert

Finance & Administration Officer
International Programs
The Cooperative League of the USA
Suite 1100, 1828 L Street, NW
Washington, D.C. 20036
Ph: 202/872-0550

Alice Saathoff

Administrative Assistant
Volunteer Development Corps
1629 K Street, NW
Washington, D.C. 20006
202/223-3349

Jonathan Silverstone

Bureau for Program & Policy Coordination
Agency for International Development
Department of State
Washington, D.C. 20523
Ph: 202/632-8250

Roger E. Soles

Inter-American Foundation
1515 Wilson Boulevard
Rosslyn, Virginia 22209
Ph: 703/841-3827

William Sorenson

Program & Training Officer
Agricultural Cooperative Development
International
Suite 1200, 1430 K Street, NW
Washington, D.C. 20005
Ph: 202/638-4661

Donald H. Thomas

President
Agricultural Cooperative Development
International
Suite 1200, 1430 K Street, NW
Washington, D.C. 20005
Ph: 202/638-4661

John A. Ulinski, Jr.

Director, Office of Private & Voluntary
Cooperation (PHA/PVC)
Bureau for Population & Humanitarian
Assistance
U.S. Agency for International Development
Room 3664, State Department Building
Washington, D.C. 20523
Ph: 202/632-9206

Thomas Venables

Coordinator, International Programs Division
National Rural Electric Cooperative Ass'n.
1800 Massachusetts Avenue, NW
Washington, D.C. 20036
Ph: 202/857-9500

A. M. Weisblat
Director, Research & Training Network
Agricultural Development Council, Inc.
1290 Avenue of the Americas
New York, N.Y. 10019
Ph: 212/765-3500

Steven Wilbur
Assistant to the President
Volunteer Development Corps
1629 K Street, NW
Washington, D.C. 20006
Ph: 202/223-3349

ABSTRACTS

from recent literature on

**Cooperatives,
Small Farmers, and Development**

- * Adeyeye, O. "Co-operative Development through Institutional Adaptation: The Nigerian Experience." Co-operative Information No. 2, 1970: Pp. 13-17.

This article notes the trend in Nigeria toward application of modern cooperative principles and techniques to traditional socio-economic institutions of cooperation, especially self-help credit societies.

Indigenous self-help credit organizations, or contribution societies, are widespread in Nigeria, and typically consist of a voluntary grouping of individuals who "pay fixed subscriptions, at a fixed place, at regular intervals,... (with a) fixed sum given to members in rotation." These organizations have advanced to the point where a three-tiered structure has been identified in some areas, with primary societies, regional federations, and an apex body or league.

In Ondo Province, a Nigerian Official of the Cooperative Department instituted an unofficial policy of reforming the "Esusu" (contribution society) into what he calls "Co-credit societies." This policy has met with considerable success, according to the author, and within five years "membership and credit worthiness of Co-credit societies in the area more than doubled and today it (the experiment) is regarded as largely responsible for the large numbers of credit societies...in Ondo Province." Further evidence of success cited is a structurally more advanced organization in Ondo province, relative to other areas, and a sense of permanence in the societies derived from the cooperatives owning their own buildings, a factor usually not found in other areas.

Although strongly advocating building upon the "Esusu," the author admits that differences exist between the traditional organizations, and modern Co-credit societies. He suggests the following points for adaptation:

1. New bylaws that clarify the rotational order of the take-outs
2. Management must be in the hands of a committee and not a single individual
3. Lavish entertainment, presently a common feature of many "Esusu" meetings, should be discouraged.

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- * Agency for International Development
An Evaluation of the Misamis Oriental Rural Electric Service Cooperative
 AID: 1975, 132 p.

The purpose of this study was to determine the economic, social and cultural impact upon the people of the Misamis Oriental province in the Philippines as a result of the introduction of, and the availability of, cheap electricity.

The Misamis Oriental Rural Electric Service Corporation (MORESCO) is an electrification project undertaken to demonstrate the viability of electric systems in rural areas. The project began in late 1967 with a feasibility study by AID and NRECA at the request of the government of the Philippines. MORESCO serves more than 7000 members in ten municipalities (districts).

The main target of the MORESCO cooperative has been the majority of the people who are poor in terms of economic goods. (For example, lowest ◻)

income people which were found to be using MORESCO electricity, were in seven households where per-capita annual income was about \$28.) Summing up the study, user respondents had reason to feel that their life situation had improved, while others not using MORESCO felt theirs had degenerated. Respondents reported:

1. Use of existing educational facilities has multiplied since electrification.
2. Services provided by area clinics and hospitals have made a quantified leap through the availability of electric power and illumination.
3. Pure and safe water has been brought into an area notorious for its unsafe, contaminated water. Piping and pumps now have brought gastro-intestinal disease under control, whereas previously gastro-intestinal disease was a main cause of death.
4. Production has increased in existing businesses and industries, and new businesses have been increasingly attracted to the area because of cheap availability of electricity.
5. Agricultural production has increased due to power for pumping water (in rice fields), and because of use of water and lighting with hogs and poultry.
6. Intensive use of irons and refrigerators have contributed to the raising of rural poor's perceived level of quality of life.

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* Anderson, Peggy. "New System in Niger"
in AFRICA REPORT, Vol. 13, No. 8, November 1968, pp. 12-17

This article reports on changes in a cooperative credit program in Niger which reduced credit defaults.

The Union Nigerienne de Credit et Cooperation (UNCC), a national cooperative farmer's federation, has been successfully remodelled by Guy Belloncle of the Paris-based Institut des Recherches et d'Applications des Methodes de Developpement.

The UNCC represents 42,000 families in the southern cotton and peanut-growing districts of Niger. In its first 18 months of operation, the system yielded rates of repayment of 97-100% in areas where 12-75% was considered normal before.

In remodelling UNCC, Belloncle turned most of the responsibility for credit operations to the peasants themselves. Decisions were made to unify UNCC's credit operations, and to delegate collective responsibility to the farmers at the village level. Now every farmer in the village is eligible for a UNCC loan, if all other farmers assent.

The villagers as a group assume responsibility for loans to individuals; loans and cooperative dividends are paid to the village as a unit. If the villagers know a certain farmer is unlikely to repay his debt, they refuse permission to borrow; if they agree to a loan which a farmer fails to repay, the whole village takes the loss. When that happens, each peasant receives a smaller dividend on the sale of his crop because the UNCC subtracts the sum of defaulted loans from the total village dividend before disbursing the remainder in a lump sum to the village. The more defaulters, the smaller the dividend.

Defaulting is much less common now because the pressure on a defaulter is exerted by his village neighbors, not by an outsider, stranger or foreign agent.

72 Originally published in
AID Bibliography Series/Housing, No.8, October 1975

- * Slate, Floyd O., Mary Ann Acton and Thandiwe Chinamora, Low-Cost Housing for Developing Countries: An Annotated Bibliography 1950-1972. June 1974, 214 p. Program on Policies for Science and Technology in Developing Nations, Cornell University, 180 Uris Hall, Ithaca, N.Y. 14850.
ARC Catalog No. 016.30154 S631

Extensive listing of books, pamphlets and articles on design, construction, financing and management of low-cost housing. The breadth of coverage stimulates thinking on various aspects of low-cost housing, but many of the references listed are not readily available outside large city or university libraries.

- * Waggaman, Wolcott C. and J. Robert Dodge, Manual on Design for Low-Cost and Aided Self-Help Housing. Ideas and Methods Exchange Report No. 37. January 1957. Reprinted in June 1967 and August 1969, 45 p. Prepared for AID/Washington by the Division of International Affairs, U.S. Department of Housing and Urban Development, Washington, D.C. Order from National Technical Information Service, Springfield, VA 22151. Order No. PB 179 385.
ARC Catalog No. 690.8 D419

Pamphlet includes approximately 21 plans and cost analyses of houses that have been built under self-help housing programs in many different countries.

- * Dodge, J. Robert, Cooperative Housing. Ideas and Methods Exchange Report No. 52. July 1971, 69 p. Prepared for AID/Washington by the Office of International Affairs, U.S. Department of Housing and Urban Development, Washington, D.C. Order from National Technical Information Service, Springfield, VA 22151. Order No. PB 206 514.
ARC Catalog No. 334.1 D664

Describes principles and practices of cooperative housing with examples from developing countries. Sample cooperative documents are included as appendices.

- * United Nations. Economic and Social Council. Economic Commission for Africa, Cooperative Housing for Africa. Paper prepared by L. Albert Wilson for the U.N. Economic Commission for Africa, and German Foundation for Developing Countries Meeting on Technical and Social Problems of Urbanization with Emphasis on Financing of Housing, Addis Ababa, Ethiopia, January 8-23, 1969. Report No. E/CN.14/HOU/20. Limited distribution - not available for distribution to organizations not immediately affiliated with the United Nations. October 1968, 14 p. United Nations, Economic and Social Council, Economic Commission for Africa, Addis Ababa, Ethiopia
ARC Catalog No. AFR 334.1 U58

This report deals with cooperative housing in present and future government ◻

actions, public policy, desires of the people, professional services, and the technical aspects of cooperative housing. Suggested are concrete steps that can be taken by African governments to improve housing for their citizens. The paper reports on two existing cooperative housing programs in Africa. Improvement in policy, attitudes and government programs are suggested.

- * Abrams, Charles, Squatter Settlements: The Problem and the Opportunity. Ideas and Methods Exchange Report No. 63. April 1966, 48 p. Prepared for AID/Washington by the Division of International Affairs, U.S. Department of Housing and Urban Development, Washington, D.C. 20410. ARC Catalog No.301.45 A161

Discusses the problem of squatters who build their shacks on illegally occupied land in and around the major cities of the developing countries. Abrams concludes that the problem is not a lack of urban land but a lack of skills to bring it to a more rational development. Unlike the slums of the developed world, the shanties built by the immigrants from rural areas often signify hope, and the communities in these squatter settlements often have a high degree of organization.

- * Bueneman, Ervan, Special Report on Techniques of Aided Self-Help Housing. July 1970, 24 p. Office of International Affairs, U.S. Department of Housing and Urban Development, Washington, D.C. 20410. ARC Catalog No.301.54 B928

Case studies of aided self-help housing projects in the United States, Germany, Puerto Rico, the Caribbean, Central America, and East Africa.

- * Rural Housing Alliance, Self-Help Housing Handbook. Volume I: Organizing a Self-Help Housing Program. 1971. 27 p. Sales Copies available from the Rural Housing Alliance, 1246 Connecticut Avenue N.W., Washington, D.C. 20036. ARC Catalog No.301.54 R948

Designed to familiarize interested people with the self-help process. Outlines procedures essential to the development of a self-help project.

- * U.S. Department of Housing and Urban Development, Aided Self-Help in Housing Improvement. Ideas and Methods Exchange Report No. 18. January 1967. Reprinted September 1968 and August 1969, 59 p. Prepared for AID/Washington by the Division of International Affairs, U.S. Department of Housing and Urban Development, Washington, D.C. Order 1969 edition from National Technical Information Service, Springfield, VA 22151. Order No. PB188 931. ARC Catalog No.301.54 D419b

Discusses fundamental principles and role of aided self-help housing, how to organize self-help projects and secure technical and financial assistance. Describes programs in Burma, Jamaica, Puerto Rico, Greece, Taiwan, and Sweden. Bibliography included.

AID Bibliography Series--Housing

- * Van Huyck, Alfred P., Housing for Lowest-Income People: Random Ideas for India and Tanzania. Paper presented at the DEADAG Urban Development Seminar, The Asia House, New York, November 14-15, 1968. SEADAG Paper on Problems of Development in Southeast Asia No. 45. November 1968, 25 p. Southeast Asia Development Advisory Group, The Asia Society, 112 East 64th Street, New York, N.Y. 10021
ARC Catalog No. IN 301.54 V257

Suggests the idea of a housing threshold - a point along the income distribution curve below which it is not possible to provide housing on a massive scale commensurate with the needs at any reasonable set of "minimum standards." May fluctuate between urban and rural areas, but the point exists. Below this point environmental improvement programs, savings institutions, cooperatives, and self-help housing are most economical. Above it, public housing as we know it is more acceptable. Goes on to discuss the problem of India and what alternatives are available for serving needs of those below the "housing threshold." For Tanzania, he discusses the urban Ujamaa Village Concept--grouping people into small villages where minimum levels of services can be provided. Fits into objective of keeping capital investment at a minimum while "building in the capacity for self-renewal as economic conditions improve."

- * United Nations. Economic and Social Council. Economic Commission for Africa. The Ghana Roof Loan Scheme. Paper prepared by O.H. Koenigsberger for the Economic Commission for Africa, and German Foundation for Developing Countries Meeting on Technical and Social Problems of Urbanization with Emphasis on Financing of Housing, Addis Ababa, January 8-23, 1969. Report No. E/CN.14/HOU/32. Limited distribution - not available for distribution to organizations not immediately affiliated with the United Nations. January 1969, 10 p. United Nations, Economic and Social Council, Economic Commission for Africa, Addis Ababa, Ethiopia.
ARC Catalog No. AFR 332.72 K78

The report discusses housing finance in Ghana, the Ghana roof loan program's implementation and advantages, village housing societies, and house inspection. The purpose of the paper is to show the advantages of developing in Africa new methods of housing finance which are designed to meet the countries' specific needs. The roof loan program is a self-help housing program. Roofing in Ghana is the major and most expensive part of house building. Usually the loan is made not only for the roof, but also for doors, windows, and finishes. In the six years the program has been operating, it has been most successful. This experiment shows that it is possible to devise a finance system for low income housing, that is it possible to circumvent the land tenure problem, and it is possible to administer the program with the help of existing government institutions.

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- * Anger, Gert and Zlataric, Branko. "Rural Development and Cooperatives in the Sahelian Zone." Land Reform, Land Settlement and Cooperatives 2 (1975): 43-64

The authors trace the origin of agricultural cooperation in this area from French colonialism to the formation of the nation-states: Senegal, Mali, Niger, Upper Volta, and Chad. A wide range of motivations of the above countries accounts for a variety of forms of cooperation (from socialistic to those committed to private property rights). The predominant functions of the cooperatives studied are marketing, credit, and supply.

Niger showed the greatest success. Two agencies were responsible for the implementation of cooperatives: the "Union Nigerienne de Credit et Cooperation" (UNCC) and the "Departement d'Animation." The UNCC was responsible for the initiation of a wide-spread cooperative movement along Rochdale lines, while the latter agency served to bridge the gap between the demands of the UNCC and the peasants. The "animators," specially trained young rural workers, were quite effective. In general, the thrift and credit societies failed, while the marketing cooperatives (mostly of groundnuts and rice) were highly successful. The authors list the following as elements of success in Niger:

1. An integrated approach, with multiple services offered by the UNCC and the Departement d'Animation
2. Some representation of farmers, from the village to the national level
3. Good pedagogic skills of the "animators"
4. Membership promotion that was relatively uncomplicated
5. Ample provision of credit and a fair rate of interest

The chief limitations were a lack of protection against fluctuations on world markets, little incentive to diversify production into livestock and basic staples, and a general reluctance of the government to encourage enough peasant participation.

Cooperatives in other countries, with the exception of the marketing cooperatives in Senegal and some in Mali, were very weak. The authors arrive at the following policy guidelines for the Sahelian Zone:

1. Encourage movement from cash crops into food production
2. Provide a "proper" governmental framework through legislation and agency enforcement
3. Promote cooperatives only where economic viability appears fairly probable
4. Do not set overly-optimistic goals for growth
5. Allocate extensive monies to preliminary research and surveying the economic and social environment
6. Carry out training and organizing of the cooperatives simultaneously.

- * Borda, Orlando Fals. Cooperatives and Rural Development in Latin America. Geneva: United Nations Research Institute for Social Development, 1971, pp. 145.

Object of the study are rural cooperatives in three countries. Columbia, Venezuela, and Ecuador. The sample of 11 cooperatives includes production and service cooperatives, as well as land settlements. Sponsors are the state (in 5 cases), the Protestant or Catholic church (5), and in one case, local initiators.

In his discussion of the exclusively internal aspects of the cooperative, the author lists the following as success variables in the initiation stage:

1. Personal involvement by the promoters (direct contact with peasants)
2. A strong measure of initial trust by the peasants
3. The insurance of a minimum of local leadership
4. A certain percentage of cash investment by local families

As non-relevant variables, Borda finds education/literacy level, the involvement of youth, and land ownership.

Finance is seen as one of the most troublesome elements. A split between membership and managers often developed, due to the former's problems in understanding accounting operations. This intensified with cooperative growth, as it demanded more sophisticated bookkeeping. Growth was also accompanied by a greater emphasis on the "economic" side of the cooperative's operation, while service ideals lost ground. Participation further suffered with growth, especially when managers from the "outside" replaced the original local ones. The author lists the salient character traits of "pivotal men" in the development of cooperatives as:

1. A background in the peasant culture but facile contact with the "outside world"
2. Reading skills and exposure to mass media
3. A record of risk-taking on their own farms
4. A certain amount of charisma

The most significant variables in the cooperative's external relations are then considered. Outside technical personnel were often well-received, but some communication problems existed. Law, as it applied to cooperative statutes, was often a source of confusion. The regulations often proved to be too long and incomprehensible to the layperson, thus causing leaders to act independently of the statutes.

