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The Cooperative Movement in ASIA and AFRICA:

Problems and Prospects

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КООПЕРАЦИЯ В СТРАНАХ АЗИИ И АФРИКИ:
ПРОБЛЕМЫ И ПЕРСПЕКТИВЫ

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PREFACE

When the walls of colonialist imperialism crumbled in Asia and Africa, a process of social and economic changes began. This process, however, is slow and difficult. "By political manoeuvring, blandishments and blackmail, military threats and intimidation, and all too often by direct interference in the internal affairs of the newly-free countries, capitalism has in many ways managed to sustain the earlier relationships of economic dependence. On this basis, imperialism managed to create and run the most refined system of neocolonialist exploitation, and to tighten its hold on a considerable number of newly free states."[1]

The further advance of socio-economic change in newly-independent countries will depend on the extent to which they are firm and consistent in their struggle against various forms of dependence on imperialist states, on the extent to which they are able to overcome outdated economic relations and involve the broad popular masses into active social life.

Cooperative societies can play a significant part in the process of uniting various strata of the population in many Asian and African countries. Guided by the revolutionary-democratic forces, the cooperatives are coming to play an increasingly important role in solving urgent economic and social problems, securing national sovereignty, and enhancing the living standards and social activity of broad sections of the population. At the same time, tribal chiefs, communal leaders, big landowners, foreign businessmen, and the indigenous bourgeoisie in some of these countries want to make the cooperative societies a new instrument of exploitation and oppression of the peasants, artisans, and industrial workers. This is not very difficult in view of the fairly high degree of social heterogeneity characterising cooperative societies in Asia and Africa. Cooperatives embrace owners of small-scale peasant holdings and rich peasant farms, artisans and their creditors, office workers in privately owned and state companies, clergymen, the military and the police force. The employer and his

[1] Mikhail Gorbachev, *Political Report of the CPSU Central Committee to the 27th Party Congress*, Novosti Press Agency Publishing House, Moscow, 1986, p. 19.

employees are often members of the same cooperative. Most of the cooperative membership, however, are peasants.

At the present stage, the peasants constitute one of the principal forces of socio-political development in newly-independent countries. The economic and social progress in Asia and Africa depends, to a considerable extent, on the peasants' attitude to economic and social changes. So far, cooperatives are the most developed form of peasant organisation, with the help of which the peasants intend to counterweigh exploitation and improve their living standard and labour conditions. The same purpose is pursued by artisans and workers in state-owned and privately owned enterprises. Hence, the cooperative membership—the majority of whom are peasants, industrial workers, and artisans—have similar goals, and this creates conditions favourable for joint action by the cooperated working people. It is because of this that the cooperative movement is objectively a powerful social force despite the complex and contradictory character of its development. In the young Asian states, the total cooperative membership has surpassed 130 million, in the young African states —25 million people. Cooperatives embrace ten or more per cent of the population in each of the following countries: Algeria, Bangladesh, Burma, Ghana, India, Nigeria, Tanzania, Sri Lanka, Ethiopia, and in some other countries.[1]

In India, for example, cooperated producers account for half of the total sugar output in the country; in Kenya cooperatives control the production and distribution of over 40 per cent of the agricultural produce. Cooperatives in Algeria, Burma, Madagascar, Tanzania, Sri Lanka, Ethiopia and many other countries are also doing a great deal to stamp out illiteracy and set up a health care system, they also try to improve the housing conditions, etc.

Cooperation in newly-independent countries is a vital and constantly developing system which exerts increasing effect on the growth of productive forces and the character of emerging

[1] At present, some 600 million cooperative members are registered in the world. Of these, some 510 million are members of the International Cooperative Alliance (ICA), embracing 165 national cooperative societies representing 70 countries. Some national cooperative societies are not ICA members. (*International Cooperative Alliance. XXVIII Congress,* Geneva, 1984, p. 9.)

production relations in society. It is no accident that Western economists, sociologists, and political scientists are trying to inculcate among the leaders of national cooperative societies a variety of their own conceptions of social-reformism as an alternative to the radical programmes by progressive forces—who are in favour of using cooperation as an important means of democratising society and eliminating exploitation.

Among the external factors affecting the character and orientation of the cooperative movement, the campaign for international peace and security has a special role to play. Imperialist countries are striving to provoke in African and Asian countries distrust of the peace and disarmament policy pursued by socialist states, and to divert the attention of public organisations from the burning issues of our day. Therefore, invigoration of the activities undertaken by national cooperative societies in newly-independent countries within the international cooperative movement may become a major factor in the world effort to achieve peace and security: the newly-independent countries are a part of the world and, as the rest of the world, are threatened by a new world war.

* * *

Generalisation of the experience of cooperative development in newly-independent countries, including the failures and shortcomings, is of considerable practical importance. This book examines the major aspects of the various forms of cooperation. The author undertakes to identify the distinctive features of the cooperative movement, the emergence and development of various forms of cooperation, the functioning of cooperatives under colonial domination in the period of the struggle for national independence, and at the present stage of the cooperative movement in African and Asian countries. The book traces the influence of the social milieu, traditional institutions and political parties on the functioning of cooperative societies and the degree of their involvement in social and class conflicts; it examines ways of forming the cooperative sector, the role played by cooperatives in the implementation of agrarian reforms, the cooperatives' potential capacity for boosting agriculture, the activities, prospects and orientation of various types of cooperation. The book also draws attention to some other serious issues: cooperation be-

tween state bodies and cooperatives in the countries oriented on capitalism and those oriented on socialism[1]; the nature of and principles governing the economic links between cooperatives in socialist and newly-independent states. The book describes the experience amassed in the course of cooperative development in the USSR and other socialist countries, which may be of use to developing countries.

The present stage is the first page in the history of the cooperative movement in the newly-independent states. In the years to come the cooperatives are expected to become more active and diverse. It is of particular practical importance to analyse the pattern of cooperative development, the cooperatives' activities, their defeats and shortcomings. This book is intended for a broad readership: activists of the cooperative movement, agricultural and local industrial experts in the newly-independent countries, teaching and student staff at higher and special secondary schools, as well as the general reader who wishes to understand the economic and social changes currently taking place in Asian and African countries.

[1] The conception of the path of socialist orientation emerged in the mid-1960s. For the newly-free countries it offered an opportunity for embarking on the road of socialism. However, socialist orientation is not yet the direct building of socialism. In the countries of socialist orientation only the preconditions have been created for the building in the distant future of a socio-economic system devoid of exploitation. In most of these countries the conditions are not yet ripe for the emergence of a socialist system. In many of them capitalism has gained a foothold. Capitalism has had a dual effect. On the one hand, it has helped stimulate the growth of productive forces, particularly in the co-operative sector. On the other, in a sitiation where working people are isolated from the administration of economic and social processes, further consolidation of capitalism carries the threat of the country's non-democratic development.

Those developing countries which uncritically copy the radical socio-economic reforms of the socialist countries, especially the experience of forming village co-ops, are making a big mistake. The practice of building a new life in countries where productive forces are highly developed cannot be mechanically applied to countries with poorly developed economies. The shortcomings and mistakes committed by many countries of socialist orientation are often associated with the development path chosen by them. This is not so. The economic and social processes are affected by a wide range of objective and subjective factors of both internal and external origin.

Chapter One

THE EMERGENCE AND DEVELOPMENT OF COOPERATION IN ASIAN AND AFRICAN COUNTRIES

1. A Few Words About the History of Cooperation

The history of the cooperative movement opened in the second half of the 18th century. Its theoretical foundations are contained in certain works by economists, philosophers, and public figures: Robert Owen in Britain, Benjamin Franklin in the United States, Louis Blanc in France, the Decembrists in Russia.[1] The first cooperatives, in the form of socio-industrial communities, appeared in Britain, France, and the United States.

Pioneers of the cooperative movement asserted that through cooperation the working people could completely eliminate exploitation, carry out a radical transformation of society and replace capitalism with socialism. This was the theory of Utopian Socialism, based on the belief that it is possible to eradicate social contradictions and attain universal harmony through cooperation.

Practice has shown that under capitalism cooperatives alone cannot change the social system and protect the working people against poverty and exploitation. Nonetheless, the emergence of first producer cooperatives were the first expression of the workers' protest against ruthless exploitation at capitalist enterprises and their desire to organise a new type of production, based on just principles.

The cooperatives set up in the late 18th-early 19th centu-

[1] The Decembrists—Russian revolutionary noblemen who staged an armed uprising against the emperor Nicholas I in December 1825 (hence, Decembrists). Their revolt had far-reaching social and historical consequences: it marked the beginning of the organised revolutionary movement in Russia. When exiled to Siberia, they turned to organising cooperatives, by which they thought to better the situation of the exiles and their families.

ries were short-lived. Their collapse and disappearance were predetermined by the absence of the objective conditions of a new type of production relations, excluding exploitation and oppression. The bourgeoisie did all in its power to compromise workers' cooperative enterprises and ruin them.

The consumer cooperatives that arose in Britain, France, Italy, Germany and Russia in the middle of the 19th century initiated the wide-scale development of the cooperative movement.[1] One cannot but wonder at the viability of the first consumer cooperatives and the fact that they managed to avoid the fate of the producer cooperatives previously organised by workers. First of all their viability is explained by the fact that the consumer cooperatives did not set out to change the production relations predominating at the time. Their main purpose was to improve the living standards of small individual groups of people. Consumer cooperatives organised trade and this promoted the progress of commodity-money relations. The capitalist investors in industry had not cause for concern over the activities of consumer cooperatives, particularly at the early stages of their development. Moreover, as a rule, their statutes contained a clause on abstaining from political activity. Nevertheless, cooperatives limited in some way the capitalist system of exploitation. Gradually, the bourgeoisie came to show more interest in the activities of the cooperatives made up of industrial workers, and devised certain ways of controlling them in order to make them serve its own interests. Where these attempts failed, such methods of competitive struggle were used that the cooperatives found themselves in inordinately difficult conditions and were more often than not compelled to cease their activities.

In Asian and African countries, the first cooperatives appeared one hundred or more years later than in European countries.[2] In newly-independent countries, the process of their

[1] In Britain, consumer cooperatives appeared in 1844, in France —in 1848, in Germany and Italy—in 1853, in Russia—in 1864. It is noteworthy that the first attempt to set up a consumer cooperative was made in Russia, in 1831, when exiled Decembrists organised a consumer cooperative which they called Bolshaya Artel (Big Cooperative).

[2] See: Supplements.

emergence, as well as their goals and patterns, had little in common with the first cooperatives set up in European countries. This was because, in most of the countries that had been under colonial dependence, commodity-money relations were in an embryonic state. Colonialism tried to preserve pre-capitalist production relations in these countries and impeded the advance of economic and social processes. The working people simply had no opportunity to create public and economic organisations functioning independently of the colonial administrations.

The first cooperatives in Asian and African countries in fact emerged under the aegis of the colonial administrations, which intended to secure their hold on the indigenous population by means of cooperation. The emerging indigenous bourgeoisie began to organise their own cooperatives. The progress of the cooperative movement in these countries was slow, complicated, and contradictory. This may be explained by the following factors.

Firstly, cooperatives were allowed to function on the basis of statutes approved by the colonial authorities. Any deviation from the established order of formation, setup, and operation of the cooperatives was cut short. The cooperatives organised independently of the colonial administrations were short-lived because of their weak material base and lack of skilled personnel, or dismantled on the direct orders of the authorities, who feared any form of association by the indigenous population.

Secondly, major landowners, tribal chiefs, and community elders looked askance at the emergence of cooperatives involving low-income strata of the population. They were well aware that cooperation would facilitate the organised effort of the peasants against exploitation and oppression. Other factors impeding the emergence and spread of cooperative societies were the illiteracy of the overwhelming majority of the population and the lack of practical experience in any form of public activity on the part of peasants and artisans.

Third, the predomination of subsistence peasant holdings and the inadequate development of commodity-money relations restricted the population's interest in cooperatives. These factors explain why, in the colonial period, the ideas of the

cooperative movement penetrated the dependent countries very slowly. The population of these countries were inclined to treat them warily.

The activities of the International Cooperative Alliance, set up in 1895, promoted the spread of cooperation. The ICA circulated literature on the cooperative movement and the principles upon which it was built, and invited cooperators from different countries to its sessions and seminars. At the same time, the ICA was to some extent an agent of colonial policies, since it lavished praise on the policies conducted by the colonial powers in dependent countries. Desiring to divert the cooperatives from political struggle, the ICA advocated the idea of preserving and increasing the private property of the members of cooperative organisations. Its statute adopted in 1896 proclaimed the principle of the political neutrality of cooperative organisations. The Alliance, it stated, is involved neither in politics nor in religion. It can manage with its own resources and has no need to be an instrument of any party. The political neutrality principle was excluded from its statute at its Twenty-Third Congress, in 1966.

The colonialists sought to shield the cooperative movement from penetration by progressive ideas, among which the ideas of socialism caused them particular worry in view of the fact that the policy documents of some European workers' parties contained a clause on the need to draw cooperative societies into class struggle, to involve their members in the movement against exploitation and oppression.

Despite the extremely unfavourable economic and social conditions existing in a number of dependent Asian and African countries, the population began to show a growing desire to organise cooperatives. The first cooperatives appeared primarily in the countries where commodity-money relations had asserted themselves. As a rule, cooperatives embraced workers involved in the production of export crops; there were very few cooperatives producing farm products for the internal market.

Under colonial domination, cooperation was most widespread in India. Here cooperative credit institutions were formed to counterweigh the operations of merchant-and-usury capital. In 1904, the colonial administration passed the Co-

operative Societies Act.[1] The Act placed the cooperatives under the strict control of an official appointed by the administration of a state. The 1911 and 1915 legislative acts on credit cooperative societies and the legislative measures concerning cooperation adopted later just protected the interests of the emerging indigenous bourgeoisie and the colonial administration. Notably, they encouraged the formation of cooperatives in which most of the rank-and-file members worked on land belonging to large-scale landowners, who appropriated the bulk of the output.

In African countries, too, cooperation among the local population was encouraged, when their activities promoted the interests of the metropolitan countries. Cooperatives were often formed according to the racial principle. In 1951, for example, Kenya had 233 black African cooperatives, 13 white cooperatives, and 11 Asian cooperatives. By the end of the fifties, the trade turnover of the white settlers' cooperatives was 16.8 million pound sterling and of the African cooperatives—2.5 million pound sterling.

Until 1962, Botswana had 227 cooperatives: 21 white societies (4,600 people) and 206 black African cooperatives (35,600 members). In 1962, the British administration disbanded the cooperatives. In 1965, two cooperatives involving the indigenous population were set up.[2]

In South Africa and Namibia the racial division of cooperatives is still preserved, and the dominant policy vis-à-vis the indigenous population is arbitrary rule and violence.

In West Africa, the British colonial administration had for many years harassed and broken up the African cooperatives which opposed the low purchasing prices and the colonial powers' monopoly on the export of farm products. The administration also encouraged the narrow specialisation of the cooperatives producing some export crops.

The same occurred in the Belgian and French colonies and dependencies. In Burundi and Zaire, the Belgian colonial au-

[1] W. C. Shrishrimal, *Urban Co-operative Banks in India. Progress, Problems and Prospects*, Abhay Bhide, Bombay, 1978, pp. 6, 7.

[2] *Cooperative Information, Supplement No. 3*, Directory of Co-operative Organisations, Africa South of the Sahara, Geneva, 1975, pp. 16-17.

thorities set up so-called *paysanates* in the guise of peasant cooperatives. The peasants were more or less forced to settle in the vicinity of roads. The new settlements were formally called cooperatives. That made it possible to keep the local population under constant control.

The French authorities in African countries arranged the so-called "indigenous (native) prudential societies". Officially, their work was supposed to be based on the cooperative principle. In fact, they were created by coercion, and were used to step up the scale of exploitation. In Dahomey (the name was changed to Benin in 1976), members of the colonial administration set up several marketing cooperatives, the majority of which, however, went bankrupt shortly after they came into being. The French colonialists in 1907 in Algeria had 78 agricultural (marketing and credit) cooperative societies. Many of these were engaged in grain production and derived large profits from exploiting the local population. The cooperatives leased plots of land, which the peasant sharecroppers worked using their own implements. The cooperatives sold the standing crop, thereby obtaining large profits with minimum expenditure.

Under the Portuguese colonial administration in Mozambique, several agricultural cooperatives were organised comprising inhabitants of small rural settlements. They were totally dependent upon the colonial administration, who fixed quotas on the production and sale of farm crops. These cooperatives, however, did not play any significant role in the country's economic life. By 1960, only 12,000 peasants had been cooperated, which comprised a mere 0.2 per cent of the total population.

It is a noteworthy fact that the cooperatives created by the colonial authorities and indigenous wealthy used the narrowness of the internal market to buy up the produce of the noncooperated peasant holdings at low prices. More and more peasants began to regard the cooperatives as a tool of exploitation. This opinion is still fairly widespread.

Bourgeois sociologists tend to see the organisation of the first cooperatives in Asian and African countries as a noble and disinterested undertaking by European states designed to stimulate the development of colonial countries and improve

the life of the indigenous population. The West German sociologist Alfred Hanel, for example, writes as follows: "The British colonial administration quite early on saw in cooperation a suitable means of stimulating economic and social progress in dependent territories. This form of organisation, which had proved itself in Europe, turned out to be suitable for raising the productivity of agriculture and crafts in Asia and Africa, thereby improving the population's living standards."[1]

The assertion that the colonial powers saw in cooperatives suitable means of stimulating economic and social progress is groundless since in most of the dependent countries the cooperative movement was so slow that it could hardly have any tangible effect on economic and social processes.

In Malaysia, Nepal, South Yemen and some other countries, the cooperative movement was virtually nonexistent until the end of the Second World War. In Jordan, Iraq, Iran, Indonesia, and the Philippines, the first cooperatives appeared also after the war.

The same is true of African countries. The first cooperatives that appeared in Ghana were isolated and uncoordinated. The government cooperative department began to function only in 1944, and its activities were intermittent under the colonial rule. There were very few cooperatives in Guinea, Zambia, Madagascar, Mali, Nigeria, Rwanda and many other countries. In the thirties and forties, cooperatives involving the indigenous population were set up primarily on the initiative of the emerging indigenous bourgeoisie. It controlled the cooperative movement and sought to use the cooperatives as a source of capital accumulation.[2] The entrepreneurs used the funds obtained from the dues and the profits from the sale of the goods produced by the cooperated peasants and artisans to expand their own businesses. They took advantage

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[1] A. Hanel, *Genossenschaften in Nigeria*, Marburg, 1967, S. 5.

[2] Kwame Nkrumah, a prominent leader of the national liberation movement in Africa, wrote as follows: "Our colonial status prevented us from accumulating as individuals the reserves of capital necessary to establish on a private basis those major enterprises which will lay the foundation of a sound industrialised economy and expand and diversify our agriculture." (Kwame Nkrumah, *Africa Must Unite*, Heineman, London, 1964, p. 101.)

of the fact that the bulk of the rank-and-file shareholders were illiterate and inexperienced in business and public affairs to take control of the cooperatives' funds. Thus, the emergence of the cooperative movement in Asian and African countries was accompanied by the appearance of new—concealed —forms of exploitation. Despite this, the cooperatives had also a positive part to play, since their activities promoted the development of commodity-money relations and the formation of the national bourgeoisie, thereby somewhat facilitating the development of the productive forces.

The emergence of credit and marketing cooperatives involving indigenous population speeded up extension of credit relations, thus creating conditions for marketing the produce of individual holdings. The positive effect of the first cooperative societies was, needless to say, fairly insignificant due to the fact that wide sections of the population were beyond the cooperatives' influence.

The national liberation movement grew stronger during the Second World War. The large-scale involvement of the popular masses had a positive effect on the cooperative movement among the peasants, artisans, and patriotically minded intellectuals. In many countries, cooperatives became the first and most highly organised form of working people's association. More and more people began to show interest in cooperatives.

The following data can serve to illustrate the noticeable growth in the number of cooperatives that took place in some Asian countries in the forties. By the middle forties, India had several thousand cooperatives embracing 10 million people.[1] In 1940, Ceylon (Sri Lanka) had 1,600 cooperatives embracing over 70,000 people.

The process of cooperation expanded in African countries during the last years of colonial rule. In 1950, Uganda, for example, had 271 cooperatives with the total membership of 25,000. In 1960, shortly before national independence, the number of cooperatives was 1,622 and their total membership had exceeded 210,000.

[1] J. M. Rana, *Multi-purpose Cooperative Societies in South-East Asia*, ICA, New Delhi, 1974.

A number of factors explain the rise of the cooperative movement shortly before the collapse of the colonial system. First, by the time India, Ceylon, Uganda and other countries had rid themselves of colonial dependence, the development of commodity-money relations had begun to gain momentum. Another factor was that the colonial authorities, wishing to increase the flow of cheap farm produce and raw materials into the metropolitan countries with the help of cooperatives, were encouraging cooperation among the indigenous population (they also hoped that this would divert the indigenous population from the political struggle). The third factor was that, at the time, the cooperatives represented the accessible and legal form of association, and hence the national intelligentsia, experiencing racial and political discrimination, sought a support among the working people for its effort to change the existing situation. The intellectuals had realised that the cooperative movement could be employed in the struggle against colonialism, to improve the condition of the popular masses and to win their trust. The colonial authorities, on the other hand, had intended to use the cooperative movement to counter the national liberation struggle. Thus, in some countries there were conflicting trends fighting for supremacy over the cooperative movement in the period before independence.

One example to illustrate this is provided by present-day *Tanzania* (formerly Tanganyika, Zanzibar and Pemba). In 1960, one year before Tanganyika's independence, 617 cooperative societies embracing 310,000 African shareholders, the majority of them producing coffee, were registered.[1] There also existed some cooperatives embracing European planters.

Even under colonial rule, progressive forces operating on the territory of present-day Tanzania made some attempts to set up such cooperatives on which they could rely for support. In 1958, the Afro-Shirazi Party, which led the national liberation movement, bought a strip of land in Kilombero (Zanzibar I.) and allocated it to some landless peasants who supported this party. They organised an agricultural cooperative. The Afro-Shirazi Party helped these peasants to build

[1] *Cooperative Information. Supplement No. 2, Cooperative Chronology*, ICA, Geneva, 1973, p. 216.

homes and obtain seeds. Shortly after the uprising (12 January 1964) and Zanzibar's liberation from colonial rule, the government gave the cooperative considerable financial aid. The cooperative was the first in the country to use tractors.

In *Angola,* the cooperatives provided the population with various products and agricultural raw materials. They also supplied food to the patriotic forces waging the armed struggle for national liberation. Members of the MPLA (Angola Popular Liberation Movement) worked in the field together with the peasants, during the sowing and harvesting seasons.

In *Guinea-Bissau,* the patriotic forces gave much attention to peasants' cooperation during the years of struggle for independence. Amilcar Cabral, the leader of the African Party for the Independence of Guinea and Cape Verde (PAIGC), set the Party the objective of organising collectively worked land plots and pilot cooperatives producing farm products and promoting crafts. The peasant cooperatives set up in liberated areas provided reliable support to the patriotic forces. Colonial administration, forced labour, and high tax rates were eliminated. When the country gained independence, peasant cooperation accelerated. Demobilised soldiers returned to their home villages and became actively involved in organising and consolidating peasant cooperatives.

In *Mozambique,* the part played by the cooperatives in the armed struggle for emancipation from colonial rule was highly praised by the Third Congress of FRELIMO (the Mozambique Liberation Front). The Congress noted that in the liberated areas many cooperatives had been organised, engaged in salt mining, catching and drying fish, producing agricultural and household implements, collecting and repairing arms.[1]

The programme of the *South-West Africa People's Organisation (SWAPO),* leading the struggle waged by the people of Namibia for national liberation, points out the importance and necessity of encouraging cooperation. SWAPO sets up cooperative societies in refugee camps. They are engaged in the production, procurement and distribution of foodstuffs and clothing. They involve people who have left their homes

[1]See: *Documentos do 3° Congress da FRELIMO,* Maputu, 1977.

in collective forms of labour, and assist the patriotic forces' effort to free the country from the racist regime of South Africa. Despite the hard conditions, the refugee cooperatives are marked by democracy and the desire to rally the refugees in the face of the very difficult conditions of life in the camps. Cooperatives have also contributed to teaching the population to read and write, providing medical care, educating the children. It is expected that cooperation will spread among the peasants when the colonialists are driven out of the country.[1]

The struggle waged by Asian and African peoples for liberation from colonial dependence has, therefore, stimulated the formation and development of cooperation, and encouraged wide sections of the working population to take part in it. The working people have begun to show more and more interest in cooperation despite the fact that most of the cooperatives were rather weak from the organisational point of view, had no clear programme of action, and were often impeded in their progress by the influence of clan and tribal relationships. In a number of countries the cooperatives have rendered considerable assistance to the patriotic forces in waging their struggle against colonialism.

2. Cooperation in African and Asian Countries in the First Years Following the Collapse of Colonialism

When Nazi Germany and militarist Japan were routed in the Second World War and the national liberation movement of the colonies, supported by socialist countries, took on a new dimension, colonial imperialism began to crumble. In the first decade following independence, the number of cooperatives increased rapidly in some newly-independent countries. The cooperative movement then began to exert a noticeable influence on the economic and social processes occurring in the young states. More clear-cut trends were revealed in the progress of cooperation.

[1] *The Constitution and the Political Programme of the South-West Africa Peoples' Organisation,* SWAPO of Namibia, 1977, p. 56.

The elimination of colonial rule initiated an intensive and, to a certain extent, dual process. On the one hand, the fast development of commodity-money relations was creating the necessary conditions for expanding cooperation in the sphere of commodity exchange. On the other hand, the increasing involvement of peasants and artisans in cooperation promoted the progress of commodity-money relations, since the cooperatives provided channels through which the commodity-producers could sell their output, purchase goods, obtain loans, and use them for expanding production. The cooperatives' activities streamlined, as it were, the development of commodity-money relations, often directing the process to serve national objectives.

As mentioned earlier, the dominance of communal relations has a major impact on the cooperative movement. The effect was not altogether negative. In many African countries, for example, the primitive collectivism typical of the communes and the communal ownership of land had a positive effect on the rate of cooperation among the peasants. Marx had described this as follows: "The fact that the peasant is accustomed to team relations makes it easier for him to transform from individual to cooperated farming."[1] The emergence of cooperatives on this basis has a spontaneous character. Engels wrote that "the artel is a cooperative society that has arisen spontaneously and is, therefore, still very undeveloped... Such societies are formed wherever there is a need for them."[2]

In other words, a number of principles regulating cooperative societies (the collective form of ownership, mutual assistance, etc.) were easily accepted by the members of traditional communes. (The contradictory nature of the effect of communal relationships on cooperation will be analysed later in this book.) In some newly-independent states (such as Ghana, Zambia, Mali and Tanzania and several others) the government took energetic steps to set up cooperatives on the basis of traditional communes.

[1] Karl Marx, Friedrich Engels, Werke, Bd. 19, Dietz Verlag, Berlin, 1962, S. 389.

[2] Karl Marx, Frederick Engels, *Collected Works*, Vol. 24, Progress Publishers, Moscow, 1989, p. 44.

Many of these countries (among them Algeria, Burma, Guinea, Indonesia, Madagascar) had hoped that cooperation could be an effective instrument in eliminating poverty, illiteracy and unemployment, and developing medical services. The choice of these objectives stimulated the population's interest in cooperation and increased the efficiency and numerical strength of cooperative societies.

In some countries, within 5-10 years after independence, the cooperatives had a membership of several hundred thousand people. The cooperative membership in India in 1956, for example, was 17.6 million, and 1.3 million in Sri Lanka in 1958.[1] The pace of cooperation was fastest in rural areas. The prevailing type of cooperative in Asian countries was the credit cooperative. Thus, in India the total membership of rural credit cooperatives was 5.1 million in 1952-53, 6.6 million in 1954-55, 9.2 million in 1956-57.

Although cooperation developed at a fairly high rate in the late 1950s, it was weak from the organisational point of view, and in many countries the cooperative societies had no clear-cut programme of action.

The measures taken to promote various forms of cooperation were not always based on a profound analysis of all subjective and objective factors. In many countries, the population was not yet ready for cooperation. Scarce material and financial resources had placed the cooperatives in a difficult position. In some countries (Mali and Tanzania, for example), coercion was used to draw the peasants into cooperatives; this, as was to be expected, had a negative effect on the population's attitude toward cooperation. Some of the hastily organised cooperatives broke up very quickly. In Mali, for example, the number of cooperatives grew from 84 to 250 between 1963 and 1967, and then went down to 100 between 1967 and 1972, that is, 150 cooperatives were dissolved.[2]

The progress of cooperation was impeded by the acute shortage of skilled personnel. In most cases, cooperatives were set up and managed by people lacking necessary experience

[1] J. M. Rana, *Multi-Purpose Cooperative Societies in South-East Asia*, ICA, New Delhi, 1974, p. 132.

[2] *Cooperative Information. Supplement. No. 3*, p. 116.

and knowledge. Sometimes, managerial posts were occupied by people who used their prominent position to pursue their own personal ends. As a result, many cooperatives went bankrupt and were dissolved.

In some countries, the normal functioning of cooperatives was impeded due to the elaborate and cumbersome structure of cooperative management. In Senegal, for example, the following bodies were set up to coordinate the peasant cooperatives: agricultural development agencies, the department for cooperation and assistance in development, the department of agricultural commerce, and an agricultural training centre.[1] As could be expected, this cumbersome system of cooperative management hobbled the peasants' independence and initiative.