In the final evaluation, the author found single-purpose cooperatives to be more stable than multi-purpose ones. Technical development proved to be greater for those cooperatives coming under the direct aegis of the state. Production cooperatives were often effective in diffusing innovation, yet little attempt was made to diversify cultivation patterns (away from monoculture). The author also noted the tendency of cooperatives to form enclaves, somewhat removed from the prevalent conditions of the countryside. He suggests this isolation can be best overcome by simultaneous promotion of regional cooperative federations.

- * Burman, Owen K. "Evaluation of Guneydogu Cooperative Unions, Gaziantep, Turkey." Washington, D.C.: Cooperative League of the U.S.A. May, 1974. 46 p. Duplicated.

Object of the investigation was a federation of multi-purpose cooperatives in southeast Turkey. The federation includes five different unions, each specializing in one crop (pistachio nuts, pulses, red peppers, olive oil, grapes), or 78 cooperatives (1974 data). Besides marketing (ostensibly the main function), other activities include processing and the dispensing of credit. Loan funds are provided by the Agricultural Bank. Some inputs, such as fertilizer and seeds, technical assistance are also given by Guneydogu. The federation was formed in 1968 and by 1974 claimed 18,000 members. At its head office in Gaziantep, 30 staff members are employed; 12 buying stations are located in the production areas.

The author's recommendations cover three areas:

Financial Structure -the accounting system should be overhauled and cost accounting should be introduced;

Quality Control -sanitation and hygiene standards should be enforced through a specialist (important especially for export products);

Marketing -better storage and transportation facilities are needed to give the processing plants greater operating efficiencies, as well as more sophisticated marketing techniques for export markets.

Little was said about the role of the individual farmer, although some discontent was noted (earlier establishment of the purchase price wanted, better buyers needed; inadequate credit offered, etc.)

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- * Communal Bank of Ethiopia. "Co-operatives: Whose Servants?" Market Report of the Communal Bank of Ethiopia, September-October, 1973, p.16.

This article touches briefly on the problems encountered by all forms of agricultural cooperatives in Ethiopia, and some resulting policy considerations.

Credit co-operatives have been unable to reach the rural poor, due to the poor's inability to offer acceptable collateral. The majority of the Ethiopian farmers do not have title to the land they farm. If they do own the land, their holdings are minimal. Some credit co-operatives do not allow tenants as members, and many set minimum capital contribution requirements. Loan repayment is more possible from cash-crops cultivation than from cereals. As a result, those co-operatives receiving the majority of loans were composed largely of larger farmers. Furthermore, marketing societies suffer from the absence of national price policies, thus adding to the risk of small farmers.

The report argues that a general restructuring of the rural sector must precede the effective integration of the rural poor into co-operatives. Secondly, the government must assume a large share of the early financing of local societies. Thirdly, financial institutions such as agricultural banks must be established, so that the agricultural sector receives greater services. Lastly, the communication of knowledge must be vastly improved through extension services and general rural education.

- * Davis, J. Michael, John Saunders and Galen Moses
Rural Electrification: An Evaluation of Effects on Economic and Social
 Changes in Costa Rica and Colombia
 University of Florida: August 1973 (AID project #CSD-3594)
 319 p.

This paper deals with the socio-economic impact that electrification, in general, and two cooperatives, specifically, have achieved in the rural sectors of Costa Rica and Colombia.

Data surveys from the rural sectors cited revealed:

1. Rural electricity use in the household was primarily for lighting and ironing;
2. The major economic benefit of rural electrification for farm, business, and industrial use was its cost compared to privately-owned diesel plants and generators;
3. The availability of rural electrification contributed to increased productivity of Costa Rican dairy farms (through use of cooling equipment) and less spoilage and contamination;
4. Power for irrigation was the primary productive use of electricity in rural Colombia;
5. Skilled dairy farm workers in Costa Rica received increased employment and wages because of electrification;
6. Use of central station power has not led to any displacement of labor--on the contrary, the cooperatives themselves have hired more workers to man the plants.

In the formative stages of the development of the two cooperatives in rural Costa Rica and Colombia, awareness of cooperative principles generally was high because of organizational meetings. This led to a higher rate of adoption of electricity than government-owned electric systems. Another advantage of the cooperative mechanism, from the operational standpoint, was lower line loss resulting from theft of electricity.

Detailed surveys of the rural electric cooperatives in San Carlos, Costa Rica, and in the Sevilla-Caicedonia area of Colombia showed that mass media exposure was positively associated with electricity use; however, research showed the cooperative had little real meaning for its members beyond being a supplier of electricity.

In terms of project-site selection, it was shown that those areas with a population in the higher relative socio-economic occupations, better educated, younger, and with previous experience with electricity will more likely make greater utilization of the electricity.

In the San Carlos Rural Electricity Cooperative, the authors specifically found:

1. displacement of private diesel generators slightly reduced importation of fuel oils;
2. increased productivity of dairy industry due to presence of affordable electricity;
3. improvement in the nutritional standards for those who used the electricity;
4. expansion of small entrepreneurial alternatives for the rural participants;
5. reduction of costs versus the private (and more expensive) plants; and
6. employment-creation and increased wage-earnings for electricity users and skilled dairy workers.

- * Davis, Jon S. A Study of a Pilot Project in Directed Agricultural Production Credit in Ecuador. AID: November 1, 1969. 222 p.

This study is an evaluation of the Directed Credit Program (DCP) of the National Federation of Credit and Savings Cooperatives (FECOAC) of Ecuador.

Farmers who participated directly in the DCP were studied to note the effects the program had on their income and other variables. The results show that:

1. DCP farmers preferred to borrow from the credit unions rather than other lending institutions because of lower interest rates and quicker and better services offered. For example, a farmer in the Sierra waits an average of 23.6 days for a credit union to honor his request for credit and 36.1 days for the bank to do so. In the coastal region, a farmer in the credit union waits an average of only 13.4 days before he receives his loans, but waits two months for the bank to complete his request
2. Farmers are receiving, as a direct result of DCP, more technical training from the DCP than those groups and individuals who do not belong. Technical training includes farm visits by extensionists and advice on general methods of farming, use of fertilizer, seed and fungicide
3. Technical inputs such as chemical fertilizer, selected seed, insecticides or fungicides were used by 94.5% of the farmers in the DCP
4. Farmers of DCP on the Coast receive fewer visitors from the various extension services and attend fewer courses or demonstrations than DCP farmers in the Sierra
5. A minimum of 50% of the farmers who use any of the four chemical inputs began to use them after the DCP was initiated or after they entered the program
6. Farmers in the DCP, particularly in the Sierra, generally have higher crop yields than farmers who were not affiliated with the DCP. The cultivation of corn provided the DCP farmers with one of their largest increase in yields. Farmers in the DCP attributed their increases in yields to recently acquired technical knowledge--with the use of technical inputs being cited as the primary factor in their increased yields (corn yields rose 40% in one year in the Sierra; banana and rice yields in the Coast rose 110% and 80%, respectively).

One of the underlying assumptions of the DCP is that outside capital and technical assistance will eventually lead to greater farm income, hence more savings and a greater possibility of internal capital formation.

When asked if farm income has risen in the last two years, DCP farmers in the Sierra answered yes (79%) and no (13%). "Don't know" answered for the remaining 8%. And in the Coastal region, 69% said yes, 13% said no, and don't know, 18%. The most common reasons given for increased incomes were: (1) higher production (2) use of credit, and (3) selected seed.

An outside group not affiliated with the DCP was asked the reasons for their

not wanting to be members of the credit union. Most frequent answers were: (1) lack of interest, (2) lack of money necessary to join, (3) lack of information. Credit union members were asked their reasons for joining. Most frequent responses: (1) better loan terms, (2) influence of friends, family, manager, priest, etc.

The farmers in the DCP as a whole appear to be more optimistic about their future agricultural production and farm incomes, more sophisticated in their analysis of the marketing situation, and more active in expanding the size of their farms and changing the types of crops they grow. They also exhibit more diversity in the types of technical farm inputs they use, more intensive use of agricultural technical assistance and a greater degree of farm improvement activity. The one problem cited, however, was that these impressions of the DCP program in Ecuador are more representative in the Sierra than on the Coast.

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- * Davidson, John R. "The Rural Credit and Cooperative Development Project in Guatemala," Case Study prepared for the Administrator's Development Seminar and the Development Studies Program, Manpower Development Division, Agency for International Development, Washington, D.C., October 1976.

This is an evaluation of a large cooperative project in Guatemala, aimed at assisting the poor in the largely Indian highlands region. The basic goals of the project are to "increase the production of basic grains and food crops, increase the small farmers' income, and generally improve the quality of life in the countryside so as to discourage migration from rural to urban areas." There are two major parts to the project:

The first involved the redesigning and expanding of an already existing project of a credit union federation into multipurpose cooperatives, which then began providing agricultural services (e.g., fertilizer) to small farmers. The primary weakness of efforts to provide inputs and services is a lack of technical assistance to go along with the inputs. Nonetheless, rapid expansion seems to indicate that the project has experienced success. Membership, share-capital, and loans outstanding have all increased five-fold from 1970 to 1975, and an evaluation study found that the services were reaching the small farmers who were the target group.

The second major part of the project involved the organization of an agricultural cooperative federation with six regionals, each of which has a number of local cooperative groups as affiliates. Here also there has been rapid growth, and substantial success apparently has been achieved in reaching the target group, by providing services of credit, agricultural inputs, transportation, and marketing. Long-range viability is not assured, however, as the operations are still "heavily dependent" on subsidies by the United States Agency for International Development.

Increased vertical integration into storage, marketing, and processing is seen as a solution to present weaknesses. Other suggestions for improvement are increasing the level of cooperation and planning between the two organizations, and increasing technical assistance to the target group.

- * Feder, Ernst. "Solving the Problems of Production, Unemployment and Poverty -- the Dilemma Facing Agricultural Cooperatives in Latin America." p. 17. In Dynamics of Interrelations Between the Agricultural Cooperatives and the Government, proceedings of CIRCOM 3rd International Symposium, Tel Aviv, Israel, March 1974. Tel Aviv: International Research Centre on Rural Cooperative Communities, 1976.

The author surveys the recent experience of rural cooperatives in Latin America, especially with respect to their role in land reform schemes. The major source of cooperative failure is to be found in the antagonistic relationship with the surrounding socio-economic environment. Most Latin American societies are governed by elites who view cooperatives' claims to democratic participation with hostility. This resistance to broadly-based participation is often reproduced in rural cooperatives where, in order to survive, cooperatives must make major concessions to the local political-economic elites. On the national level, the necessary state assistance has been minimal; this lack of concern is especially noticeable in the paucity of financial services available to rural cooperatives. Furthermore, many of the cooperatives created in the land-reform programs of the 1960's suffered from the shortcomings of the land reform schemes themselves: they were too small and often too isolated to be significant, so the opportunities for creating regional or national cooperative organizations were very dim.

The author classifies the continent into three groups of nations with respect to cooperative policy: those where agricultural cooperation is relatively insignificant (e.g. Brazil), those where cooperatives have received a modicum of attention from land reform agencies, and those where cooperatives were to serve as the basis for the land reform program. Only the latter category is considered in this paper; and given the effective termination of land reform activities in Chile after September 1973, Peru is seen as the country most committed to agricultural cooperatives.

The problems of the Peruvian land reform scheme have been formidable, however. For one, the beneficiaries of the reform (i.e., the new cooperative members) were saddled with huge compensation payments. The author regards this sum as a capital-transfer from the agricultural sector so huge that it could leave the rural population worse off than before the reform.

This massive drain might be mitigated if the agricultural sector were to receive considerable investment that would raise productivity (more intensive production instead of grazing, greater extension work, and greater subsidies of inputs). This commitment has not materialized, however. Secondly, the new cooperatives have often been dominated by an elite composed of officials from the agricultural ministry, ex-employees from the expropriated estates, and the military; consequently, peasant participation has been minimal. Thirdly, labor absorption of the huge number of rural unemployed (estimated by the ILO at 36 percent) has been limited, since the land reform cooperatives have the character of "closed corporations," (severely limited membership) and because the cooperatives are reluctant to hire wage-laborers. Given the rather stagnant productivity increases, the cooperatives are hesitant to jeopardize their newly-won earning increases by absorbing new members. The author argues that the State would allocate its funds better by subsidizing the entry of the landless into the cooperatives instead of using the money to indemnify the ex-landowners.

Feldman, David, and Rayah. "Cooperation and the Production Environment: Some Explorations Among Social and Economic Factors Affecting Agricultural Co-operation." Economic Research Bureau, Paper No. 69.12, University College, Dar Es Salaam, 1969, pp. 19.

This paper reports on three case studies: two of ujamaa villages in Tanga region of northern Tanzania, and one on a group of small tobacco farmers in Iringa region of Tanzania, from 1966 to 1968.

Both ujamaa villages were initiated by the Youth League in 1963, and are based on sisal production. One, Mbambara, has been generally successful, although the number of people involved dropped from 240 to 162 (80 households) by 1968. Work on sisal was entirely collective, and food crops were worked both collectively and privately. The other, Kwamangugu, has had major difficulties: 1,000 people began the project but due to expulsion and attrition, the number dropped to 123 by 1968. Work on sisal was collective, but food crops were cultivated privately.

The tobacco farmers (originally a group of 20) began voluntary cooperative production in 1962. After a year, splits arose, and by 1967 the area was characterized by 100 small farms run primarily by nuclear families.

The authors posit three factors crucial to the success of these production cooperatives: (1) the influence of the type of crop on the organization of production, (2) community relationships, such as kinship bonds, age, dependents, and (3) the land tenure system.

The authors hypothesize that farmers with land too small to use machinery or division of labor may be motivated to go into joint production. This suggests the need for cooperation will disappear as farmers are able to put more land into cash crops. The authors maintain that any crop requiring exact timing does not lend itself well to cooperative production, because labor needs are seasonally uneven, and developing work norms and enforcing them is difficult; however, mechanization might eliminate these problems.

The second focus is on how "household demographics" affect production cooperatives: Large families will put more time into cultivating food crops rather than the cash crop. If women are not included as official members of the cooperative (e.g., as in the Iringa tobacco farmers) they will be less motivated to work on the cash crop. More younger men went into cooperative production than older men, because they could count on less farm help from others in their kinship group. Cooperation based on kinship is less egalitarian than in settlements of unrelated people (which are common due to the extensive migrations of rural Tanzanians). However, the authors caution against expecting democratic participation in cooperatives such as Mbambara and Kwamangugu, despite the similar class backgrounds of the people.

The authors note how external environment may affect the development of production cooperatives. Many Tanzanians maintain their family land while participating in ujamaa villages, so the possibility of expulsion is not so serious for them as for the landless. Significantly, only a small percentage of the members of the two ujamaa villages studied had family lands; many were former wage laborers on neighboring sisal plantations. This work experience may have helped them adjust to the discipline of group farming.

The authors stress that the paper presents untested hypotheses that might be useful for further research on production cooperatives, at least in the Tanzanian context.

* Fite, Gilbert C. Farm to Factory, A History of the Consumers Cooperative Association. Columbia, Missouri: University of Missouri Press, 1965. 288 p.

This book first reviews the development of the cooperative movement in the USA up to 1920, and then details the history of the Consumers Cooperative Association, now known as Farmland Industries and probably the largest agricultural co-op in the USA.

Faced with a deteriorating market, American farmers in the late 1880's began to turn to cooperative organization as a means of improving their bargaining position. Early organizations like the Grange achieved some temporary success, and "it was estimated that in 1873 the Grangers saved 15 percent on family supplies and 20 percent on farm machinery..." (p. 6).

Although making a positive contribution to the infant agricultural cooperative movement, these earlier organizations faded from the scene. Factors contributing to their difficulties were:

- 1) undercapitalization,
- 2) lack of sound business management, and
- 3) highly individualistic farmers who lacked understanding of cooperative ideals.

It was also noted that most of these organizations were not based on Rochdale principles, but "this type of organization was gaining favor with farmers by the end of the nineteenth century" (p. 9), and later groups increasingly relied on the Rochdale concepts.

Farm mechanization lead to the cooperative handling of petroleum products in the early 1900's, and many such co-ops experienced considerable success, due at least partly to:

- 1) wide margins that existed between wholesale and retail prices,
- 2) the fact that it was a fairly simple business operation - few products and small capital requirements, and
- 3) the fact that all farmers needed petroleum products.

Building on previous cooperative experience, the Consumers Cooperative Association (originally called the Union Oil Co.) came into being as a regional co-op that supplied petroleum products to local co-ops. Begun in 1929 with six local affiliates, by 1963 the CCA had nearly 1800 locals, did about a quarter of a billion dollars worth of business for the year, and had paid out almost 50 million dollars in cash patronage refunds. Three major factors are suggested for this rather spectacular success:

- 1) the aggressive and imaginative leadership of Howard Cowden, the founder and chief executive until 1961 (Cowden pursued a policy of relentless growth and expansion);
- 2) the achievement of a high degree of vertical integration (CCA eventually controlled petroleum production from oil well to farm delivery);
- 3) government encouragement in the form of tax advantages and large amounts of relatively cheap credit from the Banks for Cooperatives.

- * Fledderjohn, David, "Terminal Report: Agricultural Cooperative Project in Guatemala." Agricultural Cooperative Development International, Under Task Order #2, AID/Pha/BOA/1078, Agency for International Development, October, 1976.

This report evaluates the effort of Agricultural Cooperative Development International (ACDI) to build an effective agricultural cooperative system in the highlands of Guatemala, beginning in 1970. Former cooperatives in this region seemed largely ineffective, and had a high failure rate.

A new type of regional cooperative was started with multipurpose functions and large-scale coverage (3,000-5,000 farmers), coupled with village level sub-groups. Six regional cooperatives were formed, providing advice on farming practices, production credit, farm supplies (especially fertilizers and seeds), dependable markets, plus specialized services like wheat thrashing; and communication to commerce and government outside the area. This structure provided economies and allowed professional, hired management and strict standards of control.

From the beginning, AID and ACDI followed a schedule of steadily declining assistance, both financial and administrative, to put the project under local control as soon as possible. Guatemalan managers were trained with stress on decision-making responsibility. When a federation of the regionals came into being in 1973, ACDI passed from a decision-making body to an advisory body.

In 1974, a survey was taken by the American Technical Assistance Corporation, partially to determine the extent to which the cooperatives had improved the well-being of their members. The conclusions were largely negative, in that randomly-selected cooperative members were not found to be any better off than a control group of non-cooperative members, and may even have been worse off. One cannot necessarily conclude from this, according to Fledderjohn, that the cooperative assistance programs contribute nothing to the well-being of members. A number of factors, such as poor survey data and a poor agricultural year that made for low payoffs on co-op supplied inputs (fertilizer, credit, etc.), could have been responsible for the results. The author cites the rapid growth of the cooperatives as evidence that the farmers are finding the services of value. He admits, however, a considerable number of problems, some of which have been at least partially overcome:

1. Losses on production credit operations. The cooperatives were losing an average of 12¢ on every dollar loaned, due mainly to low interest rates and high default rates in some areas.
2. Government competition. The government is also providing production credit, and the cooperatives are forced to rely upon the government for loan capital.
3. Skepticism resulting from the previous poor record of cooperatives there.
4. Insufficient income generation to ensure future viability. One way cooperatives are trying to solve this is by encouraging diversification into new crops, and providing new services, such as processing and storage.
5. Population pressure in the area is producing generally deteriorating conditions for farmers, weakening the base of the cooperatives.

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* Food and Agriculture Organization of the U.N. Promotion of Cooperatives.
 Report on the Symposium on the promotion of cooperatives in Developing Countries.
 University of Agriculture, Godollo, Hungary, September 2-14, 1974. 81 p.

Of primary interest are four case studies. The first two cover "non-farming" rural cooperatives, one set in Iran, the other in Turkey. Non-farming co-ops were regarded as relevant "because agricultural activities alone would never be able to provide sufficient employment activities." These forms of cooperation have accompanied the second stage of agrarian reform in Iran; in Turkey they have not been as integrated in a sweeping reform, but have been fostered by the country's Development Foundation. In both cases, progress to has been limited. The following constraints were listed for Iran:

- membership limited only to the recipients of the land reform;
- little financial assistance from the Agricultural Cooperative Bank, the only funding source;
- handicraft activities were too decentralized, i.e. located in too many small villages to be economically viable;
- vested interests, such as the carpet industry, made the initiation of the co-ops difficult.

Similar problems were mentioned in the Turkish context, along with the lack of quality control that characterized the rural cooperatives' products.

The other two case studies covered agricultural cooperatives in Africa, specifically in Botswana and the Ivory Coast. Very little as to success/failure variables was mentioned. The Botswana cooperatives deal mostly with cattle marketing (accounting for 28% of all marketings in 1974), and offer the producers a much better price than the traditional buyers. In existence since the mid-1960's, the cattle marketing co-ops have apparently grown rapidly. Much of the success was attributed to the formation (1969) of a Cooperative Development Center.

The Ivory Coast cooperatives provide primarily marketing services for cocoa and coffee growers. In 1973, these co-ops accounted for 16.6 percent of total sales. Functions include: collection, weighing, grading, bagging (for export), storage, and transport. The premiums received by the co-ops have found three uses:

- 1) covering operating costs,
- 2) providing funds for loans, and
- 3) investments in capital improvement or in social services for the producers (education, health, etc.).

Apparently, the co-ops have been successful enough for co-ops to consider diversification into rice marketing. The only constraint listed was the relatively high capital-intensity of the marketing functions.

* "FAO Regional Seminar on Cooperative Farming." New Delhi, India, May 1966.
19 p.

The conference reviewed the general experience of rural cooperation throughout Asia. The special focus of the conference was group-farming, or production cooperatives.

One of the most significant questions emerging from the Asian experience concerned the land-holding arrangement: should cooperatives opt for a partial pooling of land or should they incorporate all the land of the members? Experience with partial pooling has shown that farmers usually contribute their poorest lands. The divided loyalties that arise from farmers' split land-holdings have hampered the growth of most cooperatives. Conference participants agreed that, given farmers' deep attachment to their land, only a partial pooling was initially feasible. However, the cooperative should eventually plan on incorporating all land of the members and making this plan explicit from the outset. The participants also urged that all contributed holdings be contiguous to avoid the inefficiencies of cultivating widely-dispersed plots.

A second issue was membership, specifically the advisability of including large as well as small farmers in the cooperative. On the basis of India's experience, the participants concluded that only under certain circumstances should large farmers become members. Their tendency to quickly dominate the cooperative's activities is well-documented and outweighs the advantages they might bring, such as a greater financial base and more sophisticated techniques. Only where a genuine commitment to the cooperative was perceived, should large farmers become members.

A third question addressed the distribution of income. What standards of remuneration between the contributions of land and labor should be established? A common experience has been for contributors of land (who are wealthier to begin with) to benefit far more than those contributing only labor. The conference's suggestion for annual land rents was not to exceed 5 percent of the value of the land (ostensibly appraised at the forming of the cooperative). In any case, each local cooperative should have full autonomy to devise its scheme of factor payments.

Finally, the conference proposed evaluative guidelines. Economic performance should be measured by:

1. The cooperative's ability to pay for all inputs
2. The cooperative's ability to pay the prevailing wage-rate of the area
3. The ability to offer a "normal" return to the capital and land contributed
4. The accumulation of a surplus, to be used for further investment
5. The success in raising land labor productivity
6. The degree to which the members' standard of living has been raised

Social criteria included a "fair" distribution of income and the initiation as well as maintenance of the processes of social change.

- * Frank, Michael. Land Settlements in Israel and Their Relevance to African Countries. Tübingen, W. Germany: J.C.B. Mohr Verlag. 1968, 168 p.

The first half of the book consists of a typology of Israel's group-farming structures--from the kibbutz to different types of the moshav. The agricultural sector of Sub-saharan countries is quickly reviewed, and the factors behind the low productivity of the "traditional" sector pointed out. The author lists the following as determinants of success in agricultural cooperation:

- 1) the human element, i.e. skills and training,
- 2) an adequate amount of capital,
- 3) an administrative framework that is based on a thorough collection of data.

The author advocates the "moshav ovdim" (cooperative with extensive private ownership) as the most appropriate form for the Sub-saharan African countries. A second major question concerns the implementation: whether to build on indigenous practices, or to promote model settlements based on major institutional changes, thus counting on a "demonstration effect." Although the author sides with the latter approach, he states the final solution in any country will involve a synthesis of the two.

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- * Favier, J. "Aspects of the Co-operative Movement in Dahomey." Co-operative Information 2 (1970): 44

The author gives a brief general overview of the cooperative movement in Dahomey, and then some case studies. Most interesting of these involves local cooperatives sponsored by the Union of Swiss Consumer Cooperatives. These small-farmer producer cooperatives are voluntary, as opposed to the compulsory government sponsored cooperatives.

Favier provides some specific recommendations for involving local people in the cooperative movement, in order to increase the probability of success.

1. Train officials from the indigenous population so that formulation, development, and carrying out of plans will come from the co-operators themselves
2. Keep a strict check on investment and insist on repayment by the people concerned - "Handing out crutches is not the way to teach people to walk"
3. Advance only step by step, making sure first that what has already been accomplished holds firm

"Remarkable increases in yields" have been achieved as a result of the cooperatives, according to the author (from two to four times the average yield).

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- * Food and Agriculture Organization of the United Nations. 1974. Report of a Preparatory Mission to Nigeria on the Establishment of an Agricultural Cooperatives Division in the Federal Department of Agriculture. Finnish Funds-in-Trust, TF-NIR 26 (FIN). Rome. pp. 51.

Parts of this report review some of the problems of the cooperative movement in Nigeria, and make recommendations and conclusions regarding development of agricultural cooperatives. Some of the problems cited are:

1. Many primary societies are too small to afford qualified paid management and to allow for economies of scale
2. Lack of qualified government staff
3. Insufficient communication and collaboration between departments responsible for implementing agricultural programs involving cooperatives

More general recommendations for developing agricultural cooperatives include:

1. A cautious approach involving pilot projects and frequent evaluation, with avoidance of crash programs to start cooperatives
2. An integrated approach to induce simultaneous improvements in a wide variety of institutions and services, such as co-op extension, credit, marketing and supply services, and storage and processing operations

This suggests the use of multi-purpose cooperatives whenever feasible.

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- * Food and Agriculture Organization of the United Nations, Report on the Second Ad Hoc Consultation on Agricultural Cooperatives and Other Farmers' Associations in Africa. (held at Nairobi, Kenya, June 23-28, 1969), Rome: FAO, 1970.

This report presents a number of imperatives for the efficient operation of agricultural cooperatives in Africa. Some of the main factors are:

1. Qualified administrative and management staff, which points out the need for further establishment of African training centers, and training abroad for high-level staff.
2. The need for better coordination between agencies and government departments providing inputs and services to cooperative farmers.
3. The need to cut losses of agricultural products due to waste after harvest. A major campaign to attack this problem is called for.
4. The importance of encouraging cooperative member savings, as a means of capital accumulation.
5. The searching out of more efficient transportation systems (a major problem for agricultural marketing in Africa), and the concentration of expensive processing equipment at a limited number of properly equipped plants, to achieve economies of scale. A specific possibility mentioned ◻

for the transportation problem is the establishment of "specialist transport cooperatives to service cooperative bodies within specific areas."

6. The need for tax concessions, including reduction or elimination of tariffs and import taxes on agricultural products for cooperative use, and income taxes on cooperative reserves.

7. The need for increased agricultural credit availability.

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- * Genberg, Bjorn. "Notes on Cooperatives in Rural Development," personal notes from the chief advisor to the Department of Cooperatives and Marketing, Box 1229, Lusaka, Zambia. (Duplicated)

The author reviews in general terms the performance of rural cooperatives in less developed countries. He first states that cooperatives have been established with little consideration of the surrounding environment, i.e. European-type structures have been instituted without sufficient regard to traditional structures. Feasibility studies were earlier made.

Furthermore, he notes little recognition of the conflict between size and member composition in past cooperative projects. Heterogeneity within the cooperatives has caused many problems, and Genberg cites East African studies that show better results among more homogeneous groups. The entrenched heterogeneity (social, ethnic) in some areas should lead to an examination of whether cooperatives are appropriate at all.

He regards the role of government as necessarily that of the initiator, yet recognizes that government involvement may hamper the sense of self-government among the cooperatives. The author distinguishes between two possible governmental approaches: the "control" or short-run posture vs. the "promotional" or long-run orientation. He supports the latter. The government should also adopt a differentiated posture, exercising a stronger hand with weaker organizations, and granting greater autonomy to stronger cooperatives.

He traces the problems of cooperative management to the poor qualities of elected leaders and the difficulties of obtaining capable staff. Training is not always regarded as the answer, since those trained often choose to migrate out of cooperatives into more financially lucrative work. To prevent this, Genberg states that a totally conducive atmosphere for cooperatives must be established. Internally, the most significant characteristic of cooperative organization is participation of all members.

Finally, the author treats the notion of cooperatives as agents of social change. In part responding to the UNRISD studies on cooperation, Genberg states that since agricultural cooperatives have primarily been based on marketing functions, a large percentage of the rural population is automatically excluded. Absorption of landless laborers into cooperatives, for example, is not a viable policy. Rather, those landless are assisted by government-sponsored employment-creation opportunities. Furthermore, cooperatives cannot be expected to contribute directly to greater equality among members. It is unrealistic to expect that the benefits be distributed equally, given the cooperative principle of benefits corresponding to the level of contributions.

Global Projects Office of the Credit Union National Association/World Council of Credit Unions & Africa Co-operative Savings and Credit Association. Assessment Report on the Small Farmer Production Credit Project Operated by the Lesotho Credit Union League. Washington, D.C., November 1977. p. 97.

Credit unions were initiated in Lesotho in 1961; by 1971 they had grown to 46, with a membership of more than 21,000. Out of the 46 credit unions, three were chosen to extend credit to small farmers under a pilot project, the Small Farmer Production Credit (SFPC) program. A team evaluated this two-and-a-half-year-old pilot credit project on the basis of conferences with government officials, cooperative officials, and farmer members, in 1977, and recommended it be continued with some restrictions.

Training in production techniques was mandatory under SFPC, and the evaluators found this stipulation quite useful. Of those given training, more than two-thirds (170 people) received loans. Supply services, marketing assistance, and technical advice were found to be adequate in two of the three credit unions. However, market information could still be significantly improved.

Savings increased by 10 percent and, as was expected, loan volume also rose over the two-and-a-half-year period. The repayment rate, 75-80 percent, was good relative to other Lesotho credit unions; however, two of the three credit unions in the pilot program showed net losses for the period.

Of primary concern was an examination of loan repayment under the SFPC program. Field-crop loans proved to be quite risky, due to erratic weather, among other causes. Loans for mohair-spinning, swine production, poultry production, and dairying had been more successful, as these activities were not so subject to weather variability, enjoyed better markets, and could count on better technical support.

Recommendations for improving the performance of the SFPC program were:

1. A stop to loans for most field crops, and stepped-up concentration on other types of production.
2. Evaluation of the "field effectiveness" of the training received by credit recipients.
3. A more comprehensive data-gathering effort on production costs and market information by the Lesotho Cooperative Credit Union League.
4. A rise in the interest rate charged under the SFPC program. Currently, the same rate (12 percent) is paid by all members. Those small farmers participating in the SFPC program ostensibly would be willing to pay slightly more for such scarce credit.
5. A more comprehensive monitoring of local credit union activities by the League.
6. Any further expansion of the SFPC should proceed cautiously.

- * Hanel, Alfred and Muller, Julius Otto. "On the Evaluation of Rural Cooperatives, with Reference to Governmental Development Policies: Case Study of Iran." Marburger Schriften zum Genossenschaftswesen, Reihe B/Band 15. Marburg, West Germany: Philipps University. Pp. 25.

This is a summary of a larger study by the authors. The summary opens with a general discussion of the goal-structure of cooperatives and its bearing on a nation's developmental goals. These concepts are then applied to the Iranian experience, with special reference to cooperatives in Kurdistan. The authors stress a careful definition of cooperative goals, so that the efficiency, i.e. the ready implementation of governmental developmental goals, might be measured. The authors use direct interviewing of villagers to attempt to determine local cooperative aims.

Iran has chosen multi-purpose cooperatives as a core component in its agrarian reform program. Cooperatives are to contribute to the three broad agricultural sectoral goals of increasing productivity, output, and income. The implementation of these measures is entrusted to the Central Organization of Rural Cooperatives (CORC). In 1973, it encompassed 8,350 rural primary cooperatives (with 2,065,000 members in 30,000 villages). In 1974, a consolidation took place, reducing the number of primary cooperatives to 2,700.

The authors distinguish between the different goals of cooperatives, depending on the time-frame. In the short-run, the cooperatives are largely government-induced, and receive most of their orientation from the government. In the long-run, a "deofficialization" should take place, making the cooperatives and their objectives much more independent.

The authors' investigation of the Kurdistan cooperatives covered five villages, or two cooperatives within two districts. Five distinct goals emerged from their interviewing the villagers: a securing of food, a renewal of clothing supplies, creation of reserves, obtaining adequate credit, and improving production for market. The authors concluded that these articulated goals represent subsistence needs that can move toward a greater market orientation, assuming they are fulfilled. Among the market-related needs, the authors found a desire to be independent from local carpet merchants and money-lenders, and to have greater access to water resources.

The authors also found that the villagers expect a relatively high amount of services from the cooperatives; in fact, these are seen as mechanisms of bringing most of the amenities of urban life into the country-side. Expectations are nevertheless not individualized; collective thinking is still strong.

In general, the villagers have a very poor knowledge of cooperative organization, i.e., their rights and duties. Since their inception, the cooperatives have delivered a mediocre performance at best, compared to the private sector. This naturally hampers the intended move from subsistence activities to market-oriented functions of the cooperatives. A complicating factor is the growing heterogeneity of the cooperatives (larger vs. smaller farmers), threatening the common bonds now present.

- * Hanel, Alfred. "Concepts for Establishing Rural Cooperatives through Implementation of Specific Government Policies in Developing Countries, with Special Reference to a Three-phased Model." Paper prepared for the FAO Expert Consultation on Improving Methodology of the Evaluation of Rural Cooperatives. March, 1976. Rome. Duplicated. Pp. 26.

Three approaches to promoting the development of efficient cooperatives are discussed. The first concerns the integration of cooperatives into a highly centralized economy, where local cooperatives are mere extensions of the central planning agencies. This approach is not relevant for this study.

The second approach is to foster "autonomous" cooperatives in the classical sense, i.e., independent from the very start. In fact, such cooperatives are rarely created completely free from governmental action. To be successful, "autonomous" cooperatives need well-laid pre-conditions, such as physical infrastructure, a legal framework, technical assistance, education, etc. This need might be best filled via the establishment of "pre-cooperatives."