In several countries there were even cases of one cooperative coming under several departments. In Libya, for example, the legal side of the operation of all the cooperatives came within the province of the Ministry of Labour and Civil Service. The agricultural cooperatives were controlled by the Ministry of Agriculture, the fishermen's cooperatives—by the Ministry of Industry, the consumer cooperatives—by the Ministry of Trade. The absence of a single coordinating centre was a serious obstacle to further progress in cooperation.

Because many developing countries were in a poor financial situation, the cooperatives in these countries could not rely on the state's financial assistance. The progress of cooperation (particularly of the marketing and consumer cooperatives) was hampered by fierce competition from privately-owned firms and enterprises. Another negative factor was the low level of the population's general education and the lack of any decision-making experience. In a number of countries, the purchasing prices of some goods were fixed at an inordinately low level, which discouraged their producers and meant that these cooperatives were running at a loss. Nonetheless, in many developing countries the cooperatives became a positive factor in economic and social affairs. By the 1970s, for example, the cooperated peasants in Kenya accounted for 90 per cent of the total output of pyrethrum, 75 per cent of the cotton output, 50 per cent of the coffee output, and 30 per cent of the milk output. At that time, cooperatives produced 25 per cent of the cocoa output and 5 per cent of the palm oil output in Nigeria. In the Central African Republic in 1972/73, cooperatives produced 817 tons of cotton, 36 tons of milk, 10 tons of oil.[1]

[1] *Cooperative Information. Supplement No. 3*, p. 175.

In Ghana, Tanzania and many other countries, the cooperatives became involved on a large scale in major social policies, such as eliminating illiteracy, providing housing and organising medical care. The cooperatives had an ever greater part to play in the social and political affairs of many young states.

By the early seventies, the cooperative movement had gathered speed with the state coming to play an ever greater part in economic management. More and more working people were joining in.

3. The Cooperative Movement of Newly-Independent Countries in the Eighties

By the eighties, cooperatives had come to embrace a substantial proportion of the economically active population in African and Asian countries. Statistics show that cooperators comprise some 30 per cent of the economically active population in Bangladesh, 27.8 per cent in India, 28.2 per cent in Indonesia, 14.5 per cent in Iran, 24.5 per cent in Turkey, 10.9 per cent in Sri Lanka.

The majority of cooperators in African and Asian countries are males (heads of families). The percentage of women in the total cooperative membership is fairly insignificant. Considering that an average family consists of five members, it is possible to roughly calculate the proportion of families directly linked with the economic and social activity of various cooperatives. Table 1 shows that in Bangladesh, India, and Sri Lanka this proportion comprises some 50 or more per cent of all families.

India has the greatest number of cooperatives in Asia.

[1] *Cooperative Information. Supplement No. 2. Cooperative Chronology*, pp. 93, 141, 163.

Table 1

Number and Membership of Cooperatives in Some Asian Countries in Mid-Eighties

Country	Number of cooperative societies (thou.)	Cooperative membership (mln)	Proportion of cooperative members in the total population (per cent)	Proportion of families involved in cooperatives (per cent)
Bangladesh	88.7	8.0	9.0	50
India*	350.0	80.5	10.6	over 50
Indonesia	over 23.0	over 11.1	11.0	over 50
Iran	18.4	2.4	6.3	33
Sri Lanka	9.7	1.6	11.4	about 60
Syria	3.9	0.4	10.0	about 50
Turkey	34.0	4.6	10.0	52

* ICA and Indian statistical reference books state that India has 80.5 million cooperators, 60 million of whom are rural inhabitants. According to the data cited at the Tenth All-India Cooperative Congress (1985), the country has some 120 million cooperators, but of these 40 million shareholders are passive members and are only formally registered as cooperative members. The data on the cooperated section of the Indian economically active population stated in this book does not include the passive members.

Also, the past 25 years have witnessed a steady growth in the number of cooperators and the size of cooperative societies. The average size of a cooperative is 230 members with the share capital of 200 rupees per each. The aggregate amount of the cooperatives' capital exceeds 15 billion rupees.

Cooperatives have become fairly widespread in Africa. Their growth can be illustrated by the data contained in Table 2.

It can be seen that the cooperated section of the economically active population comprises 23 per cent in Ghana, 3.1 per cent in Zambia, 4 per cent in Cameroon, 15.7 per cent in Kenya, 15.7 per cent in Mauritius, 1.7 per cent in Madagascar, 0.8 per cent in Morocco, 37 per cent in Mozambique, 5.7 per cent in Nigeria, 3.8 per cent in Sierra Leone, and 12 per cent in Uganda. The table shows that in Africa the percentage of the families directly involved in the economic and social activities of cooperative societies is significantly low-

Table 2

Number and Membership of Cooperatives in Some African Countries in the Early Eighties

Country	Number of cooperatives	Cooperative membership (thou.)	Proportion of cooperative membership in total population (per cent)	Proportion of families involved in cooperatives (per cent)
Angola	3,800	450	7.9	about 40
Burundi	200	—	—	—
Ghana	3,500	1,000	10	45
Cameroon	—	150	1.9	14
Kenya	about 1,500	977	6.6	33
Madagascar	350	75	0.9	3.2
Morocco	—	45	0.2	4.5
Mauritius	300	55	6.1	27
Mozambique	about 3,200	350	20.3	about 100
Nigeria	16,800	1,700	2.3	12
Sierra-Leone	—	50	1.7	7.2
Sudan	over 4,600	over 600	6.1	about 40
Tanzania	about 10,000	—	—	entire rural population
Uganda	2,700	650	5	25
Zambia	755	75	1.4	about 7

er than in Asia. In Angola, Ghana, Kenya, Mozambique, and Tanzania the cooperatives attend to a wider section of the population than in Zambia, Madagascar, Morocco, Sierra Leone and some other countries. However, in some African countries, 40 or more per cent of the population are directly or indirectly linked with cooperatives.

According to ICA data, the cooperatives attend to the needs of some 20 per cent of the population in developing countries.[1] The actual figure must be higher, since not all the existing cooperatives are represented in the ICA, and some of

[1] *Review of International Co-operation*, Vol. 74, No. 2, ICA, 1981, p. 84.

the families using the services of cooperatives are not themselves cooperative members. As was stated earlier in this book, in some major countries (Bangladesh, India, Tanzania, Turkey, Sri Lanka) over 50 per cent of families are members of cooperative societies. We may assume, then, that no less than 30-35 per cent of the population in Asia and Africa use the services of cooperative societies.

It must also be stated here that in recent years some young states have shown a decrease in the growth rate or even the actual number of cooperatives and the size of cooperative membership. This is explained by the fact that government bodies and cooperative unions now attach more attention to the character and efficiency of cooperative societies than during the previous decade. The drive to increase the numerical strength of cooperative organisations and the proportion of the population using their services has been moderated. Some serious miscalculations were made in the process of the organisation and running of cooperative societies. This (apart from the organisational and operational errors) has repelled part of the population from cooperation, and their weak material base slowed down their progress.

Acute political contradictions and military conflicts in some developing countries have had a detrimental effect on the progress of the cooperative movement. Notably, after the 1965 military coup in Indonesia, the number of the consumer cooperatives was reduced by 5,631 and the number of members—by 2.4 million, or more than three-fold. The military administration prohibited the operation of those cooperative societies which served the working people's interests by promoting progressive social reform in the country. The progress of cooperation had markedly slowed down in the Arab countries as a result of Israeli aggression. In 1967, Jordan lost over 60 per cent of its cooperative societies when Israel occupied part of its territory.

The numerical growth of cooperatives and cooperative membership is to a considerable degree determined by the socio-economic orientation of a given state. Thus, when Angola, Mozambique, and Tanzania opted for socialist orientation, energetic steps were taken in these countries to stimulate various forms of cooperation and enhance the cooperatives' role in the

implementation of economic and social changes.[1] The process of cooperation has been fairly slow in some countries of socialist orientation (Madagascar). This can be explained by the fact that individual farms are more isolated and the peasants are more tied to their plots than in other countries because of the scarcity of arable land; another factor was that the state upheld the principle of voluntary cooperation.

In developing countries, as analysis has shown, young people (below 30) are the section of the population most actively and willingly involved in the cooperative movement. Young people are more inclined to seek an education, hence there are comparatively more educated people among the youth. The young are, therefore, less exposed to the influence of the numerous habits and customs impeding cooperation. With the rise of the educational and cultural level,[2] the burden of traditional relationships, prejudices, and inhibitions lessens, speeding up the pace of social changes. Hence the greater interest shown in the cooperation process by people just beginning their economic activity.

Over 40 per cent of the population of African and Asian countries are below 15 years of age. In Bangladesh, Ethiopia, Indonesia, Iraq, Mali, Pakistan, Thailand, and several other countries over half of the population are below 20. The great proportion of young people in the population of the newly-independent countries allows us to suppose that the coming years will see a substantial increase in cooperative membership—provided, of course, that the process of democratisation continues. Reinforcement of the cooperatives' material

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[1] There were some cases of violation of the principle of voluntary cooperation in Angola and Tanzania. The negative consequences this entailed will be analysed later in this book.

[2] In India and Bangladesh, for example, over 80 per cent of the children attend primary school. In Burma, nearly 100 per cent of the children are at school. Mass media—radio, television, cinema, and the press—are becoming ever more widespread in developing countries. Fifty-one million copies of newspapers and other publications in 84 languages are put out in India every day. The country has 86 broadcasting radio stations covering 90 per cent of the population and 11 TV centres covering 19 per cent of the population (the figure is expected to rise to 70 per cent in the near future); 700 films are released annually. (*India*, No. 4, 1985, pp. 7-8.)

base, elimination of illiteracy, and overall social progress are indispensable conditions of success.[1]

With the rise of the cooperative movement in developing countries, the International Cooperative Alliance has devoted more attention to it. Beginning with the 20th ICA Congress in 1957, issues pertaining to the problems of cooperation in the newly-independent countries have been regularly discussed. The cooperative federations of India, Malaysia, the Philippines, Ceylon, Ghana, Cameroon, Mauritius, Nigeria, and Sudan had all joined the ICA by 1957.[2] The 21st ICA Congress (1960) stated that the Alliance embraced 19 national cooperative societies in newly-independent states.[3]

Until 1972, however, the cooperative organisations in developing countries had the status of "observers" in the ICA and could not take part in decision-making on an equal footing with the cooperative federations of the developed countries. It was only on the insistence of *Centrosoyus*[4] and the

[1] It is worth noting that in the developed capitalist countries the average cooperative member is "older" than in the developing ones. I can explain it by two factors. First, the percentage of young people is significantly higher in the Asian and African countries than in the developed capitalist countries. In the US, Italy, Holland, Norway, Finland, France and a number of other industrial states people over the age of thirty comprise more than half of the population. (*Yearbook of Labour Statistics, 1981,* ILO, Geneva, 1981, pp. 14-25.) Second, many cooperatives in the capitalist countries tend to avoid involvement in political affairs; and young people are reluctant to join organisations in which their participation in socio-economic processes will be restricted. Another factor repelling young people is the predomination of the bourgeoisie in many cooperatives, which means that those who join these organisations will take part in the exploitation of working people. That is why the majority of young people in such countries as Britain, France, Canada, and the United States have adopted a passive attitude toward the cooperative movement.

[2] *Report of the Twentieth Congress at Stockholm from 4th to 7th August, 1957,* ICA, London, 1957, p. 23.

[3] *Report of the Twenty-First Congress at Lousanne from 10th to 13th October, 1960,* ICA, 1960, pp. 1-12.

[4] *Centrosoyus*—the Central Union of Consumer Societies of the USSR, is the economic and coordinating centre of consumer cooperative organisations in the USSR. It was founded in 1917, and coordinates cooperative trade (primarily in the countryside) by drawing local produce onto the market, it also deals with consumer services.

cooperative federations representing other socialist states that this discrimination was ended.

Increased representation of the African and Asian cooperatives in the ICA speeded up the growth of ICA membership. Supplement 2 traces the growth of cooperative membership in 1895-1988. The number of cooperatives, as can be seen, has been growing at a stable rate. The exception is the Second World War, which had a detrimental effect on the international cooperative movement (see the chart in Supplement 3). The growth in the number of Asian representatives of cooperative societies was particularly impressive in 1985, when the Chinese cooperators joined the ICA.

The cooperatives operating in newly-independent states reveal many specific characteristics, explained by the social heterogeneity of their membership, the diversity of the conditions under which they emerged, and the nature of the social and economic changes taking place. However, the general information on the numerical growth of the cooperatives represented on the ICA has made it possible to trace the overall growth of interest in cooperation on the part of the population, define the part played by cooperatives in social life, and predict possible numerical changes concerning the cooperative societies. Without the data on the numerical changes in the cooperative membership in each continent and in groups of countries representing different socio-economic systems, it is difficult to draw a more or less complete picture of the character and essence of the cooperative movement in Africa and Asia. Table 3 illustrates the numerical growth of the cooperative societies in the world over a twenty-year period.

As can be seen in Table 3, the Asian and African cooperatives make up a significant proportion of the ICA membership. The table also shows that the growth of cooperative membership in Asia and Africa slowed down in the 1970s. The Asian and African cooperatives made up 22.8 per cent of the

The consumer cooperatives embrace over 60 million people; they have 370,000 retail trade outlets, 92,500 public catering outlets (restaurants, cafés, canteens, etc.), 20,000 industrial units, over 400 construction enterprises, 5 R & D institutes, 7 institutions of higher education, and over 130 vocational schools. *Centrosoyus* became an ICA member in 1921.

Table 3

Number of Cooperative Associations Represented in the ICA from 1957 to 1976*

Continent	Cooperative Membership (million)			
	1957	1965	1970	1976
Asia	27.2	58.3	94.3	114.1
America	15.8	27.8	58.0	62.1
Africa	0.1	0.9	2.2	3.0
Europe	76.4	111.1	132.5	163.2
Australia & Oceania	0.4	0.6	2.1	4.0
Total	120.1	199.0	289.2	346.5

* Not all the cooperative organisations of certain countries (Ghana, Indonesia, Chile, etc.) are represented in the ICA. There are also cases of the cooperative organisations of a developing country leaving the ICA, as the cooperative organisations of Zaire, Lebanon, and Jamaica, which left the ICA in the 1970s. The ICA has barred entrance to the cooperatives of South Africa and Namibia. Albania, Libya, the Central African Republic, the Republic of Chad and some other states are not represented in the ICA. (D. Banchieri, *Cooperative nel Mondo*, Editrice Cooperative, Rome, 1980.)

ICA in 1957, 29 per cent in 1965, 33 per cent in 1970, about 33 per cent in 1976. Considering that the total numerical strength of the ICA cooperators increased by 23,500 thousand people from 1976 to 1984, we can assume that no significant change has taken place in the relative weight of the cooperative societies of each continent.[1] Supplement 4 contains a chart tracing the general trend in the development of the cooperative movement by regions.

In 1988, the aggregate cooperative membership of the capitalist countries represented in the ICA (including Australia) was 131 million people, of the socialist countries—249 million, of the developing countries of Asia, Africa, and Latin

[1] China has the largest membership of cooperative organisations—150 million people (1989). China has 35,000 marketing cooperatives embracing 80 per cent of the economically active population and 270,000 consumer societies accounting for 51 per cent of the retail trade. The cooperative membership is 80.5 million people in India, 60 million in the USSR, 46.7 million in the United States, 13.7 million in Japan, 13.5 million in Romania, 10.8 million in Britain.

America—130 million. In other words, the developing countries have nearly caught up with the capitalist countries as regards the numerical strength of cooperators (see the chart in Supplement 5). Considering that many national cooperative societies in developing countries are not members of the ICA, we have grounds for supposing that the developing countries have surpassed the capitalist countries as regards the total number of people involved in cooperatives. Despite the fact that the cooperative movement in the developing states has gained strength fairly recently (in the past 20 to 30 years), the percentage of cooperative membership in the total population in some of these countries (primarily in Asia) has been nearing the indices of some developed capitalist countries.[1]

Practically all cooperative types may be found in the majority of developing states. The strongest of these cooperatives are those that were brought to life by the favourable conditions created by agrarian reforms and other economic and social changes.

Due to the lack of separate statistical data for the cooperatives in town and countryside, it is difficult to define the proportion of the urban and rural population involved in cooperatives. In the majority of Asian and African states, the rural population makes up some 80 per cent of the total. It may be supposed that peasants comprise no less than 80 per cent of the cooperative membership.

The bulk of cooperatives operate in the sphere of commodity-exchange. The spread of cooperation in this sphere at the first stage of the cooperative movement is only natural. Cooperatives in the sphere of exchange can emerge and function,

[1] In the mid-eighties, cooperators comprised 33 per cent of the population in Austria, 20 per cent in Belgium, 7.4 per cent in Italy, 22.5 per cent in Norway, 21.3 per cent in the United States, 18.5 per cent in France, 38 per cent in Sweden, and 11.5 per cent in Japan. It should be noted that in the majority of socialist countries, the cooperators make up a greater proportion of the population than in developed capitalist countries: 34.4 per cent in Bulgaria, 40 per cent in Hungary, 24 per cent in the German Democratic Republic, 61 per cent in Romania, 22.2 per cent in the USSR (not counting the members of housing and gardening cooperatives), 27 per cent in Czechoslovakia, 7 per cent in Yugoslavia.

for a certain period, even with a relatively weak material base and inadequate financial resources. The experience accumulated by these cooperatives helps later, when producers' cooperatives are set up and developed.

To sum up, the first cooperatives—which emerged in some African and Asian countries before independence were dependent on the colonial administration and, as a rule, served its interests. In the period preceding liberation, the emerging national bourgeoisie became increasingly involved in cooperation. In spite of the fact that quite often the cooperatives were used as an instrument of new forms of exploitation of the working people, their activities promoted the development of commodity-money relations and speeded up the collapse of pre-capitalist forms of exploitation.

Colonial dependence impeded the economic and social progress in African and Asian countries. Colonial rule left its inevitable imprint on the cooperative movement, which can still be felt in the post-colonial period.

Many difficulties and problems are impeding the progress of cooperation. A great number of cooperatives face an acute shortage of funds and qualified personnel. Nevertheless, some irrevocable quantitative and qualitative changes are taking place in the cooperative movement. The newly-independent countries have almost drawn level with the developed capitalist countries in the numerical strength of their cooperators. The cooperative organisations in these countries are playing an ever greater part in the running of economic and social affairs.

Chapter Two

COOPERATION AND THE SPECIFIC NATURE OF SOCIAL RELATIONS IN AFRICAN AND ASIAN COUNTRIES

1. The Impact of the Social Structure on Cooperation

The cooperative societies in newly-independent countries are fairly diverse in their social composition since they reflect the social structure of society. They embrace peasants, semi-proletarian elements, small and middle bourgeoisie in town and countryside, members of the armed forces, representatives of religious organisations, and representatives of other social groups.

In the majority of developing countries, the working class is still in the stage of formation and is therefore rather weak numerically; there is still no clear-cut class stratification of the population. Hired labour is widely employed in industrial enterprises, on construction projects, and in agriculture. However, many of the workers employed on a temporary basis by industrial and construction firms, transport, etc. have close links with rural areas, where they own small plots of land and where their families still live. At the same time, the working class has been growing numerically in nearly all of these countries.[1]

There are still not enough cooperatives embracing industrial workers, and the ones that do exist are fairly weak. Most of them are consumer cooperatives. The chief purpose of these cooperatives is to improve the living standards of their members by setting up retail outlets selling goods at prices lower than in privately-owned shops.

In the developing countries of capitalist orientation, the organisation of cooperatives involving industrial workers is a difficult problem. Such cooperatives are not supported by the

[1] In Asia, the number of persons working for hire is some 199 million people, of which 51 million (25.6 per cent) are employed in industry and transport. Of the 33 million hired workers registered for Africa, only 4 million (12.1 per cent) are employed in industry and transport.

state, and have to face severe competition from privately-owned enterprises with a better material base. Nonetheless, the number of cooperatives involving workers has also been growing in the countries of capitalist orientation. This is explained by two factors: (1) numerical growth of the working class, (2) the fact that the workers can exert more influence on socio-economic and public life due to their growing experience of the class struggle. The leader of Russian proletariat, Lenin, stressed that "the strength of the proletariat in the process of history is immeasurably greater than its share of the total population".[1] But, as the organisations involving workers take an ever greater part in the struggle and become ever more consistent champions of the working people's interests due to the numerical growth of the working class and inculcation of the revolutionary tradition, it is to be expected that the bourgeoisie will, in turn, intensify its attempts to subordinate the cooperatives to their own interests—as happened in Britain, France, Germany, Russia, and some other countries in the last century.

So far, the majority of cooperative members are small owners,[2] whose stance within the cooperative movement varies, their views and attitudes with regard to economic or social change being influenced by the current political situation in the country, the strengthened or weakened positions of socialism-oriented or capitalism-oriented circles. In Lenin's words, the mass of small owners, the petty bourgeoisie, "involuntary and inevitably gravitates one minute towards the bourgeoisie, the next towards the proletariat".[3] This is true of the African and Asian countries as well.

It is significant that the majority of the rural and urban

[1] V. I. Lenin, "The Development of Capitalism in Russia", *Collected Works*, Vol. 3, Progress Publishers, Moscow, 1977, p. 31.

[2] The rural and urban small-scale owners in developing countries differ in many ways from their counterparts in developed capitalist countries. In the African and Asian countries, the so-called independent owners experience the influence of communal relationships and traditional institutes (reflected in the existence of tribal and communal chiefs, castes, local communities, etc.). Many of the small-scale private owners can barely make the ends meet.

[3] V. I. Lenin, "Constitutional Illusions", *Collected Works*, Vol. 25, 1980, p. 202.

small owners still dislike the former colonialists intensely. The small owners, afraid of economic dependence on foreign capitalists, are now inclined to support those who are waging a struggle against foreign monopolies and oppose capitalist exploitation in general. In the countries where steps are taken to restrict capitalist forms of economic management, the cooperatives embracing small owners can and do become a tangible force in the struggle for democracy and social justice.

The economic and social interests of the small owners largely coincide with those of the industrial workers. One way of uniting these two forces is provided by cooperatives. Here, the working class can influence the small owners, making them companions and allies in the struggle for deepening the national liberation process.

The developing countries are witnessing the swift, simultaneous pauperisation and proletarisation of the peasantry. The broad involvement of peasants in cooperation helps to mitigate the process of peasant pauperisation and relates the peasants' goals and interests to the goals and interests of the working class.

As has been mentioned, the majority of the cooperatives are involved in selling farm products. Owners of small farms hope that through cooperatives it will be easier for them to sell their output; buy implements, seeds, and fertilisers; secure state financial assistance; find protection against the arbitrary action of landowners and money-lenders. Major landowners, the national bourgeoisie expect to use the cooperatives for selling finished goods, seeds, fertilisers, and machinery to the peasants. Cooperatives where the big bourgeoisie is in command have been increasingly using hired labour (Egypt, India, Kenya, Morocco, and some other countries). There are also cooperatives of merchants, government employees, and clergy; many of them simply do not admit low-property strata (Indonesia, Jordan, Pakistan, Turkey).

Totally different measures, designed to set up cooperatives involving poor or landless peasants and low-property strata of the population, have been adopted in some countries of socialist orientation. Opinions differ on whether it is correct to prevent well-to-do sections of the population from joining cooperative organisations. In some countries of socialist orien-

tation, the rural and urban bourgeoisie are free to join co-operatives. The advocates of this point of view reason as follows: (1) the adoption of strict measures to prevent the wealthy peasants and other wealthy sections from entering co-operatives cannot fail to exacerbate class contradictions; (2) the cooperatives involving poor and landless peasants and semi-proletarian sections in the cities are, since their members are poor, incapable of saving even a portion of the share payments to be used for expanding agricultural and artisan production and organising cooperative trade. They also assert that the involvement of more or less wealthy people in cooperatives is not only in the interests of the cooperative movement but also in the interests of the national economy as a whole. The advocates of this view allude to the way cooperation of the peasants was carried out in those socialist countries where wealthy peasant farms were allowed to join cooperatives (Hungary, Romania, the GDR). Still, the experience accumulated by some European socialist countries in cooperating individual peasant farms cannot be fully applied to developing countries because in the socialist countries in question the influence of the rich peasants on cooperation was restricted by the dictatorship of the proletariat. There are no conditions for the establishment of such dictatorship in the young states of socialist orientation. Their governments are not strong enough to make private merchants, rich artisans and peasants serve the interests of all society. The assertion that class contradictions will be exacerbated if the rich peasants are barred entry to cooperatives are rather dubious: if rich peasants and other representatives of the wealthy strata are admitted into the cooperatives, they will assume a strong position there, intensifying class inequality in society in general. They do so even in the cooperative societies made up primarily of small-scale commodity producers, poor and landless peasants.[1]

[1] This was what happened in pre-revolutionary Russia. The rich were responsible for one-third of the cooperative membership. The majority of the cooperatives' boards were comprised of capitalists and well-to-do families. The latter comprised only 27.6 per cent of the membership of all credit cooperatives in Russia in 1911, while 72.4 per cent were low-income and average-income families. Nonetheless, all the leading posts in the cooperatives were occupied by representatives of the bourgeoisie.

Joining cooperatives, the bourgeoisie, on the one hand, uses them to eliminate precapitalist production relations and employs in its own interests the fact that toiling peasants are dissatisfied with the preservation of some tribal and feudal relations. On the other hand, the bourgeoisie fears the development of the democratic tendencies and the flow of working people into the cooperative movement. If it fails to fully take over the leadership in the cooperatives, it begins to oppose them.

The social structure of the cooperative movement is a problem of great practical importance for the developing countries. In this connexion, it becomes a matter of urgency to draw as many small-scale and average producers as possible into cooperative organisations. If they predominate within the cooperatives and take an active part in running them, it will have a great influence on the character and social orientation of cooperation.

In many developing countries, the cooperation processes have been unfolding under the powerful influence of the communes and their evolution. The effect that the traditional commune has on cooperation has been widely discussed in works by scholars from developing countries. Some of them think that cooperation can be successful only if based on the traditional commune and on preserving the basic principles of the communal relations. Thus, the Indian scholar P.S. Joshi is of the opinion that the restoration of the communal principle of farming on the higher level is essential to the progress of the cooperative movement and overall social progress.[1] This opinion is shared by R. N. Misra and B. E. Onuoha, a Nigerian pastor.

The prominent African economist S. Amin supports the opposite point of view. He asserts that the commune and its traditions cannot avoid transformation and tend to lose their special significance in the wake of modern forms of production. Research by the Cameroonian economist O. Afana has examined the modern commune taking into account the significant changes that have occurred within the communes and

[1] P. S. Joshi, "Problems of Land Reforms on the Second Stage", *Man and Development*, Vol. 3, No. 1, Chandigarh, 1981, p. 21.

notes that the tendency for individualism has been intensifying. While not rejecting the idea of using the communal relationships in the organisation and operation of cooperatives, O. Afana believes that cooperatives must be run on a strictly scientific basis. A prominent leader of the Ashanti province in Ghana, A. Nti, thinks that it is erroneous to set up a broad network of cooperatives on the basis of existing traditional communes since, "the most kind intentions have come to naught as a result of overestimating their strength and idealising the commune". A. Nti is not against the cooperation of commune members, but opposes any haste in organising cooperatives and opening them to admit those whose purpose is to secure credits granted on easy terms and who are not at all concerned about the efficiency of collectively-run farms.

Some scholars hold that the commune is a brake on social and economic progress, a stagnant and obsolete socio-agrarian institution. In their opinion, the commune has no future in the countries either of socialist or capitalist orientation.

There is no doubt that the commune, in its classic form, indeed impedes social progress and the advance of productive forces. It is not stagnant, however, but undergoing profound change. Its members are gradually becoming involved in commodity-money relations and show an increasing interest in more effective management. Some members of the existing communes have been trying to expand their land holdings and acquire the property rights over them. A process of property differentiation is under way. On the other hand, there are cooperatives, organised on the basis of the traditional commune, which set themselves the objective of stimulating agricultural production and promoting progressive social change among the peasantry.

Thus, two directions have been discerned in the evolutionary processes within the commune. One is tending to reinforce the position of the rural elite, who have seized leadership within the commune. The other facilitates the progress of those collective methods of work developed throughout the previous history of the commune.

In the African countries, the commune remains a principal form of social organisation. From 60 per cent to 80 per

cent of the population of Tropical Africa as a whole and 80 per cent to 90 per cent in Nigeria, Ethiopia, Somalia, Burkina Faso, Niger, the Central African Republic, Chad, Zaire and Botswana are commune members. There are a great variety of communes, each with its own specific features and social differences, just as the political situation in different countries is marked by some specific features. The composition of each commune and the character of relations prevailing within it are marked by ethnic and religious distinctions, characteristics developed in the course of the labour process, etc. Each commune, therefore, must be analysed separately, in its specific historical situation.

The changes experienced by the commune are the result of external and internal factors. In the countries where capitalist enterprise is gaining an ever stronger position, the forms of communal organisation impeding the progress of commodity-money relations are being eliminated. In these countries, cooperatives set up on the basis of traditional settlements accelerate the collapse of the more archaic forms of communal organisation. They facilitate the abolition of subsistence economy and precapitalist economic forms, and, from this point of view, they are fairly progressive. On the other hand, such cooperatives also play a reactionary role in view of the fact that, operating under the leadership of the rural elite, they inculcate new methods of exploitation of the population.