The third approach represents a mix of the above two, and is the main method envisioned by the author. The opting for considerable governmental involvement lies in the perceived need to accelerate rural development. However, the author breaks down the role of government into three phases:

- 1 "Founding and establishment"--This first stage calls for strong government participation to build up a network of cooperative societies. The aim is for individual members to gather experience under governmental leadership.
2. "Deofficialization"--This stage involves extensive training of members, with their gradual assumption of leadership functions. An increased member-ownership of capital stock should also accompany this stage. Secondary and tertiary levels of cooperative organizations (regional unions, national federations) should also take place, along with a legal framework to handle disputes with the local cooperatives, and between the different bodies in the cooperative network.
3. The final stage is essentially a continuation of the second, leading to the formation of "autonomous" cooperatives in the classical sense.

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- * Hanel, Alfred. Genossenschaften in Nigeria. Marburger Schriften zum Genossenschaftswesen, Reihe B/Band 3, Eukerdruck KG, Marburg, West Germany, 1967.

The author reviews the experience of cooperatives in Nigeria, stating that marketing and credit cooperatives have been more successful than other types. Production cooperatives to date have been hardly relevant. The typology of cooperatives has regional emphasis, with marketing societies particularly strong in the west, credit societies strong in the east, and both forms prevalent in the north. Hanel also notes a marked trend toward multi-purpose cooperatives, primarily growing out of marketing societies.

The marketing cooperatives work largely in conjunction with the Marketing Boards, especially for cocoa. Their activities are more or less controlled by the Marketing Boards which set price and leave the assembly, processing, and transportation functions to the societies. As a result, the author notes that marketing societies have been stagnating. Further causes for this



stagnation are attributable to a lack of trained leadership, poor communication with the members, and insufficient capital base.

Credit cooperatives are relatively efficient dispensers of credit according to the author, due to their specific knowledge of the environment. When combined with marketing functions, both marketing and credit functions are more readily fulfilled, and at less cost to the government.

Problems in credit societies the author finds:

(1) A basic understanding of credit is still unclear among the peasants, who regard loans as outright government assistance;

(2) Poor lending practices that stem from a slow processing of requests, inadequate scrutiny of creditworthiness, insufficient holding reserves, and poor coordination of loans with technical assistance to the peasants.

The performance of urban credit societies is regarded as better. Hanel traces this relative success to greater interest among members, which in turn allows them to exercise a greater influence on management.

In conclusion, the author posits that the real role of the state is to promote the growth of human capital, i.e. training of qualified personnel is regarded as the cornerstone of all government activities in rural cooperation.

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* Hanley, Mary Lynn, " 'Sweat Equity' and Self-Reliance" Action UNDP, May-June, 1977, p.4.

In response to bad and deteriorating housing conditions in the capital city of Maseru, the government of Lesotho, in cooperation with various international agencies, undertook a large-scale cooperative housing scheme. Called the Mahalalitoe Cooperative, the scheme involves the initial construction of 210 homes, aimed at middle-income urban families (earning \$750-\$1,200 per year), and is intended to serve as a pilot project for other areas. The middle income group was deliberately chosen, according to the author, in order to provide for a sound initial financial base from which the plan could be extended to lower-income groups.

LEHCO-OP, a quasi-public institution, was created to implement the project. For prospective members of the project, LEHCO-OP provides training in cooperative philosophy, training in basic construction, and some choice of the architectural design and siting of the house. Houses cost about \$1,400, and carry a ten-year mortgage at 7 percent interest.

Each family is expected to work at least twenty hours per week, but has usually worked more. Six or seven families are grouped into a work brigade, with three brigades under the responsibility of a foreman who provides supervision and skilled labor requirements. Team construction provides the initial, most difficult stages of the work, then each family independently completes the dwelling, usually averaging about nine months from start to finish.

Spin-off or second-round effects of the project so far have been the establishment of a building materials unit (which has created a number of local jobs), the training of skilled construction workers, and the generation of a real community spirit. A larger project based on the Mahalalitoe model is now being planned.

- * Harbeson, John, "Cooperative Societies, Local Politics and Development: A Kenya Case Study," paper presented at the Fifteenth Annual Meeting of the African Studies Association, Philadelphia, November 8-11, 1972.

Cooperative societies were established as a part of the land resettlement scheme in post-independence Kenya, in which farms formerly owned by whites were transferred to indigenous families. The cooperatives were designed to help process and market the new settlers' crops, handle repayment of loans for the land and development (new settlers were required to purchase the land), and assist community development.

Creating a successful cooperative movement has proved difficult, however, and a recent effort at reform concentrates on more training for co-op participants, and more centralized administrative controls on management. This reform effort may prove ineffective, as the poor performance of the societies is more the result of basic differences between the government and cooperative leaders and membership over the objectives of the groups than of poor training and control.

The fundamental difference stems from the development philosophy of the government, which stresses the primacy of economic development, assuming that social change and political development are secondary phenomena that will follow, not precede or accompany economic development. Great stress, therefore, has been laid upon collection of loan repayments (to the point where settlers have little income left for consumer goods), marketing of produce only through the cooperatives (although farmers are often better off selling elsewhere), and other purely economic functions.

From the viewpoint of the farmers and co-op leaders, however, the cooperatives, which are compulsory, are a source of disappointment and frustration. Cooperative leaders are required to carry out unpopular functions imposed from above, but see themselves as spokesmen for the settlers who elected them. Attempts to carry the farmers' viewpoint to the administration are discouraged, however, and this combination leads to a high rate of turnover in the leadership, which in turn exacerbates the problem of inexperience. Inadequate payment for the duties performed further increases the incidence of corruption, and the failure of the cooperatives to provide a mechanism for the expression of dissent leads to outside political activities in the areas.

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- * Hewlett, R. "Policies and Priorities in Co-operative Assistance: A Review and a Look Forward," paper presented at the 43rd International Co-operative Seminar, Technical Assistance For Co-operatives in Developing Countries - Need And Response, Dresden, German Democratic Republic, September 1975.

The present state of cooperative development in the Third World is "rather gloomy," begins this paper, but this may be at least partially the result of unrealistically high hopes; lack of a favorable economic, social and political context (e.g. neglect of agricultural sectors by LDC governments); and the inability or unwillingness of governments to strive for social justice.

However, some recent trends in thinking about cooperative development may be more positive:

1. An attempt to rethink the meaning of cooperation, and "to see it in a wider context than that of nineteenth century capitalism" ◻

2. An increasing awareness of the role cooperatives could play in aiding social development generally, and the poorest section of the population specifically

3. A greater awareness of the lack of direct applicability to Third World countries of cooperative structures developed in the industrialized countries, and "a greater willingness to accept variations on the co-operative theme as worked out by the developing countries themselves"

As regards priorities for future action, the main needs are for:

1. Greater coordination between the agencies promoting and assisting cooperatives in developing countries
2. More cooperative help for the underprivileged, which is not achieved by economic growth alone
3. More vigorous promotion of inter-cooperative trade
4. Greater assistance to the setting up of small scale cooperative agricultural processing industries that use labor-intensive technologies
5. A more concerted effort to enlist the participation of women and young people in cooperative affairs.

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* Hewlett, Robert and Macie, John. "Cooperative Farming as an Instrument of Rural Development: Examples from China, Vietnam, Tanzania, and India," Land Reform: Land Settlement and Cooperatives. 1976, No. 2, pp. 41-54.

The authors briefly sketch the respective post-World War II-histories of group farming in the above countries and then advance some general comparisons.

They first note that cooperative farming has played only a minor role in the rural development schemes of most less developed countries. Of the four countries considered, China and North Vietnam have been more successful than India or Tanzania. One relevant factor: the move to group farming in the former countries took place after significant land reforms. Thus, cooperatives were formed on a fairly egalitarian basis. In India, the absence of land reform allowed large land-owners to press cooperatives for payments, based on the amount of land contributed, instead of the amount of labor provided. This produced a skewed income and power structure from the outset.

Another reason for the varied success lies in the evolution of management systems. In both China and North Vietnam, the core unit was the team, a small group of 25-30 households. In Tanzania's ujamaa villages, the average population has run close to 1,000. This size, while perhaps closer to socialist ideas, has yielded less efficiency. A further difference is to be found in the pay differentiation. Financial incentives are integral parts of the Chinese and North Vietnamese systems. Tanzania has not devised a system of recognizing varying work performances, and production has consequently suffered.

The authors stress that many of the problems besetting Tanzania and India's agricultural cooperatives stem from group farming's relatively insignificant position in the development strategies of those countries. When collective ◻

farming remains a distinctly minority activity, the difficulties of promoting it are multiplied: one year of poor results is enough to turn small farmers away from cooperatives to traditional, more "secure" farming practices. This has been the case especially in India, where peasant skepticism about the longevity of rural cooperatives led to a very meager improvement of the necessary infrastructure. Another operative constraint in the growth of Indian agricultural cooperatives has been the option of seeking employment in a fairly well-developed rural labor market. Furthermore, governmental assistance in India has been quite inadequate.

Under the above conditions, the confidence that would permit small farmers to relinquish the parcels of land--their only source of sustenance--to promote common activities exists only weakly. In conclusion, the authors state that only poor results can be expected from completely voluntary cooperative farming in less developed countries with mixed economies.

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- * Hyden, Goran. "Cooperatives and their Socio-political Environment," in Cooperatives and Rural Development in East Africa, C.G. Widstrand, ed. African Publishing House, New York (1970), pp. 61-80.

Hyden deals with marketing cooperatives in Uganda, Kenya, and Tanzania. Indigenous cooperative practices in East Africa offer very little support to the functions of modern, commercial cooperatives. In Kenya, for example, the more successful cooperatives were led by local businessmen who derived considerable personal gain from their leadership positions, while the least successful societies were located in remote areas, and were characterized by poor management.

The author contrasts the origins of the cooperative movement in Western Europe with its beginnings in East Africa. In Western Europe, a genuinely popular consciousness propelled the early growth of cooperative organizations. In contrast, cooperative societies in East Africa usually lacked such broad support, and a "patron-client" relationship has often been maintained (typical "patrons": teachers, priests, traders, administrators). "Vertical" social obligations (family) have not been replaced by "horizontal" relationships (such as class, regional, or group interest). However, the author concedes this may be merely a stage in the development of cooperatives. At least East African society has little of the feudal elements to contend with, as does Latin America.

Instead of attempting to uproot all possible obstacles to cooperative growth, Hyden recommends that government step back and allow some impeding factors to change with less government pressure. "Over-intervention" by governments results in high administrative costs and puts the government in the position of simultaneously supporting greater peasant rights and being a "patron", with more emphasis on the latter. Furthermore, governments should refrain from "blanket" policies; enough differentiation in government assistance should exist so that well-run cooperatives are rewarded. He admits that the lot of the local poor and the quality of management are often improved through government intervention; however, this approach offers very few learning opportunities to local societies.

In summary, the author states that past experience in cooperatives leaves a negative balance. Future government activities should emphasize education of the entire membership, not just the managerial staff. Also, the managerial staff should be instructed in how to motivate people. Finally, the government should set up standards so that sound performance is recognized, and the attractiveness of cooperation is underscored.

- * Hyden, Goran, "Cooperatives as a Means of Farmer Grouping in East Africa: Expectations and Actual Performance." Paper presented at the Second International Seminar on Change in Agriculture, Plant Science Laboratories, Reading, England, September 9-19, 1974.

Although cooperatives in East Africa are expected to increase income and generally improve the living standards of peasant households, in most cases actual performance "has lagged far behind these expectations." Two basic reasons are suggested for this:

1. Socio-economic reasons. The modern cooperative organization developed in a Western society is radically different from that in East Africa. Western cooperatives were derived from a situation where "market exchange" prevailed, and were established to counteract economic exploitation and bring about economic gain. In some areas of East Africa where a market-orientated economy has developed, cooperatives have been reasonably effective, if somewhat fragile, organizations.

In most areas, however, traditional socio-economic patterns prevail (which the author refers to as "reciprocity," based on kinship, lineage, neighborhood, etc.), and behavior is determined by loyalty to "primary groups and their leaders' decisions," who are chosen on non-economic grounds. Here cooperatives have been less effective, and may even hamper change in peasant behavior in these areas.

2. Operational-Management reasons. Cooperatives are a very demanding type of organization that "require many skills which are not necessarily present in the rural areas of East Africa." Many cooperatives were hastily organized by outsiders (government officials and politicians) with little follow-up. This led to serious management problems.

The size of the organization may also be inappropriate; large organizations created for economies of scale may lose member identification and participation. Additionally, too wide a range of business may overburden the physical and management resources and decrease efficiency. Finally, lack of control by the cooperative over commodity prices (due to government price setting) and staff (due to government employment procedures) may hamper the cooperative's freedom of action.

In spite of these difficulties, cooperatives should not be written off as a development tool. The advantages of cooperative organization may take a long time for people to realize, so a more realistic time perspective is needed in evaluating them. Indiscriminate use of cooperatives is to be discouraged, but "given favorable conditions for agricultural development," East African cooperatives have proved that "they can prosper and serve members in specific fields."

* International Co-operative Alliance. Report of the Open World Conference on the Role of Agricultural Co-operatives in Economic and Social Development. London: International Co-operative Alliance, 1972.

Some major points from this conference report are:

1. Agricultural cooperatives are a means toward the end of economic and social development, not an end in themselves. Specific goals should be determined by the cooperative members and management, and cooperative success can be defined as the degree to which these objectives are met.
2. Governments should try to harmonize the objectives of cooperative development with national development plans, thus providing the people a means, through their cooperatives, of participating in the formulation of development plans.
3. Applied research should be emphasized both to evolve a flexible methodology for evaluation of agricultural cooperatives, and to improve cooperative efficiency.
4. Emphasis should be given to developing and supporting secondary and apex cooperative organizations, to make cooperative movements increasingly self-reliant.
5. Priority should be given to developing professional, modern management.
6. Cooperatives must be culturally sensitive and flexible enough to blend into local traditions, constructively using existing cultural values, rather than destroying or discrediting them.
7. Specific programs are needed to encourage the active participation in cooperatives of women, youth, and fishermen.
8. Socio-political-economic changes, especially land reform, are sometimes necessary prerequisites to the development of effective cooperatives.
9. Substantial government support is essential in the early stages of cooperative development, but this should be only active support, not control. Such support should be of two general types; (1) favorable conditions affecting agriculture in general (e.g., price policies, land policies, favorable credit, etc.) and (2) operational and procedural conditions favorable to cooperative development (e.g., provision of general infrastructure, research, education, fiscal supervision, and a favorable legal framework).
10. Trade between cooperatives in different countries should be encouraged, as well as other international activities.
11. There is a lack of cooperative publications of the do-it-yourself type, written in national languages, and suitable to village readers.
12. Cooperatives in the richer countries and international agencies should give increased support to cooperative development in poorer countries.

- * International Research Centre on Rural Cooperative Communities (CIRCOM). Dynamics of Interactions Between the Agricultural Cooperatives and the Government: Proceedings of CIRCOM 3rd International Symposium, Tel Aviv, Israel, March, 1974. P. 442. Tel Aviv: CIRCOM, 1976.

Topics include the evolution of the state-cooperative relationship in developing countries, the Israeli experience in this relationship, and problems associated with retreat from state intervention. A few highlights of the symposium follow:

Professor R. Stavenhagen (Mexico) hypothesized that cooperatives will not take root in agrarian structures combining large estates with very small farms as is typical in Latin America, but that cooperatives of the rural poor have better chances where land distribution is "more or less equitable," and that they will be more effective at an intermediate level of agricultural development, i.e., when marketing networks have begun to develop.

Several speakers, most of whom had their experience in Latin America, stated that if cooperatives were fostered in an agrarian structure that perpetuated vast inequities, their net impact was to reinforce the status quo.

Thomas Carroll (Inter-American Development Bank) offered the following propositions on the process of de-officializing cooperatives: He first defined the nature of the problem as not examining how the state should "let go," but rather how the cooperative-state relationship should be defined over the long-run.

Secondly, after pointing out that many LDC governments are hostile or unsympathetic to cooperatives and/or peasant organizations, Carroll said that the most essential role of the state was to promote the ideological commitment to this collective form of behavior. State support need not stem from the central government; however, he regarded a favorable consensus toward cooperation as the cornerstone of any program's success.

Other functions of the state are to provide beginning cooperatives with financial and other "physical support," and also to provide an appropriate model--an area needing more research by the social sciences. He viewed the credit and marketing functions as the key elements in the agrarian system, so these should be the areas receiving long-term state support (as opposed to production cooperatives), since government's means are limited, and its investments must be selective.

The fourth proposition related to the debate of rural cooperation's response to indigenous practices. Characterizing the opposing approaches as "discontinuous" (largely bypassing traditional farming systems) and "continuous" (melding modern cooperation to the existing structure), Carroll sides with the latter approach.

Fifth proposition: The "social" diseconomies of scale must be recognized, i.e., the larger the organization becomes the more impersonal it becomes, and hence alienating. He pointed to the People's Republic of China's structure of communes, brigades, and teams as a solution to the dual needs of efficiency of larger groups and the cohesiveness of smaller units.

Sixth proposition: An evaluation of state-cooperative relationship should be based on a distributive criterion, i.e., on who receives the social product. The benefits of a cooperative should not be confined to its members, but should impact on the surrounding environment as well.

- * Jackson, Don. "Communal Production Cooperatives: The Salvadorean Experience." Land Tenure Center Newsletter, University of Wisconsin (July-September 1974): 22-26

The author reports on the development of four cooperatives. All were formed by landless laborers, many of them ex-workers on cotton plantations. The first cooperative began to farm 31 ha. in 1968 with a loan of 3,000 dollars. All labor was donated free. Corn was planted, since the farmers felt most secure in its cultivation. Higher than average yields were attained from the very outset, attracting attention within the canton. Shortly thereafter, three other cooperatives were formed, all along similar lines. The young cooperatives received an important boost through the "Union Communal Salvadorense" (UCS), a national cooperative organization that recently established credit and multi-service (technical aid, extension) facilities.

A limiting factor to the cooperatives' operations was the pattern of land tenure: all land had to be rented. High rents temporarily suspended production of the original cooperative for three years. The cooperatives proved to be attractive due to:

1. Providing more stable employment than on the hacienda estates
2. Successfully accumulating a surplus
3. Adapting readily to modern farming techniques

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- * Karanja, Edward, "Rural Economic Development and Management: The Case of Co-operative Management in East Africa," paper presented at the Fifteenth Annual Meeting of the African Studies Association, Philadelphia, November 8-11, 1972.

This paper generalizes about some of the management problems of cooperatives in East Africa. Several interrelated factors have led to difficulties in cooperative endeavors:

1. Many societies were hastily organized, without "genuine local demand or even understanding." This meant a lack of clear-cut goals, and in many cases, incomplete acceptance by the members of the goals that were defined.
2. The cooperative movement is part of the government structure that is hierarchial and bureaucratized, with "top-down" decision-making and control.
3. Local cooperative leaders are often rising entrepreneurs who are elected more because of their "social standing" than their dedication and competence. They often use the cooperatives as a stepping stone for political and economic gain. A "constituency" system, (whereby would-be cooperative leaders appeal for the support of various groups), has developed, which leads to animosity and lack of cooperation within the societies.
4. The generally low level of education and training of cooperative leaders and members hampers effective action.

- * Kenya Ministry of Cooperative Development. "National Experience in Cooperative Movement in Kenya," a departmental report. August, 1977. p. 37.

The report first reviews the history of the Kenyan cooperative movement, then details the recent changes that have given the government greater control over the cooperative sector. Due to their relative success, short-run cooperative production credit schemes and multi-purpose cooperatives will be expanded in the near future. The multi-purpose cooperatives originated during the Africanization of the Highlands, as they were deemed the most effective way of providing a wide range of services to small farmers. The report notes that cooperatives are emphasized in the latest five-year development plan (1974-1978): credit, housing, and farm input purchase cooperatives will especially be stressed. Furthermore, the Ministry will attempt to better integrate women, who perform the bulk of agricultural labor, into cooperative structures. Women have been previously excluded on the basis of traditional bans on their owning land.

As major problems, the report touches on:

1. The inability of local societies to attract capable management
2. Poor intra- and inter-cooperative communication
3. The weakness of remote, one-crop societies that are not organized in regional federations
4. The absence of national federations, organized along product lines or even in the form of apex organs representing the entirety of the cooperative sector
5. The poor transportation systems in many rural areas
6. The general lack of cooperative education, both among members and officials.

The report concludes by predicting that cooperatives will absorb greater numbers of landless farmers, and that cooperatives will provide greater extension services, as well as promote diversification. Finally, the report argues that cooperatives are poorly represented in the final stages of the marketing process, and predicts some vertical integration (ventures into processing industries) and some seats on the marketing boards for their respective products.

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- * Khider, Mahassin, and Simpson, Morag. "Cooperatives and Agricultural Development in the Sudan." Journal of Modern African Studies, Vol. 6, No. 4 (December 1968), pp. 509-18.

The authors first trace the development of agricultural cooperation in the Sudan from the 1930's to the present. Their emphasis is clearly on an evaluation of the presently-functioning cooperatives.

Production cooperatives compose one-third of all registered co-ops in the country. As a sample, the authors look at three co-ops in three different regions of the country. The "home" of the earlier, indigenous co-op movement--

the Northern Province--offers a bleak picture: little technical innovation, no crop diversification, little fertilizer use. The only common feature is the shared water supply. The ostensibly democratic rights have been subverted by traditional structures, i.e. the power of local shieks.

In the newly-settled area of Gedaref, the authors find a similar subversion of cooperative purpose. Many co-ops have been taken over by extended families, as they can readily meet the minimum membership level of 10. It is lucrative to do so, since families are limited to 1,000 acres, while co-ops can own up to 5,000 acres.

However, one newly-settled area has shown initial success. The farmers appear open to innovation and the government has provided extensive backing. A key role has been played by a governmental employee, who lives directly with the peasants and has adopted their lifestyle.

In general, credit and marketing societies haven't been successful. The authors report that merchants and other vested interests tend to resist the co-ops rather than join them. Many co-ops have been burdened by fraud. Vague, or non-existent, peasant understanding of the cooperatives is given as a source of financial trouble. A similar pattern is seen developing in the Gezira, especially in those co-ops marketing groundnuts. The problems include fraud as well as overly optimistic estimate of crop yields by government assessors.

As general criticism, the authors charge the government with too much guidance. The peasants view cooperative inspectors as yet another unproductive civil servant. The entrenched resentment of the government appears very difficult to overcome; consequently, "cheating" on the co-ops is associated with cheating the government instead of themselves. Furthermore, the inspectors often demonstrate little knowledge or background in agriculture.

As recommendations, education and training are emphasized. A cooperative college is proposed, as well as ongoing training for those working in the field.

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* King, John A., Jr. "The World Bank, Project Lending, and Cooperatives." Finance and Development, Vol. 9, No. 1, March, 1972. pp. 30-35.

This article reviews some World Bank attempts to use co-ops as a means of carrying out development projects and "bringing the benefits to the people." While cooperatives have often been an effective means of making World Bank financing available to farmers, in other cases they have been of limited usefulness. Major reasons cited are: (1) poor financial management, (2) poor organization, (3) political interference, (4) lack of federating organizations of primary co-ops to provide managerial or other services, (5) lack of medium or long-term credit, and (6) lack of staff experience.

In general, service co-ops have been found to be more effective than production co-ops, and Bank involvement in large projects in Tunisia and Dahomey suggests that it is hard to organize production co-ops on a large scale in a short time period. Production co-ops involving livestock ownership may be an exception to this rule, however.

The article concludes that co-ops have great opportunity to provide a means of carrying out development projects, if they can be organized "from the bottom up" and on a sound and viable basis.

- * Knapp, Joseph G. The Rise of American Cooperative Enterprise: 1620-1920. Danville, Illinois: The Interstate Printers and Publishers, Inc., 1969. Pp. 532.

This book traces the development of cooperative enterprise in the United States. Two major themes are emphasized throughout the book; how cooperatives developed in response to pressing economic and social problems, and the working rules and preconditions for successful cooperative operation.

From the time of the Pilgrims (who were a cooperative organization by compact), mutual help in home building, fishing, and other endeavors was found to be indispensable. This informal cooperation crystallized into the first cooperative business enterprise, The Union Fire Company of Philadelphia, in 1750. Cooperative workshops, where cabinet-makers, tailors, etc., sold their own wares, and other types of associations had become common by the 1830's. While few lasting tangible benefits were seen from these early associations, valuable lessons in cooperative formation and operation were being learned.

The author stresses the emergence of the Rochdale principles as the basis for the dominant form of cooperative organization. Following the importation of the Rochdale constitution and other documents in 1862, several cooperative grocery stores began organizing along the same lines. By the turn of the century, those urban cooperatives that had survived were based almost entirely on Rochdale principles.

Rural cooperatives, which had developed in response to dropping farm prices and rising input costs, also shifted to the Rochdale working rules, beginning with their application to Grange cooperative stores in 1875-76. While admitting that "... the Rochdale plan was not a panacea for all cooperative problems," Knapp nonetheless expresses the view that the Grange might have achieved more permanent success if the system had been adopted earlier.

In the final chapter (pp. 432-437), Knapp lists some lessons learned by the experience of early American cooperators, including what cooperatives can and cannot accomplish, and how to develop and operate cooperative associations. Some of the crucial points are:

1. The necessity for a commonly recognized economic need as a prerequisite for beginning a cooperative
2. The advisability of avoiding involvement in politics
3. Education of members and the general public about cooperative goals and methods is essential
4. Government help in the form of education, research, and credit is desirable, but excessive dependence on government will cause the cooperative to lose vitality and independence
5. Cooperatives should not attempt too much too soon, or promise too much to members

6. Rochdale principles form the best general operating rules, especially the provision for sale at prevailing market prices and return of savings as patronage refunds
7. Day-to-day management should be left to the paid manager, without excessive interference from the board of directors
8. Cooperatives provide a valuable service to individuals by allowing training in business and community affairs, and by increasing the 'dignity of individuals by giving them a sense of ownership and participation in the economic organization that serves them'
9. Cooperatives also serve the community at large by engendering competition in the market
10. Concentration on sound business practices and efficient accounting are essential to successful cooperative operation
11. Cooperatives are likely to be unsuccessful if they attempt to control supplies of products on the market or regulate prices

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* Kuhn, Johannes. Agrarverfassung und Landwirtschaftliche Siedlungsprojekte in Nigeria, Marburger Schriften zum Genossenschaftswesen, Reihe B/Band 4, Eukerdruck KG, Marburg, West Germany, 1967.

The first part of the book describes the changes in Nigerian land tenure patterns, specifically the disintegration of communally-held lands. This trend is traced to the rise of a money economy, the cessations of slash-and-burn cultivation, and the introduction of specific European concepts on land-law.

The second part of the book investigates the results of recent (1960's) land settlement programs. Two types were promoted by the Nigerian government, with FAO assistance. The target groups of both were unemployed male youths.

One was modeled after the Israeli moshav. In 1965, it claimed 1,070 settlers who raise primarily cocoa, oilpalm, rubber, and citrus products. The thrust of the program was to provide ongoing, new communities. All land belonged to the state, thereby eliminating fragmentation of holdings.

The second type was based on introducing new cultivation practices, as on the moshav-like settlements, yet the workers retained their residences within their villages. The goal was to exploit the demonstration effect among the other villagers, with whom the settlement workers still had good contact.

The author dwells on an analysis of the moshav-type settlement. He finds that such projects face high personnel and implementation costs, and thus can have only a minor impact on absorbing the unemployed. There was also little contact with the surrounding villages.

The author recommends that moshav-type settlements give way to a development of existing farm settlements that take local conditions more into consideration.

* Laidlaw, Alexander F. "Cooperatives and the Poor: A Review from Within the Cooperative Movement". Paper prepared for the International Cooperative Alliance and the Canadian International Development Agency, 1977. 75 pp.

The paper opens with a general discussion of poverty and cooperatives, and a review of agricultural cooperatives in developed countries, specifically Canada.

Laidlaw argues that cooperatives in less-developed countries (LDC's) need greater flexibility in their structures. Although he agrees that the overall performance of cooperatives in LDC's has been disappointing, he criticizes a "preoccupation with failures in the literature."

His own analysis of failure touches on two overriding reasons: (1) "Ingrained injustice of the socio-economic environment", and (2) governmental behavior. He also lists some secondary reasons: (1) cooperatives often attempt the impossible, i.e., that which the private sector would not take on; (2) the task of combining a sound business with a social purpose (both necessary in his view of cooperatives) is very difficult; (3) cooperatives usually start from a poor resource base; (4) the time-frame in which success or failure has been measured is too short; (5) severe communication problems (e.g., little use of the vernacular) often hamper "outside" promoters of rural cooperatives.

The role of government is Laidlaw's main focus. He contrasts the European countries where the law protects the autonomy of cooperatives with most developing countries where the government controls policy and operation of cooperatives, and calls for a "judicious balance" between self-reliance and state control. He suggests that governments in LDC's make production credit available to secondary and apex cooperatives, and allow them full control so "responsibility and experience in self-management will be gained."

On international assistance, he suggests that the "governments take major responsibility for building the general economic infrastructure, while the voluntary movements jointly work on developing the cooperatives, especially the education and training aspects."

Laidlaw also comments on existing "biases" in performance evaluation of rural LDC cooperatives. Too much emphasis has been laid on conforming to rules and regulations, on tidy accounting records, on profit-and-loss statements, and on buildings and equipment. For credit cooperatives specifically, default rates must be compared with the average rate of repayment of the entire society (or region).

Certain kinds of cooperatives that have brought substantial benefits to the poor "tend to be invisible". Examples are labor-contracting societies, small production cooperatives, and daycare centers.

As to the most appropriate type, Laidlaw recommends starting cooperatives among the poor with an organization that meets some of their basic needs. Pre-cooperatives are mentioned in this context. Further, "it is best to start a single-purpose cooperative with small membership, and gradually develop a multi-functional cooperative covering a larger area."

- * Lele, Uma. "Cooperatives and the Poor: A Comparative Perspective." Paper prepared for the Expert's Consultation on Cooperatives and the Poor, International Cooperative Alliance. Loughborough, United Kingdom. July, 1977.

The author first considers the nature of the problem "poverty" by referring to two dilemmas. The first is "growth vs. equity." Since the cost of providing services to the poor has been greater than providing similar services to the rich, LDCs have shown a traditional preference toward growth. Lele points out that this approach may not pay off in the long-run, since inadequate domestic demand may result, affecting growth as well. She foresees two possible solutions: A country can opt for a "structural change and redistribution of assets," such as the People's Republic of China or Taiwan have done. Or government policy can focus on subsidies to the poor. Massive transfer payments are problematic, however, since the funds must come from the rich, and since such aid usually discourages self help.

The second dilemma is the "decentralization-equity." While decentralization of governmental powers is often seen as beneficial, local elites often wrest control of local institutions. Thus the poor could be worse off. On the other hand, if the central government is to intervene to insure some equity, it must possess thorough knowledge of local conditions.

The central question addressed by the author is one of marketing institutions. The traditional case for cooperatives, i.e., that the exploitive middleman is thereby eliminated, is scrutinized at length. The author finds first mounting evidence that challenges the assumption of market-power of the middleman; rather, "significant competition" is found to exist. Intermarket price differences are attributed to poor information, inadequate transportation systems, poor handling facilities, uneven practice of standards and weights, and government intervention. Traders are especially important in poorly accessible areas, where the per-unit cost of government services, e.g. credit, is very high. Examination of seasonal price differences furthermore offers less than convincing evidence of middleman exploitation of storage facilities. Transferring the storage function to cooperatives does not automatically imply higher prices to the producers, unless a government price policy provides further guarantees.

Marketing cooperatives have a role to play but not necessarily in the traditional sense. Instead, cooperatives must allow for structural changes, governmental assistance, and political mobilization. Cooperatives furthermore should not reduce the number of marketing channels already in existence; too much inefficiency would result. For effective cooperatives, the following pre-conditions must be met: (1) a large market, (2) cooperatives offering services comparable to those of private traders and showing similar efficiencies, and (3) a government price policy that provides a guaranteed minimum for producers.

Marketing cooperatives appear to be more viable for export crops than for staple foods. Yet, they could also be viable for crops demanding economies of scale, especially where processing became a part of local activities. The author proposes cooperatives could organize in the short-run around such activities as the enforcement of standards, dissemination of market information, or the construction of storage facilities. Actually buying and selling goods would then represent a later stage of development.

Another focus of the author's analysis is credit. After reviewing the problems of small farmers in securing credit, some preconditions for a credit system that ◻

benefits the poor are discussed. These include:

1. Government incentives to lend to small farmers (recognizing that such loans would be difficult to administer;
2. Simplifying lending procedures such that small group responsibility replaces individual creditworthiness (recognizing that diversified societies, open membership, and traditional hierarchies could distort the role of the small group);
3. Nation-wide promotion for popular participation.

The last topic concerns production cooperatives. These are usually associated with associations of ex-landless peasants and with new settlements. Other justifications for production cooperatives have been savings on administrative costs, more efficient use of technology, and better organization of labor. A crucial problem is the creation of the incentives while maintaining the egalitarian character of the group. The failure to reach certain income levels is seen as the major reason for small farmer reluctance to enter production cooperatives. Other problems include desire for control by those with the most capital, tendency to over-capitalization of group farms, and concentration on profit-poor subsistence crops.

In summary, the author comments that "A more centralized paternalistic approach may often be more effective than traditional cooperatives, provided it is more sharply focused on identifying the internal and external constraints" of the type listed above ... "the emphasis would have to be on small groups, relatively simple forms of cooperative activities and particularly on substantial training of the rural people to actually carry out planning and implementation of programs, with the necessary external support to make these programs productive."

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- * McCauley, E. Hunt. "A Smallholder Milk Cooperative in Gujarat, India." Development Digest XII, No. 2 (April, 1974): pp. 45-52.

The Kaira District Milk Producers Cooperative Union in the state of Gujarat, India, has successfully increased members' income by developing effective technical and marketing services. The government has now asked that this large union (783 societies, 225,000 member families) be used as a model for other areas of India. Some of the major factors leading to the success of this organization are:

1. High quality of the leadership. The cooperative has dedicated leaders in decision-making positions, committed to improving the welfare of villagers.
2. Extension services and imaginative use of modern technology. An active campaign is carried out to encourage producers to adopt the latest technologies, provide veterinary services, and generally act as a vehicle for the extension of technical and social information. The societies also serve as a center for village cohesiveness, and cooperative funds can be used for community development projects.
3. Effective Marketing System. A tightly organized and well coordinated marketing system has increased villager confidence, hence stimulating production, stabilized prices, and allowed the maximum use of external aid.
4. Avoidance of government bureaucracy. The Union is outside the direct influence of the government, and this has allowed it to avoid many bureaucratic inefficiencies. Employment and promotion of personnel is on a merit-based system, and (contrary to the government approach) organization of the cooperatives is not carried out with a "top-down" philosophy.