Marx drew attention to the contradictory nature of the village commune. He pointed out that collective ownership of the land must inevitably unite the members because of the community of their interests. At the same time, the individual character of their work on the land promotes the private mode of appropriation. This, in the final count, generates profound contradictions. According to Marx they may be resolved either through "a private-owner element existent in the community overcoming the element of collectivism, or the latter overcoming the former."[1]

The new forms of the commune may exert either a nega-

[1] Karl Marx, Friedrich Engels, *Werke*, Bd. 19, S. 388-89.

tive or a positive effect on economic and social processes, but the economic methods that have been developed throughout the commune's long history and the community of its members' interests do not contradict the principles of cooperation. The defects and shortcomings of cooperative activity among the commune members have both objective and subjective reasons.

In some countries of socialist orientation the commune is seen as an important instrument for organising collective forms of agricultural production. In Madagascar, for example, the organisation of cooperatives on the basis of *fukunulunas* is encouraged.[1] It is hoped that this will ensure the country's progress toward socialism and achieve independent, just, and balanced development.

The diverse forms of public organisation—mutual assistance associations, district communities, religious groups, guilds, sports clubs, etc.—leave a noticeable imprint on the character of the cooperative movement in African and Asian countries.

It is worth noting that associations and religious groups embrace people belonging to various social groups: transport owners and workers servicing the vehicles, enterprise owners and wage-earners, etc. Members of the same cooperative may belong to different, and often competing, associations. Far from all cooperators view their cooperative membership as seriously as they do their membership of a religious group or other association.

In recent years, the number of community groups in towns has risen significantly as a result of the increasing migration of rural inhabitants. The traditions, group solidarity and clan feeling preserved in such groups impede the economic and social progress.

Often cooperative leaders are elected, not for their business acumen, but for their membership of a caste, tribe, or group. The President of the Congo, Denis Sassou-Nguesso, said: "The masses have often been duped. Not infrequently, the peasants

[1] The *fukunuluna* is the lowest territorial division within the commune. The general meeting of its members elects executive organs of power.

would follow the lead of parochial and tribalistic elements, would even elect rabid reactionaries—provided they were their compatriots or members of their tribe."[1]

In some newly-independent countries, the influence of tribal chiefs is still enormous. They wield social and political power. In Botswana, Ghana, Nigeria, Zambia, and other former British colonies, for example, a tribal chief is the chief administrator, judge, and government tax collector in the territory occupied by his tribe. Chiefs of the largest tribes take an active part in the country's internal and external policies, and not infrequently are maintained by the state. No wonder, then, that in some of these countries tribal chiefs determine the cooperatives' organisational structure and orientation.

Ghana, for example, has 108 tribal chiefs. To be able to start residential building, a cooperative must obtain the permission of the chief of the tribe living on this territory. This concerns the government as well. For a long time the major of Accra (the capital of Ghana), for example, could not obtain such permission to build the City Hall.

Meanwhile, the chief of the tribes inhabiting the north of the country, Augustin Adda, assists the cooperatives' activities, allocating them funds to purchase agricultural machinery. He purchased from the Soviet Union several *Belarus* tractors, a harvester, and other machinery. Cooperatives have been set up on the basis of several communes within this tribe; they have been allotted land, including in irrigated areas. Noticeably, they produce three crops a year. The cooperatives cultivate rice, maize, nuts. Due to more productive labour, the cooperative fields give better crops than the individual farms. The cooperators have significantly improved their financial situation, obtained some useful experience in collective methods of work and running economic and social affairs. The chief intends gradually to extend the use of collective methods of work and reinforce the cooperatives' material base.

This, needless to say, is not a typical example but an exception. Far from all tribal chiefs in Ghana approve of Adda's initiative.

It must be pointed out, however, that tribal chiefs, while

[1] *World Marxist Review*, 1978, No. 4, p. 45.

they are ardent champions of old customs and traditions, cannot fail to take into account the impressive changes taking place in their country, the changes in its social structure.

The way of life, interests, and education of the chiefs, elders and other leaders have also been changing. Only 20 or 30 years ago they rarely left their residences, and as concerns learning and culture, were practically at the same level as their subjects. Now, many chiefs and their children are educated abroad, and quite often work in a professional capacity for the good of the territories under their authority. In some countries, tribal chiefs are employed by the diplomatic service, some of them hold important posts in government agencies and cooperative organisations.[1]

Apparently, the traditional institution of chiefs and elders will be preserved for a long time to come, but their role in social and economic life is expected to undergo radical changes. This will be facilitated by the strengthening of state power, the transformation of obsolete production relations, the changes occurring in the current social structure, and the rise in the population's level of education and culture. The expansion and overall democratisation of the cooperatives' economic and social activity are also expected to reduce the role and significance of tribual traditions.[2]

Caste distinctions, particularly strong in India, exert a negative influence on the cooperative movement. As a rule, cooperatives are comprised of members belonging to one caste. Gunnar Myrdal, a well-known researcher into economic and social processes in the developing countries, writes that "there seems to be no examples of cooperative farms where members of different castes live and perform manual work together."[3]

[1] Gazela P. Manchveng, a tribal chief, was for a number of years the Botswanian Ambassador to the United States. Titus Adde Balagun of Nigeria, headed the cooperative movement in the Kwara State.

[2] In the former French colonies and dependencies in Africa, the institution of tribal chiefs was not as important as in the British colonies and dependencies. The state, therefore, was able to eliminate their authority altogether. Soon after independence, the chiefs were stripped of their administrative and political power.

[3] G. Myrdal, *Asian Drama. An Inquiry Into the Poverty of Nations,* Vol. II, Pantheon, A Division of Random House, New York, 1968, p. 1354.

The castes' collaboration within the cooperative movement has so far been established at the level of regional authorities. The US researcher, M.P. Franda, notes that many castes have merged to play the leading part in farming agencies and cooperatives. Their political status has also risen.[1] Ending caste division will take a longer time than overcoming the influence of tribal chiefs, elders, etc. If caste distinctions are gradually reduced and eliminated, some of the merit will lie with the cooperatives.

Religious organisations do not ignore cooperatives too. In some countries, economic ties have been established between them, the religious organisations providing cooperatives with seeds, fertilisers, pedigree cattle, etc. Along with this, they disseminate their own views and outlooks among the cooperators. If the cooperatives' activities injure in some way the interests of religious organisations, the latter take reciprocal measures against them. The fact must not be disregarded that many cooperators are believers.

Religious organisations have preserved their influence due, among other things, to a significant percentage of an illiterate cooperators or those poorly educated.[2]

The influence of religion on the cooperative movement is increasing in a number of countries; but it is also possible that conflicts will arise within the cooperative movement between those who are impeding social progress by adhering to religious dogma and those who wish, with the help of cooperatives, to raise the population's educational and cultural level, advocate equal rights for women, etc.

The trade unions have been gaining strength in the developing countries. They have come to play a noticeable role in public life, in the efforts to improve the living standards

[1] M P. Franda, *India's Rural Development: An Assessment of Alternatives,* Indiana University Press, Bloomington, London, 1979.

[2] Thus, only one person in the 25-member marketing cooperative *Buchetekela* can read and write; and only two can read, write, and count in the 17-member producer cooperative *Buntungo* (Zambia). In the cooperative sugar factory in Panipat (state Haryana, India) 5 per cent of the workers are literate and 65 per cent can read only with difficulty. In all three cooperatives, the members are ardently religious.

of the working people and to achieve social changes. The trade unions and the cooperatives often pursue the same or similar goals, and there are instances of their fruitful cooperation in some developing countries. Thus, in its effort to consolidate the left-wing democratic forces, the Indian National Trade Union Congress finds support on the part of those cooperative societies that hold progressive views and serve the interests of the working people.

A women's trade union has been set up in India. It embraces 50,000 self-employed women. An important part of its work is the organisation of women's cooperatives, primarily in rural areas. Many women are given a chance to obtain the skills required to make wicker furniture, carpets and cloth, and also learn to read and write. The trade unions in Nigeria, Sri Lanka, Ethiopia, and some other countries actively participate in the organisation of cooperative societies. The progress of the cooperative movement will promote the trade union movement, since the trade unions will be able to use the experience accumulated by the cooperatives in the course of their public work. The activisation of the trade unions will, in turn, have a beneficial effect on the cooperative movement and will, in particular, facilitate the implementation of certain social policies.

2. The Political Parties and the Cooperative Movement

The creation of new and the activisation of the existing parties is taking place at a rapid pace in developing countries. Party leaders are closely watching the progress of the cooperative movement, hoping to use it for their own purposes. Instances are known of conflicts arising within cooperatives between members supporting different parties.

The leaders of political parties are well aware that the success of the efforts to resolve the economic and social problems facing their countries depends in many ways, on the attitude adopted by the population and the level of its activity. They are searching for the most suitable, from their point of view, forms of public association, and above all as regards the

peasant population, comprising the majority of the population in the developing countries. They are trying to interest the peasants in the implementation of economic, social, and political objectives. One of the common forms of public association encouraged by political parties are cooperative societies. As was mentioned earlier, the parties which led the national liberation struggle in Guinea-Bissau, Mozambique, Tanzania and some other countries have become involved on a wide scale in the organisation of cooperative societies in order to use them as an important means of combating colonialism and involving the population in economic and other forms of activity.

Here are some concrete examples to illustrate the importance attached to the cooperative movement by ruling political parties. The Manifesto of the Botswana Democratic Party defines the cooperative movement as a principal component of the state's development strategy. The Manifesto states as follows: "The BDP has always supported cooperatives not only because they help to increase production, but also because they are owned and run by their own members."[1]

At the Second Congress (1984) of the ruling Unity for National Progress Party (UPRONA), Burundi, it was noted that the party and government lay particular stress on the all-round effort to promote the organisation of cooperatives, especially producer ones.

The Manifesto of the National Party of Nigeria envisages the encouragement of rural producer cooperatives.[2] The Manifesto of the Uganda People's Congress states that the party has invariably promoted an increase in the cooperative movement, which is an important factor in economic growth and development.[3]

The policy documents of the revolutionary-democratic forces give much space to methods of stimulating various forms of cooperation and enhancing their economic and social importance. Thus, the Charter of the Malagasy Socialist Revo-

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[1] *Botswana Democratic Party. Election Manifesto 1974*, Printing & Publishing Co. Botswana (Pty) Ltd., Carbone, s.a., pp. 26-27.

[2] *National Party of Nigeria. Manifesto*, s.a., 4th December 1978, p. 1.

[3] *Manifesto 1980. Election*, Kampala, UPC, 1980.

lution adopted by a national referendum stresses that the co-operative system is the principal factor of agricultural progress, since this progress is impeded most of all by the fragmentation and tiny size of individual farms. The Charter sets the objective of creating viable production units, capable of investing capital, employing up-to-date methods of agriculture, ensuring that the personnel, credits and machinery allocated by the state are used profitably, and of conducting work with the purpose of uniting landowners and cattle-breeders in producer or marketing cooperatives.

In 1983, the Fourth Congress of FRELIMO (Mozambique) set the objective of involving millions of small farmers in the cooperative movement.

The Communist and Workers' Parties in developing countries attach the greatest importance to the spread of co-operation among peasants and industrial workers. They use cooperatives for stimulating the working people's political awareness, democratising of social life, expanding the cooperative sector and enhancing its role in the national economy. In some countries, the Communist and workers' parties have done a great deal to help in the organisation of cooperatives involving industrial workers and owners of small farms.

The Eleventh and Twelfth congresses of the Communist Party of India stated that one of the most important tasks now facing the Party is that of stepping up work among the workers and peasants. The congresses pointed to the importance of using cooperatives to consolidate the working people and improve their material situation.

The policy of the Yemen Socialist Party vis-à-vis the co-operative movement has found reflection in the Programme adopted by the First Congress of the YSP. The Programme states the following: "The Party policy as regards agriculture and fishery is designed to assist the process of the peasants' and fishermen's voluntary association in cooperatives now under way. At the same time, the Party holds that the development of cooperation in agriculture is possible only with the help of public sector workers. The Party will continue to consistently and undeviatingly strengthen the alliance between the working class, cooperated peasantry, and fishermen, seeing this alliance as the main link and the basis essential for continuing the effort toward building a new society in the country."[1]

In some countries, the rural cooperatives are the most widespread forms of peasant organising. The Congolese Party of Labour is of the opinion that the time has not come yet for organising peasant political parties. The party's objective is to stimulate the peasants' interest in organisation in general, to mobilise efforts to reorganise life in the countryside, to assist the developing cooperative movement.

It is appropriate here to draw attention to the fact that Marx attached considerable importance to the Communist and Revolutionary-Democratic parties' collaboration with producer associations. In his *Instructions for the Delegates of the Provisional General Council* (1867), he stressed the importance of the cooperative movement and recommended to workers' parties that they make extensive use of this movement in their struggle to promote the working people's interests. He wrote of this movement that, "Its great merit is to practically show, that the present pauperising and despotic system of the *subordination of labour* to capital can be superseded by the republican and beneficent system of *the association of free and equal producers.*"[2] At the Eighth Congress of the Second International in Copenhagen (1910), Lenin advanced the draft resolution of the delegation of the Russian Social-Democratic Party which pointed to the need "to join the proletarian cooperative societies and promote their development in every way, directing their organisation along strictly democratic lines".[3]

The position of the various political parties as regards co-operation is largely a reflection of the class character of the contradictions revealed within the cooperative movement as a result of its social heterogeneity. More often than not these

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[1] *Documents and Resolutions of the First Congress of the YSP,* Politizdat, Moscow, 1979, p. 198 (in Russian).

[2] Karl Marx, "Instructions for the Delegates of the Provisional General Council. The Different Questions", *Collected Works,* Vol. 20, 1984, p. 190.

[3] V. I. Lenin, "Draft Resolution on Co-operative Societies from the Russian Social-Democratic Delegation of the Copenhagen Congress" *Collected Works,* Vol. 16, 1974, p. 266.

contradictions are very acute. This makes itself felt in the struggle for credits between artisans and small farmers on the one hand and the rural and urban bourgeoisie, wealthy merchants and money-lenders on the other. Conflicts often arise over the different manner of distributing dividends to the wealthy and the low-income shareholders. Wealthy shareholders and landowners are for distributing the dividends, not on the basis of the amount of labour expended by each shareholder, but on the basis of the amount of land or capital invested by each cooperative member. The holders of small plots of land are for distributing the dividends according to the amount of labour performed. Class contradictions often take the form of conflicts and disagreements between the advocates and the opponents of radical agrarian reforms, between private owners, cooperators, and employees of state-owned enterprises.

In spite of the fact that the working class in the developing countries has not yet acquired much experience of struggle for democracy and social progress, its actions—aimed against unemployment, inflation, rising prices, and to improve the position of the working people—have had a significant effect on the stratification of forces within the cooperative movement. The following facts speak of the intensification of class struggle in Asian and African countries. In the 1970s, over 150 million people took part in mass-scale actions staged by the proletariat there. According to incomplete data, at the close of the 1970s and beginning of the 1980s some 3,500 strikes were held annually in the Asian countries, involving 2 million people; in Africa, over 200,000 workers go on strike every year. One example of the acute class conflict is the 300,000-strong peasants' march on Delhi in 1979; the peasants demanded protection against the arbitrary actions of landowners and money-lenders, who were impeding the agrarian reform. In 1981, a similar action involved as many as one million people. Rural cooperatives played their part in the organisation of these marches.

We know from history that cooperative societies emerged and developed in the course of acute class struggle. Capitalists could never reconcile themselves to the existence of cooperatives set up by worker initiative. There were quite a few instances of workers demonstrating skillful management of

cooperatives. That has never failed to draw a sharp negative response on the part of the bourgeoisie. Engels wrote in a letter to Otto Boenigk that workers were capable of good management, which, in his words, "can be seen on the example of their numerous producer and consumer societies which, when not harassed by the police, were running their businesses as well as did bourgeois shareholding societies."[1] Therefore, the bourgeoisie has invariably tried either to discredit or to penetrate workers' cooperatives in order to use them in its own interests. That is why bourgeois ideologists always keep abreast of the cooperative movement in the developing countries. They have been persistently inculcating in the leaders of the cooperative movement the idea that the cooperatives are supra-class organisations and must as such represent various social strata and include both workers and capitalists.[2] Bourgeois scholars would like to divert the working people in developing countries from participation in class conflicts. With this purpose in view, they have been circulating the idea that nowadays there are no economic or social conditions for the rise of class contradictions.

In Indonesia, for example, trade union and cooperative leaders take part on a regular basis in the work of seminars and conferences discussing the possibilities of partnership be-

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[1] "Engels an Otto v Boenigk in Breslau. Folkestone bei Dover, 21./.8./90", in: Marx/Engels, *Werke*, Bd. 37, 1967, S. 447.

[2] Assertions of this kind were broadcast by bourgeois theoreticians as long ago as the second half of the 19th century. Notably, Hermann Schulze-Delitzsch, a prominent German theoretician of the cooperative movement, held that the elimination of class struggle and the establishment of the alliance between labour and capital are among the principal missions of the cooperative movement. A prominent theoretician of the cooperative movement in pre-revolutionary Russia, M. I. Tugan-Baranovsky, rightly asserted that nothing can be more false than the ideas of some advocates of cooperation to the effect that the cooperative movement has no class character. Cooperatives have always been and will remain class organisations. He also stated that cooperation fights, not with violence or weapons or barricades, but by the peaceful building of a new social system. However, as the experience of some countries has shown (Guinea-Bissau, Mozambique), under certain conditions it is expedient to draw the cooperators into resolute actions, including armed struggle against reactionary forces.

tween enterprise owners and wage workers, cooperative management and rank-and-file members. Marx subjected such policies of bourgeois ideologists to sharp criticism. He called "the cosy legend" the assertion that "the capitalist and the worker form an association". The associations involving workers and capitalists are, in Marx's and Engels' opinion "substitutes for the community", "illusory community", and for the oppressed class "not only a completely illusory community, but a new fetter as well". It is only after the collapse of the capitalist system that the working people can enjoy full freedom, including within cooperative associations: "In the real community the individuals obtain their freedom in and through their association."[1]

Lenin was wholeheartedly in favour of drawing cooperatives into active participation in political life, into the class struggle. He criticised the petty-bourgeois outlook of those who strove to divert the cooperatives from class issues. "It is quite clear," wrote Lenin, "that there are two main lines of policy here: one—the line of proletarian class struggle, recognition of the value of the co-operative societies as a weapon in this struggle, as one of its subsidiary means, and a definition of the conditions under which the co-operative societies would really play such a part and not remain simple commercial enterprises. The other line is a petty-bourgeois one, obscuring the question of the role of the co-operative societies in the class struggle of the proletariat, attaching to the co-operative societies an importance transcending this struggle (i.e., confusing the proletarian and the proprietors' view of the co-operative societies), defining the aims of the co-operative societies with general phrases that are acceptable even to the bourgeois reformers, those ideologues of the progressive employers, large and small."[2]

To sum up, the specific character of the social structure has a perceptible effect on the character of cooperation in developing countries. The progress of the cooperative movement in African and Asian countries is often impeded by numerous historical traditions, clan and tribal relations, specifics of economic and daily life, specific features of the population's social psychology. The cooperative movement develops in diverse economic and political conditions. Despite all the difficulties presently facing cooperatives, their influence on the people's productive activity has been increasing daily. Forms and methods adopted by cooperatives have been improved lately; certain changes have taken place in their social constitution.

The influence of political parties on the cooperative movement is increasing. Cooperatives are becoming an agent of the ruling parties' economic and social policies. Cooperatives are gradually being drawn into the class conflicts arising in the developing countries. The adversaries of social progress have been spreading ideas to the effect that cooperators should be isolated from the class conflicts taking place in society.

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[1] Karl Marx and Frederick Engels, "The German Ideology", *Collected Works*, Vol. 5, 1976, p. 78.

[2] V. I. Lenin, "The Question of Co-operatives Societies at the International Socialist Congress in Oopenhagen," *Collected Works*, Vol. 16, 1974, p. 276.

Chapter Three

THE STATE AND THE COOPERATIVE MOVEMENT

1. The Role of State Institutions in the Cooperative Movement

The developing countries are to create conditions favourable for the formation of a new socio-economic structure that will stimulate a rise in the productive forces. The degree to which economic, political, and social problems can be solved depends, in many ways, on the character of the ties developing between state bodies and the political parties, trade unions, and cooperatives of a given country, on the degree to which public organisations are involved in the effort to promote the national interests. In many developing countries, the weakness or absence of workers' parties or trade unions make cooperatives the most widespread and common form of association for different strata of the population.

The interest of state bodies in the operation of cooperative organisations has been aroused by the fact that the cooperative movement exerts a significant influence on economic and social life in developing countries. At the same time, the degree to which the cooperative movement is effective depends more and more on the state's attitude to cooperation, on whether it stimulates or restricts the cooperators' initiatives.

Coordinated and effective relations between state institutions and cooperatives is not a simple problem.

In developing countries, legislative documents are issued defining the rights and functions of cooperatives and the principles of their structure and work: bodies authorised to run the cooperatives are set up (this function may be assigned to currently operating ministries or departments); the state assists cooperatives materially and financially; a special banking system also caters for the needs of cooperative. The legislative acts pertaining to various aspects of the cooperative movement are not only a regulating but also a stimulating factor.

Below are some examples to illustrate the kind of laws passed in certain countries and their effect on the progress of

the cooperative movement. Several state laws and acts on cooperation have been promulgated in Algeria, Iraq, Iran, Jordan, Kenya, the Philippines, Syria, Sierra Leone, Tanzania, Turkey, Uganda, Zambia and other countries.[1] A central cooperative organ has been set up in Jordan: the Jordan Cooperative Organisation (JCO). Its functions include: establishment of cooperative societies of different types and purposes, provision of advice, direction, and technical services to cooperative societies and their members, including the auditing and control of their accounts; propaganda of cooperative information; establishment and management of a cooperative finance department to issue loans to cooperative societies and cooperators and to render all *necessary* banking services required; operation of supply, marketing, insurance and all other services needed to support the financial status of the Organisation and its members; representation of the cooperative movement in Jordan and organisation of its relations with other cooperative associations inside and outside the country.[2]

Ministries and departments have been set up in many Asian and African countries for the purpose of coordinating the cooperative movement. In Sierra Leone, for example, the government founded a cooperative department under the Ministry of Industry and Trade. The department is required to inform the cooperative organisations about the most effective business methods, assist the population in the organisation of new cooperative societies, supervise the implementation of cooperative legislature, carry out inspections, take steps to remove existing shortcomings and organise the training of personnel for cooperative societies.

In some countries, state agencies have been taking steps to coordinate the activities of producer and marketing cooperatives. Far from all developing countries, however, have coordinating centres of this type, while the existing instructions are of an advisory character and hence not obligatory for the grassroots cooperative organisations. That is why the organi-

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[1] *Cooperative Information Supplement No. 2. Cooperative Chronology*, 1973, pp. 67-69.

[2] *Review of International Cooperation*, Vol. 69, No. 5, 1976, p. 125.

sation of centralised and regular coordination of the cooperative movement acquires particular importance. The further development of cooperatives requires urgent measures of a legislative and practical nature in order to build up a new, ordered system of management or improve the existing system of cooperative management.

In some countries, the economic activity of cooperatives is stimulated by the grant of credits on easy terms, in others cooperatives are encouraged by means by gratuitous financial aid (Algeria, Ghana, Madagascar). Financial and other forms of aid are, no doubt, of greatest importance, but there are cases of government bodies maintaining excessive control of and interference in the cooperatives' affairs. This is contrary to the principle of economic self-reliance and can certainly lower the cooperatives' initiative and ability to cope with the tasks facing them. Excessive regulation of their operations by the state violates the democratic principles underlying the cooperative movement and results in the transformation of cooperative organisations, so that they cease to be independent organisations founded on the principles of voluntary association.

In a number of cases, however, state interference has been dictated by necessity. The government has to be sure that the funds it allocates to cooperatives are spent on the right things and that the cooperatives' interests do not come before the interests of the state. The collaboration and interaction between the cooperatives and the state, therefore, must be mutually beneficial.

In a number of Asian and African countries, it is repeatedly asserted that the cooperative societies must be politically neutral and independent of the state. Some bourgeois researchers are of the opinion that the state and the cooperatives can maintain only temporary economic contacts. Here is what the West German social scientist Wilhelm Weber writes in this connection in his book *Marketing Cooperatives in Developing Countries:* "If the state's efforts to build and strengthen the cooperatives have reached a stage at which they acquire a certain degree of independence, a process of their gradual release from the influence of the state must begin."[1]

[1] Wilhelm Weber, *Absatzgenossenschaften in Entwicklungsländern,* Marburg, 1966, S. 127.

The state is the political organisation expressing the interests of the power-wielding class. It has invariably conducted and will always conduct the corresponding class policy in the cooperative movement and regulate its development. It is not possible to isolate the cooperatives from state influence. History does not know a single example of the state allowing the cooperatives to develop of their own accord, releasing them from its control.

A capitalist state, for example, watches not only over the cooperatives comprised of working people but also those promoting the interests of the bourgeoisie. The state renders them all-round help and assistance. These cooperatives, though they do not turn down the state's assistance, turn down the attempts to establish control over their activities. Some cooperative leaders avoid government's attention to use state allocations as they please, underpay taxes and conceal their real financial and economic indices. They see this as the operation of the principle of democracy.

In the view of bourgeois sociologists and economists, the cooperatives risk losing their self-reliance and independence if their operations are under the control of government agencies. "If the moment of release from government control is lost," writes Weber, "and cooperation continues to be fully regulated, then, no doubt, there will arise a just apprehension that the cooperatives will be seen exclusively as an instrument for implementing the political goals of the state apparatus".[1]

According to Weber, therefore, the cooperatives must choose a suitable moment to free themselves from the influence of the state. The history of the cooperative movement shows, however, that if some cooperatives are first oriented on temporary agreements with the state and then proceed to build their work disregarding the state's interests, contradictions are sure to arise between them.

There are numerous facts and examples of positive collaboration between state bodies and cooperatives, of the considerable and positive significance of their common effort to overcome economic backwardness and achieve the democratisation of social life. The cooperatives' active participation in the

[1] *Ibid.,* S. 128.

implementation of economic and social objectives and the effort to achieve the democratisation of social life invariably mean their involvement in the implementation of the state's political objectives.

It must be noted that some of the official documents of the International Cooperative Alliance contain assertions to the effect that there is no need for the government regulation of cooperative organisations. The ICA report *The Cooperative Development Decade 1971—1980,* for example, states as follows: "Cooperation is a voluntary, evolutionary, democratic process resulting from initiative and enterprise at the 'grass roots' by individuals motivated by the principles of self-help and mutual aid. Cooperatives cannot be imposed by edict from above. Neither governments nor the ICA can plan or direct their formation or expansion. A true cooperative grows spontaneously from below."[1]

Of course cooperatives cannot be set up by coercive methods. The abuse of the principle of voluntary membership can from the outset undermine the foundation of the cooperative movement and later destroy it altogether. At the same time, it would be incorrect to deny the significance and necessity of state guidance of the efforts to create those conditions favourable for the formation, expansion, and successful operation of cooperatives. Lack of regulation, spontaneous development of the cooperative movement strengthen the position of the urban and rural bourgeoisie, who seek to submit the cooperatives entirely to their own interests.

When bourgeois sociologists and economists maintain that collaboration between the cooperatives and the state should be of a "restricted" character they substantiate this argument with the idea that government aid to cooperatives in the form of finance and agricultural machinery breeds parasitic tendencies, and they therefore stop making real effort. We must not ignore the fact, however, that cooperatives comprising small-scale producers have a very weak technological and financial base and are unprotected against large-scale private owners, that without considerable aid from the state in the form of credits, machinery, and skilled personnel they would simply not be able to organise the more or less effective cultivation of farm products and survive in the struggle with merchants, money-lenders, and big landowners.

[1] *The Cooperative Development Decade 1971-1980,* ICA, London, 1971, p. 1.

Therefore, in the absence of active government support, the very spread of cooperation, let alone its effective contribution to the implementation of economic and social objectives, is not possible in developing countries. It is worth noting that the question of the expediency and necessity of government regulation of the process of peasant cooperation and of existing peasant cooperatives was specially investigated by United Nations, some time ago, in 13 Asian, African, and Latin American countries. It was found that the successful development of cooperation was impossible if the government adopted a neutral stand toward cooperation, refused to grant the cooperatives financial and material aid, to assist them in resolving their economic problems, or to spread the experience amassed by the most efficient cooperators.

Contrary to the advice of some Western economists, the governments in the majority of developing states do a great deal to facilitate peasant cooperation. These governments understand that the cooperative movement is a positive factor in the development of the national economy.

The principles and forms of collaboration between the cooperative movement and the state differ from country to country and are shaped by a given country's orientation—either socialist or capitalist.

2. Cooperation in the Developing Countries of Capitalist Orientation

In these countries, power is held by the forces expressing the interests of the national bourgeoisie, major landowners, and other social groups seeking to preserve exploiter relations. Only those cooperatives are assisted and encouraged which promise to become the base and instrument of capitalist development, facilitate private-capitalist accumulation, and strengthen the bourgeoisie's economic and political position. The government wants to be sure that the credit it extends to cooperative organisations for buying agricultural machinery, seeds,

fertilisers, etc. is expended primarily in the interests of those who head the cooperative societies.

The government encourages contacts between cooperative societies and private businesses. Cooperators buy raw materials and finished goods from private merchants and manufacturers. These contacts help employers expand production and intensify the exploitation of the wage workers. In this way the cooperatives help strengthen the position of private capital in production and trade. Supplying private businesses with their produce, the cooperatives hand over to them a portion of the surplus product created by the labour of cooperative societies.