* Lerner, R. Cooperative and Collective Farming in India: Development to 1970, with Emphasis on the State of Uttar Pradesh, Ph.D. Thesis, University of California at Berkeley, 1975. (Ann Arbor, Michigan: University Microfilms International. 1977)

Of major interest to this study are sixteen case studies made in the late 1960's. Fifteen were "joint farming societies," i.e., those with land privately owned but collectively cultivated. The other (and perhaps the most successful) was a "collective farming society," where land was held in common and cultivated collectively. Average membership was 21; average size of contributed land was 157 acres.

The following highlights the author's comments on the different societies:

1. The majority of those societies were formed by interested families to avoid government restriction on the size of one-family holdings.
2. Adequate leadership was perhaps the most crucial success variable.
3. In those joint farm societies where small farmers benefitted substantially, the following advantages were secured: (a) greater supply of inputs (water, fertilizer) than before; (b) an opportunity to emphasize cash crops, since greater specialization was possible; (c) most importantly, the security against total crop failure--a common occurrence in the area.
4. Joint-farming societies did not guarantee that the income differences were reduced. Those contributing land received much greater remuneration than those contributing only their labor. It generally appeared, however, that the agricultural laborers were at least as well off as those working on the surrounding private farms.
5. An interview with the leader of the second most-successful society investigated revealed the following success factors: (a) common background for most members (most frequently, kinship ties); (b) a sound pre-understanding of how the society was to function; (c) adjacent plots of land; (d) a fairly high degree of literacy; (e) guaranteed employment to all those wanting to work on the farm; and (f) an adequate capital base.

The author offers the following conclusions:

1. The government had extended too few services that would promote general member training and leadership skills.
2. Man-power utilization on the cooperatives was greater than before, and could be extended if small, agro-industries were developed.
3. The profits of joint farm societies' investments should be distributed equally, i.e. the returns to land should be based on its productivity at the time of pooling, with an allowance for increased productivity that would be commensurate with general increases of surrounding privately-held land.

* Long, Norman and Winter, David. "From Peasant Community to Production Cooperative: An Analysis of Recent Government Policy in Peru." Journal of Development Studies, Vol. 12, No. 1 (October 1975), pp. 75-94.

The authors trace the impact of government policy on the promotion of cooperatives and small-farmer holdings among the rural poor, and delineate obstacles faced by cooperatives and rural community organizations. A case study is used to discuss these issues.

The Peruvian land reform legislation of 1969-1970 is first surveyed, specifically, the role of comunidades campesinas indigenas, traditional rural communities based on common ownership of land. The goals of the reform vis-a-vis these communities was to make resources available, and to promote the adoption of modern cooperative forms of organization. A crucial vehicle in this transformation was the restriction of membership rights.

The case study comes from the District of Matahuasi, in the Montero Valley, approximately 250 kilometers from Lima. The community under study had been a comunidad indigena from the early 1940s; as a result of the reform it became an agricultural production cooperative. The immediate effect of the reform was to limit membership to 120 (down from the pre-1970 total of 250). The exclusions were based on holdings of land deemed too large for the community. The composition of the group was one of largely former agricultural laborers and small-scale artisans. Compared to the local, already-established service cooperative, the members had very little education, and very limited employment opportunities.

The overall performance of the comunidad was rated as disappointing. The authors give as reasons: 1. a shortage of organizational skills. (With little experience in any activities of the surrounding community, the membership was very dependent upon one person--the manager.) 2. an unsatisfactory system of labor management. The comunidad opted for a "free labor system," i.e., one where members were free to sell their services to outside employers as well as to the cooperative. As a result, the members tended to regard the community as hardly different from external employers, and the growth of cooperative spirit correspondingly faltered. A consequence of this system was a trend toward capital-intensive investment. 3. The tensions were compounded by the community's decision to retain individual plots of land. Apparently, members attended to these plots first, with adverse effects on the cooperative during the sowing, harvesting seasons. 4. The group was not homogeneous. Although most members were quite poor, a minority had income from sources other than agriculture, and hence adopted a more casual attitude to affairs of the comunidad.

The surrounding environment of the community also posed significant problems. The group received little technical assistance from the government (in contrast, a neighboring dairy cooperative was receiving not only Peruvian, but foreign assistance). With no storage facilities and very little machinery, the community was quite dependent on traditional sources of such goods or services. Their representation in the District government was minimal; it reflected largely the interests of older, more established farmers. Finally, through the reform's stiff rules on membership, the comunidad was cut off from funds and possible lobbying power of their relatives in the cities.

In conclusion, the authors found the attempts to revitalize the traditional community ineffective. Although the "Plan del Peru" (1971-1975) was ostensibly committed to the concept of integrated rural development, the authors found the necessary support systems to be very inadequate. Reinforcing this relatively hostile environment were the tensions between the more experienced, aggressively individual farmers of the dairy cooperative and the members of the comunidad. In the end, the ultimate consequence of the reform was to alienate these members.

- * Marshall, Ray and Godwin, Lamond. Cooperatives and Rural Poverty in the South. Baltimore: The Johns Hopkins Press, 1971.

A variety of adverse economic conditions have led to declining numbers of small farmers (especially Blacks) in the South. At the same time, non-farm employment opportunities for those forced out of agriculture are bleak.

Cooperatives have played a role in attempting to ameliorate this situation although early attempts at organizing Southern cooperatives were generally unsuccessful, due to:

1. Political opposition, often racist in nature
2. Undercapitalization
3. Overexpansion
4. Poor management

As an outgrowth of civil rights activities during the 1960's, there was a rapid increase in the number of low-income cooperatives formed in the South.

Most of the new co-ops are agricultural (mainly farm supply, marketing, and credit unions), although several consumer, handicraft, and other organizations were also started.

Judgment on the long-term viability of the new cooperatives is reserved, and they continue to be plagued by the problems mentioned above, as well as difficulties with marketing, record-keeping, and insufficient volume. However, real successes have been achieved in:

1. Increasing members real incomes (raising prices and lowering costs)
2. Allowing greater agricultural diversification
3. Improving farm management and land use practices
4. Benefiting even non-members by forcing private traders to raise buying prices and lowering supply costs

A really significant impact is unlikely, however, unless the co-ops are able to gain strength and stimulate "reforms to overcome some of the deeply entrenched causes of rural poverty." Changes in agricultural policy, economic development programs (education, health, welfare, etc.), racial discrimination in farm support, and other areas are necessary, and it is unclear whether cooperatives can produce changes in these areas.

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- * Migot-Adholla, S.E. "Traditional Society and Co-operatives," in Widstrand, Carl Gosta, ed. Co-operatives and Rural Development in East Africa. New York: Africana Publishing Corporation, 1970.

This paper describes the nature of indigenous organizational forms in East Africa, and shows some of their relationships with modern agricultural cooperatives. A major point of interest is whether the indigenous communal ⇨

structures are conducive to development. There seem to be two basic views on this subject, which the author labels: (1) capitalistic-individualistic, (2) romantic-socialist. The first sees little or no relation between modern agricultural co-ops and indigenous cooperative forms, and even suggests that traditional social structures are incompatible with participation in the money economy. The second view holds that "...mutual assistance and co-operation are an essential ethic of indigenous African life..." and "cooperatives are thus seen as the necessary vehicles for the realisation of a socialism resembling the traditional African social order."


A common feature of traditional African society was communal land ownership. Mutual sharing and equalitarian distribution of gains were also fostered, due largely to scarcity and the need to ensure everyone's survival. While such a system had limited opportunity for personal advancement, it helped to preserve communal solidarity. This solidarity was greatly undermined by the colonial system, however, in a variety of ways, including the forced introduction of a money economy.

The results of the changes under colonialism were that so-called modern cooperatives developed for quite different reasons than the traditional organizations. Whereas the indigenous organizations were the result of social obligation, the modern co-ops came into being because of desire for economic advantage, promotion by administrators and others, or with the rise of nationalism, as a "symbol of unity against all forms of colonial exploitation."

Despite being formed for different reasons, strong aspects of indigenous social relationships remain in the modern co-ops, and the traditional and modern are "inseparably intertwined." This suggests that both views on the subject (capitalistic-individualistic and romantic-socialist) are inadequate. There are sufficient differences between the two types of cooperative organization, however, to establish that there is no "direct continuity" between them.

* Miracie, Marvin and Seidman, Ann. "Agricultural Cooperatives and Quasi-Cooperatives in Ghana, 1951-1965." Land Tenure Center Paper No. 51. Madison, Wisconsin: University of Wisconsin. Duplicated, pp. 71.

This paper evaluates the efforts of the Ghana government to build producer and marketing cooperatives.

Cooperative marketing of cocoa, the largest cooperative venture, achieved some success up until 1960, with cooperatives increasing their 

share of the cocoa marketed from 2 percent in the early 1930's to 40 percent in 1959. Early difficulties were experienced, however, including:

1. Corruption
2. Lack of educated and dedicated leaders
3. A tendency to "shape things in a form that lends itself to direction from above without necessarily consultation from below"

Attempts at producer and other types of non-cocoa cooperatives were less successful. Thrift societies, for example, frequently failed, with the following reasons cited as contributing factors:

1. Members try initially to save at a rate too high in relation to their salary
2. If a salary-earner moves there may be no society to which his membership and savings can be transferred
3. Insufficient accounting knowledge

In 1961, the government installed the United Ghana Farmers Cooperative Council as the sole buying agent for cocoa, and greatly intensified its emphasis on cooperatives, with the creation (at least on paper) of almost 1,000 non-cocoa producer societies. The UGFCC superceded the old cooperative marketing societies, and imposed a highly centralized, top-down organization.

In the area of cocoa marketing, the UGFCC had some success in improving quality, and it "moved the crops to the ports efficiently." However, it was essentially a business organization, not a true cooperative, it was apparently dominated by well-to-do farmers and political functionaries, and it increasingly alienated large numbers of producers.

The non-cocoa cooperatives met with even less success. Corruption was again a major factor, and other possible reasons cited include:

- "1. Cooperatives were often forced on farmers by the government in communities where there was no felt need for them.
2. Cooperative managers were often foreign to the community in which they worked and members of cooperatives distrusted them.
3. Cooperatives were not infrequently organized mainly to extend political control, which was resented by cooperative members.
4. Cooperative members often did not trust each other when funds were involved and apparently for good reason--embezzlement of cooperative treasuries was common.
5. Many Ghanaian farmers are highly individualistic and traditionally did not work together."

- * Morss, Elliott; John Hatch, Donald Mickelwait and Charles Sweet
Strategies for Small Farmer Development: An Empirical Study of Rural
 Development Projects
 AID: Washington, D.C.: May 1975 (To be published by Westview Press:
 Boulder, Colorado, 1976)
 3 Volumes: Vol. I contains the final report; Vol. II, the case studies;
 Vol. III, the summary

This study consists of a detailed examination of 36 rural development projects sponsored by various institutions in Africa and Latin America.

Of the 36, nine projects were associated with cooperatives:

FECOAC of Ecuador and CREDICOOP of Paraguay, two credit cooperative federations;

DENU of Ghana, a shallot-marketing cooperative;

GG/FAO of Ghana, a fertilizer distribution project;

Nigerian Tobacco Company (NTC), which introduced cooperative flue-curing in Family Farm Units;

Lirhembe Multi-Service Cooperative of Kenya;

Confectionary Groundnut Package Deal (CGPD) of the GAMBIA, which exported groundnuts through a cooperative;

Mixed Vegetable Scheme (MVS) of the Gambia, which used progressive women farmers to form onion cooperatives;

Uboma Development Project, a multi-service project sponsored by Shell-BP in Nigeria.

Elements of Success: Local action was found to be the most significant determinant of overall project success. Most important factors were:

1. Small farmer involvement in project decision-making during the implementation stage, and
2. Willingness of small farmers to make cash and labor commitments to the project.

Chances for project success are greatest when:

1. social services are provided in project implementation (Uboma and Lirhembe);
2. a large portion of farm income is generated by sale of cash crops (MVS, NTC, CGPD, DENU);
3. pre-project farm income is relatively high (CGPD);
4. farmers willingly make cash and/or labor commitments, most commonly when they shared in decision-making (MVS, Lirhembe and Uboma);
5. local conditions and constraints in project area are studied before implementation (MVS, Uboma and Lirhembe);
6. projects build an active and cooperating role with small farmers (rather than having a built-in time constraint, trying to demonstrate "quick results" while externally-dominated by outsiders);
7. low-cost credit was offered to local intermediaries in NTC. Thus, by having those intermediaries offer the credit at a higher rate to the small farmers, a spread was obtained which allowed the local organization to pay for extension, management, and marketing services, thus developing self-sufficiency. ◻

Local involvement in projects was most successful when there was:

1. A sharing of responsibilities between farmers and management (Uboma and Lirhembe);
2. Minimum of one major unplanned design change occurred in project
3. (MVS and CGPD);
3. Use of progressive farmers as demonstrators of new techniques and methods (MVS, Lirhembe, Uboma, NTC, GG/FAO);
4. Technical supervision and training at frequent intervals in specific crop (MVS, NTC, GG/FAO, Lirhembe and Uboma);
5. Ability to organize structures which permitted design changes in local project leadership (Uboma and Lirhembe).

Factors found not to be significant included:

1. high level of literacy (Lirhembe, NTC, MVS, Uboma and CREDICOOP);
2. location near an all-weather road (GG/FAO, NTC and MVS);
3. large outlays spread over a few people (FECOAC, GG/FAO and DENU).
4. Growth rate in number of project participants showed no relation to project success (DENU).

Utilizing the repayment rate for a measure of project success was found to be an inadequate measure (FECOAC and CREDICOOP).

High-interest rates on loans did not affect small farmer's willingness to borrow, nor his ability to repay (CGPD).

Individuals had poorer repayment rates than group repayments (Lirhembe).

The most successful projects analyzed were, respectively, Uboma, NTC, Lirhembe and CREDICOOP.

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* Munjel, H. R. "Factors Impeding Functional Efficiency of Co-operative Societies." Indian Co-operative Review 3 (January, 1966): 857

This is an analytical study that seeks to evaluate the "not very encouraging" performance of the co-operative sector in India. Using some quantitative analysis, the author briefly reviews the effect of such factors as income, caste, and awareness of cooperative workings and facilities in an agricultural production credit society in Punjab, India.

In reference to income, the general conclusions were that the higher income groups tended to get the bulk of the loans. The lowest income groups, in turn, had the highest desertion rate from the cooperative.

The high income groups also tended to be the dominant caste. In general, the caste system and inter-caste conflicts had a negative effect on the development of a cooperative spirit.

The need for more cooperative education was pointed out by the illiteracy of most of the members, by the lack of proper communication between officials and members, and by the feeling among members that they did not have an adequate knowledge of the workings of the society.

- * Nadeau, E. G., 'A Comparison of Two Farmers' Cooperative Unions in Northern Zambia: Problems of Productivity, Management, and the Role of the Members in Decision-Making. A Preliminary Report.' Rural Development Studies Bureau, University of Zambia, Lusaka, December, 1973.

Mufubushi and Pambashe are two cooperative unions in Zambia that act as umbrella organizations to small producer societies and individual producers. Considerable differences in productivity exist between the two unions, and this study attempts in a systematic fashion to explain these differences. Some of the main factors resulting in the productivity differential are:

1. Quality of management and services. The high quality and dedicated management at Pambashe (versus a lackluster managerial performance at Mufubushi) is judged the most important factor in that union's superior productivity. The Pambashe management has provided good technical advice and supervision, emphasized high-income crops that stimulated members' incentive to produce, and provided a comprehensive set of services instead of relying on ineffective external service organizations. Superior financial-organizational backing was also available to the Pambashe management, as it was included in an FAO project.
2. Farming experience. A higher percentage of the Pambashe farmers had previous farming experience, and this seems to have been a factor to some extent. Good farm management seems able to largely compensate for farming inexperience, however, as Mufubushi actually had higher yields of maize during a brief period when good management advisory services were available. (The evidence on this point is inconclusive, though.)
3. Production incentives. Low maize prices demoralized farmers, but had less of an effect at Pambashe where many farmers diversified their risks by growing vegetables as well.

Member participation in decision-making was not found to be a factor in the productivity differential, as decision-making power is held by management in both unions. Failure to train members for eventual taking-over of control may have serious consequences for long term development of the unions, however.

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- * Oram, Bert. "Co-operatives and Intermediate Technology." Review of International Co-operation, 67 (No. 2, 1974), 47-55.

This article suggests that cooperatives can play a useful role in facilitating the adoption of intermediate technology in developing countries, especially in the agricultural sector. Cooperatives can help, the author says, in four specific ways:

1. Communication. Through their network of contacts with individual producers and their use of adult education techniques, cooperatives may have the means to inform producers of the availability of new technology appropriate to their particular situation.
2. Motivation. Cooperatives can provide the means for small producers to pool their efforts and resources to gain better control over their destiny. Given evidence of the possibility of improving their position in life. ◻

individuals will have more impetus to acquire the best means possible to achieve that improvement.

3. **Training.** Cooperatives can make the adoption of new techniques more feasible through demonstration effects, as well as by direct training.

4. **Gradualism.** Through the principle of resource pooling, cooperatives allow small-scale production to be competitive. This, according to the author, is conducive to a "gradual, diffused, evolutionary approach to development," an approach to which intermediate technology is especially important.

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- * Parikh, G. O. "State and Cooperative Development in India -- with Special Reference to Cooperative Credit" in Dynamics of Interactions Between Agricultural Cooperatives and the Government: Proceedings of CIRCOM 3rd International Symposium, Tel Aviv, Israel, March, 1974. Tel Aviv: International Research Centre on Rural Cooperative Communities (CIRCOM), 1976.

After a short historical sketch of Indian cooperative credit, the author describes the current system. Each state operates its own cooperative bank, which serves as the central bank for cooperative banks at the district and village level. The district and local institutions extend short- and middle-term credit (12 to 15 months and 3 to 5 years, respectively). While the reach of cooperative credit has been extensive, so have the problems. Illiteracy, lack of knowledge of cooperative principles, apathy, and exploitation by vested interests have given rise to frequent embezzlement and scandals.

The role of the state in cooperatives has always been considerable. The author argues that cooperation in general in India has overwhelmingly been government-initiated. The cooperative department of each state has always enjoyed wide discretionary powers. As of 1970-71, government contribution to equity capital stood at 8.2 percent for primary cooperatives, 26.6 percent for central (district-level) banks, and 31.5 percent for state cooperative banks. The author discusses at some length the division of functions between federal and state government in the cooperative sector.

The guiding principle to this organizational framework is the "de-politicization" of the cooperative movement (i.e., edging cooperatives toward the private sector). Further, the author stresses the overriding importance of sound business management in successful Indian cooperatives. The move to de-politicization has already taken several steps, among them:

1. The creation of federal organizations of cooperatives
2. The establishment of training programs within the cooperative organizations
3. The abdication of several government officials to allow for administrators from within the cooperative sector to assume the responsibilities and
4. The forming of state-wide coordinating agencies for all cooperatives.

- * Parsons, Kenneth. "Agrarian Reform in Southern Honduras." Land Tenure Center Research Paper, No. 67. Madison, Wisconsin: University of Wisconsin. 1976. Pp. 127.

The report represents an enquiry into the nature of group farming in southern Honduras. The study was conducted in February, 1975, and covered forty-nine cooperative farms and asentamientos.

The basic characteristic of all groups studied was their composition of "excluded people," or predominantly former wage earners and sharecroppers. In nine out of ten cases, the major reason for a cooperative or asentamiento was to secure land. Land was gained via settlement on the frontier, or via expropriation from estates where it was underutilized.

The report dwells on a detailed breakdown of the asentamientos and cooperative farms. The indices include: age, type of crops, composition of the labor-force, nature of the organization of the work (collective vs. individual), degree of mechanization, density of schools, plans of parents for children, etc.

The principal concern among the campesinos was found to be access to credit.

In conclusion, the author argues that credit and marketing cooperatives, as well as those organizations promoting common use of machinery are preferable to production (farming) cooperatives. If farming cooperatives are to be maintained, at least enough land to provide for family food consumption should be given to the individual families.

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- * Rana, J.M. Multi-purpose Cooperative Societies in South-East Asia. New Delhi, India: International cooperative Alliance. 1974, 143 p.

Rana first presents a brief history of multi-purpose cooperatives in Asia. He sees multi-purpose cooperatives as two types: "farmers" (such as those in Japan or Korea) or "community" (in India and Sri Lanka). The book also offers brief surveys of the current status of multi-purpose societies in Australia, Bangladesh, India, Indonesia, Iran, the Republic of Korea, Malaysia, Pakistan, the Philippines, Singapore, Sri Lanka, and Thailand.

Problems common to these multi-purpose cooperatives include:

1. Too much governmental control
2. Wide-spread member apathy
3. Social stratification within the cooperatives that hampers their growth (in contrast to Japan, where land reform helped create a much more homogeneous rural population)
4. Weak extension services
5. Conflict among distinct economic groups within the cooperatives (consumers vs. producers)
6. Management unable to increase its sophistication with the growth of the cooperative.
7. Uncertain criteria among the different economic groups for allocating the patronage refunds.

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* Philipp, Perry F. "Issues of Cooperative Settlement in Developing Countries of Asia: A Case Study of Western Pakistan," Journal of Developing Areas, Vol. 6, No. 2 (Jan. 1972) pp. 199-210.

This is a study of the Khanewal Project in the Punjab area of Pakistan, from its inception in 1948 to the present. The settlement was formed to provide employment to the large influx of landless laborers that came with the partition of India and Pakistan. It covers 120,000 acres, with 10,000 families and a population of 50,000.

The basic unit was the cooperative village or chak; its size ranged from 500-1500 acres. The chak was conceived as a multi-purpose agricultural cooperative, as well as an institution that would attend to social needs of the peasants. Each family originally was allotted 12.5 acres; rent on the land was paid to the cooperative based on existing tenant laws (usually 50% of production). Self-government was to be based on the chak unit; in practice however, the chak management committee was dominated by government officials, who often abused their power. Significant intervention of the government was inevitable, given the host of problems besetting the formation of a settlement of this dimension. The selection process of land recipients was less than satisfactory, as (1) many with no farming background were accepted into the cooperative villages, and (2) little consideration of ethnic background produced a pronounced diversity within the chaks that hindered the development of cooperative activities.

The settlement experienced a major reform in 1961. Direct government control was replaced by an all-village board, composed of ten elected members and five appointed by the head governmental official. Other administrative reforms decentralized power. Flat fees replaced rents and joint marketing through the village became optional. A previous significant change had been the decision to sell the land outright to the peasant, a move that greatly boosted peasant motivation.

Achievements of the Khanewal scheme were, (1) a better general level of village life (education, for example, jumped dramatically among the male youth); (2) chak villages were able to command higher prices for their principle crops (cotton and wheat), and also obtain cheaper inputs. The net result: higher income levels than surrounding farmers outside the scheme; (3) capital formation was also accelerated, via tractors, tubewells, a ginning factory, and repair shop, with very little government expenditure.

Major problems of the settlement included the relatively unequal growth of the chak. Approximately one-fourth of the villages were given poor land, and thus had not been able to share in the overall growth of the Khanewal scheme. Secondly, substantial opposition from the settlers to cooperation existed. Many expanded their holdings outside the cooperative villages, either through purchases of land or working as wage-laborers. Much of the early suspicion of the cooperative was then overcome by the success of the scheme. The author further cites an unequal participation of settlement members in basic decisions. Clan leaders tended to dominate cooperative decisions, while attitudes of government officials did not encourage self-government. Finally, poor cooperation between all concerned government agencies hampered local efforts.

In summary, the author concludes that the sense of need acted as an effective initiating force for such a cooperative settlement. While recognizing the attendant dangers, the government must adopt a highly interventionist stance at the outset. Aspirations for land and its profitable cultivation must be responded to over the course of time.

- * Redclift, M. R. "Agrarian Reform and Peasant Organization in the Guayas Basin, Ecuador." Inter-American Economic Affairs, Vol. 30, No. 1 (Summer, 1976) pp.3-27.

The author reviews developments in the rice-producing sector of the Guayas Basin of Ecuador since the abolition of share-cropping in December 1970 via governmental decree (Decreto 1001). The impact of the new law was to give rise to a large class of small producers, all organized in marketing cooperatives that have some affiliation to regional and national organizations.

A special focus of the article is the role of the state, more specifically in the part played by the government's land reform agency, national cooperative organizations, and peasant leagues. There are six major peasant organizations and the author compares their respective ideologies and strategies.

A three-stage scheme of the transformation of the Guayan Basin peasantry is proposed, evaluating the role of the state and the objectives of peasants. The first stage is characterized by the "individual" peasant. Government activity is limited to indirect influences on traditional marketing channels, while the peasants see their goals in land ownership (often carrying out land seizures). The second stage is one of "pre-cooperatives." State involvement expands to encompass the implementation of credit schemes, legalization of land transfer, and assistance in the "commercialization" of the product (i.e., broad-scale opening of marketing channels). The goals of the peasants during this period primarily are to secure the necessary credit for their newly-acquired land.

The final stage is one of "agricultural enterprises." At this point, state involvement centers on a high degree of technical assistance, as well as a further expansion of national marketing channels. The author views the aims of the peasants and their cooperative organizations now to be acquiring enough credit to carry out major investments (often labor-replacing). This stage has rarely been reached, however.

The author concludes that the reform stemming from the law was primarily intended to counteract a stagnating trend in rice production and to placate peasant unrest. Hence, the consequences of the reform have not been redistributive; still, he concedes that the reform did provide the impetus for large-scale peasant organizations.

As current major problems, the author states that:

1. The dependency of the peasant has been perpetuated, as the state has assumed the role formerly exercised by landlords and money-lenders;
2. The social differentiation within individual cooperatives and among different cooperatives is impeding the attainment of supra-cooperative organizations -- a necessary condition if cooperatives are to reach the rural poor.

- * Ross, James E.
Cooperative Rural Electrification: Case Studies of Pilot Projects in Latin America.
 Praeger: New York, 1972
 343 p.

The study attempts to determine initial impact of cooperative electrification on development of rural areas in four countries: Colombia, Costa Rica, Ecuador, and Nicaragua.

The findings of this study suggest that the cooperative organization will play its greatest role in improving the preconditions for development and the institutional structure, while rural electrification will have its greatest effect on the factors limiting development.

Results from pilot projects surveyed show:

1. Organization of the rural electric cooperative in Sevilla, Colombia, caused a political awakening of the rural community.
2. Cooperative rural electrification had a significant effect on education quality and conditions.
3. Rural electrification has a greater beneficial effect on farms that already consume substantial amounts of energy, increasing income in 84% of the farms surveyed.
4. Rural electrification would not have much effect on incomes of small farmers that did not farm intensively.
5. Rural electrification contributes positively to the diversifications and production of agriculture, as well as the product quality.
6. There existed no farm labor displacement through electrification.

It was found that the institutional arrangement of distributing electricity through a cooperative offers several advantages:

1. In Nicaragua, members of the rural electric cooperative formed a water cooperative and constructed a well.
2. In Colombia, the co-op was instrumental in creating social justice and eliminating political favors through the use of meters for all electric consumers.
3. In Ecuador, the pilot project provided the pattern for establishing a second rural electric co-op and in laying the groundwork for a cooperative water system.

Experiences in the pilot areas indicate that a rural electrification program will be more viable if rural towns, villages, and farms are treated as a unit. It will also permit a higher rate of growth in the town because of development in the surrounding agricultural area.

Experience also indicates that it is not necessarily the best policy to begin a rural electrification program in the most economically feasible area. In Sevilla and Caicedonia, social and political considerations were of prime importance. Other areas in the Department of Valle appeared to be more economically feasible but because of the violence and social unrest, the need for development was greatest in the Sevilla and Caicedonia areas.

In the end, perhaps the greatest contribution of cooperative rural electrification in developing countries will be as a catalyst to development.

- * Saul, John S. Marketing Cooperatives in Tanzania. Paper presented at the University of East Africa Social Science Conference, December, 1969, at University of East Africa, Nairobi, Kenya. Duplicated. Pp. 18.

This study concentrates on social prerequisites for agricultural cooperatives. The major social factors considered are:

1. Racial stratification--Specifically in the Tanzanian situation, resentment against "exploitation" by Asian middlemen often provided the impetus to begin cooperatives. Solidarity within African society is limited, however, and the author explores the concept that inequity and exploitation developed between "activists" who fully participate in the commercial/money economy and the remainder of the African peasants who don't. This exists within the cooperatives as well as outside them, and is seen as a fundamental "class division."
2. Low level of education and literacy--This factor affects not only the availability of skilled manpower, but also means a lack of awareness of exploitation, an awareness that could serve to stimulate cooperative action.
3. Uneven development between areas of the country. The author suggests that the areas where the colonial system most "destructured" the traditional systems are the areas where cooperatives were more quickly and spontaneously adopted.

The major problems of the marketing cooperatives, as seen by the author, are inefficiency and corruption, and a lack of mass peasant involvement in the cooperative operations.

In the realm of policy recommendations, the author notes the tendency of the government to view cooperatives as a ready made tool for rural development; e.g., for dispensing credit, fertilizer, etc. He warns, however, that too wide a range of functions may strain the capacity of the cooperatives, and provide an expanded variety of new temptations for corruption.

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- * Schiller, Otto. "Genossenschaftliche Landwirtschaft in Indien." (Cooperative Farming in India). Zeitschrift der Ausländischen Landwirtschaft, Vol. 5, No. 1 (January 1961), pp. 24-30.

The author traces the emphasis on cooperatives on the decision to achieve greater efficiency in Indian agriculture through economies of scale. He next distinguishes between "joint" and "collective" farming. Under the former system, old property rights are maintained, while the latter assumes ownership in common. The collective type appears usually on newly-acquired land only, and meets less resistance from those farmers incorporated by the collective.

In contrast, the "joint" form of group farming must confront engrained attitudes on the notions of private property or common work. Generally, a ◻

village under the "joint" system will not include everyone, due to such deeply-rooted differences as religion, kinship obligations, etc. In the Indian case, this lack of enthusiasm has been complicated by the often "superficial" origins of the cooperative idea, as government authorities, and not the villagers themselves, have provided the impetus. This policy has, in fact, enhanced the power of traditional village authorities.

The author advises against concluding that agricultural cooperatives have failed. Rather, he would see them as only in the beginning stages. He proposes that not only the poorly-performing farm units should be assimilated into the cooperative but also the larger, more efficient, as well.



- * Schluter, Michael and Gokul Parikh
The Interaction of Cooperative Credit and Uncertainty in Small Farmer Adoption of the New Cereal Varieties
 Cornell University: Department of Agricultural Economics, July 1974 (AID #CSD-2805)
 18 p.

This paper argues that small farmers may be unable to borrow from traditional sources for adoption of new cereal crop seeds owing to an inelastic (fixed) supply of credit, and unwilling to borrow from these sources owing to the uncertainty of initial returns from the new varieties. Case studies and data collection took place in Gujarat State, India.

Evidence was found showing that small farmers borrow little from cooperatives until there is technological change, leading to a substantial increase in costs of cultivation.

Cooperative credit was found to be most important at a secondary stage in the diffusion process. Cooperative credit played an important role after small farmers adopted new varieties of seed, and large farmers expanded their acreage under the new varieties beyond the initial two or three year trial stage.

Profitability and degree of certainty are preconditions for small farmers to decide to adopt. Cooperative credit then became significant in determining the ability to adopt.

Why is cooperative credit of special importance for adoption in situations involving a high degree of uncertainty? The inability of farmers to borrow from traditional sources to finance innovation was cited. Reasons given by small farmers for non-membership and non-borrowing from cooperatives in Mehsana District, in addition, showed a dislike for co-op credit because of a dislike for recovery procedure, primarily, and credit limit related to security generally.

The importance of cooperative credit in situations of high uncertainty suggests, the authors conclude, that cooperative institutions should take into account more explicitly uncertainty in policy regarding the repayment of loans. Stimulus to demand for cooperative credit from small farmers by more flexible repayment policies, and more ready access in areas where demand exists, would accelerate diffusion of the new varieties to small farms.

- * Seibel, Hans Dieter and Massing, Andreas. Traditional Organizations and Economic Development - Studies of Indigenous Co-operatives in Liberia. New York: Praeger, 1974

The basic thesis of this book is that indigenous cooperatives are widespread in Liberia and Africa, and that they have adapted well to the introduction of a modern economy. If given some basic technical aid, these indigenous cooperatives could be a much more powerful force for modernization than imported, Western-style cooperatives that have been largely unsuccessful, according to the author. Reasons cited for the failure of imported cooperatives are:

1. Peasants had no say in establishment and administration of cooperative projects, hence they did not perceive the cooperative as "theirs"
2. Half-hearted and sporadic support of the government in the form of supplies, machinery, and other inputs
3. Peasant distrust of the government
4. The Agricultural Credit Corporation, originally established to provide credit to agricultural cooperatives, has been diverted to providing credit for wealthy commercial farmers. Traditional cooperatives are not eligible, as they aren't registered with the Department of Agriculture.

The indigenous cooperatives are both rural and urban. The former are of basically two types; one, work groups for activities such as clearing brush, planting, and harvesting, and two, savings societies. The urban groups are mainly financial; savings and savings and loan organizations.

In reference to the indigenous cooperatives, the author points out that they have adapted better to modernization in the Eastern tribes, where the social structure is based on achieved role allocation (a more merit-oriented, egalitarian system), than in the Western tribes, where ascribed role allocation predominates (a more lineage-oriented, hierarchical structure).

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- * Stettner, Leonora. "Cooperatives and Intermediate Technology," paper presented at Joint Meeting of Representatives of COPAC and ITDG, ICA Headquarters, London, 26 May, 1977.

The "potential for collaboration between cooperatives in developing countries and the promoters of intermediate technology" is explored in this paper. A number of common objectives to both intermediate technology promoters and cooperatives are:

1. (a) To reach the masses of rural people, in order to increase ◻

productivity by training, (b) providing infrastructure, and (c) using appropriate production methods and scale

2. To create jobs
3. To use local materials and skills in meeting local needs

In view of these common objectives, intermediate technology can be helpful in attaining the goals of cooperatives (e.g., increasing the productivity of their members).