Industrial entrepreneurs and bankers are in favour of the process of cooperation among individual small farms, because it is easier for them to maintain ties with organised commodity producers than with individual producers. In this sense, cooperation serves the interests of private capital; in fact, it helps it exploit small-scale producers. It follows that under the dominance of capitalist relations of production, cooperation of the small-scale commodity producers plays a dual and contradictory role: on the one hand, it unites small farmers and helps them attain some objectives of a more general character, slowing somewhat the process of their ruin and demise; on the other hand, it becomes an instrument of exploitation of small individual farms at the hands of private businesses.

In some countries (among them Bangladesh, India, and Nigeria), the government and cooperatives work jointly when building farm products processing plants, trade offices, residential houses, etc. The beneficiaries of the joint ventures are primarily the state employees and cooperative leaders. The existing system of remuneration in construction serves the interests of the ruling classes. Board members of the construction cooperatives in Bangladesh, for example, receive many times more pay than the builders hired to do the work.

Conditions favourable for the transformation of cooperatives into capitalist-type institutions are created in the developing countries of capitalist orientation. The cooperatives are allowed to employ wage labour, buy shares in private firms, make extensive use of the services of the banking system.

The class essence of the state policy vis-à-vis cooperative development is graphically displayed in the Philippines. Presidential Decree No. 175 (1973) empowers cooperatives to hire workers who are not members of a cooperative, establish economic and business ties with private businessmen. The cooperatives are granted the status of a juridical person empowered to set up and use commercial and production enterprises. They are also granted the right to found local argricultural banks and obtain shares in credit firms. The decree exempted the cooperatives from income tax if a specified portion of the returns is distributed among the members as interest (dividend). The decree also grants easy terms to the cooperatives which sell their produce to the state.

The economic difficulties and social conflicts within the cooperative movement in the Philippines were sharply exacerbated with the growth of political tension in 1986-87. Mass action by the peasants against the landowners, who had usurped the leadership in the cooperative societies, grew in scale with the peasants demanding that the government give more assistance and support to poor peasants.

In a number of countries, the cooperatives have been exempted from taxation or taxed on a reduced basis in order to promote their self-financing and help expand cooperative production. It is characteristic that some private enterprises in Egypt, India, Mauritius and other countries have been quick to declare themselves cooperatives and thus to avoid or significantly reduce taxation. That means that "phoney" or "ghost" cooperatives have emerged with the official consent of the government.

Even bourgeois researchers cannot deny that cooperatives are used to promote the interests of private businessmen. At the XXVII Congress of the ICA, the Canadian economist Alexander Laidlaw admitted that in the developing countries of capitalist orientation the state supports only those cooperatives which meet the interests of the wealthy strata. In his report *Cooperatives in the Year 2000,* Laidlaw stated as follows: "In other parts, government may be so committed to capitalism, it never wants to see cooperatives operating effectively, except in a very minor role and in situations that are not attractive for private-profit business."[1]

[1] *International Cooperative Alliance, XXVII Congress, Moscow, 13-16 October,* 1980, London, p. 118.

The government policy of strengthening the position of capitalism in the cooperative movement, often meets with the opposition by the progressive forces. However, if cooperatives begin to oppose the national bourgeoisie and develop ties with progressive parties, the government restricts or bans the operation of these cooperatives (as it was the case in Egypt, Indonesia, Tunisia and some other countries).

Special laws passed in some developing countries empower the local authorities to interfere with the work of board members elected by cooperators and to dismiss from leadership those who have provoked their displeasure. Below are some examples.

Legislative acts in a number of Indian states empower the registrars to dismiss the management board of a cooperative. Should the state authorities find it necessary, they can appoint a new board or manager without obtaining the consent of the cooperative members. One of the legislative acts forbids the cooperative management to appeal to the Civil Court or the Supreme Court with a complaint against the Registrar.[1] Cooperative councils have been set up under the State administration in a number of Indian states (Gujarat, Maharashtra, Uttar Pradesh). They supervise the cooperatives' implementation of the decisions passed by the central government and local administrative bodies, coordinate their operations and provide an advisory service.

In Jordan, the central body of the cooperative organisations is headed by a board of ten managers, of which five are appointed by the government. The General Director of this body is approved by and wholly subordinate to the Cabinet of Ministers.

Rule 39 of Nepal Act (cooperative socialities act) empowers the Registrar to remove the board members and members of the Committee of Management.[2] Rule 22 of the Act provides that if the government has subscribed more than fifty per cent of the shares of a cooperative society, half the number of members including the Chairman, are nominated by the government, which also determines their period of office and other conditions.[1]

[1] P. E. Weeraman, *The Effect of Cooperative on the Autonomy of Cooperatives in South-East Asia*, ICA, New Delhi, 1973, p. 36.
[2] *Ibid.*, pp. 37, 46.

The activities of cooperatives in Pakistan are strictly regulated. Rule 52 under the Pakistan Law empowers the Registrar to require a cooperative society to reduce the number of persons employed or proposed to be employed as officers or servants by a society or to reduce the remuneration of such employees.[2] The cooperatives in Thailand have very limited rights and scope of operation. The 1968 Act pased in Thailand places the activities of cooperatives entirely under the control of government officials. The latter have broad powers to interfere in all matters concerning cooperative societies.

To strengthen the position of private capital cooperation, the Turkish government passed a law in 1969 allowing each member of a cooperative to buy up to 300 shares (to the sum total of 30,000 liras). The biggest shareholders head the cooperative. Rule 92 of the Cooperative Act No. 1163 forbids members to take part in political actions. Bribing and blackmail are widely practised to prevent or restrict the nomination of democratically inclined activists to the cooperative management. The Annual Report of KÖY-KOOP (the central body of agricultural development and rural cooperative societies) for 1974-1975 cited some instances of attempts by government employees to bribe activists in order to prevent the democratisation of the cooperative movement. We, of course, do not expect, said the report, the capitalists to help organisations defending the people themselves and their rights.[3] Describing the social and economic situation in Turkey, the report stated that capitalist methods had not been able to avoid the drawbacks of this system, based on exploitation, unemployment had become an everyday growing problem and industry was not widespread and relatively minor as compared to other sectors. For the government circles the important thing was neither the free democratic regime, nor laws, for them the important thing was neither the peasants nor their organisation.[4] The

[1] *Ibid.*, p. 34.
[2] *Ibid.*, p. 27.
[3] *Annual Reports for 1974-1975 Working Year* KÖY-KOOP, Ankara, 1976, p. 11.
[4] *Ibid.*, pp. 10, 12.

major landowners and money-lenders take advantage of government protection to usurp power in the cooperative societies, while rank-and-file members are dismissed from management. As a result, conditions are created which allow the rural wealthy to exploit small producers and to subordinate the activities of the marketing cooperatives to their own interests. The KÖY-KOOP leaders believe that "the small producers can get the advantage from both the marketing and credit cooperatives if the statutes are changed and the cooperative management be made democratic."[1] Obviously, it is not to be hoped that by changing the statutes alone it will be possible to resolve the problems facing the small cooperated producers. This though, may stimulate the small producers' opposition to the money-lenders, landowners, and the bourgeoisie; the real democratisation of the cooperative movement can be attained only through radical socio-economic changes and the overall democratisation of society.

There is no doubt that cooperation in such countries can improve the material situation of some sections of the working people. However, since it is directed by the wealtheir sections of the population, the cooperative movement is, first and foremost, at their service. The capitalist relations of production that have penetrated deeply into the cooperatives, restrict the initiative and creative effort of the poorer shareholders, do not encourage them to search for more effective forms and methods of work.

It follows that the cooperative movement's positive effect on the national economy is not very great and is rather contradictory. On the one hand, cooperation promotes the more rational economic methods. On the other, it restricts the creative potential of the rank-and-file members in view of the fact that the results of their work are utilised first of all by the wealthy strata of the population. Neither can the cooperatives have any significant effect on the effort to resolve social problems. The representatives of the bourgeoisie managing cooperatives have no real interest in promoting the operation of democratic principles within the cooperative societies, in raising the small-producers' level of education and culture, or improving their living and working conditions. In these countries, the cooperative movement is marked by acute class contradictions.

[1] Ahmet Altun, M.H. Ilbas, *The Rural Structure and the Cooperative Movement in Turkey*, Ankara, 1977, p. 8.

3. Cooperation in the Developing Countries of Socialist Orientation

> "The cooperative, as a small island in capitalist society, is a little shop. The cooperative, if it embraces the whole of society, in which the land is socialised and the factories nationalised, is socialism".
>
> *Lenin*

In these countries, the cooperatives are a component of both the economic basis and the socio-political superstructure; they become an important instrument in the hands of the revolutionary-democratic forces seeking to achieve social progress. It should not be forgotten that the cooperatives, which embrace various categories of commodity producers, often have elements of capitalist relations. One may wonder, therefore, whether the stimulation of the cooperative movement might not go against the interests of the state. Is the state capable of restricting the development of capitalist relations within the cooperative movement? Firstly, through cooperation the government can exert a certain restricting influence on the spontaneous forces of the market. On the one hand, cooperation in procurement and supplies, housing construction, etc. allows the financial and other resources of the shareholders to be used in the interests of the whole of society and enables this to be done under government control. On the other hand, it makes it possible to restrict private-capitalist tendencies by ensuring that cooperatives buy and sell products at government-fixed prices. Secondly, the cooperatives keep an account of the amount of produce from the individual farms, control the

marketing and ensure the fulfilment of contracts concluded between the state and cooperators. This is necessary in order to improve economic management, gradually introduce planning in all spheres of activity and involve the national bourgeoisie in the implementation of national objectives. Thirdly, cooperation may be used as a means of accumulating financial and other resources: shares, means of production, loans, funds accumulated through the operation of cooperative societies.[1] Fourthly, pursuing a consistently class policy towards the cooperative movement prevents the capitalist elements within it from seizing the leadership. In view of this, the social composition of cooperatives is particularly important. They must comprise primarily small- and medium-scale commodity producers.

Exercising strict control over the operation of private banks, money-lenders, buyers up and profiteers, the government can fix the size of loans and bank rates (including the cooperative banks) in order to ensure that it is the small scale producers, and not the employers, who obtain credits. The following factors can become an important economic lever in the government's effort to reduce profiteering: government-regulated prices for staple goods, achieved by placing cooperative trade in a privileged position as compared to private-capitalist trade, that is, by allocating financial and other resources, granting credits on easy terms, assigning skilled personnel to cooperatives, a taxation policy of lower tax rates for the cooperatives and higher tax rates for private-capitalist enterprises.

Great differences exist in the social and economic level of the socialism-oriented countries. Some have attained impressive successes in building their national industry, carrying through agricultural reforms, eradicating illiteracy, raising the cultural standards, and democratising social life. There are also countries taking their first steps toward the building of the national economy and developing independently of foreign monopolies. However, the principal direction of the economic and social changes is the same in all these countries.

[1] In some countries of socialist orientation, cooperation has been used to restrict the private-capitalist trends in trade (Ethiopia) and agriculture (Algeria, South Yemen). It must also be admitted that in some countries (Guinea, South Yemen) cooperation has also been used against the small owners, which has seriously undermined its authority.

In the socialism-oriented countries, the cooperatives assist the state in organising the marketing and sale of finished goods, they speed up the rate of social development by helping to stamp out illiteracy, organise medical services, build cultural and communal facilities, and involve the shareholders in public life, etc. Thus, it is now possible for the cooperatives to coordinate their activity with national economic and social programmes. The government has a direct interest in helping the cooperatives to draw up plans for economic and social activity and controlling their implementation.

The state and the cooperatives have adopted more or less similar positions. Therefore, in the countries of socialist orientation there exist all the conditions necessary for the development of stable and effective ties between the state and the cooperatives, but these conditions cannot be realised easily.

Problems and complications may arise even if the state and the cooperative movement have similar economic and social interests. Contradictions between them may arise as a result of the following factors: (1) the state has made some incorrect actions towards cooperation, expressed, more often than not, in excessive regulation of the cooperatives or in unqualified interference in their affairs, injurious to the interests of the shareholders; (2) the interests of some individual cooperated groups prevail over national interests; (3) the state cannot provide adequate financial and other aid to the cooperatives; (4) the cooperatives cannot rationally utilise the funds allocated by the state, are inefficient, and are unable to fulfil the planned targets in the production and marketing of goods. Complications may also arise because of actions (as a rule concealed) taken by the adversaries of socialist orientation, who are trying to impede the progressive transformation of society.

The countries of socialist orientation have not yet been able to overcome the antagonistic contradictions between classes and social groups, and this also leaves its mark on relations between the state and the cooperatives. The exacerbation or alleviation of these contradictions depends, to a considerable extent, on the government's policy vis-à-vis the co-

operative movement. If the government's decisions are rationally determined, if they are based on an analysis of the specific character of the country's (and its regions') economic and social development and of its customs and traditions, they may greatly reduce the antagonistic character of the contradictions existing in society. At the same time, hasty decisions and rigid policies, which disregard the needs and interests of cooperatives, may give rise to sharp conflicts and slow down the country's advance along the path of social progress.

A number of countries have amassed useful experience in effective collaboration between the state and the cooperatives, a collaboration that has had beneficial effect upon economic, social and political processes. The following examples illustrate the manner in which the developing countries of socialist orientation have dealt with questions related to improving the management of cooperatives.

The Decree 72-106, adopted in Algeria in 1972, created the Land Fund of the Agrarian Revolution. The Fund receives plots of land previously owned by big landowners, religious institutions, and communal land plots. Poor and landless peasants receive land and build villages according to approved plans.

The residents of cooperative villages tackle social problems jointly: peasants are given housing; free meals for schoolchildren are arranged at school; nurseries, health care centres, trade centres and other projects are built. The development of these villages is financed by the government. Students take part in activities during their summer vacations. By 1980, 139 villages had been built and 200 were under construction. By 1990, it is planned to have 1,000 cooperative villages, with the total population of 150-200 thousand families.

State authorities are ready to stimulate the peasants' initiative and encourage them to raise their economic efficiency without relying wholly on the outside aid. The National Charter of Algeria states as follows: "Though the government undertakes enormous investments to stimulate agriculture, though it gives the peasants support and substantial material and technological aid, it is nevertheless, obvious that, in the final analysis, the success in the drive for production efficiency is determined by the personal effort of small-scale producers, all

those who received land in the course of the agrarian revolution, the workers of the self-governing sector."[1]

The government of Tanzania has always given aid to the cooperative movement. Since independence, the government has taken several decisions which have served to expand the cooperative activity and involve the cooperatives in major socio-economic undertakings.

After the adoption of the Arusha Declaration in 1967, the cooperative movement gained strength in the country. Attention was concentrated on the quantitative growth of cooperative villages.

In 1976, the Tanzanian government reorganised the management of the cooperative movement. Communal *ujamaa* villages now give more attention to the expansion of marketing activities. The government promotes the organisation of peasant consumer cooperatives. Some measures have been taken to arrange collaboration between various types of cooperative societies. There is greater responsibility for the expenditure of cooperative funds and the cooperators are helped with accounting, social security, personnel training.

It must be pointed out that, despite numerous government decisions concerning cooperation, the majority of developing countries have been rather slow in implementing the objectives placed before cooperatives.

Earlier it was mentioned that in the countries of socialist orientation, collaboration between government bodies and cooperative organisations will be successful only if cooperative interests do not prevail over the interests of the non-cooperated workers.

It is in the objective interest of the state that the cooperative movement should develop into a social entity providing reliable support to the revolutionary-democratic forces in their effort to carry through the programme of transformation of the social and economic relations in society.

If the influence of the capitalist elements is restricted within it, the cooperative movement embodies many principles of socialism.

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[1] *Front de liberation nationale. Charte nationale 1976, Republique algérienne démocratique et populaire,* Alger, 1976, p. 78.

Speaking on this topic, the leader of the Ethiopian revolution, Mengistu Haile Mariam, said: "Our prime goal is the organisation within cooperatives of working people and, first of all, previously landless peasants, who have now received land thanks to the revolution and become free people. This would make it possible to expand the volume of production and improve the quality of goods, promote the development of collectively run farms, state farms, industrial enterprises, artisan cooperatives, and help to eradicate illiteracy and unemployment. The rapid growth of peasant and artisan cooperatives gives us grounds to suppose that the foundations of the socialist economy are being laid."[1]

It follows that the countries of socialist orientation are characterised by strong government influence on the economic and social activities of cooperatives. Since the government grants them credits on easy terms, aids cooperative development, supplies cooperatives with machinery, fertilisers, seeds, etc., large numbers of peasants, industrial workers, and artisans are involved in cooperation and take an increasingly active part in economic and social affairs. It is to the advantage of the cooperative organisation to collaborate with the state since they share common economic and social objectives.

In the countries of socialist orientation, the cooperatives acquire greater economic and social significance than in the countries that have taken the capitalist path of development. In the former, the cooperatives are used by the progressive forces in their efforts to achieve social progress, and have an overall positive effect on the development of the productive forces and the democratisation of social relations.

The cooperatives can be used to carry through cardinal socio-economic reforms if the correct assessment is made of the objective and subjective prerequisites of development toward socialism. Forced rates of cooperation and overestimation of its significance in the hope of speeding up progress toward socialism in economically underdeveloped countries are inevitably at odds with the objective possibility of achieving planned targets. This gives rise to many problems which impede the realisation of the cooperative movement's potential.

[1] *Visit of Mengistu Haile Mariam to Moscow, Documents and Proceedings*, Politizdat, Moscow, 1980, pp. 20-21 (in Russian).

Future successes in a cooperative development depend, to a considerable extent, on the ability of these countries to assess accurately and apply correctly the positive experience amassed by cooperative societies in other countries It is important to take into account the shortcomings and failures as well, in order to take timely measures aimed at preventing or eliminating them.

4. Cooperative Property

The development of cooperation in the spheres of production and exchange is accompanied by the growth of cooperative property. This is the basis of the system of constantly changing production relations between the cooperatives and the non-cooperated sections of the population interested in contacts with the former.

The growth of cooperative property depends in many ways on the progress achieved by the public sector of the national economy. State and cooperative property are closely interrelated: state-owned enterprises need the raw materials supplied by cooperatives since their prices are more stable than those of private enterprises. The links between state-owned enterprises and cooperatives are, as a rule, stable, reliable, and mutually beneficial. Such ties with private enterprises are much more complicated. Cooperatives profit from expanding their material base with tools bought from the state because in the majority of cases their prices are lower than the prices asked by private manufacturers (seeking to derive as much profit as possible by forcing prices up).

The governments of many countries, aware of the objective necessity of establishing state and cooperative property in the means of production, adopt different approaches to this problem. One is nationalisation and confiscation of enterprises owned by the metropolitan countries or foreign firms. In some cases, cooperatives have been set up on the basis of such enterprises.

Cooperative property is also made up of the shares of members of the cooperative societies, government subsidies and credits, land tracts allotted for the use of cooperatives, and cooperative profits.

Many newly-independent countries have passed legislation

aimed at stimulating the growth of cooperative property alongside the growth of state property.

It must be mentioned here that the growth of state and cooperative property does not always strengthen the position of the forces seeking to weaken private businesses. In the countries of capitalist orientation, for example, the existence of state property serves to stimulate capitalist development. This purpose is also served by the property of cooperatives dependent on national bourgeoisie. State property and cooperative property exist in all developed capitalist countries, but this does not change the essence of the capitalist relations of production. Therefore, any assessment of the role of cooperative property in the national economy must take into account, not only its legal form, but also whose interests are served, which classes derive political and economic benefit from it.

Some of the scholars in developing countries are of the opinion that the principal objective of the public sector is the creation of conditions favourable to the development of private-capitalist economic methods, and that this should be countered by the all-round development of the cooperative sector. The Indian social scientist G. Chanda believes that his country must build a new society through the parallel development of the public and cooperative sectors of the national economy. Nationalisation, in his view, must be carried out first of all in the sphere of exchange and only them should the question of the transfer of industrial enterprises to state ownership be settled.

A. Datta, a professor at Calcutta University, recommends that more say in the management of privately-owned industrial enterprises should be given to trade unions, which, in turn, should facilitate the transfer of private property into cooperative property. The peasants, he thinks, should retain their ownership of land, while the cooperatives operating within traditional village communes should play a greater role. Datta is against too much property concentrated in the hands of the state, since, in his opinion, this inevitably leads to abuse of personal freedoms.[1] He suggests that a new and just society should be built on mass-scale extension of the cooperative movement

[1] A. Datta, *Perspectives of Economic Development*, Madras, 1973, p. 218.

on a voluntary basis. The main objective of the cooperatives in this case is the spiritual education of the members of society, in which the freedom of the individual will be combined with the ideal of the brotherhood of men.[1]

The Nigerian pastor B. Onuoha is equally opposed to public and private property. He believes that the right thing is to develop communal traditions under which all property is owned collectively.

Kwame Nkrumah was also inclined to idealise communal ownership. He believed that socialism could be attained rather quickly through cooperatives set up on the basis of communal ownership.

Judging from the viewpoints analysed in the previous paragraphs, there exist a variety of views on the place and role of the expansion of public and cooperative property in developing countries. Some scholars are for developing cooperative property in every way, others lay stress on stimulating the communal form of ownership.

Marx, Engels, and Lenin have provided a profound analysis of the role and significance of cooperative property. They never failed to take into account the social content of cooperative property: what classes hold it, in whose interests it is utilised. The founders of scientific communism viewed cooperative property and the production based on it as an important intermediate link in the construction of a new society, one excluding exploiter relations. In a letter to Bebel, in 1886, Engels wrote: "My proposal requires the introduction of cooperative societies into existing production. *They would have to be given land, which in a different case would have been utilised in a capitalist manner...* Neither Marx nor I have ever doubted that in the course of transfer to a fully communist economy we would have to utilise cooperative production as an intermediary link. But the things must be arranged in such a way as would allow society—which, for a time, means the state—to preserve its hold over the means of production and, consequently, prevent the specific cooperative interests from prevailing over the interests of the new society as a whole."[2]

[1] *Ibid.*, p. 333.

[2] "Engels an August Bebel in Berlin, London, 20 Januar 86", in: Marx/Engels, *Werke*, Bd. 36, Dietz Verlag, Berlin, 1967, S. 426.

This recommendation by Engels is still valid today as regards the newly-independent countries. Indeed, while we must not try to belittle the importance of measures stimulating the expansion of cooperative property in every way, we should, at the same time, be careful not to overestimate its importance that is, place it above public property. If the growth of cooperative property is given prevalence over the growth of public property, as some scholars in developing countries recommend, it may lead to the interests of cooperated workers prevailing over the interests of society in general and entail economic and social contradictions between the cooperated and noncooperated sections of society.

The economies of African and Asian countries are marked by the intertwining of various types of production relations. Moreover, by virtue of the great diversity of the levels of economic, social, and political development, the attitudes to cooperative property and its evolution are particularly complex and contradictory. The progressive trend in the development of cooperative property facilitates the process of reduction or elimination of the property of landowners (feudal lords), money-lenders, and other reactionary elements, and speeds up the upgrading of the productive forces.

Cooperative property is the basis of the production relations that are in the process of formation in cooperative societies; it becomes an important means of linking peasants, handicraftsmen, and petty traders to the means of production. Cooperation as a form of self-government, may, through group ownership, strongly influence the conditions and remuneration of labour and the implementation of the social objectives.

However, in many newly-independent countries cooperative property began, even at an early stage in its development, to turn into "no man's" property, to lose its real owner—the cooperator. This has, logically, led to the enrichment of individual top families and managerial staff at the expense of rank-and-file members. The former begin to oppose democratic methods of management and to introduce administrative methods in their relations with the rank-and-file shareholders. The faults and defects of government agencies as regards their relations with cooperative organisations aggravate this negative process.

It is characteristic that developing countries have various

types of cooperative organisations functioning within the framework of their existing economic system: patriarchal, petty-commodity, capitalist, state-capitalist, etc. Some of these systems are still in the process of formation, others are in decline.

The development of cooperation speeds up the demise of the patriarchal system. In countries that have adopted the capitalist way of development, conditions are created under which this process proceeds spontaneously and is accompanied by the ruin of small farms, the rapid growth of concealed (agrarian) overpopulation, the emergence and consolidation of a section of wealthy peasants. Wealthy peasants join cooperatives and through them organise capitalist production with the employment of hired labour.

In these countries, government bodies play a contradictory role as regards the existing forms of small-scale production. In some countries attempts have been made to use cooperation to protect the small-scale commodity producers against ruin, protecting, to some degree, the petty-commodity system (India, Botswana). Quite often, the government uses cooperatives to support wealthier private producers, and, in fact, disregards the interests of the small-scale producers (Egypt, Kenya, Senegal, etc.).

In countries of socialist orientation, some steps have been taken to restrict the progress of the patriarchal, petty-bourgeois, capitalist and other systems; this is achieved through cooperation and specifically designed agrarian policies pursued by the government. The government has adopted measures aimed at accelarting the development of the productive forces, which, naturally, entails eradication of the subsistence economies. In these conditions, the functioning of the patriarchal (subsistence) economic system cannot progress further and has no future. In many countries, however, the patriarchal economy has retained a fairly strong position in the national economy. The farms in Madagascar, Mozambique, Tanzania, Ethiopia, and many other countries are largely of the subsistence type. In Ethiopia, for example, not more than 20 per cent of the agricultural produce is marketed, the rest is consumed by its producers.

The cooperative societies operating in the sphere of ex-

change have helped involve small farms in the commodity production. The existence of marketing, credit, and consumer societies induces peasants to work better and to sell their produce either through cooperatives or directly, thereby stimulating commodity-money relations. This, however, can also stimulate the progress of the capitalist system. Notably, in some newly-independent countries of socialist orientation the bourgeoisie has assumed leadership in cooperative movement and the government has failed to offer firm resistance. In these countries the cooperatives promote capitalism; this can impede the country's progress towards socialism and even result in deviation from socialist orientation.

Cooperation becomes an important means of restricting the development of the capitalist system if the government takes steps to ensure that democratic principles govern the activities of the cooperative societies, to extend participation by rank-and-file members in the management of economic and social affairs, to restrict exploiter elements and prevent their seizure of power in the cooperative movement. Ethiopia and South Yemen illustrate the use of such measures. With the growth and consolidation of the public and cooperative sectors, the situation will be increasingly less favourable to petty-commodity and capitalist production systems: their development will be impeded by the government taxation of privately-owned enterprises in industry, commerce, agriculture, and the services. The development of the productive forces creates the objective conditions for the formation of a socialist basis in the future.

To sum up: in newly-independent countries some economic structures are being consolidated and developed while others are being weakenend and destroyed. The nature of the transformation undergone by the economic structures is determined by the economic and social orientation of any particular state.

The strengthening or weakening of any given economic system depends on the balance of forces reflecting the interests of various classes and social groups, on the socio-economic policy pursued by this state, and on the nature and degree of influence exerted by external factors.

Chapter Four

COOPERATIVE ASSOCIATIONS IN THE SPHERE OF EXCHANGE

> "It is quite natural that there should be many non-proletarians in the upper ranks of the cooperative movement. We must fight these people, who are capable of swinging over to the bourgeoisie, and the counter-revolutionary elements and their scheming. But at the same time we must preserve this machinery, the cooperative machinery."
>
> *Lenin*

In the developing countries, the largest number of cooperatives is recorded in the sphere of circulation.[1] The development of cooperation began with the appearance of its simplest types: credit and marketing cooperatives. The first cooperatives to appear in the Asian countries were, in the main, credit cooperatives. They stimulated the formation of marketing and other types of cooperation in circulation. In the African countries, marketing cooperatives were the most common type. This is because, with the development of commodity-money relations in these countries, the indigenous population experienced the greatest degree of exploitation by trade capital of metropolitan countries and local merchants. In the Asian countries, small-scale producers were more dependent on their creditors than in African countries. Money-lenders (creditors) and merchants (middlemen) appropriated the entire surplus-product and a portion of the necessary product of the peasants and artisans. To increase its influence over the economic sphere, the emerging indigenous bourgeoisie supported the organisation of cooperatives because it sought to use them in its competition with traditional usurers and middlemen. The peasants and artisans hoped that cooperation would help them to escape exploitation and poverty. Coopera-

[1] Cooperatives operating in this sphere make up the largest section in the total number of cooperatives around the world. See ICA data in Supplement 6.

tion also began to be utilised by representatives of trading and financial capital for preserving, and sometimes even intensifying, the exploitation of those who sought to improve their living and working conditions through cooperation.

1. Credit Cooperatives[1]

In Asian and North African countries, many peasants, handicraftsmen, and other sections of the population were often dependent on money-lenders, who charged an annual interest of 100-200 per cent, or even more. Marx examined the role of usury capital and came to the conclusion that it "appropriates all of the surplus-labour of the direct producers without altering the mode of production ... impoverishes the mode of production, paralyses the productive forces instead of developing them, and at the same time perpetuates the miserable conditions in which the social productivity of labour is not developed... It does not alter the mode of production, but attaches itself firmly to it like a parasite and makes it wretched. It sucks out its blood, enervates it and compels reproduction to proceed under ever more pitiable conditions. Hence the popular hatred against usurers."[2]

It is not by chance, then that at the beginning of this century some measures had already been taken, in a number of African and Asian countries to organise credit cooperatives through which the shareholders sought to free themselves from the usurers.[1] After independence, credit cooperatives began to develop very quickly.

The total membership of the credit cooperatives in the developing countries is over 56.5 million people. Credit cooperatives account for 69 per cent of the total number of these states' cooperative societies within the ICA.

At the early stage, credit cooperatives lend mostly to individuals for their personal needs. Now, in some countries, credit cooperatives grant credits to the population to finance collective housing construction, land development, and land reclamation. These changes were the result of agrarian reforms and other measures intended to stimulate the national economy.