In addition, cooperatives can provide a vehicle for the dissemination of intermediate technology. They are widespread in developing countries, often enjoy the support of local governments, and provide a flexible organisational structure for channeling "technical information, equipment and services to individual producers."

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- * Stettner, Leonora. "Industrial Cooperatives in Developing Countries." Paper presented at the Meeting on Self-help, Programmes for Small-scale Industries in Developing Countries, United Nations Industrial Development Organization, Vienna, Austria, November 10-14, 1975. (Duplicated.)

For various reasons, focus in many less-developed countries is on small scale industry, often rural, but such industries may face disadvantages of smallness and competition from large-scale operators. Industrial cooperatives, according to this article, provide the opportunity to pool resources for economies of scale, while "retaining individual initiative and drive." Furthermore, industrial cooperatives are well adapted to make use of local resources, manpower, raw materials, and savings.

Factors identified as being essential to the successful operation of industrial cooperatives are:

1. Training of managers and education of members is considered a key factor.
2. Access to industrial services (e.g., research on technology and inputs, accounting and auditing, sales promotion, etc.) is essential. These are usually provided by secondary cooperatives, government, or international agencies, and cooperative movements in more developed countries.
3. Access to finance (capital) is also important, especially in rural areas of developing countries. Again, this can be provided by government, international agencies, and other cooperative structures, including cooperatives in more developed countries.
4. General government support is important, but care should be taken to make it clear that the support is only temporary until the cooperative is in a position to become self-supporting.

- * Soles, Roger E. "Successful Rural Credit Projects in Latin America: Criteria, Characteristics, and Analysis." Paper presented at VI Seminario Internacional de Financiamiento Cooperativo, Panama, November, 1976. Duplicated.

The author first delineates two general guidelines for funding rural (agricultural) activities. Firstly, credit should be made available to the poorer segments of society; he notes that very few credit programs have benefited sharecroppers or rural wage earners. Secondly, he proposes the criterion of economic viability, implying both a positive real rate of interest and a low default rate (cannot exceed the real rate of interest).

Seven characteristics for successful credit projects are then listed:

- 1) A strong degree of local control and responsibility must be present.
- 2) Credit resources should be distributed to small groups rather than individual producers. The groups (usually from 8-15) can then distribute the money to individuals. The savings in administrative costs is obvious.
- 3) The recipients should display some history as a functioning group, i.e. one that has previously handled funds from external or internal sources. Can be extended families.
- 4) The optimal mix appears to be one of private and collective activities. At the minimum, a vigorous consumer co-op should be in existence; communal production provides a stronger indicator. Funding entirely collectivized production has not been too successful, however.
- 5) Contractual stipulations should be flexible enough to allow for local allocative decisions. The variation in agricultural production dictates a non-rigid approach.
- 6) The recipients of credit should be spread geographically and diversified by production. Money tied to one crop in one area faces weather uncertainty and opportunity costs when not in use during the off-season. Points to a need for intermediary groups (non-technical, often volunteers) to dispense credit and provide accountability at local level.
- 7) Risk-sharing should be the rule instead of the traditional risk-burden of the farmers.

In conclusion, the author argues for the economic rationality of campesinos and their ability to manage credit. High default rates in a context of high inflation and credit grants (meaning less long-term funds) are readily explainable. The author also argues for each receiving group maintaining its economic viability. Government policy often hinders this, since loans between countries are nearly grants, and since the loans are not linked to the success of specific projects.

- * Stevens, Robert D., "Comilla Rural Development Programs -- Results from East Pakistan for International Testing," paper presented at the Seminar of Small Farmer Development Strategies, The Agricultural Development Council and The Ohio State University, Columbus, Ohio, September 13-15, 1971.

A number of village-level agricultural cooperatives were organized in 1960, as part of the overall rural development scheme of the Pakistan Academy for Rural Development in the Comilla Thana (county) of East Pakistan (now Bangladesh).

Careful groundwork was laid for organizing the co-ops, including training of leading farmers, who then returned to their villages to form pre-cooperative groups. The Academy then agreed to work with only those groups that demonstrated a serious interest in working together, and met certain specific conditions, including willingness to meet and save small amounts of money regularly, keep accounts, and delegate individuals to attend Academy-sponsored sessions on improved agricultural practices, cooperative organization and operation, etc.

Under this organizational method, "no outside individuals were arbitrarily injected into the village cooperative scene," and co-ops were often based on pre-existing social groups.

Primary programs of the cooperatives have been the provision of production loans, mainly to small rice farmers, and the improvement of agricultural technology and practices.

Analysis of the socio-economic impact of the agricultural co-ops focuses on both the effects on the farmer and those on the cooperatives themselves. The cooperatives have benefited farmers economically by instigating or facilitating the adoption of new seed varieties, commercial fertilizers and pesticides, and irrigation. Comparison with a non-cooperative control group suggests that substantial increases in yields and net family assets have accrued to co-op members. The very small farmers (about 20 percent) and the landless laborers (about 10 percent) have benefited the least, however.

The cooperatives themselves grew steadily during the decade of the 1960's, and by 1969 a cooperative federation had been formed and 37 percent of farmers in the Comilla area were members of the co-ops. In general, the organizations are considered to be in a sound financial and administrative position.

There have been social benefits as well, including a considerable educational input into the communities, the creation of employment, and an increased belief among co-op farmers in their ability to control their destiny.

* Tendler, Judith
Inter-Country Evaluation of Small Farmer Organizations
 AID: Office of Development Programs, Latin American Bureau
 July 1976: 52p.

Tendler studied five cooperatives and small farmer organizations in Ecuador and Honduras:

- FECOAC, the Federation of Ecuadorian Credit Unions;
- FENACCOOPARR, the National Federation of Rice Cooperatives of Ecuador;
- FACACH, Federation of Honduran Credit Unions;
- FECOAGROH, the Federation of Honduran Agricultural Cooperatives;
- CREA, the southern Regional Development Authority for Ecuador.

The small farmer groups studied tended to do better when:

1. They set a concrete goal which could be achieved in a limited time period: FENACCOOPARR, for example, acquired land for rice-growing peasants;
2. They start with one task (and not several);
3. The task can be achieved with a minimum need for non-farmer skills;
4. Cooperation is required for a task that cannot be done individually (construction of an access road, obtaining credit available only to groups--FENACCOOPARR and CREA were cited);
5. The groups are small and unconnected to other groups. Tendler found group success to be highest when smallness and isolation occurred.

Federations of co-ops played an important role for groups, and gained their allegiance, when they acted as an intermediary or broker between the groups and other parties. For example:

1. The CREA co-ops were intended in the AID program design to be marketing co-ops. Though they failed at this, their service organization, the co-op department in CREA, succeeded in bringing the groups together with large food-processing firms.
2. In the FECOAGROH program, the Federation was designed to sell agricultural inputs to its affiliated co-ops, to channel AID credit to them, and to market their output. The co-ops ended up doing better than the Federation in these areas, however, arranging a major part of their credits, inputs, and marketing directly with third parties.
3. The rice co-op federation, FENACCOOPARR, played an important intermediating role for its co-ops in getting their land title applications pushed through the agrarian reform agency.

Credit unions and their federations, in contrast to other types of co-op federations, have been more successful cases of AID institution building because:

1. They concentrate on a single task: credit;
2. The task is not as difficult as some undertaken by agricultural co-ops (like marketing);
3. The task is not as dependent on co-op behavior as the activities of agricultural co-ops;
4. The local credit unions do not require farmer participation in decision-making to function properly.



Credit union federations have done better at getting credit to small farmers because:

1. Credit allocation decisions are highly decentralized in such a system;
2. Management of the system by elites works more to the system's benefit because the elites are local;
3. Large farmers are less attracted to credit unions as a source of funds because loan amounts are typically small and interest rates are usually somewhat higher than the concessional credit of development banks--12% vs. 9% in the cases reviewed;
4. Credit unions lower borrower costs considerably because they are able to process credit requests more rapidly and require less borrower expenses than other financial institutions.

The success of small farmer groups is remarkably contingent upon how they are treated by the institution from which they get credit--especially when they become dependent. For example: FACACH was the creditor for FECOAGROH and its co-ops. Its dislike for FECOAGROH was an important factor in bringing about that latter organization's demise, when the affiliated co-ops became delinquent on their credit.

An interesting condition for success was found: In almost all of the cases of AID-supported institutions that gained financial self-sufficiency, relations with AID terminated earlier than originally planned, usually because of conflicts between AID and the recipient. This was the case of both FACACH and FENACOPARR.

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- * Williams, T. T. "The Role of Low-income Rural Cooperatives in Community Development." American Journal of Agricultural Economics (December, 1974), 913-918.

This article evaluates the role of U.S. low-income (or emerging) cooperatives in community development from the standpoint of civic sophistication of the leadership, and economic thrust of the cooperative activities.

A general lack of political sophistication of the leadership is noted. However, a positive advantage of increased community pride of the membership is noted, as a side-effect of the emerging cooperatives. Williams suggests that training in the needed political sophistication is available from established cooperatives and land grant colleges, but hasn't been made available to the emerging cooperatives.

Regarding economic thrust, the author notes that few actual economic gains have been forthcoming from the emerging cooperatives to their members. Again, he suggests a lack of support from the land grant colleges may have to take some of the blame.

Williams concludes that emerging cooperatives have great potential as catalytic agents in community development, but a mechanism is needed to train leaders, and disseminate information on tested approaches to community development. He suggests that training centers at the land grant colleges could provide such a mechanism.

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- * **Tewfik, Gamil Ahmed, A Study of Minnesota Credit Unions with Consideration of Adaptability of Such Institutions to Underdeveloped Countries. Ph.D. Dissertation, University of Minnesota, 1955, Ann Arbor, Michigan: University Microfilms, 15,965.**

Tewfik first analyzes the credit unions of Minnesota, concluding that despite some weaknesses in the system, they are helping to fulfill real needs of low-income people. He then presents some conclusions on the transferability of the model to developing countries. Although maintaining that credit unions do have universal applicability, Tewfik nonetheless points out that significant differences exist between the credit situation in the United States and that in developing countries.

Usurious interest rates charged by informal money lenders, and incomes too small to allow much savings, are two of the main difficulties facing the establishment of a credit system in less developed countries. Previous attempts to combat usury have mostly concentrated upon fixing the interest rate, but this has just resulted in restricting the amount of credit available to low-income, high-risk borrowers, and in forcing lending into the hands of black marketers.

Given this situation, cooperative credit would seem to be the ideal solution, but progress in this area has been slow. The main reason for this, according to the author, is that work to establish credit unions to date has been mainly the result of individual effort. Part of the solution, Tewfik feels, is for governments to recognize the value of credit unions, and to promote them.

The author then presents several suggestions for establishing credit unions in developing countries:

1. Membership should be limited to a specific group having a common interest. This will provide for a greater sense of responsibility towards the group on the part of the members, and will reduce overhead costs by minimizing losses and collection costs and the need for extensive investigation of loan applications.
2. Considerable preliminary footwork should be carried out before setting up the credit union (teaching bookkeeping, parliamentary management, etc.)
3. A slow and careful pace should be maintained.
4. In order to encourage thrift, members should be required to make a savings contribution before they are eligible for loans, and also to purchase one or more shares in the society. However, the par value of the shares should be low enough to allow low-income members to participate.
5. Since savings are likely to be too small to meet the demand for loans, outside sources of working capital will be needed. The government is the only probable source of this capital, and channelling of such funds can best be done if the credit unions have a federated structure with a central overhead organization. However, the temporary nature of such government help must be stressed.

* United Nations. Economic and Social Council, 58th Session. Contribution Made by the Co-operative Movement to the Objectives of the Second United Nations Development Decade: Report of the Secretary-General (E/5597) 18 December 1974.

Trends in the role of cooperatives in developing countries reported are:

1. Support to cooperative movements has been increasing, but the better educated and wealthier often usurp much of this support.
2. The roles of women and of youth are receiving increasing attention.
3. There is increasing emphasis on cooperative education and training, stressing new methods, particularly visual aids and radio. Numbers of cooperative training centers are increasing.
4. There has been a shift towards multipurpose and even multisectoral cooperatives (e.g., agricultural cooperatives that branch out into other sectors, such as housing, small-scale industry, transport, etc.).
5. An acceleration in the creation and expansion of thrift and credit societies (credit unions) was a major trend of the early 1970's.
6. There has been a significant increase in the contribution of cooperatives to agricultural production through the supply of credit, fertilizers, seeds, tools, etc.
7. Handicraft cooperatives have made steady progress in many countries.
8. In the area of institutional and structural reforms, the role of cooperatives is controversial. Major questions have been raised regarding the basic theories underlying the cooperative movement:
 - (a) "Are the social or economic objectives of cooperatives and their mode of operation structurally responsive to the problems of poverty and social reforms in developing countries?"
 - (b) "Does effective support by the government of the cooperative movement and its incorporation in national development plans affect the basic cooperative principles of self-determination, democratic decision-making, and voluntary membership?"
 - (c) "Is it possible to conceive of cooperatives as an enclave of structural reforms, independent of the rest of the society? Are there any conditions under which cooperatives can assume the role of vanguards for structural reform?"

Recommendations made by this report include:

1. Cooperatives should increase their help of the less privileged.
2. Cooperatives should be integrated into national development plans to a larger degree.
3. Governments should take specific practical measures to ensure the maximum effectiveness of cooperative programs. These might include: establishment of co-op development centers and groups; encouragement of contacts between cooperative leaders and government authorities, trade unions, peasant movements, etc.; further support of co-op training and education, particularly at the grassroots level; support for the mobilization of local savings, to assist cooperative self-help; and the inclusion of cooperatives among government subcontractors to provide goods and services for the public sector.
4. Multilateral and bilateral agencies and non-governmental organizations should continue and strengthen their assistance to cooperative movements in developing countries, with special emphasis on small cooperative projects at the village level.
5. Cooperative movements in the developed countries should intensify their efforts to establish an international financing and supporting mechanism for cooperatives in the developing countries. This should follow the pattern of the World Council of Credit Unions.

- * Van Dooren, P. J. "The Cooperative Approach in Implementing Land Reform Programmes, with Special Reference to the Tunisian and Egyptian Experiences." Department of Social Research, Royal Tropical Institute, Amsterdam, Holland. 1976. Duplicated. pp. 27.

The author reviews three areas of cooperative experience in North Africa that have displayed three different approaches.

The first is located in the Medjerda Valley of northern Tunisia, where multi-purpose cooperatives accompanied a land reform. Membership in the cooperative was compulsory for land reform recipients. The cooperative functions embraced technical assistance, purchase of inputs, processing, marketing, renting machinery, and acting as intermediaries in loans. The cooperatives encountered several problems, manifesting themselves above all in a very high default rate. The problems included:

1. A poor selection process for land recipients that was especially pronounced in mismanagement of water resources (many were ex-nomads, with no farming experience)
2. Loan terms were often too easy, leading peasants to believe that the money was a grant
3. Overoptimistic expectations on the part of the farmers

The author reports that over the course of time, a solution was found to encourage especially the depressed livestock production: prices much closer to market value were paid to the individual producers.

The second cooperative form studied concerned production cooperatives in northern Tunisia. Tunisian production cooperatives centered around largely the expropriated farms of French colons, with many Tunisian farmers supplying additional land. Minimum size was usually 500 hectares; every member was obliged to work. Problems were considerable, leading to a complete reversal of government policy in 1969. These problems included:

1. Resentment from small farmers over the compulsory contribution of land to the cooperative
2. Lack of technical experts and experienced administrators that resulted in very low productivity
3. Strong resistance from neighboring, large land-owners

In general, the production cooperatives with the greatest success were those where former workers on the colon estates dominated.

The third cooperative form considered came from the Egyptian land reform. There a unique system of cooperation developed, which combined private ownership of the land (and some private cultivation) with communal

production activities, as well as other functions of multi-purpose cooperatives. In sum, the author states that these cooperatives were essentially a form of state organization in the country-side, as local participation was minimal.

In conclusion, the author argues that the Egyptian production cooperative fared better than the Tunisian attempts (measured in terms of employment and income). The source of the multi-purpose cooperatives' problems lay not in their conception, but in the selection of members and in poor management.

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* von Muralt, Jurgen. "Cooperatives, Agricultural Reform, and Agricultural Development in the Arab Republic of Egypt." Cooperative Information, 3/75. ILO, Geneva.

The author reviews in brief the factors behind the Egyptian land reform, the development of new rural institutions, and some problems encountered.

The land reform of the early '50's was carried out on the principle of maintaining a high degree of private initiative while introducing modern efficient farming techniques.

A hybrid cooperative approach was chosen: land ownership and many functions remained in private hands, but the cooperative assumed some crucial production roles, the marketing, and dispensing of credit. The production solution was to pool individual plots so that a three-crop rotation could be applied in a rational, efficient manner. The individual retained a plot of land in all three sections and was largely responsible for its cultivation. Common activities included irrigation control, planting, and harvesting.

Each land-reform village was assigned a government supervisor, who, in concert with regional agricultural banks, oversees the borrowing and repayment of loans. In its functions as a supply and marketing institution, the Egyptian co-op has been quite successful.

The paternalism of the supervisors is seen as one of the gravest problems. Often their zeal to report sound financial statements to the regional agricultural authority overrides the priority of placing the funds in infra-structural investments. The supervisors also haven't prepared the cooperative for their eventual withdrawal, leaving the elected village directors ill-trained in management.

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