At the same time, credit cooperatives, exert a noticeable effect on the development of commodity-money relations. Cooperatives help peasants procure seeds for highly productive crops, fertilisers, agricultural machinery and implements, and so encourage the growth of labour productivity. Thanks to this, individual farms are increasingly involved in market relations, which, in turn, speeds up the elimination of the subsistence economy.

The credit cooperatives also help to restrict, and sometimes eliminate the activities of usurers. The latter, however, refuse to give in. They often join forces to oppose cooperatives, seeking to prevent the cooperation of peasants and artisans.

The spread of credit cooperatives in Asian and African countries is shown in Table. 4.

The well-off strata of society are fairly successful in using credit cooperatives to increase their capital. They get large returns in the form of dividends on their shares in credit cooperatives (cooperative banks). For example, the total amount of dividends paid out to shareholders by the Maharashtra

[1] Members of credit societies make up 34.8 per cent of the total number of cooperators represented in the ICA. Some data on the cooperatives existing in pre-revolutionary Russia may be of interest here. In 1907, Russia had some 700 credit cooperatives, organised by capitalists and landowners, who derived substantial profits from them. The development of credit cooperatives advanced very rapidly. In 1916, Russia had 11,412 credit societies embracing 7.8 million people and 4,042 credit and saving cooperatives embracing 2.3 million people. The credit cooperatives' rapid rate of growth was the result of the development of capitalism in Russia. In turn, the credit cooperatives stimulated the development of capitalist production relations in town and countryside.

[2] Karl Marx, *Capital*, Vol. III, Progress Publishers, Moscow, pp. 595, 596.

[1] Some economists and social scientists saw credit cooperatives as one of the means of achieving a radical transformation of the then existing social relations, as a means of eliminating poverty and oppression. At the close of the 19th and beginning of the 20th century Luigi Luzzatti, an Italian public figure and theoretician of the cooperative movement, declared that it was possible to get rid of the capitalists, overcome poverty, and attain general welfare through credit cooperation. (Luigi Luzzatti, *Selected Speeches on Cooperation and Economy*, Moscow, 1916, p. 12, in Russian).

Table 4

Credit Cooperatives in Asian and African Countries (mid-1980s)

Country	Number of credit cooperatives (thou.)	Number of members (thou.)
Asian countries		
Bangladesh	22	1,700
India	135	45,000
Iran	0.13	1,100
Sri Lanka	3.2	—
Turkey	2.1	1,327
African countries		
Egypt	4.3	1,500
Ghana	0.3	55
Kenya	0.44	156
Mauritius	0.17	0.23
Nigeria	1.0	30
Sierra Leone	0.7	30
Tanzania	0.3	—
Uganda	0.03	2
Zambia	0.06	17

State Cooperative Bank in India in 1981/82 fiscal year is some 800 million rupees.

In India, credit cooperatives have close ties with government financial institutions.[1] The government employs cooperatives to finance peasant farms. In recent years, the amount of credits granted to peasants through credit cooperatives has grown significantly. From 1969 to 1984, the percentage of the loans granted by banks to peasants for farming purposes grew from 1.3. per cent to 13.2 per cent of the total amount of bank credits. The seventh five-year plan of India (1986-1990) envisages an increase in the amount of credits granted to peasants. In view of this, measures are being taken to extend the network of banks in rural areas. Recently, 63.2 per cent of the newly founded banks have been serving the interests of agricultural development. The President of the Reserve Bank of India has declared that one of the objectives of the rural credit system, including cooperative and commercial banks, is to assist the peasants in overcoming shortcomings on the agrarian market for capital.[1]

In the majority of cooperatives, administrative and financial authority is held by the wealthier section of landowners. Consequently, the primary beneficiaries of the state's financial assistance are the major landowners. Thus the 16-acre category is entitled to 41 per cent of all cooperative loans, the 12-acre section—to 25 per cent, the less than 8-acre section—to some 30 per cent, while the tenants and owners of tiny plots receive about 4 per cent of the loan.[2] Moreover, a small landowner is granted an average of 1.8 rupees per one acre of tilled land and a major owner—6 to 7 rupees.[3] The existing cooperatives cannot meet the Indian countryside's demand for credits. As the cooperatives are rather weak and dependent on private entrepreneurs, Indian peasants are compelled to borrow money from usurers on crushing terms. The poor peasants obtain 81 per cent of their loans from private lenders.[4]

The domination of trade and usury capital and the preservation of the existing system of middlemen will undoubtedly lead to the ruination of small farmers. In this situation, cooperatives cannot do much to improve their condition. Rather, they are becoming an instrument of oppression in the hands of merchants and usurers. In the view of the Communist Party of India, the rural poor have no possibility "of obtaining loans comparable to those of the landlords and rich peasants,

[1] By the 1980s, the banking system of the Indian public sector had 23,740 banks (and branches), with the sum total of deposits standing at about 300 billion rupees. There were 6,265 private banks (and branches) with the sum total of deposits of about 42 billion rupees. The total assets of the cooperative banks were less than 30 billion rupees.

[1] M. Singh, "Indian Banking System in the Seventh Five-Year Plan", *Commerce*, Vol. 149, No. 3827, Bombay, 1984, pp. 570-580.

[2] *Review of the Cooperative Movement in India 1974-76*, Bombay, 1978.

[3] *Rural Development, the Small Farmer and Institutional Reform*, UN, Bangkok, 1976, pp. 107-110.

[4] K.-J. Michalski, *Landwirtschaftliche Genossenschaften in Afro-asiatischen Entwicklungländern*, Akademie Verlag, Berlin, 1973, S. 174.

who command the lion's share of loans granted by cooperative and state banks. The poor are compelled to turn to usurers, who charge extortionate interest."[1]

The Communist Party of India wishes to strengthen the role of credit cooperatives in assisting poorer sections of the population. The Communists of the Kerala State are doing a great deal to ensure that credits for the poorest sections are channelled through cooperative or state institutions. For example, Achutha Menon, member of the Communist Party National Council and Chief Minister of the Kerala State until 1981, wrote in this connexion: "It is necessary and urgent to set up an alternative source of credit for the poorest sections of the population through cooperative or state institutions. Unless you set up such an organisation, the poor man is once again in the hands of the money-lender who will give him credits at exhorbitant rates of interest... It was under these circumstances that the Kerala State government, in consultation with the State's cooperative banks, evolved a scheme for deposit mobilisation. It was thought possible to mobilise about Rs 200 million by organising a mobilisation month in April 1976."[2]

When the scheme was carried out, the banks received more deposits than expected. Thus there emerged the real possibility of granting poorer peasants assistance through credit cooperatives, and so protecting them against ruin and dependence on usurers and major landowners. In 1979, some 60,000 sharecroppers in the Kerala State were granted credits for the first time.

There are, however, only a few examples of credit cooperative contributing substantially to the improvement of small farmers' situation. A positive contribution on the part of credit cooperatives may be secured only through strict control over the utilisation of cooperative funds, by strict observance of the rules regulating the grant and return of credits, by restricting the grant of credits to major landowners and the bourgeoisie, and by making more use of credits to satisfy the general needs of small farms.

In many countries, the government grants cooperative banks credits on easy terms. Thus, in India the interest rates

[1] *World Marxist Review*, No. 3, 1982, p. 94.
[2] *Ibid.*, No. 1, 1977, pp. 42-43.

charged by the state on loans granted to cooperative banks is 2 per cent lower than the interest rates charged by the private banks; in Pakistan the difference is 1.5-2 per cent; in Sri Lanka—3 per cent.[1]

The capital accumulated by a cooperative bank is largely made up of share contributions and government allocations. The government usually fixes quotas on its loans to cooperatives. In Bangladesh, for example, the share contributions comprise 70 per cent of the funds and the government allocations—30 per cent. The cooperative charters stipulate that 33 per cent of the credit, extended to cooperatives are to be expended on meeting the needs of small farms in the less than 1.5-acre category.[2] In actuality, only a small number of poor peasants receive credits. The primary beneficiaries of the existing system of crediting are major landowners.

Inflation and rising interest rates diminish the positive effect of credits for small farmers. Small farms face bankruptcy. As a result, big landowners are able to get cheap manpower and enlarge their own landholdings at the expense of the ruined peasants.

The credit cooperatives in Sri Lanka have a long history too. In the way they operate and the difficulties and problems they encounter, they are very similar to the credit cooperatives in India. The credit and loan-and-saving cooperatives comprise a considerable proportion—34.4 per cent—of all the cooperatives in Sri Lanka. The credits extended by cooperative banks to assist peasant farms have a noticeable effect on agricultural production. Cooperative banks grant loans to marketing, consumer, and other cooperative organisations, thus exerting an indirect influence on production.

The credit cooperatives enjoy considerable influence in Turkey. On average, 60 per cent of the agricultural produce and 30 per cent of the national income are produced by the cooperated peasants. Credit cooperatives predominate in the countryside. They embrace 1,327,000 people.[3] Many other co-

[1] M. Singh, *Farmers and Warehouses Progressive Farming*, Delhi, 1975, p. 27.
[2] *Cooperative Movement of Bangladesh*, Dacca, 1978.
[3] H. Basar, "Problems of Agricultural Cooperation in Turkey" *Year Book of Agricultural Cooperation, 1979*, ICA, Paris, 1980, pp. 125, 128.

operative societies are financially dependent on credit cooperatives to some extent.

The activities of the credit cooperatives in Turkey answer the interests of the rural bourgeoisie and stimulate the progress of capitalist enterprise in the countryside. The credit cooperatives grant loans only to the major landowners, who have agricultural machinery, or large number of livestock. Credits are extended to merchants and usurers: they account for some 70 per cent of the credits extended by private and state banks. In turn, the usurers extend a portion of the credits thus obtained to small owners and handicraftsmen. At best, small farms can obtain credits from cooperatives only to cover their expenditures during the sowing or harvesting season. Large and long-term credits are a privilege of rich peasants, those with property exceeding the value of the credits received.

The rich peasants and major landowners can receive credits not only through cooperatives but also directly from the Agricultural Bank. The bank extends 97 per cent of its credits to 11 per cent of recipients representing the well-to-do sections, while only 3 per cent of the credits go to 89 per cent of the peasant applicants. It also extends credits on easy terms to the so-called model farms. Since a model farm must possess at least 17 hectares of land, this type of financial credit is unavailable to the majority of peasants. It follows that in Turkey credit cooperatives are accelerating the process of class stratification in the countryside and facilitating capital concentration in the form of land and money in the hands of large- and medium-scale landowners.

The high interest rates fixed by credit cooperatives also serve the interests of the national bourgeoisie. In Thailand, for example, credits, granted at an annual interest of 9 per cent, and are therefore available to the rich peasants only. If a peasant cannot repay the loan at the end of a specified period, he loses his plot of land.[1]

[1] Even more harm comes from the peasants' financial dependence on usurers. The money-lending functions are performed by traders, middlemen, and owners of local rice mills. They extend peasants loans at an annual interest rate of 30-35 per cent and sometimes 50 per cent. The loan is often repayed in kind (a portion of the crop). In these cases the interest may range from 60 per cent to 120 per cent. Some peasants are in debt all their life; debts are inherited. In the Philippines, the repayed sum often comes to 300 per cent of the loaned sum.

The data in Table 5 shows the substantial difference between the rates of interest on loans from state and cooperative credit institutions and that from usurers in some Asian countries.

Table 5

Country	Interest on:	
	Loans from state and cooperative institutions	Loans from usurers and major landowners
India	12	15
Indonesia	3	28
Iran	5	—
Pakistan	4	27
Philippines	6	22
Sri Lanka	6	44
Thailand	9	28

The principal beneficiaries of the credits granted by state and cooperative institutions on easy terms are major landowners. Thus, big farmers receive some 80 per cent of all the credits extended by the State Bank of Agricultural Development and by the credit cooperatives in Bangladesh. In Pakistan, small farms receive only 3 per cent of all the credits extended by state and cooperative institutions. In the Philippines, big farmers receive 98 per cent of all the credits granted by state and cooperative societies.

Failure to repay loans has become a widespread practice. Also, the major landowners and money-lenders use the credits extended by state and cooperative institutions to grant loans to poor farmers at exhorbitant rates of interest: they practically rob these peasants.

Under the cooperative rules operating in some countries, cooperative organisations must extend financial assistance first

of all to poorer peasants by granting them small loans. In practice, this is often violated. Notably in Nepal the statutes of credit cooperatives envisage the granting of small loans (of up to 200 rupees) to landless peasants and sharecroppers. In fact, these sections of the rural population receive no loans. Loans are extended to the cooperated rural elite, who then lend money to tenant farmers at an interest higher than that fixed for cooperatives.

In African countries, the effect of credit cooperatives on the national economy is less than in Asian countries. Also, they are not so numerous. In the majority of African countries the class of professional usurers is virtually non-existent. This function is filled by the tribal nobility, rich peasants, merchants, traders, buyers-up of the products produced by peasants and artisans, owners of small handicraft shops and enterprises processing primary agricultural raw materials, and highly paid government officers. As a result, many of them appropriate as interest a portion of the necessary labour of small-scale commodity producers along with their surplus labour. Taking advantage of the weakness of cooperative societies and their failure to extend the necessary amount of credits to individual farms, the usurers keep the credit recipients in dependence and thus slow down their transfer to more efficient production.

The specific features of usury capital in African countries may be illustrated using the example of Côte d'Ivoire. The cooperative societies operating in this country lend to only a small number of individually owned production units, primarily members of cooperative management. The majority of peasants and artisans are obliged to turn to usurers for credits extended on harsh terms and usually in kind (seeds, fertilisers, raw materials for artisans, etc.). As a rule, peasants and artisans repay their creditors in finished products: grain, dairy products, handicraft wares, etc.

In a number of African countries, the national bourgeoisie has cemented its position in the credit cooperatives. The cooperative banks stimulate the emergence of rich farmers and the craft workshops employing wage labour. In Ghana, for example, the Cooperative Bank extended loans to rich farms to the tune of several million cedi in the early eighties. The

cooperatives did not lend money to the peasants unable to produce marketable goods. The same is true of some other African countries.

To become a member of a cooperative in Zambia, one must purchase shares amounting to not less than 100 kwacha. Most of the smaller farmers have no real chance of joining a credit cooperative (members of the agricultural producer cooperative Buntungo, for example, earn 20 kwacha a month). Small-scale producers do not earn enough to obtain shares in a credit cooperative.

The credit cooperatives in Kenya cater primarily for the needs of the urban population. Their services are used in financing housing construction, purchasing furniture, cars, etc. The annual amount of money let by the cooperatives is around Kshs 200 million. On the whole, less than 1 per cent of the population use the services of credit cooperatives.[1] Since the majority of cooperative members are government employees (meaning that few cooperators are directly linked to material production), the cooperatives can do little to boost production.

In Tanzania, the majority of credit cooperatives function in the countryside. At the beginning of the eighties, the cooperatives annually extended in loans some Tshs 100 million. Most loans were rather small, averaging from Tshs 200 to Tshs 5,000. Some loans, though, were as high as Tshs 30,000.[2] Funds borrowed from credit cooperatives are used for "rural production, for education, housing", etc.[3]

Research into the functioning of credit cooperatives has shown that in the developing countries of capitalist orientation they are used most extensively by the national bourgeoisie, landowners, and usurers. There are grounds for believing that they intend to strengthen their position in credit cooperatives. This is because the shareholders of credit cooperatives are fairly well-to-do and will try to enlarge their capital with divi-

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[1] J. Dublin and S. Dublin, *Credit Unions in a Changing World. The Tanzania-Kenya Experience,* Wayne State University Press, Detroit, 1983, pp. 171-178.

[2] *Ibid.*, p. 109.

[3] *Ibid.*, p. 127.

dends: cooperatives protect their members to some extent against bankruptcy by extending them financial aid in their competition with their business rivals. It is only natural that the wealthier shareholders should take more steps to strengthen credit cooperatives; the national bourgeoisie is oriented primarily on commerce and money-lending, and is therefore inclined to extend the network of credit cooperatives, which will undoubtedly affect the development of this type of cooperation.

It is logical to suppose that in these countries credit cooperatives will tend to transform themselves into joint-stock companies. Some cooperatives show very few differences from joint-stock companies. There are more and more instances of a cooperative selling several shares to individuals. Quite a few examples are known of election to the management board depending on the number of shares owned by a cooperator (Pakistan, Turkey, Kenya).

Despite the fact that credit societies are not widespread in the developing countries of socialist orientation, their operation in these countries is of considerable practical importance. Small farmers and artisans need financial assistance to make their work efficient. Unaided, they cannot set up cooperatives with a more or less solid financial base.

In the countries of socialist orientation, funds may be accumulated through the joint effort of various cooperatives, government subsidies, share payments of small producers (established within their ability), proceeds from the operation of credit cooperatives. It is important that the government adopt measures preventing bourgeois elements from penetrating cooperative management. The importance of this factor was stressed by Lenin. His recommendation referred to the first years of Soviet government in Russia. It is, however, still valid for the African and Asian countries oriented upon socialism. In these countries, the campaign to democratise the cooperative movement and to prevent usurers, landowners, and industrialists from joining cooperatives is assuming a particular importance.

In the countries of socialist orientation, there needs to be close collaboration between credit cooperatives and other types of cooperation (marketing, consumer, producer cooperatives, etc.). Extending financial assistance to other cooperatives, credit cooperatives will promote their development.

2. Marketing Cooperatives

With the development of commodity-money relations, the developing countries increasingly find themselves with conditions favourable for cooperation in the marketing of farm produce.[1] This has become possible because the subsistence economy is gradually replaced with the commodity type of economy. "In the production of commodities," wrote Marx, "circulation is as necessary as production itself, so that circulation agents are just as much needed as production agents."[2] The cooperative societies engaged in marketing farm produce and providing goods to the population have come to play an important role as circulation agents.

A great number of marketing cooperatives function in Asian countries. Turkey, for example, has 520 marketing cooperatives catering for the needs of the rural population. They include 386,000 members.[3]

In Burma, marketing cooperatives buy up the peasants' rice, cotton, and beans at fixed prices, and sell them to the state. The peasants and the state benefit equally from this arrangement. The peasants—because the cooperatives can protect them to some extent against speculative buyers-up. The state—because the cooperatives induce peasants to run the farms on a more rational basis and raise their output. Coope-

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[1] It should be mentioned that in some countries cooperatives of this type are engaged primarily in purchasing and selling farm produce and articles produced by artisans. In others—in supplying consumer goods and raw materials to the cooperators.

Varieties of marketing cooperatives are livestock-breeding, dairy, poultry farming, and fishing cooperatives; cooperative distilleries, cooperatives purchasing timber, etc. They market goods produced privately; supply peasants with transport, building materials, and machinery; disseminate advanced work methods and techniques. There are also cooperatives supplying electricity, water, gas, etc., most of them operating in urban areas.

[2] Karl Marx, *Capital*, Vol. II, 1986, p. 129.

[3] A. Altun, *The Rural Structure. The Cooperative Movement in Turkey and KÖY-KOOP*, Ankara, 1978.

ratives played their part in increasing the output of rice by 75 per cent from 1974 to 1984.

Here is one example of the way marketing cooperatives operate in Burma. The cooperative in the village of Ondo, near Mandalay, is comprised of some 600 families living in three neighbouring villages. Each family works its own plot of land. The cooperative markets their common produce, keeping an account of the amount of output produced by each peasant farm before marketing the produce. It also supplies the peasants with farming implements, seeds, and fertilisers. The important thing is that now private entrepreneurs cannot dictate the purchasing prices to the peasants, as they used to.

India has over 3,500 primary-level rural marketing societies, 380 regional and 29 state-level marketing federations. In 1985, the cooperatives sold agricultural products to the total sum of 25 billion rupees. They annually procure over 3 billion tons of wheat; they account for 12 to 15 per cent of the purchased rice, 33 per cent of the cotton, 30 per cent of the jute,[1] several hundred tons of soya beans, over 200,000 tons of onions, 50-70 million eggs. They are purchasing ever increasing amounts of potatoes, apples, vegetable oil, tea leaves, and other farm products from the population.

In some states in India, cooperatives have built enterprises processing agricultural products. They currently own some 1,800 such enterprises. Nearly half of the sugar-cane grown in India is processed at state-cooperative sugar factories.

Cooperatives purchase fertilisers, seeds, pesticides, and distribute them among the members. After marketing the crop, the peasants repay the cooperatives in cash. In the early eighties, when the price of mineral fertilisers went up, the amount of mineral fertilisers distributed through cooperatives among small farms went down because they did not have enough money to pay for this expensive product.

Marketing cooperatives in India have come up against

[1] In 1985/86 the country produced 45.5 million tons of wheat, 59.5 million tons of rice, 1.47 million tons of cotton-plant, 1.47 million tons of jute.

many difficulties. As there are not enough cooperatives processing farm products, marketing cooperatives have to purchase from peasants the farm products that can survive a lengthy period of storage without processing. In some Indian states, the operation of marketing cooperatives is restricted by the existing legislature (the purchase of farm products is permitted only at open-air auctions; it is forbidden to procure agricultural products to sell them on the market through higher-level cooperative organisations).

The situation is aggravated by the limited financial resources of marketing cooperatives which, as a result, cannot supply the peasants with agricultural implements, fertilisers, etc., on a regular basis; it follows that cooperatives have difficulties in purchasing farm products from the peasant population. Another factor impeding the progress of cooperatives is the shortage of personnel qualified to work in coperative organisations.

Marketing cooperatives are often in acute need of storage and transport facilities. In the Punjab, for example, the cooperatives own only 0.3 per cent of all the storage facilities, private traders own 35.2 per cent, and the state—64.5 per cent of the facilities. Over 80 per cent of the state-owned warehouses are rented out to private dealers in farm products. Cooperatives comprising small-scale peasant landholders use some 10 per cent of the state-owned warehouses. In the absence of long-term storage facilities for agricultural products, the annual waste amounts to 20-30 per cent of the output, and the small-scale producers lose more than other categories.

The shortage of storage facilities enables private dealers to buy crops at low prices during the harvesting season. In India, wholesale prices rise steadily until the beginning of a new harvesting season, and the cooperatives, with their poor resources, are unable to prevent this.

In Bangladesh, India, Pakistan, and Nepal it is common practice for money-lenders to buy a standing crop from small farmers (that is, before harvesting). The peasants are driven to such deals by their extreme need. Rural cooperatives, controlled by the rich farmers, cannot resist this practice.

Marketing cooperatives have become widespread in Turkey. Their operation, however, benefits primarily major land-

owners, who have assumed control over them.[1] Big landowners have been using these cooperatives to secure from the state the most favourable conditions for marketing agricultural products at home and abroad. Through these cooperatives they obtain the produce of small farms at low prices in order to sell them on the market at high prices.

In many countries, this type of cooperative activity is encouraged by the state in every way. In Algeria, for example, Rule 74-89 guarantees the cooperatives a certain stability of prices for their produce irrespective of the market situation. This measure protects cooperatives against market anarchy and competition with big merchants. Some 50 per cent of the agricultural commodities are marketed through cooperatives.

In Botswana, cooperatives assist peasants in selling livestock, primarily through a meat corporation functioning on cooperative principles. The marketing cooperatives buy and sell grain. When peasants hand over their produce to cooperatives, they receive two-thirds of its value at once. The final settlement is made after the sale. Cooperatives sell chicks, piglets, goats, bone meal, fertilisers, salt, etc. to peasants. Sometimes, marketing cooperatives act as organisers of team work (in housing construction, vegetable-growing, etc.).

Wealthy peasants using hired labour have a strong position within marketing cooperatives. One example is provided by poultry-marketing cooperatives in Ghana. They are comprised of farmers employing hired labour. The cooperatives have business ties with private owners of incubators and fodder mills. Businessmen willingly make contracts with cooperatives, since this provides them with a stable market and allows them to derive a profit from the labour of hired workers employed at privately owned enterprises and cooperative farms. Thus, the Addison farm in an Accra suburb employs eight hired workers, not members of the cooperative, of which the farm owner is a shareholder. Through this cooperative, the farmer obtains chicks and fodder, and sells his produce.

[1] The top exploiter stratum of the Turkish village comprises not more than 10-12 per cent of the total rural population and owns up to 60 per cent of the land under cultivation.

Cooperative distilleries have become fairly widespread in Ghana. They purchase sugar-cane—the principal component required for making alcoholic beverages. The personnel of a distillery is fairly large—from 15,000 to 25,000 people.

In Tanzania, marketing cooperatives have become widespread among cotton-growers. These cooperatives help peasants obtain seeds, fertilisers, and agricultural machinery, and organise expert consultations for them. Cotton-growers' cooperatives are united in a single Union of Cooperative Societies. The Union has several cotton-ginning enterprises and a considerable number of tractors; it is a co-owner of a big textile factory in Mvanza and a shareholder of the National Cooperative Bank.

The marketing cooperatives in Ethiopia are extending their operations. They serve 4.3 million production units. Their aggregate returns come to 140.5 million birrs—an average of 36,500 birrs per cooperative. Apart from purely marketing functions, they deal with the construction of enterprises for processing of raw materials, trade stores, and warehouses. Credit cooperatives are virtually non-existent. Therefore the state is taking steps to ensure that marketing associations extend loans to producer cooperatives—which are as yet in the stage of formation.

Despite their complex and contradictory character, marketing cooperatives have contributed a great deal to stimulating the development of commodity-money relations in many countries; they encourage peasants and handicraftsmen to adopt more rational methods of operation and to take into account the market situation for their specific products. In some countries, cooperatives procure several types of agricultural products and handicraft goods for the external market as well.

The following facts show the range of some countries' activities on the external market. Cooperatives market 80 per cent of the Kenyan coffee exports, about 40 per cent of the Tanzanian agricultural exports, over 50 per cent of the Senegalese peanut exports, 20 per cent of the Nigerian agricultural exports. By exporting their output, cooperatives attract the foreign currency so needed by the developing countries.

In the countries following the capitalist path of development, the national bourgeoisie has already mastered the technique of penetrating into cooperative management and utilising the cooperatives' financial resources to their own advantage. The rank-and-file members' low level of general education and their lack of experience in economic management and in public activity have created favourable conditions for this. Government bodies also do a lot to help the national bourgeoisie strengthen its position in the cooperative movement.

The capitalisation of the national economy cannot fail to intensify the economic competition, in which the small-scale producers are unable to withstand the rivalry of big farms and other production units. Meanwhile the cooperatives, wishing to attract the financial resources of rich shareholders, do very little to protect the interests of small-scale producers. That is why the percentage of small-scale holdings will probably decrease within the marketing cooperatives.

In the countries of socialist orientation, attempts are being made to make more effective use of the marketing cooperatives to promote the interests of small- and medium-scale producers. The cooperatives' efficiency will largely depend on whether they have adopted correct methods of running the processes of commodity circulation and the way they organise accounting and control over the expenditure of shareholders' money. The success of the cooperatives economic activity and their social significance will also depend on the degree of their collaboration with the state institutions engaged in transportation, storage, processing, and marketing of goods.

Marketing cooperatives acquire special significance in the establishment of economic links between agricultural enterprises and state-owned industrial enterprises processing agricultural products. The extension and consolidation of the ties between them will increase the degree of employment in the urban areas and enhance the cooperators' interest in the productivity of agriculture. An important fact is that the numerical growth and increasing strength of the marketing cooperatives create conditions favourable for the operation of producer cooperatives. The establishment of close ties between state institutions and marketing cooperatives will help to improve the management of trade processes and to restrict the

private sector's influence in the area of commodity exchange. In the countries of socialist orientation, the state and broad sections of the population have an interest in the expansion of the marketing cooperatives.

3. Consumer Cooperatives

Consumer cooperatives play a significant role in the economic and social transformation of developing countries. Some data on consumer cooperatives in a number of Asian and African countries can be found in Table 6.

As the table shows, the network of consumer cooperatives is not as widespread as the credit and marketing cooperatives and their membership far smaller. Some countries have no consumer cooperatives. In the Yemen Arab Republic, the first consumer cooperatives appeared as late as 1978.

The slow growth of consumer cooperatives is explained by a number of factors, the most significant of them being the inadequate development of the workers' movement. As mentioned earlier, most of the early consumer cooperatives were set up by workers. The social base for the activity of consumer cooperatives in young states is rather weak because the working class is still in the process of emerging and therefore is not yet waging a consistent struggle in defence of its own interests. In newly independent countries, the majority of consumer cooperatives' members are office workers.

Some of the difficulties impeding the development of consumer cooperation derive from the fact that before political independence trade in these countries (then colonies) was, as a rule, in the hands of colonialists and local private entrepreneurs. To this day, the latter have been doing all they can to preserve their position within the sphere of commodity exchange.

Difficulties have been also caused by the rapid rise in the retail prices of a range of goods, and by inflation, both factors reducing the consumer's purchasing power. This, in turn, reduces the volume of cooperative trade and impedes its progress.

Despite these serious problems, the number of consumer cooperatives has tended to grow in some countries as has their

Table 6

Data on Consumer Cooperatives in a Number of Asian and African Countries (the Mid-Eighties)

Country	Number of cooperatives	Numbers of members (thou.)
Asian countries		
Bangladesh	over 500	—
Burma	approx. 400	—
India	over 20,000	over 50,000
Iraq	160	approx. 500
Pakistan	over 400	65
The People's Democratic Republic of Yemen	34	70
Philippines	over 800	—
Sri Lanka	3,800	—
Turkey	over 2,600	approx. 200
Yemen Arab Republic	—	50
African Countries		
Botswana	18	7.6
Egypt	over 4,000	approx. 3,000
Ethiopia	approx. 3,000	—
Kenya	70	—
Lybia	over 200	70 per cent of the rural population
Madagascar	over 100	—
Mali	110	—
Mauritius	90	approx. 30
Mozambique	1,200	500
Senegal	55	—
Sudan	1,200	225
Tanzania	approx. 900	—

popularity in the eyes of the population. In many countries, consumer cooperatives have been supported in every way by the government. There are several reasons for this: (1) the existence of the cooperative trade makes it easier for the state to settle the problems involved in commodiy exchange and supply of the population with the necessary amount and assortment of goods; (2) cooperatives are economically profitable because they purchase goods in substantial amounts and often directly from their producers, therefore these goods cost the state less; (3) cooperatives help maintain stable prices: they do not try to raise prices because the bulk of consumers are their shareholders; due to this, private traders have to fix the prices of the goods sold in their shops with an eye to the prices adopted by cooperative shops; (4) through consumer cooperatives, various sections of the population become involved in social activity; the cooperatives also help raise the level of the population's general education and culture.

The specific feature of the consumer cooperatives in developing countries, distinguishing them from their counterparts in developed capitalist countries, is their significantly greater sphere of operation. The principal purpose of cooperatives operating in developed capitalist countries is either improvement of the financial situation of the low income and average-income shareholders or, in general, the dividends (an additional income distributed among ordinary shareholders). In a number of developing countries, consumer cooperatives are, together with the state, engaged in creating a network of trade outlets and supplying the population with staple goods; they oppose profiteering, take part in the resolution of social problems and help improve the population's standard of living. Another difference is that in developed capitalist countries cooperatives emerged within the workers strata, and the exploiter state had no interest in creating conditions favourable to their work; in African and Asian countries, however, cooperatives are often founded on the basis of a government decision and with its extensive assistance. Whereas the first consumer cooperatives in developed capitalist countries (Britain, Germany, Italy, France) functioned primarily in urban areas[1] (and are today catering primarily for urban dwellers), in a number of developing countries (Angola, India, Tanzania, Ethiopia), it is the rural population who are involved in cooperation on an ever greater scale.

[1] In rural areas consumer cooperatives were set up to supply their members with some goods during the sowing and harvesting seasons. France, for example, had, in 1907, 836 consumer societies supplying cooperative members with bread (V. Totomiants, *Agricultural Cooperation*, St. Petersburg, 1908, in Russian).

The largest membership of consumer cooperatives is recorded for India—over 5 million people. There, the network of consumer cooperatives includes over 100,000 trade outlets and embraces representatives of many social groups: industrial workers, miners, railwaymen, intellectuals, traders, military men.

Indian consumer cooperatives have scored definite successes in expanding their material and technological base. For example, from 1981 to 1985, their storage facilities increased nearly two-fold (from 4.7 mln tons to 8.4 mln tons). At the same time, the country still has a large number of small primitively constructed cooperative shops, unfit for the storage of even a small quantity of perishable goods.

An important role in the further progress of cooperation in India is assigned to its central coordinating body—the National Federation. Despite the existence of clearly formulated rules regulating the functioning, structure, and interaction of cooperative organisations, they do not always coordinate their activities. As a result of the inadequate coordination of primary consumer societies and wholesale depots, conflicts frequently arise between cooperative organisations. The directives issued by the National Federation and State federations have an advisory character and are not always adhered to. In addition, the cooperatives are to a considerable degree dependent on private capitalist enterprises—the principal suppliers of commodities for cooperative trade.

Cooperatives set up their own enterprises processing agricultural products, producing cloth, paper, matches, and some other goods. New wholesale depots have been built and are expected to improve the supply of commodities for cooperative organisations. The building of wholesale depots is of special importance because, among other factors, private trade firms use interruptions in the delivery of staple consumer goods to the population to raise prices.

Workers' cooperatives are obliged to join in the unequal competitive struggle with the cooperatives organised by capitalists and possessing better financial and other resources.

Commercial and industrial capital often merge to wage a joint offensive on consumer cooperatives. Priority in the supplies of scarce goods is given to private trade firms. Those

who use the services of consumer cooperatives resent this discrimination on the part of private capitalist firms. In answer to repeated requests by cooperative organisations, the Indian government has adopted a decision obliging private enterprises and firms to deliver 10 per cent of their output to cooperative trade enterprises.

Until the mid-sixties, consumer cooperation developed rapidly in Indonesia. Then, soon after the coup d'etat in 1965, the new authorities disbanded a large number of cooperatives; the social composition of the remaining cooperatives changed drastically. Cooperatives comprising policemen (180,000 members), naval men (147,000 members), infantry men, and airmen constitute a substantial proportion of consumer cooperatives. In addtion to trade, the consumer cooperatives comprised of policemen and military men are engaged in the production of briks and tiles, run rice mills and hotels. Jointly with the Japanese firm Mitsui, military men cooperatives have set up a large mechanised grain farm. They have also set up several pig-farms with the help of the US Cooperative League.[1]

In Sri Lanka, consumer cooperatives operate both in urban and rural areas. Together with the multipurpose school cooperatives (filling most of the functions of consumer societies), they number 3,800 or 39 per cent of the total number of cooperatives. They encounter many problems: qualified workers do not want to work for cooperatives because of the low pay they offer, and this, coupled with the badly organised cost-accounting and obsolete methods of business-running, explain the low profitability of consumer cooperatives. Many of them are isolated and weak.

The countries of socialist orientation are adopting measures designed to stimulate the development of consumer cooperatives in the interest of the working people. In the People's Republic of Angola consumer cooperatives are organised

[1] It must be pointed out that the Indonesian economy is growing more and more dependent on foreign businessmen. Foreign monopolies actually control over 800 of the country's largest industrial enterprises. Monopolies buy up tobacco and coconut concessions and india-rubber plantations; this results in the mass ruin of peasant members of cooperatives associations.

at industrial enterprises, state farms, and within agricultural producer cooperatives. The consumer cooperatives of Angola draw on the experience accumulated by the cooperators of the German Democratic Republic; its advisors have helped in setting up and running consumer cooperatives in Angola. The state has assigned the cooperatives the task of supplying the population with scarce farm and industrial products in accordance with the state-fixed prices and quotas.

In the People's Republic of Mozambique, consumer cooperatives are engaged primarily in supplying the population with farm products. Cooperative trade accounts for 20 per cent of the total retail turnover. The consumer cooperatives serve some 2.5 mln people. Foodstuffs and other essential products are sold at stable prices. The directives adopted at the Third Congress of the FRELIMO assigned cooperatives important economic and social tasks. "Consumer cooperatives," says a Congress decision, "are an optimal solution of our problems involved in provisioning. By joining forces in cooperatives, the population not only solves the majority of the problems involved in provisioning but also wages a struggle against profiteering and exploitation in general."[1]

The consumer cooperatives of the People's Democratic Republic of Yemen contribute a great deal to the country's retail trade. In 1983, they marketed goods to the total sum of 50 mln dinars. In addition, the cooperatives take part in the construction of schools, hospitals, and roads. The consumer cooperatives allocate 10 per cent of the profit derived from their trade operations for these purposes.

The consumer cooperatives occupy an important place in the Syrian economy. However they have to withstand competition from the extensively developed private sector.[2] The Syrian government offers free subsidies to some cooperatives to build trade outlets and organise their operation; it extends long- and short-term credits for training the personnel of consumer cooperatives and for their instruction in cooperative

[1] *Documents of the FRELIMO. People's Republic of Mozambique.* Third Congress, Nauka Publishers, Moscow, 1980 (in Russian).

[2] In Damascus alone there are 30,000 private bakeries, meat shops and other trade shops and over 1,500 trade firms seeking to use the difficulties in supplies to their own advantage.

schools abroad. The government assigns qualified personnel to cooperative organisations.

In 1976, on the initiative of the ruling Tanganyika African National Union (TANU), first trade outlets operated by rural dwellers were set up in Tanzania. By 1978 their number had grown to 879 (from 300 in 1976). Trade shops were opened in *ujamaa* villages. By the mid-1980s, their number had reached nearly 15,000.

Consumer cooperatives in Ethiopia give the state considerable assistance in its efforts to overcome unlawful profiteering and supply the population with staple goods. They also help to keep down prices. Consumer cooperatives have been spreading to rural areas as well. They arrange deliveries of industrial and farm products, and agricultural implements to peasants, and reduce the private sector's influence in trade.

In some countries steps have been taken to arrange state retail trade. However, because of its weak financial and technological base, it still shows very low profitability. In view of this, consumer cooperatives are of particular importance. They attract funds from the population to organise trade and encourage their shareholders to take an active part in this work. Cooperative trade should not be contrasted with or opposed to the state trade as the consumer cooperatives are intended to work with the state in providing the population with the necessary amount and range of goods.

The numerous small-scale traders in newly independent countries play a significant part in the development of commodity-money relations. At the same time, their labour is not very effective economically. The small traders appropriate a portion of the national income, thus impeding the process of primary accumulation of capital by the state. The progress of consumer cooperation and the extension of the network of state retail trade makes it possible to reduce the volume of private trade and decrease the number of people employed in it. At the same time, if the small traders are forced out of the sphere of commodity exchange too rapidly through expansion of cooperative and state trade (as happened in Guinea) serious harm may be done to the economic ties between town and countryside.

In the early seventies, the Guinean government took some

energetic measures to organise state and cooperative trade and eliminate private trade as quickly as possible. Markets and private shops were closed down in Conakry and other cities and their owners were persecuted. Nevertheless, the government did not succeed in creating an extensive network of state and cooperative trade shops because of its inadequate financial resources and lack of experience and skilled personnel. The supply of essential goods to the population fell sharply; social conflicts were exacerbated. The government, then, gave in and permitted the private traders to resume their operations. State and cooperative trade collapsed. At present, state and cooperative trade outlets are few and far between and they all show low profitability.

For this reason it is very important to adopt balanced measures making it possible to increase the percentage of state and cooperative trade outlets within the network of retail trade and to gradually force out small traders, while encouraging them to take a job in a cooperative or state shop or at an industrial enterprise.

In the developing countries of socialist orientation, there exist different points of view concerning the role and significance of cooperative trade. In a number of countries, as has been mentioned earlier in this book, the government is seeking to stimulate the progress of cooperative trade by all means available, whereas in Algeria, for example, there is no cooperative trade to speak of. Here it is expected that the role of private retail trade will continue to increase. The National Charter of the Democratic and Popular Republic of Algeria says, in part, that retail trade "remains within the compass of the private sector" because the latter "makes it possible to reach each consumer and deliver him the products he needs"[1] It seems that the potential of consumer cooperation has not been fully appreciated in Algeria; the fact that it can lower the retail prices of many goods and improve the living conditions of the low-income families has been overlooked.

How far a country advances along the road of social progress depends largely on the character and orientation of the commodity exchange sphere. The organisation of trade and services for the population deserves and receives the attention,

[1] *El Moudjahid,* Alger, No. 6393-6395, 5-7 January 1986, p. 24.

not only of the state and the cooperative movement, but also of other social organisations, trade unions among them.

It is possible that, with time, consumer cooperatives will attract many trade union members. Collaboration between trade unions and cooperatives will involve more workers and peasants in the distribution of staple goods among the population.

Experience has shown that despite the serious problems and difficulties they encounter, consumer cooperatives of working people have an ever greater effect on economic, social, and political transformation. Consumer cooperatives are expected to play a significant role in the future expansion of external and internal markets and to promote the population's social activity.

Since their inception, the consumer cooperatives have been an object of hot debate concerning their role and place in society's economic and social life.

Non-Marxist concepts of socialism have been broadly discussed in African and Asian countries. One of these is the concept of "cooperative socialism". Its adherents claim that only cooperation can lead to a society of social justice. In their opinion, the existing economic and social contradictions are explained by the unjust system of distribution of material values. Cooperation, they assert, is called on to change the mode of distribution and thus establish equality and justice in society. Consumer cooperation is declared the principal means of struggle changing the mode of distribution. The ideas of Eduard Bernstein,[1] Ernest Poisson, Charles Gide, Paul Rama-

[1] Eduard Bernstein recommended that workers build a new society—without capitalists and landlords—with the help of consumer cooperation. His views were widely circulated in pre-revolutionary Russia. Cooperatives were assigned the mission of delivering the working people from capitalist exploitation and establishing harmonious social relations in society. Zelgeim recommended the following remedy for the burning problems and contradictions existing in Russia: the "wedge" of workers' cooperation is driven into trade and industry thus placing the working people in an entirely new—more independent—position. Working people—owners of cooperative enterprises—occupy in the market the same position as capitalist owners and beat them with their own weapon. This struggle is peaceful and bloodless, since it is based upon a better arrangement of industrial relations. (V. Zelgeim, *Power in Unity,* Sytin's Printing House, Moscow, 1907, in Russian.)

dier,[1] V.N. Zelgeim are at the basis of the assertion that the consumer cooperatives have a "special" role to play in the transformation of the world. Thus, André Hirschfeld, in his article "Some Thoughts on Cooperative Socialism" included in *Anthology of Cooperative Thought* published in New Delhi, gives a positive assessment of the views of adherents of "cooperative socialism", who are firmly in favour of expanding consumer cooperation by all means available and building a new—classless—society with its help.[2]

Hirschfeld supports Poisson, whose view may be summed up, in his own words, as follows: "Imagine that one day consumer cooperatives existed in every single town and village . . . and had succeeded in setting up their machinery for the redistribution of wealth in every single locality and district, wherever there is a need for it; that every person, or rather one person in every household, people living alone being considered as household, in the geographical area served by a cooperative belonged to that cooperative; that as a consequence the membership of the cooperative movement comprised for practical purposes the entire population of every locality, every country and even the whole world; that these consumer cooperatives were satisfying the entire range of humanity's material needs, including food, clothing, heating, lighting and even housing, no human need being neglected by them; that every single one of these retail consumer cooperatives belonged to wholesale bodies making up the wholesale cooperative movement. . . in brief, imagine that wholesale trading and then industry, finance, and agriculture were owned, directed, organised, and opened entirely by consumer cooperatives and were thus the latter's responsibility."[3]

In the twenties, Poisson called for the creation of a cooperative republic, and his disciple Ramadier sought to prove that consumer cooperatives would help build a better society than capitalism or socialism. He wrote as follows: "The functioning of the consumer cooperatives does not create the difficulties that the coexistence of socialist and capitalist institutions creates."[1]

Theories of the exclusive mission of consumer cooperatives have never and nowhere been put to practice. This is because the capitalists would never agree to hand trade over to the cooperatives serving the interests of the working people. Moreover, they would never voluntarily, without acute class struggle, hand over state power to the workers. Finally, consumer cooperatives function within the commodity exchange sphere, and hence exert, not a direct, but an indirect influence on the production processes. Marx, while he did not underestimate the role of consumer cooperatives, placed producer workers' cooperatives at the forefront: "We recommend the working men to embark in *cooperative production* rather than in *cooperative stores*. The latter touch but the surface of the present economical system, the former attacks its groundwork."[2]

Today, at the close of the twentieth century, the adherents of "cooperative socialism" are seeking to prove that the conditions have been created in the developing countries which enable the ideas of Bernstein, Poisson, Ramadier, and others to be implemented. The only difference is that today the "exclusive mission" is ascribed not to any single type of cooperatives but to cooperation as a whole.

The decisions adopted at the Eighth Indian Cooperative Congress state that cooperation is the most effective instrument of ensuring social justice in view of the fact that the cooperative movement is potentially capable of carrying out a peaceful socio-economic revolution. This was confirmed at the Tenth Indian Cooperative Congress in December 1985. The Congress resolution states that cooperation is the best social means of attaining economic growth. The report to the Twenty-Seventh ICA Congress delivered by the Canadian scholar Laidlow on

[1] Ernest Poisson and Paul Ramadier were ICA leaders in the twenties and early thirties.

[2] Quoted in: *Anthology of Cooperative Thought*, Vol. III, NCUI, New Delhi, 1977, pp. 34-50.

[3] Ernest Poisson, *La Republique Coopérative*, Bernard Grasset, Paris, 1920, pp. 67, 72-73.

[1] Paul Ramadier, *Les socialistes et l'exercice du pouvoir*, Robert Laffont, Paris, 1961, pp. 233-34.

[2] Karl Marx, "Instructions for the Delegates of the Provisional General Council. The Different Questions", in: Karl Marx, Frederick Engels, *Collected Works*, Vol. 20, International Publishers, New York, 1985, p. 190.

behalf of Western cooperative unions state, in part: "There is ample evidence that any one kind of co-operative by itself is a weak read on which to depend for the reform and improvement of society. Throughout the last century in Great Britain it was widely predicted that the consumers' movement was going to change the face of the land."[1]

Today it is clear that the multitude of cooperative organisations and funds must be utilised to ensure that the cooperative movement might fully display its advantages and exert a profound effect on the economic and social life.

This opinion expressed by bourgeois sociologists on consumer cooperation shows that they have revised their former views on this type of cooperation. As was mentioned earlier, the proponents of "cooperative socialism", who held leading posts in the ICA in the twenties and thirties, strove to prove to the working people that consumer cooperatives were the most obvious and effective form of transition to socialism. In the opinion of the present ICA leaders, who represent capitalist countries, all types of cooperative association may have a deep effect on the economic and social spheres. Consequently, they do not pose the objective of eliminating social injustice and exploitation through cooperation, as their predecessors did 50-60 years ago.

The report to the Twenty-Seventh ICA Congress examines the role and place of cooperatives with no reference to the concrete conditions in which they function. However, the effect cooperation has on the economic and social processes differs according to the specific social system.

The future of consumer cooperatives in a newly free country depends to a great extent on the orientation of this country. In the countries of capitalist orientation, as in developed capitalist countries, the bourgeoisie will try to assume the dominant position.[2] The consumer cooperatives will probably

[1] *International Co-operative Alliance, XXVII Congress. Moscow, 13-16 October, 1980,* London, p. 157.

[2] Typical in this respect is the history of consumer cooperation in the United States. As far back as the twenties, cooperatives functioned all over the country. Nearly all of them collapsed with time because they could not withstand the competition of private commercial firms. Presently, there are only two consumer cooperatives in the United States: in Greenbelt (off Washington) and in Berkeley.

cater more for the needs of those population sections which see the cooperative movement solely as an organisation bringing additional incomes in the form of dividends, that is, serve primarily the employees of government and private institutions, intellectuals, military men, clergy and, to a smaller extent, the workers and poorer peasants. The consumer cooperatives will not have the support of the workers and peasants until the workers' movement gains strength and the necessary experience of class struggle, and until the workers and peasants join efforts in the struggle to improve their material situation and ensure an adequate choice of staple goods for their families.

The significance and role of consumer cooperation in the countries of socialist orientation is expected to grow constantly since its activity promotes the aims of the state, which is seeking to satisfy more adequately the needs of the population and to attain social progress. It is an objective necessity that cooperatives must be increasingly involved in the effort to raise the general level of education, in all economic and social matters, in the process of democratisation of social life.

The consumer cooperatives play a special role in supplying the population with staple goods. Many countries have just begun the work of organising a system of commodity distribution. Therefore, the consumer cooperatives are at present a significant factor in the effort to restrict the arbitrary character of market relations and to improve the material situation of the population. "There must be support and development of consumers' cooperative societies," stressed Lenin, "for they will ensure the swift, regular and low-cost distribution of products."[1]

It follows that in the newly-independent countries the sphere of consumer cooperative activity is much wider than in the developed capitalist countries. In the African and Asian countries, cooperatives are involved in the creation of

In London, the major trading centre of consumer cooperation went private after the cooperators' defeat in the competition with capitalist trading firms.

[1] V. I. Lenin, "Consumers' and Producers' Cooperative Societies", *Collected Works,* Vol. 32, 1977, p. 370.

an organised system of trade; since they reflect the state policy of regulating the prices of scarce goods, cooperatives can, to some extent, protect working people from speculators who seek to use the market situation to raise prices. By speeding up commodity circulation, the consumer cooperatives facilitate the expansion of commodity production.

Chapter Five

COOPERATIVE ASSOCIATIONS WITHIN THE PRODUCTION SPHERE

> "It will take generations to remould the small farmer, and recast his mentality and habits. The only way to solve this problem of the small farmer—to improve, so to speak, his mentality—is through the material basis, technical equipment, the extensive use of tractors and other farm machinery, and electrification on a mass scale."
>
> *Lenin*

The expansion and consolidation of marketing, credit and consumer cooperation brought to life other types of cooperation, directly linked with the productive activity of men. More complex types of cooperation evolved on the borderline of the production and exchange spheres. Cooperatives organise peasants for the collective tilling of land, set up enterprises processing agricultural products and enterprises producing various goods, build housing, irrigation facilities, roads, etc. Agricultural producer, handicrafts, housing, and many-purpose cooperatives are gaining strength.

1. Agricultural Producer Cooperatives

In some developing countries, agricultural producer cooperatives have come to have special significance for the progress of the national economy. They are engaged primarily in organising collective labour in the field, processing agricultural products, harvesting, etc. A higher degree of collective labour—based on collective ownership of the land and labour implements—is rarely found.[1]

The objective process of the development of the productive forces determined the need to create large economic units, able to make effective use of the achievements of science and

[1] Producer cooperatives constitute a mere 6.7 per cent of all ICA cooperatives, their aggregate membership being less than 2 per cent of the total ICA membership.

apply modern agricultural technology to raise agricultural productivity. Such economic units may arise in various ways: through landlords or the rural bourgeoisie acquiring the land plots of ruined peasants and organising in their place large private farms employing hired labour; through state farms; through the merger of private land plots and the organisation, on their basis, of producer-type cooperatives. Cooperatives may also be set up on state-owned land. In a number of countries, major holdings (owned by the rural bourgeoisie and landowners) have been merging to form producer cooperatives.

So far, the cooperatives account for a very small percentage of the total volume of agricultural production—less than 5 per cent in the majority of the newly-independent countries, as Table 7 shows.[1]

In the countries of capitalist orientation, the conditions under which the producer cooperatives operate are difficult and contradictory. The consolidation of capitalist production relations inevitably entails the ruination of small economic units, the rapid growth of wage labour at the expense of the pauperised peasantry, and the application of capitalist methods of exploitation. In these conditions, cooperatives not only fail to protect the peasants from ruination but, on the contrary, lead to new—concealed—methods of their exploitation.

The use of producer cooperation in the interests of the ruling classes can be clearly discerned on the Indian example.

In India, the rural producer cooperatives embrace a relatively small number of families. The cooperatives comprised of small peasant holdings are equipped with primitive labour implements, have a low level of economic efficiency, and, in fact, in many cases, operate at a loss. In 1977-78, for example, the overall profits of individual cooperatives operating with any degree of efficiency constituted 5.5 mln rupees. In the same period, the overal loss sustained by small owners' cooperatives amounted to 33.4 mln rupees.[2] The principal reasons behind the losses suffered by small, individual cooperators lie

[1] Giuseppe Banchieri, *Cooperative nel Mondo*, Editrice Cooperativa, Rome, 1980, pp. 38-39.

[2] *Statistical Statements Relating to the Co-operative Movement in India 1977-78. Part II: Non-credit Societies*, Bombay, 1980.

Table 7

Agricultural Cooperatives in Some Asian and African Countries (Early Eighties)

Asian countries	Share of agricultural production (%)	African countries	Share of agricultural production (%)
Bangladesh	5.6	Cameroon	0.5
Indonesia	6.2	Ghana	1.7
Iran	8.7	Kenya	5.6
Iraq	4.2	Mauritius	3.3
Jordan	0.7	Nigeria	0.5
Pakistan	2.2	Zambia	0.9
Philippines	0.9		
Thailand	2.8		

in the existence of the following objective factors. Firstly, the absence of the material conditions necessary to organise producer cooperatives in every village, and there are no indications that these conditions will emerge in the near future. Jawaharlal Nehru pointed to the fact that cooperative organisations needed to use modern machinery and techniques. He said: "I attach a great deal of importance to the subject of cooperation. It is a very important subject for a variety of reasons. It is important because, especially in rural India, the holdings of peasants are very small, and you cannot expect them to make progress in the higher techniques, in the scientific approach to the problems, unless they cooperate among themselves and pool their holdings. They have no resources. The only way for them to take advantage of modern methods is to form cooperatives and work together."[1] This shows that Nehru attached great economic and social importance to the problem of the cooperation of small individual peasant holdings. However, neither Nehru nor his followers were able to put the idea of producer cooperation among the broad peasant masses into practice. Secondly, the capitalist trend is growing stronger in agriculture, and this restricts the

[1] Jawaharlal Nehru, *On Cooperation*, New Delhi, 1971, p. 95.

possibility of achieving the extensive development of small peasant holdings. The domination of capitalist production relations impedes the progress of these cooperatives, forcing them to enter into competition with private capitalist enterprises, which have better resources. When landless peasants become shareholders in a cooperative run by medium- or large-scale landowners, they become, to all intents and purposes, the farm-labourers of the owners of the land and agricultural machinery. Gunnar Myrdal was right when he pointed out that "co-operative farming in the Indian sense is far less radical than it seems on the surface".[1] The cooperative leadership, composed of the rural elite, profits at the expense of hired labour and the poor peasants. "The privileged landowning individuals dominating the new cooperatives tend to be just as parasitic as the old-fashioned rent-receiving landowners," writes Myrdal.[2]

It is worth noting that in India there are cases of effectively operating producer cooperatives comprising small peasant holdings and set up on the initiative and with the assistance of the Communist Party. One of these is in Illithode village, the Kerala State, where the Communist Party of India enjoys considerable influence. This cooperative of a new type was called a collective farm. It has over 500 hectares of formerly fallow land and includes 250 farm-labourer families. The co-operative farm is headed by an administrative board made up of team leaders. All the principal issues are discussed at the general meeting of the cooperative members and the decisions are adopted following the general vote. The cooperative is operating successfully. The guaranteed minimum pay for men and women alike is 25 rupees a week. If the board approves, the members receive additional pay when the results are summed up and the contribution of each member assessed. Another source of income is the marketing of the produce of their personal land plots.

The State Administration allocated the cooperative funds to purchase agricultural machinery and to build housing, roads, and schools free of charge. There are several cooperatives of this type in other villages.

[1] *The Co-operative Movement of Bangladesh*, Dacca, 1978, p. 16.
[2] *Ibid.*, p. 19.

India has several state farms. Six of them were built with Soviet help. They receive modern agricultural machinery, and Soviet consultants teach the farm workers how to use it. The success of these farms has set a good example for other economic units, and they are being widely discussed in India. Surathgarh Farm, for example, supplies peasants with high-grade seeds and helps them master modern agricultural technology.

The state farms and the cooperatives made up of rural workers are undoubtedly of progressive significance. However, can these forms of labour organisation in the countries of capitalist orientation be regarded as a prototype of the agricultural institutions of remote future? Cooperatives are, to a greater degree than state farms, capable of restricting the influence of exploiter relations: the relative independence and democratic principles on which their work is based allow, within individual cooperative organisations, to develop relations between the members on the foundation of common interests, collaboration, and mutual assistance. Consequently, the peasant associations can, to a certain degree, be regarded as a model of labour organisation in a future society. The progress of these relations is impeded by external factors: cooperatives must maintain stable economic ties with capitalist enterprises to which comradely collaboration and mutual assistance are alien. The policy conducted by the state as regards cooperative development (despite its many positive aspects), promotes, first and foremost, the interests of capitalists but not the interests of the cooperated workers. In these countries, the state does not stimulate the evolution of a new type of production relations within the cooperative organisations set up in the countryside.

In the countries of capitalist orientation, the functioning of those few cooperatives which could indeed become the prototype of a future form of labour organisation in the countryside is possible only if these cooperatives are capable of avoiding the negative effect produced by the activities of landowners and capitalists as well as by some customs and traditions; if the members of these cooperatives can withstand the forces which are not interested in the attainment of economic and social progress by working people associations; and if these cooperatives prove capable of organising more pro-

ductive labour, based on the extensive application of up-to-date science and technology.

There are but few examples of cooperatives in which new relations between the members are taking shape. It is only due to a combination of circumstances and the favourable public opinion that individual peasant associations can be somewhat protected against the onslaught of private capital and against ruination. Such cooperatives are, so far, few and far between.

The rich peasants and big landowners are striving to retain control over the cooperation process; they obstruct the poor peasants' effort to set up collective farms. Iraqi legislation, for example, allows individuals to obtain up to 10 per cent of a producer cooperative's stock. Rich peasants have been taking advantage of this law to assume control over the rural cooperatives.

There are not many producer cooperatives in Jordan, Nepal, Sri Lanka, Thailand, Turkey and other Asian countries of capitalist orientation. In Sri Lanka, for example, there are only 164 cooperatives, with a total of less than 28,000 acres of land. (The principal agricultural crops of the country—tea, rice, india rubber, coconuts—are grown on 3.5 mln acres.[1]) Turkey has 12 land-reform cooperatives embracing 1,400 people.[2]

When the first producer cooperatives were organised in African countries, especially in the early years of independence, much attention was paid to the traditions of the commune: collective ownership and tillage of the land, etc. However, the expectations placed on these traditions and on the positive effect of these communal relations were not justified. The progress of the cooperatives which originated on the basis of the commune was hindered by the primitive patriarchal principle of income-levelling and other principles inherent in the primitive commune. Income-levelling undermines the initiative of cooperative members.

Two examples of unsuccessful producer cooperatives set

[1] *The Cooperative Movement of Sri Lanka,* Colombo, 1974, p. 35.
[2] *Year Book of Agricultural Co-operation, 1979,* ICA, Paris, 1980, p. 128.

up on the basis of a traditional commune are the villages of Buchetekela and Rafubu in Zambia. In 1976, a producer cooperative was set up in Buchetekela which preserved the communal principle of equal payment for the labour input of each member. The existence of the cooperative changed nothing in the labour conditions or way of life of the village families. Its labour productivity was too low and it was disbanded two years later. The villagers then turned to individual production methods and to a simpler—marketing—form of cooperation.

In the cooperatives set up on the basis of a traditional commune, the leadership is quite often assumed by some family or families who are in a position to exploit the labour of rank-and-file members. Individuals obtain a substantial portion of the returns from the marketing of goods produced by the cooperatives. Consequently, the penetration of commodity-money relations into the traditional commune more often than not enriches some families and strengthens their economic influence over the rest of the commune. The rank-and-file members then lose interest in the results of their work. The peasant members of the 298-family cooperative in Rafubu realised that, although they worked more than before, there was no noticeable change for the better in their material situation, while several families were growing rich. Very soon, a sharp fall in labour productivity was registered. Before cooperation, the village peasants had cultivated 1,100 acres, and a year after the cooperative was organised—only 600 acres. Soon the cooperative was dissolved.

This shows that there are not only objective but also subjective barriers to cooperative activity. The cooperatives in Buchetekela and Rafubu were organised hastily; their rank-and-file members had no control over the work of the elected management. Cooperation did not introduce any tangible changes in the organisation of the peasants' labour. As before, the peasants used primitive labour implements. The management failed to appreciate the need to introduce new forms of payment, violated democratic principles, and took advantage of its position to promote personal interests.

As part of the government long-term programme for improving agriculture in 1980-1990, Zambia plans to set up high-

ly mechanised state-owned enterprises, rural producer co-operatives, and family farms. These measures are intended to increase the volume of production. The programme envisages the removal of drawbacks which impede the operation of cooperatives. At the same time, the influence of wealthier peasants is growing in the countryside; no measures have been taken to protect small peasant holdings against ruin, despite the fact that small peasant owners using primitive labour implements constitute the majority of the rural population. The level of general education is very low. All this hampers the implementation of the government programme. Experience has shown that it is impossible, over the short term to set up large-scale farms and arrange their effective operation if agricultural production and social relations are still at a primitive level.

In some countries, the high level of taxation has put a brake on the development of producer cooperation. The peasant had to hand over to the state in taxes not only his profit but a substantial portion of that part of his income which needed to be spent on supporting his family. There were no incentives for good work, the progress of the productive forces slowed down, peasants were disappointed in cooperatives and did what they could to check the spread of the cooperative movement. One example of this type of approach to producer cooperation is Mali. The idea of peasant cooperation on a mass scale was broadcast in this country in the sixties. Agricultural cooperatives of the simplest type were set up to till "collective fields"—the tracts of land that used to belong to the local commune or were allocated by the government from state-owned land. Each member of such a cooperative put in a specified amount of time working a collective field. The peasant members of these cooperatives had expected that the entire profit would be expended in buying chemical fertilisers and agricultural implements or in satisfying various social needs: the improvement of services and utilities, the building of schools, residential housing and storage facilities, etc. The cooperatives were planning to organise strict supervision and accounting of the labour input by each member. With this purpose, they introduced "workdays" and "work-hours".

However, the progressive idea of rural producer cooperation in Mali was compromised. Government agencies bought the crop of the "collective fields" at very low purchasing prices. In many cooperative associations, the management embezzled the cooperative funds. The peasants did not receive adequate payment for their work. Cooperators became convinced that the results of their labour were being appropriated by government employees and the cooperative communal leaders. The majority of peasants distrusted the producer cooperatives and some were leaving them. At the same time, those cooperatives in which the material incentive principle was not abused to this degree and whose management did not use other members' labour to promote their own ends have been able to preserve the collective forms of productive activity and are still functioning.

In recent years, the government has taken several steps designed to encourage the peasants to adopt more effective methods of collective work. The purchasing prices for the chief agricultural crops have been raised. In 1970-71, the purchasing prices for millet, unhulled rice, maize, peanuts, and raw cotton were 18, 25, 20, 30, and 50 Mali francs a kilogramme respectively. By the early eighties these had risen to 70, 75, 70, 90, and 110 francs. However, these measures have so far failed to produce any noticeable growth in agricultural production.

The measures adopted to stimulate the development of rural producer cooperatives in Tunisia have also not been successful. In 1967, the country had 479 cooperatives with a total membership of 50,000. Until 1969, the government had forced peasants to enter cooperatives. The cooperatives admitted both landless peasants and landowners. Many of them had a very low level of efficiency because of the erroneous policy practised by the government towards them. The system of economic and social relations between the state and the cooperatives prevented the realisation of the positive potential of cooperation. The income received by the state from the activities of producer cooperatives was allocated for the development of other branches (tourism, hotel-building, etc.). In 1969, the government passed a law on the reform of the agrarian structure, which gave the members the right to leave cooperatives and get back the plots of land they had owned

before cooperation. This right was used by the wealthier section of the peasants. Thus a substantial number of cooperatives lost their land and ceased to exist. By the early eighties, the country had only 224 producer cooperatives with the total membership of 10,000, that is, the membership had dropped five-fold since 1967. The cooperatives now own 220,000 hectares, or 5 per cent, of the cultivated land (5.3 mln hectares).

In some African countries, Israeli experts are trying to set up kibbutz-type cooperatives. Elements of collectivism, characterising the productive activity of the kibbutz cooperatives, are declared to be a form of peasant socialism. The kibbutz statute rules out private property and money payment for labour; the distribution of foodstuffs and clothing is carried out by elected cooperative leaders. The kibbutz cooperatives lease land from major landowners, on whom, in fact, they are totally dependent. Supporters of the kibbutz-type cooperation lay special emphasis on the propaganda of class collaboration carried out, in their opinion, by these cooperatives. In actual fact, hired labour is exploited in kibbutzim, albeit in a concealed form. Landowners profit a great deal from leasing their land tracts to kibbutz cooperatives. While they take no part in the production process and bear no expense connected with obtaining agricultural machinery and organising work, the land-leasers appropriate, in the form of rent, a portion of the surplus product created by the kibbutz members. Consequently, the functioning of these cooperatives is in line with the capitalist production relations taking shape in agriculture. Landowners receive ground rent from cooperatives. In this way, cooperation is used as a means of exploiting the kibbutz peasants.

The organisers of the kibbutz movement, which originated early in the twentieth century, saw it primarily as a means of alienating land from neighbouring Arab states and setting up on this land cooperatives which could serve the interests of major landowners and also fulfil the function of military settlements capable of resisting the real owners fighting for the return of their land.

It is important that, despite the broad-scale propaganda, this type of cooperation is not widespread in developing countries. Several producer cooperatives of the Israeli Moshav-

Ovdim type were organised in Nigeria. The Moshav-Ovdim has been designed by Israeli experts especially for African countries. It is a settlement embracing 200-250 peasant households, each owning their own plot of land. If the opportunity arises, the owners can expand their holdings at the expense of others, including cooperative members. The cooperatives have to organise the marketing of farm products, land-cultivation, construction of irrigation facilities by using hired labour. The statute rules that not everyone may enter a cooperative of this type, but only those who have experience of farm work, are capable of working all day long, show a desire to learn new methods, have an experience of running a holding based on the principles of commodity-money relations, are not younger than 25 and not older than 40 years of age, are married with children, and are willing to live in a cooperative association.

The Moshav-Ovdim cooperatives, therefore, set strict conditions on the admittance of many peasant holdings, age, experience, etc. The majority of African peasants, however, cannot operate modern agricultural machinery or make enough money to set up a highly productive farm. This type of cooperation is, therefore, beyond the possibilities of broad mass of the African peasantry. It is the rural bourgeoisie and wealthy peasants who can profit most from the Irsaeli-type cooperation: they are rich enough to run a farm using agricultural machinery.

The attempts to put Moshav-Ovdim into practice in developing countries were unsuccessful. The organisation of such cooperatives requires substantial financial resources. Many peasant holdings do not possess even the simplest labour implements. The majority of peasants have no money to buy agricultural machinery, fertilisers, or pesticides. A lot of money is required to teach each individual peasant to operate agricultural machines, run his holding efficiently, etc. In many countries, the majority of peasants have not done away with the customs and traditions of the primitive commune; they are not psychologically prepared for adopting private-capitalist methods of farming.

Some Western scholars are of the opinion that rural producer cooperatives cannot spread in newly independent countries. The American researcher Andrew Kamarck, for exam-

ple, believes that in the newly independent countries cooperatives can function successfully only in commodity exchange (marketing, supplies, credit) and primary processing of agricultural raw materials. He does not believe in the success of cooperatives based on collective forms of labour and social ownership.[1]

The French economist J. Lacroix holds that cooperatives are not conducive to the development of commodity production. That is why, he thinks, a change for the good in agricultural production is possible only by consolidating the position of the small-scale producers at the expense of collective forms of farming. Bourgeois economic research into agricultural development in the newly-independent countries does not take into account the need for a radical change in the social structure and property relations.

There are no objective conditions for the broad spread of the rural producer cooperation in capitalist countries. A cooperative can function successfully only if it unites people on the ground of common interests and activity. Capitalism, however, causes people's interests to diverge and breeds antagonistic social contradictions.

A graphic example of the development of producer cooperation under capitalism is provided by peasant producer associations in France and Federal Germany. In the latter the number of producer cooperatives declined from 112 to 12 in 1959-79[2]. In 1970, France had 5.050 rural cooperatives. By 1976, their number had decreased to 4,300, and by the mid-eighties—dropped to less than 4,000.[3] They are engaged primarily in the storage and processing of farm produce. According to the French economist Jean Flavien, the management of many cooperatives has become a "virtually anonymous" industrial and trade apparatus to which the peasants' interests are of a secondary importance.[4]

The rural producer cooperatives in Western European countries comprise primarily the rural bourgeoisie and are effectively beyond the means of small owners (with holdings of less than 2-5 hectares).

As capitalism becomes stronger in newly independent countries, it leads to greater social stratification both in society as a whole and, of course, in the cooperative movement. The economic rivalry of commodity producers must inevitably intensify. It is logical that the competition and antagonistic social contradictions should result in the collapse of producer cooperatives comprising poor peasants. That the cooperatives of this type are still to be found in several Asian and African countries of capitalist orientation can be explained by two factors. Firstly, the communal relations prevailing in most of these states are founded on some principles common to cooperative activity (collective ownership of the land, managerial staff nominated by election, etc.). At first, it did not take long to set up a cooperative on the basis of a commune. Secondly, capitalist production relations are still rather weakly developed in these states. That means that no acute contradictions between labour and capital have arisen as yet, and that the social conflicts have not yet acquired a stable and consistent character. It is obvious that these two factors are temporary. Capitalism will continue to divide people and intensify the contradictions between the poor and landless peasants on the one hand and the wealthy peasants and landowners on the other. This can only create insurmountable barriers to the progress of the producer cooperatives comprised of low-income strata of the rural population.

In newly-independent countries of socialist orientation the organisation of producer cooperatives is a national objective. Producer cooperation has assumed a wider scale in all of these countries, though in its own specific way in each of them. A trait held in common by all of them is that emphasis is laid on the organisation of cooperatives involving poor and landless peasants, measures are taken to restrict the influence of the rural bourgeoisie and landowners on the cooperative movement, and the cooperatives receive financial and other forms of assistance to ensure more effective results.

Despite this, there have been some negative results caused by certain hasty and unconsidered actions.

[1] Andrew M. Kamarck, *The Economics of African Development*, Praeger Publishers, New York, 1967, pp. 118-19.

[2] *Review of International Co-operation*, Vol, 72, No. 3, 1979, p. 183.

[3] *Les coopératives ouvrières de production en France et dans la CEE*, La Documentation française, Paris, 1982, p. 20.

[4] Jean Flavien, "La Cooperation Agricole en France", in *Economie et Politique*, No. 71 (344), 1983, pp. 26, 28-29.

Government bodies often see cooperation of the rural population as a principal means of resolving the problem of food production locally.[1] This is not only a serious economic problem, it is of major political significance. The President of the Democratic and Popular Republic of Algeria, Chadli Benjedid, said: "Today, it would be illogical to import food if we are able produce it ourselves. . . Food is today a dangerous polital weapon and an instrument of economic and political pressure. It is inadmissible that independent Algeria should agree to encroachments on its independence. And that demands that we should be strong and should rely on ourselves, taking care of our agricultural land and trying to use it in the best possible way."[2]

In the seventies, the Algerian government laid stress on the organisation of producer agricultural cooperatives and state farms. As a rule, the organisation of cooperatives involving small landowners was preceded by the organisation of preliminary organisations—associations engaged in the joint cultivation of low-yield land. In 1980, there were over 1,400 such associations.[3] In 1982, some 100,000 peasants were united in 6,000 producer cooperatives. They held 1,400 hectares of land.[4] In the early eighties, the state farms and cooperatives accounted for 40 per cent of basic agricultural products.

It must be pointed out, however, that the development of agriculture is a slow process. Despite the fact that 49.5 per cent of the economically active population is engaged in agriculture, Algeria has to import substantial quantities of grain and other foodstuffs every year.

One of the main causes of the low efficiency of agricultural production is inadequate capital investment in agriculture. The economic development plans for the years 1970-73,

[1] Lack of foodstuffs forces developing countries to spend a great deal on the purchase of foodstuffs on the external market. They sell some farm products to developed countries, but annually have to import grain, meat, and some other products in substantial quantities. The volume and cost of imports far exceeds the volume or value of exports.

[2] *International Affairs*, No. 8. 1981, p. 99.

[3] *Potrebitelskaya kooperatsia*, No. 2, 1980, p. 54.

[4] *El Moudjahid*, Alger, 8 November 1984.

1974-77, and 1980-84 envisaged the allocation to agriculture of 17.7 per cent, 10.9 per cent, and 6 per cent respectively of the total volume of capital investments. In the same periods, industry received 44.6 per cent, 43.4 per cent, and 38.6 per cent respectively of government allocations. The bulk of the government allocations went to the solution of social problems. Moreover, cooperatives and state farms do not always spend government allocations rationally. Finally, some blunders were made in the management of agriculture; low purchase prices were set, which did not stimulate the peasants to raise their labour productivity.

As a rule, cooperatives embrace a small number of peasant holdings (from 10 to 15) and have a weak financial and technological base. Small peasant holdings cannot apply the achievements of science and technology on a wide scale. Many cooperatives were set up hastily among seasonal workers who had no intention of seeking a permanent job in the countryside. The cooperatives thus arranged had no skilled personnel or experienced organisers of collective forms of peasant labour. The economic mechanism of cooperation had not been developed to the degree necessary to raise the interest and responsibilty of cooperators. The lack of scientifically calculated quotas did not make it possible to pay for the work done in accordance with the real labour input. As a result, what interest the cooperators had had in working effectively was killed. Many cooperatives abused the democratic principle of cooperative activity. This led to a substantial proportion of the Algerian peasantry losing faith in cooperation and leaving cooperatives. Thus, the producer cooperatives in Algeria failed to utilise their great potential, to interest the broad peasant strata in collective methods of work, and to prove the advantage of group forms of ownership compared with individual labour on separately owned peasant holdings.

At the Fifth Congress of the National Liberation Front in 1983, it was decided to merge the small producer cooperatives (marked by low economic efficiency) with the state farms. Simultaneously, some measures were adopted which were designed to set up a single state system of management in agriculture. By the end of 1984, the country had 3,200 state farms employing over 2,000 engineers, 1,900 technicians, 450 ac-

countants and book-keepers.[1] The government has adopted some measures to provide state farms with more mineral fertilisers and seeds of more productive crops. The network of schools for training agricultural workers has been extended.

The National Charter of the republic, approved by the 1986 national referendum, recommends that the state continue the reorganisation of the agricultural sector to be achieved through the creation of state farms. The cooperatives are advised to orient themselves on the production of meat, dairy products, vegetables, fruit, industrial crops and wine. Some steps have been taken to stimulate the marketing cooperatives, which are designed to put a final end to the diverse forms of middlemanship currently operating in distribution.[2]

It is, of course, too early to assert that the measures adopted to stimulate the activity of state farms and cooperatives will bear fruit in the near future. Algeria often undertakes structural changes in the public sector of agriculture. Many of the planned measures are implemented slowly or not at all. The creation of a broad network of producer cooperatives in the seventies, followed by their substantial reduction and merger with state farms in the mid-eighties, may testify, on the one hand, to the desire to search for and introduce more effective forms of organising agricultural production and, on the other, to lack of consistency and hasty decision-making as concerns the management of agriculture.

The private sector still accounts for the major share of agricultural production: 70 per cent. It will, apparently, take cooperatives a long time to consolidate their material base and "press" the private businessmen in the market, to demonstrate the advantage of cooperation over free enterprise.

In 1983, the People's Republic of Angola had 300 cooperatives with the total membership of 50,000.[3] Cooperators work together in the field; the cooperatives sell the crop. There are also peasant associations of a sub-cooperative type, whereby the land is owned by individual peasants. It is planned to merge individual plots and create collective fields in the future.

[1] *El Moudjahid,* Alger, 8 November 1984.
[2] *Révolution Africaine,* No. 1165, 1986, pp. 17, 19.
[3] *International Affairs,* No. 3, 1983, p. 115.

Alongside cooperatives, state farms (primarily coffee-producing) are set up on the basis of former private landed estates. The government extends credits, supplies labour implements and dispatches experts to help the cooperatives and state farms. Worker and student teams are sent to the countryside to assist the cooperatives and state farms in housing construction, mastering new technology, and organising the campaign to stamp out illiteracy.

Despite all this, the cooperatives have a fearly weak material and technological base; most of them have not yet been able to operate profitably and, therefore, still run at a loss. Certain extreme measures taken in setting up cooperatives undermined the peasants' faith in the efficiency of collective methods of work. There have been blunders and faults in the purchasing of agricultural products, which have led to peasants losing interest in the marketing of their surpluses: the purchase prices were fixed without any account taken of the labour expended in their production.

In Burkina Faso, cooperatives of the producer type existed in the countryside even before the 1983 coup d'etat. But the primitive labour implements employed by the cooperated peasants made it impossible for them to raise the level of agricultural production and thus prove the advantage of the collective forms of labour over individual labour on small, individual farms. The government is now taking steps to supply the cooperatives with at least a little agricultural machinery, is granting them credits, assisting in the building of small irrigation facilities and teaching agrotechnique methods. It has been building grain and fodder storage facilities, abattoirs, and cattle-vaccination centres all over the country. Several pilot cooperatives have been set up, providing a useful example to the peasants. Cooperative forms of labour have been inculcated in the army regiments which work the fields allocated to them and seek to provide themselves with food.

The peasants are growing more favourably inclined toward cooperation. Owners of isolated farmsteads have voluntarily moved to larger settlements established by producer cooperatives. The cooperators, united by common interests, are striving to master more effective methods of business-management. Of course, the cooperatives have still to overcome ma-

ny difficulties: their organisation and operation are impeded by the peasants' individualistic mentality, low level of general education, lack of technical knowledge, as well as by the diverse traditions practised by the population (for example, women perform 80 per cent of all the agricultural work by hand). Many families are reluctant to abandon the traditional low-effective method of cut-and-burn farming, or to use fertilisers and other modern methods of farming. Despite this, consistent and purposeful work is carried out in Burkina Faso to educate and train the rural population in order to prepare peasants for producer cooperation—which is expected to produce a tangible improvement in the organisation of agricultural production and to increase the supply of foodstuffs.

At the same time, the government is encouraging the agricultural undertakings of large-scale private entrepreneurs. They are advised to cultivate large tracts of land using agricultural machinery and hired labour.

The organisation and successful operation of rural producer cooperatives cannot be achieved without theoretically substantiated and consistent coordination on the part of the state, and without the interest, initiative, and creative effort of cooperators. Quite a few hasty and precipitate decisions concerning producer cooperatives were taken in Guinea. Notably, in the early seventies it was decided to set up youth centres of agricultural training. Young men and women were supposed to master agricultural technology, learn modern methods of farming, and develop the skills of collective work. Cooperatives comprising young people were entrusted with the task of organising effective work and propagandising the importance of cooperation for economic and social life. However, the youth centres and their cooperatives did not justify the hopes placed in them: they comprised primarily the urban young and were, therefore, unable to influence the peasants to any noticeable degree. Because of the lack of technology and trained personnel, the cooperatives could not attain an adequate level of labour productivity. Their poor results discouraged the broad peasant masses from cooperating. In the second half of the seventies, the government began to organise mechanised, as well as draught teams on a broad scale. Their

task was to help peasants cultivate the land and harvest crops. In the course of 1976-78, 1,500 mechanised and 800 draught teams were set up. The government supplied these teams with 1,500 tractors (one for each mechanised team) and some other agricultural machinery. The work of the teams, financed by the state, was strictly regulated. However, as the team workers were not paid according to the quality and quantity of labour, and the cooperatives served by these teams found themselves somewhat dependent on them (which, of course, reduced their own initiative), the majority of the teams were disbanded by the early eighties, and the tractors, which had not been repaired regularly, became unfit for use.

The 52nd Session of the National Council of the Republic (1983) decided to abandon excessive regulation of the cooperatives and to take all the necessary steps in order to stimulate the initiative of the peasants organised in producer cooperatives (in 1983, there were 200 such cooperatives). The session entrusted the cooperatives with the implementation of major objectives in agricultural production and, with this purpose in view, instructed them to make more rational use of the financial, technological, and natural resources available to them.[1]

However, the blunders made earlier with the youth centres and mechanised teams had left their mark: the peasants had become sceptical towards government measures in the organisation of producer cooperatives. Guinean agriculture relies on an extremely poor material and technological base; the country is experiencing an acute lack of financial resources and qualified labour force. After the coup d'etat of 1984, all further attempts to set up producer cooperatives were terminated.

In a number of developing states, the question was discussed of creating major agro-industrial complexes as a means of resolving agricultural problems and providing the population with enough foodstuffs. The process of the development of productive forces in agriculture will finally lead to the creation of such complexes, but so far the majority of newly-independent states lack the objective and subjective conditions

[1] *Horoya Conakry*, No. 25, 1983, pp. 9-13.

required to build complexes in which the production of foodstuffs and other products manufactured from agricultural raw materials could be carried out in a single production process and on the basis of a planned division of labour. The premature creation of agro-industrial complexes and related enterprises would be nothing but a waste of material and financial resources and would finally discredit the idea of major industrial enterprises operating in agriculture.

Guinea-Bissau, with the assistance of Saudi Arabia, Belgium, and the OPEC countries, built such an agro-industrial complex. The cost of construction—20 million dollars—constituted 10 per cent of the total investment in the national economy in the years 1978-80. The complex was built according to the latest technology, but during the four years of its existence, it did not put out a single commodity unit because its operation would have consumed the entire electricity resources of the country. Also, it is impossible to provide it with the necessary amount of agricultural raw materials.[1]

The developing countries which have recently chosen socialist orientation have worked out a more considered approach to the organisation of peasants' producer cooperatives, having first taken into account the failures and successes in other countries. Recently, more attention has been given to developing the cooperatives' material and technological base. In Madagascar, for example, the state is providing cooperatives with substantial technological and financial aid, buying for them tractors and other agricultural machinery abroad. By the early eighties, the republic had over 50 rural producer cooperatives cultivating 14,600 hectares of land. In 1981. Madagascar received 1,200 tractors from the USSR, 200 of them as gratuitous aid and the rest sold at a price lower than the price of similar tractors on the capitalist market. The training of tractor-drivers was organised with the help of Soviet experts.

In Madagascar, the cooperatives fulfil the function of introducing and spreading the achievements of modern agricultural science and technology, the mechanisation and electrification of agriculture, the use of fertilisers, and the building of irrigation facilities. The cooperatives have begun to introduce planning. The members are paid according to the quantity and quality of the work performed. The cooperatives, it must be pointed out, do not as yet play a significant role in production, their operation being mainly of an experimental nature. The future success of the producer cooperatives in Madagascar will be largely determined by the efficiency of existing cooperatives and their prestige in the eyes of the peasant population.

In the *People's Republic of Mozambique,* as in majority of other countries of socialist orientation, great hopes are placed in collective methods of agricultural production. The state's attitude to producer cooperatives has found reflection in the Constitution of the Republic. Article 11 of the Constitution of the People's Republic of Mozambique says: "The State encourages individual peasants and workers to organise themselves in collective forms of production, whose development it supports and guides."[1] The Fourth Congress of the FRELIMO Party (1983) stated that the republic had 54 major state farms, 1,925 producer cooperatives, and 1,300 communal villages. The state farms have 140,000 hectares of land at their disposal and account for about a half of the total marketable agricultural produce. The communal villages comprise 1.8 million peasants who are organised in simple forms of cooperation.

Using the country's economic difficulties to their own advantage, Western transnationals are seeking to control the direction of its agricultural development. Notably, the Lonrho corporation has succeeded in concluding an agreement giving it the right to control the production of tea, cotton, tomatoes, maize, and citrus plants. One financial corporation allocated funds for the organisation of private farms. As a result, the number of state farms and cooperatives began to decline.

The state farms and cooperatives continually encounter difficulties caused by the complicated internal political situa-

[1] Lars Rudebeck, *Problèmes de pouvoir populaire et de développement,* Scandinavian Institute of African Studies, Uppsala, 1982, pp. 65-70.

[1] *The Constitution of the People's Republic of Mozambique,* Minerva Central, Maputo, 1980, p. 12.

tion, frequent subversive actions on the part of South Africa, lack of experience as regards coordination of peasant cooperation, and the inadequate material base of agriculture.

When it chose socialist orientation, the *People's Democratic Republic of Yemen* began to take energetic measures designed to organise peasants in producer cooperatives. The state's policy on cooperation is defined in the Constitution, which says: "The State supports cooperative ownership and the cooperative movement; it pays special attention to the development of rural producer cooperatives with the purpose of expanding agricultural production, improving the cooperated peasants' living conditions, and encouraging the landowners to enter cooperatives voluntarily."[1]

It was planned to carry out rural producer cooperation in three subsequent stages. At the first stage, the peasants were to be organised for certain forms of agricultural labour, for the distribution of credits, and marketing. The cooperatives of this type were not supposed to socialise the individual holders' means of production. Their collective activity was restricted to seasonal work, and was therefore of a temporary character.

At the second stage, the cooperatives were to embrace the land plots handed over by the peasants as entrance shares in the cooperative. The members were to be paid according to the time spent at work and the size of the entrance share. Under the statute of these cooperatives, major production units were to be headed by members of the board, and the plowing and harvesting were to be performed with the help of machinery-and-tractor pools attached to the cooperatives.

In the rural producer cooperatives of the third type (the third stage) decisive importance was to be attached to the socialisation of the means of production. The land, farming implements, productive and draught livestock were to become collective property. All types of labour were to be performed together.

In the event, cooperation did not go the way it had been

[1] *The Constitution of the People's Democratic Republic of Yemen*, Moscow, 1980, p. 19 (in Russian).

planned. In some areas, the first and second stages were skipped. In 1970, for example, Kalla Cooperative of 150 families was organised in the southern region, and received from the state 8 tractors and several dozen pumps and lorries. However, its successes failed to inspire other cooperatives because it was common knowledge that the Kalla Cooperative had been placed in more favourable conditions and was taxed at a lower rate than other similar production units.

In the middle eighties, the cooperatives in the People's Democratic Republic of Yemen had at their disposal 63 per cent of all arable land but accounted for only 45 per cent of the total crop-production. The private sector owned 11.7 per cent of the land under cultivation, and produced 41 per cent of the crop-production. The state farms worked on 12 per cent of the arable land and accounted for 14 per cent of the crops. There has not been any perceptible growth of agricultural production.

There are several reasons behind the low economic efficiency of the rural producer cooperatives in the PDRY. Firstly, the cooperatives do not base their economic activity on the principle of self-financing; the members, therefore, are paid not for the quantity and quality of work done but on a time basis. Secondly, the prices for their products are fixed, with no account taken of the cost of production. The low purchase prices do not stimulate the growth of production and, in fact, slow down the growth of labour productivity. Thirdly, the cooperatives are entrusted with the function of collecting taxes from the peasants, and the established tax rates reduce the peasants' interest in raising the efficiency of their labour. Peasants tend to conceal a portion of their produce from the tax collector in order to sell it later on the market, but not through cooperatives. The tax rate amounts to 10 per cent of the crop. Consequently, the more a peasant works and the more products he produces, the higher tax he has to pay. Fourthly, the accounting is faulty; there are no agricultural machinery repair shops; sometimes democracy is abused. All this has told on the peasants' attitude to producer cooperatives.

In *Tanzania*, small villages in which communal relations predominated have been gradually transformed into new, large

settlements of the *ujamaa* type[1] (cooperative settlements with their own trade stores, schools, medical aid posts). With the appearance of *ujamaa* settlements, various forms of tribal dependence and the inequality marking the relations between the members of a commune began to disappear. Exploitation was condemned and the attainment of a higher material and cultural level in all the new settlements was set as a general objective.

In practice, *ujamaa* means the development of joint forms of economic activity, the encouragement of collectivism, an attempt to eliminate glaring economic inequality. The final goal was the creation, on the basis of these villages, of profitable agricultural producer cooperatives capable of eliminating once and for all social distinctions, poverty, and exploitation.

It was planned to carry through the radical socio-economic changes by means of collective villages in several stages. At the first stage, the dispersed peasant holdings were to be brought together. The first stage did not envisage collective work.

The second stage envisaged the existence of a common field (alongside individually owned plots) and its collective tillage. The major portion of the peasant's income, however, was still to come from his individual holding.

The third stage envisaged the predomination of collective forms of agricultural work. This stage was to provide an adequate level of material welfare for all members of village cooperatives.

The 1969 government directive on the development of the *ujamaa* villages defined ways of ensuring the growth of agricultural cooperative output, the methods of marketing and distribution, and envisaged the replacement of private farming methods with collective ones.

As the *ujamaa* villages were growing in number and the material base of the village productive units was expanding, the peasant masses were becoming increasingly involved in the

[1] *Ujamaa*—cooperative villages that arose in Tanzania as a result of agrarian reforms. In the general sense, *ujamaa* means mutual assistance, reliance on one's own resources—the principal underlying the voluntary rural producer cooperatives based on collective work by all village residents.

effort to resolve economic problems, and thus acquired the experience of collective labour. In some of the villages, attempts were made to introduce the principle of remuneration according to the quantity and quality of labour input.

One graphic example of the functioning of a cooperative village is provided by *ujamaa* Kerege, which includes over 600 peasants. Before the peasants joined this cooperative, they had lived in very small settlements operating a subsistence economy. The cooperators received 525 acres of land. They grow cashews and coconut palms. Also, each family has a land plot for individual use. The common ownership of the land and collective work in the field meant that all the peasants had to come together to live in one place. Working together, the peasants realised that collective work would enable them to improve their situation more effectively. The cooperative began to market a portion of its produce. The state helped the cooperative build a school and a medical aid post. The cooperative has built a small cashews-processing factory. The income is distributed among the members according to the amount of labour expended by each in the jointly-cultivated field, the factory, and other production units.

In 1977, Tanzania had over 7,600 villages, in the middle eighties—over 9,000. The government annually allocated up to 400 million schillings to stimulate cooperative agricultural production.

However, a noticeable change has been registered only in some of the *ujamaa* villages, namely, in those which received more machinery and funds and had been planned as model peasant associations. The existence of such privileged cooperatives could not, of course, change the general picture of agricultural development because the overwhelming majority of rural production units had a weak material base, used primitive labour implements, and therefore had a low economic effect.

At the Second Congress of the Revolutionary Party of Tanzania in October 1982, Julius Nyerere pointed out that the failures in agricultural production were caused by inadequate circulation of advanced methods of work and the extreme backwardness of the cooperatives' technological base. It was also

pointed out at the congress that only 3,000 tractors of the 10,000-tractor pool of the country were in use.[1]

It must be mentioned here that Tanzania has attained significant successes in the resolution of social problems—and that the *ujamaa* villages have contributed a great deal towards this. The country has introduced compulsory primary (seven-year) education. Nearly all of the *ujamaa* villages can now use pure drinking water, the majority of them have medical aid posts, cooperative trade is widespread (cooperative trade stores now operate in 75 per cent of the villages). Infant mortality has dropped significantly, and life expectancy has increased.

Despite the blunders, faults, and failures, the positive significance of *ujamaa* villages is clear even to some bourgeois scholars. Joel Samoff, professor of Wisconsin University (the United States), writes that the significant changes in Tanzanian society have far-reaching consequences. "In the crucible of its efforts to do that," writes Samoff, "it has both outlined a strategy of fundamental change relevant to much of the world and has encouraged others to seize the initiative."[2]

We must not, of course, overestimate the economic results of cooperative activity in Algeria, South Yemen, Tanzania and other developing countries. They have not made any significant contribution to raising agricultural output. Many of the cooperatives have not come to expectations, and the result of their operation has been a drop in labour productivity and the volume of production. Nevertheless, the failures in cooperative development do not mean that cooperation has no future.

Cooperation is successful when there is an adequate amount of machinery, which is produced at state-owned enterprises. In the majority of newly-independent states, industry is weakly developed as yet, which means that the producer cooperatives do not have an adequate material and technological base. This is not to say that producer cooperation is possible only in some distant future. Some countries of progressive orientation (Algeria, Ethiopia) have attained some successes in the building of major state projects. With the growth of industrial production, there will be more favourable economic conditions for the development and effective operation of producer cooperatives.

[1] Compare: Africa has 4 tractors per every thousand of the population employed in agriculture, Asia—6 tractors, North America—306 tractors. In Africa, 1 hectare of land receives 7 kilogrammes of mineral fertilisers, in Asia—51 kilogrammes, in North America—95 kilogrammes, in Western Europe—251 kilogrammes.

[2] Joel Samoff, *Tanzania. Local Politics and the Structure of Power*, The University of Wisconsin Press, Madison, 1974, p. 237.

The development of cooperation reveals a certain pattern. The first cooperatives arise in the sphere of commodity exchange. Cooperation makes it easier for peasants to obtain seeds and fertilisers, etc., market their produce, receive credits, and satisfy certain other needs. With the progress of society's productive forces, there develop objective conditions assisting the emergence of producer cooperatives. The cooperators see the need to combine their labour and social efforts. In other words, cooperation ascends from simple and unstable forms to more sophisticated and stable forms, from cooperation in the sphere of commodity exchange to cooperation in the sphere of production.

It is a fact that in some countries cooperatives arose in production earlier than in exchange. Does this contradict the general pattern of cooperative development? In our opinion, the emergence of producer cooperatives before consumer cooperatives is explained by the long-standing traditions of collective work rooted in the period of predominantly communal relations (i.e., long before the appearance of cooperation as a form of social and economic association). Therefore, the appearance of peasant producer cooperatives must be regarded in the context of specific historical conditions and the existence of the material conditions for cooperation. The prominent Polish researcher Henryk Cholaj has rightly stated as follows: "The principle of gradual development does not in any way mean that every peasant holding must pass through all the consecutive stages of cooperation; that trade cooperation, for example, is a requisite stage in the period of preparation for collectivisation; that all peasants, before they embark on the collective management of agricultural production, must necessarily be schooled in trade cooperation."[1]

[1] H. Cholaj, *Socialism and the Agrarian Question*, Nauka Publishers, Moscow, 1986, p. 152 (in Russian).

The broad spread of producer cooperatives is impeded by the weakness of their material and technological base. Today the newly-independent countries have conditions favourable primarily to the development of simple forms of cooperation—in the sphere of exchange—and on a relatively weak material base. In many cases, the producer cooperation of broad peasant masses carried out in the seventies was, perhaps, a premature and hasty measure which entailed failures in cooperative development. Nonetheless, there is no doubt that producer cooperation will become widespread in future. That is why it is necessary to analyse in detail every successful case of producer cooperation as well as its faults and failures. This will help in organising new producer cooperatives in the future. Before organising producer cooperatives on a wide scale, it would seem to be advisable to carry out some experimental work to reveal the more effective and productive forms of peasant contribution to raising the output of agricultural production.

In some countries, strange, as it may seem, small peasant holdings obtain a higher crop per land unit than large farms. Therefore, it would seem rational to apply the family contract within the cooperative framework. Family members work together tilling their land plot, grow crops, harvest them, store the output, and sell it. By distributing means of production among peasant holdings, circulating modern methods of work, introducing the achievements of science and technology in agricultural production, buying the peasants' output and selling it to the state on a planned basis, cooperatives will encourage peasants to raise their labour productivity.

The development of the family contract within the framework of a producer cooperative is a complicated and contradictory process. The contract, while it eliminates income-levelling (which is an undoubtedly positive process), inevitably produces a stratum of wealthy farmers and does not exclude the possibility of poorer peasants falling under their control. For the wealthy families to be unable to exploit poorer families, it is important to preserve collective ownership of the basic means of production. Agricultural machinery and land plots should be handed over to individual families by cooperatives and state farms only for temporary use and under

a specified agreement. The cooperative management and the government must exercise strict control over the exploitation of the means of production handed over to individual holdings. It must be kept in mind that the correct application of the family contract can become an effective means of improving the welfare of broad peasant masses, raising the income of every peasant family.

Successful application of the family contract enables agricultural production to be expanded; as farmers are equipped with more agricultural machinery, this will create a situation favourable to the gradual spread of the team system of production organisation.

It takes a lot of time and effort to organise the effective operation of rural producer cooperatives.

More often than not, peasants are not ready to work collectively and share the responsibility for the rational and effective utilisation of the funds, technology, and fertilisers allocated by the state.[1]

There are several reasons behind the unconsidered and hasty steps taken to set up rural producer cooperatives. Some leaders in newly-independent countries, who had failed to take into consideration the real economic and social situation in their countries, hoped to make a "leap to socialism" through producer cooperation. They meant well, but the consequences have been disastrous. They intended to use cooperation to destroy precapitalist production relations and create conditions for the emergence of socialism in the shortest possible time. However, these conditions cannot be produced artificially.

To a considerable extent, the unfounded and hasty decisions on cooperative development in a number of countries have been the result of excessive propaganda of the advantages of collective forms of work with no account taken of the technological basis of labour. The promoters of cooperation were engaged in wishful thinking, blaming the peasants for lacking the initiative and will to improve their living and working conditions. Some cooperatives carried out the forced socialisa-

[1] There were cases of cooperatives selling the tractors and other machinery allocated by the state to individual farmers and distributing the proceeds among the cooperators (Algeria).

tion of all the means of production and eliminated individually owned plots and private holdings. That led to the abuse of the democratic principles of cooperation and reduced the cooperators' interest in running effective cooperative production. As a result, many peasants were disappointed in cooperation. Moreover, the failures suffered by producer cooperatives due to the low economic effect of their operation were used by reactionary forces, who hoped to discredit not only the cooperative movement but also the idea of socialism, since the countries of socialist orientation place great hopes on the cooperatives' contribution to a radical transformation of society. The reactionary elements, moreover, act rather subtly: they force the creation of cooperatives violating the principle of voluntary cooperation; and where possible, allot them low-yield land tracts, etc.

There is no doubt that many African and Asian countries face the economic necessity of using collective labour in the production of agricultural goods. However, the conditions favourable for the widespread use of collective methods of labour have not yet arisen.

One of the factors reducing the efficiency of cooperatives is the weak technical and scientific base of agriculture impeding the application of up-to-date techniques and the achievements of modern science. In the words of Marx, "for collective labour to supplant parcel labour . . . in agriculture in the strict sense, two things are required: the economic need for such a change, and the material conditions to bring it about".[1] Despite the fact that the number of tractors in the developing countries is growing, this number is still significantly lower than in the capitalist and socialist countries. The use of mineral fertilisers in developing countries is extremely low.[2] The low pace of cooperation in rural areas is also ex-

[1] K. Marx, "Drafts of the Letters to Vera Zasulich. First Draft", in: Karl Marx, Frederick Engels, *Collected Works*, Vol. 24, 1989, p. 356.

[2] Practice has shown that the mineral fertilisers used in developing countries have to be quite different in composition from those used in European countries, Canada, and the United States because of the different (hot) climate and the specific range of agricultural crops grown in African and Asian countries. In the majority of states, no serious research has so far been carried out which would make it possible to develop a system of recommendations on the use of fertilisers in these countries.

plained by the limited electricity resources and the lack of roads and irrigation facilities. Neither the saturation of cooperatives with technology and fertilisers, nor the dispatch of agronomists, machine-operators, zootechnicians and other specialists to work in agriculture will ensure the desired change until and unless the developing countries secure the rank-and-file cooperators' interest in the effective operation of cooperatives.

Another factor impeding cooperation is the lengthy and exhausting struggle for national liberation (as in Algeria, Angola, Mozambique, Zimbabwe, and some other countries), which exacerbated the economic situation in these countries. Many agricultural experts from metropolitan countries have left these countries. The developing countries have not arranged for the training of an adequate number of national personnel (agricultural experts and organisers of agricultural production). The development of agriculture is taking place in a difficult political situation; the exacerbation of social contradictions (in Afghanistan, Angola, Ethiopia, etc.) is having a disastrous effect on the national economy; many of these countries are too poor to allocate enough funds to raise the efficiency of state and cooperative production units.

Foreign multinational corporations are seeking to secure control over the economic development of the newly-independent countries. Their penetration into agriculture in these countries often leads to the ruin of cooperatives (as in Indonesia, Kenya, Sri Lanka, and some other countries). In Benin, the multinationals have been encouraging the cooperatives to produce primarily export crops, thus impeding the state's policy of economic independence of foreign monopolies. No wonder that at international forums representatives of cooperative organisations of developing countries advance extension of ties among cooperative organisations in order to reduce the domination of transnational corporations.[1]

[1] It must be pointed out here that no practical decision orienting the cooperators on a consistent and effective struggle against the multinationals was taken either at the Twenty-Seventh (1980) or Twenty-Eighth (1984) ICA congresses.

As has already been pointed out, newly-independent countries set up state farms alongside producer cooperatives. When should preference be given to state farms and when to producer cooperatives? This depends primarily on the degree of peasant attachment to the land and on the customs and traditions prevailing in any particular peasant community. If these factors are ignored and the land is handed over to state farms against the peasants' will, the result will be a surge of peasant discontent and the exacerbation of social contradictions.

State farms are the most suitable form of agricultural production in countries where the exploitation of landless peasants as hired labour has been widely practised. Since an ordinary hired farm labourer has no great desire to obtain a plot of land for private ownership, state farms are created at a fairly fast rate. They are also needed to provide cooperatives and individual farmers with high-yield seed and livestock. The way the state-farm settlements tackle major social problems (medical aid, education, and the like) may serve as a model for other peasant settlements.

A careful choice of economic form (state farm or cooperative) is of major practical importance. If the choice is based each time on the specific conditions necessary for the development of this or that economic form, production would be more effective and the peasants would make a greater contribution to resolving economic and social problems.

The following conclusions may be drawn. Rural producer cooperatives have not become widespread as yet. In many cases, their operation has an experimental character. In the countries of capitalist orientation, they embrace an insignificant percentage of the peasant population, made up primarily of wealthy peasants. The progress of producer cooperatives in these countries will strengthen the position of the rural bourgeoisie and consolidate the capitalist trend in agricultural production.

The countries of socialist orientation see rural producer cooperatives as one of the principal means of guiding agricultural transformation toward social progress. In these countries the collective forms of peasant productive activity are supported and encouraged by ruling parties and governments.

Apart from economic functions, the rural producer cooperatives help to achieve the important social and political objectives facing newly-independent countries.

2. Handicraft Cooperatives

> ". . .Petty industry, again, is an essentinal condition for the development of social production and of the free individuality of labourer himself."
>
> K. Marx.

It should be emphasised that handicraft production has for a long time played a significant role in the economy of Asian and North African countries.[1] The local demand for consumer goods and labour implements was satisfied primarily by local handicrafts. The handicraftsmen passed from generation to generation the skill of producing certain types of goods.

In many countries of Central and Southern Africa, handicrafts were not developed as highly as in Northern Africa due to the narrow local market and a primarily subsistence economy. With the spread of commodity-money relations, handicraft production expanded too. The goods manufactured by local craftsmen and artisans found their way to the external market.

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[1] The emergence of handicraft cooperation is connected with the name of Robert Owen. The cooperative factories that arose in the first half of the 19th century under the influence of Owen's ideas were of great importance in the early stage of the workers' movement. The existence of cooperative enterprises showed that social production could be organised without the private entrepreneurs' (capitalists') compass. The experience of the Paris Commune in arranging the operation of industrial enterprises on a cooperative basis deserves a special mention. A decree issued by the Paris Commune provided for stock-taking to be carried out at industrial enterprises abandoned by their owners (who had fled the city) for the creation of worker cooperatives at these enterprises. The enterprises controlled by these cooperatives supplied the city population and the revolutionary army with their products.

Before the political independence of African and Asian countries, handicraft production was not organised and was actually curtailed in a number of countries. Its produce could not withstand the competition with the goods manufactured in developed capitalist countries, which had flooded the colonial market. In addition, the tax imposed on local handicraftsmen was too high, depriving them of the sources of fund accumulation.

Private traders and money-lenders had a restraining effect on the development of handicrafts. Purchasing handicraft produce at extremely low prices, they ruined many of the handicraftsmen. After the achievement of political independence, handicraftsmen began to organise cooperatives in many African and Asian countries. They hoped that cooperation would help to free them from the domination of middlemen and usurers and to withstand the sway of foreign monopolies, which had flooded the internal market with mass-manufactured goods.

Handicraft cooperatives grew most rapidly in those countries where handicrafts had flourished before political independence. The handicraft cooperatives embrace individual producers of various goods using primitive labour tools.

There are many varieties of handicraft cooperative. India, for example, has over 30 forms of cooperatives: artisans' textile, footwear, industrial, building, etc. It should be noted that the country has the objective conditions necessary for the spread of handicraft cooperation among hand-weavers, jewellers and makers of decorative artefacts, footwear and clothes manufacturers and the manufacturers of other goods that are in demand on the home market and have found their way also onto the external market.[1] Hand-weaving alone employs some 10 mln people. In the mid-eighties, the weavers' cooperatives had an annual output of 100,000 tons of yarn (50 per cent of the total amount of yarn put out in the country) and over 3 bln metres of cloth to the total worth of 15 bln rupees.

The country has 14,200 weavers' cooperatives with an aggregate membership exceeding 1 million people. There are also cooperative weaving factories.

[1] By the early eighties, the aggregate value of the gross output of handicraft production had exceeded 309 bln rupees and comprised 49 per cent of the gross output of the manufacturing industry. The handicraft production employs a little less than 24 million people.

To encourage individual weavers to join cooperatives, the Indian government envisaged a number of measures: gratuitous loans of up to 2,500 rupees per machine-tool for modernisation; subsidies to improve the management of grassroots cooperative societies; cooperative associations of the industrial type created to provide work for loomless weavers. Through the National Cooperative Development Corporation, the government allocated funds to increase the supply of yarn for the weavers, and to set up new and expand existing spinning mills.

Indian hand-manufactured cloth is in great demand on the external market and is exported to more than 130 countries. The demand is growing daily. In 1970-71, India sold abroad hand-woven articles to the total sum of 250 million rupees; by the early eighties, the figure was 2.88 billion rupees.[1]

India has 3.5 million skilled jewellers.[2] The country annually exports gold and silver ware to the value of over 10 billion rupees.

Handicraft production accounts for a large share of the production of footwear, crockery, and farming implements. Small shoe factories, for example, produce several times more footwear than the large factories. Handicraft cooperatives also manufacture building materials, matches, coconut fibre, fertilisers, etc.

By the mid-eighties, handicraft cooperatives were producing about one half of the fertilisers used in the country. Considering the cooperatives' significant contribution to the organisation of the manufacture, distribution, and utilisation of fertilisers, the government allocated the cooperatives 7 billion rupees in 1984 to build a fertiliser-producing complex.

Mixed (state-cooperative) projects are becoming wide-

[1] *India*, No. 19, 1981, p. 22 (in Russian).

[2] In India, the art of jewelry-making was developed over 4,000 years ago. The excavation in Harappa and Mohenjo-Daro show that jewelry-making flourished during the Harappa civilisation (2500-1500 B.C.). Indian jewellers are mentioned in Hindu holy scriptures and epics (Rig-Veda—2000-15000 B.C. and Mahabharata—1000-500 B.C.).

spread in India: sugar plants, enterprises producing fertilisers, building materials, etc.

Often, the workers at state-cooperative enterprises are not cooperative members. Most of the state-cooperative enterprises are owned jointly by the state and wealthy shareholders heading these cooperatives. The enterprises owned jointly by the state and cooperatives are being gradually converted into capitalist enterprises.

The Indian Constitution assigns the cooperatives the task of developing agricultural industry and providing the population with various consumer goods. By expanding small-scale production, the cooperatives increase employment opportunities. Handicraft cooperatives have played a significant role in providing employment for women. For example, the match factory outside Delhi built by a cooperative employs primarily women.

The following example proves the great social significance of women cooperatives. A weavers' cooperative for girls and young women has been set up in the village Dev-Dolera, the Gujarat State, on the initiative and with the financial assistance of the trade union. Young women can learn weaving at the training courses run by the cooperative. They are paid a small stipend of 11 rupees a month. Those who have learned the trade can earn from 150 to 170 rupees a month. The work day in this cooperative is shorter, allowing young women workers to cope with their domestic chores and take part in agricultural work. The cooperative devotes considerable attention to young mothers and helps them take care of their young. After the birth of a child, the mother is given a grant of 100 rupees and a few days' leave. The cooperative has its own day-care centre; in the evening, young women can attend lectures on hygiene and baby care.

Cooperatives of this type are few and far between. They survive thanks to the aid and assistance rendered by progressive public organisations. Women's work in cooperatives has been acquiring great social as well as political significance in India as in other countries.

The organisation of women's cooperatives has not yet become widespread, although some countries have already shown a trend towards such cooperatives. In 1969-70, Bangladesh

had 9 handicraft women's cooperatives embracing 863 persons. In 1973-74, the figures were 359 and over 19,000 respectively. In 1980-81, 1,920 women's cooperatives had a total membership of 80,000 persons, or one per cent of the aggregate national cooperative membership. The average membership of one cooperative is 40 persons. When women join forces in a cooperative, they learn to make independent decisions on economic and business matters and obtain experience of public activity. Women's cooperatives are engaged primarily in weaving, sowing, and carpet-making.

Of the Asian countries, Turkey has the numerically largest handicraft cooperatives. The average membership of one cooperative is around 200 persons. The country has 530 cooperatives embracing over 102,000 persons. Their products (metal engravings, crockery, leather goods) are in great demand on the external market.

African countries have favourable conditions for the spread of handicraft cooperatives. Small handicraft enterprises account for some 50 per cent of the aggregate output of the African manufacturing industry (not counting Egypt).

In some countries, handicraftsmen are not very enthusiastic about entering cooperative organisations. The Arab Republic of Egypt, for example, has only 344 handicraft cooperatives with the aggregate membership of 98,000 shareholders.[1] The bulk of the small-scale producers and handicraftsmen are not cooperated. This is because the cooperatives, with their weak material base, cannot interest the handicraftsmen, ensure a regular supply of raw materials to their shareholders, or organise the marketing of finished goods. Also, some of the cooperatives are controlled by the bourgeoisie, and the handicraftsmen do not wish to fall into dependence on them.

The handicraft cooperatives have been making an increasingly important contribution to the output of many consumer goods. In *Botswana,* for example, the cooperatives specialise in the manufacture of earthenware, children's school uniforms, carpets, etc. A women's carpet-making cooperative was set up in the village of Leptove la Oodi (650 inhabitants). The co-

[1] *Cooperative Information Note. Arab Republic of Egypt,* Copac Secretariat, FAO, Rome, No. 3, 1981, p. 23.

operative, which comprises 60 people, has helped many families improve their material situation: the daily earnings of one worker are 4 to 6 pulas. The cooperative has organised lessons for its members at which they can learn to read and write and improve their occupational skills. It has even introduced 20-days paid leave.

The output of this cooperative is in demand on the internal market and among foreign tourists. At the same time, its operation has caused a number of specific problems. Many village inhabitants resent the fact that the cooperative members have acquired jobs and substantially improved their situation thanks to cooperation. Because of the lack of space, machinery, and raw materials, the cooperative cannot provide jobs for all who would like to join it. In some village families, men used to leave for a few months seeking a mining job in other places, primarily in South Africa. Today there is no need for this: the wife's wage in the cooperative is enough to maintain the usual subsistence level in every family.

This example is to show that cooperative activity should not be confined to a section of the working population in any given locality. Large villages should have craft cooperatives manufacturing various goods—footwear, pottery, souvenirs—and processing agricultural output. The village of Leptove la Oodi has many unused tracts of land. Hence, it is quite possible to organise joint cultivation of the unused land to raise agricultural output. A substantial portion of the village housing is made up of dilapidated huts. Given the low level of employment among the village population, the organisation of collective efforts for housing construction could significantly improve the population's living and working conditions. It is worth noting that Botswana has examples of successful multipurpose cooperatives—embracing agricultural production, housing construction, manufacture of children's clothes, pottery, etc. (the village of Melepolulu).

This success on the part of some rural cooperatives in Botswana has been possible due to the fact that no clear-cut social stratification of the village population has taken place yet, and capitalist production relations are not developed enough to transform the existing cooperatives. The government has supplied the cooperatives with substantial material aid. Of

considerable importance was the correct choice of organisers who set about the tasks assigned them with a great deal of enthusiasm. In some other Botswana villages the cooperatives have failed to arrange the production of goods from locally obtained raw materials and ensure active participation by the village population in cooperatives.

The craft cooperatives in *Zambia* are facing great difficulties. The weak material base and low labour productivity explain the cooperatives' extremely unfavourable situation on the market. Many goods, which had once been manufactured by local craftsmen and artisans, were imported from developed capitalist countries. The cooperatives were not able to compete with the foreign exporters of these goods. As a result a considerable number of craftsmen lost interest in cooperation and left the cooperatives. In the early eighties, cooperatives survived only in towns.

This is not true, however, of all the developing countries. In some countries following the capitalist course of development, the national bourgeoisie, seeking more profits, has been stimulating the growth of production in the dependent cooperatives. One example is *Kenya*. The cooperatives in Kenya produce decorative ornaments, bronze and wooden articles, footwear, crockery. They employ cheap female labour on a wide scale, particularly in the production of mats, pottery, and decorative ornaments.

In a number of countries, the development of craft cooperation enjoys full-scale government support: the cooperatives help satisfy the home demand for essential commodities and allow an increase in the exports of certain goods.

Handicraft cooperatives have good prospects in the countries that have opted for socialism. With the help of cooperatives, these states strive to achieve major economic and social objectives, arrange the production of a wide range of goods and building materials, create more jobs.

In *Algeria,* measures are taken to prevent the transformation of cooperatives into capitalist enterprises, such as, for example, government limits the funds available to craft cooperatives. The statute imposes a strict limit on capital accumulation, making capital gains possible on the sole condition that the handicraft cooperative in question increases its mem-

bership and hence the amount of share capital. If financial gains are achieved as a result of effective operation of a given craft or artisan society, that society must distribute the new funds among its shareholders according to each one's contribution to the production process. The cooperatives have been granted the right to allocate up to 10 per cent of the profits to the reserve fund. The government has given the craft and artisan societies the task of improving the living and working conditions of the shareholders.

In *Tanzania,* bakery cooperatives and the cooperatives engaged in the construction of housing and communal facilities have gained influence in recent years. With the bakeries becoming cooperatives, it became possible to increase the amount and improve the quality of bread supplies to the population.

In *Ethiopia,* cooperatives were few and far between under the monarchy. Cooperatives (engaged in weaving, building, pottery-making, leather-processing, manufacture of leather footwear and garments) were set up in the late seventies. There are cooperatives engaged in grain-milling, the production of vegetable oil, etc. By the mid-eighties, Ethiopia had over 800 craft cooperatives. The cooperated craftsmen account for nearly a half of the fabric, yarn, crockery and other essentials. The craft cooperatives rely on local raw material resources and considerably increase the supplies of goods marketed at home and abroad.

In Ethiopia, measures are carried out to arrange for the output of craft goods by rural producer cooperatives. The statute of rural producer cooperatives states that they must promote the expansion of small-scale industry; ensure that cooperative members can obtain loans at a low interest rate.

The cooperatives supply their members with raw materials and equipment, and provide them with technical assistance. They also organise the marketing of the finished products, relieving the craftsmen and artisans from the need to do so themselves. Often they set up credit funds to cover running costs. Of considerable importance is their implementation of major social objectives: the introduction of labour legislation, the organisation of medical and cultural services for their members. The craft cooperatives promote the development of social labour.

The reader may find it interesting to note that in the middle twenties, when the Civil War had just ended, the young Soviet Republic made extensive use of the operation of craft cooperatives and small-scale industrial producers to raise the level of the productive forces. Lenin pointed to the need "to a certain extent, to help to restore *small* industry, which does not demand of the state machines, large stocks of raw material, fuel and food, and which can immediately render some assistance to peasant farming and increase its productive forces right away". Therefore, Lenin recommended that "everything must be done to foster and develop producers' cooperatives".[1] In some African and Asian countries today, craft cooperatives have helped to raise the output of peasant households by supplying them with many types of goods, small farming implements for working the land and storing the produce, etc.

The expansion of the craft cooperatives' sphere of activity ensures employment for great numbers of people and thus helps to reduce unemployment. It is common knowledge that unemployment is an urgent problem in developing countries, which have also a high percentage of partially employed.[2]

The peasants do not work on a regular basis all year round. During the working year, they work from 100 to 150 days in the field, but few of them take up crafts when the agricultural season is over. The development of craft cooperatives in the countryside may ensure more efficient utilisation of labour resources, substantially improve the peasants' material situation, and promote the development of commodity-money relations.

In many developing countries, as in the rest of the world,

[1] V. I. Lenin, "The Tax in Kind", *Collected Works,* Vol. 32, 1977, pp. 343, 370.

[2] By the eighties, the army of totally and partially unemployed had reached 63 million people in the African countries, or nearly 45 per cent of that total able-bodied population in Africa. Unemployment remains a pressing problem in Asia as well. In Indonesia, for example, total or partial unemployment embraces 10 million people, in Sri Lanka—1.5 million, in the Philippines—over 1 million. The gainfully employed population of the newly-independent countries is 800 million people; 300 million are partially employed and 40-60 million—unemployed.

there are hundreds and thousands of disabled. Craft cooperatives could make a positive contribution to providing the disabled with jobs suited to their state of health, abilities, and skills. This problem is being solved but slowly. The provision of the disabled with jobs, their return to social activity, is a social problem that has not yet found a satisfactory solution.

It is not to be expected that the expansion of craft cooperation (including among the rural population) will solve the problem of employment for the entire able-bodied population. The developing countries show a great relative overpopulation, which can be countered only through a radical change of the existing social structures, with the simultaneous implementation of a whole range of measures designed to ensure accelerated development of all sectors of the national economy, to improve the population's living standards, and increase the level of popular involvement in the implementation of these measures.

The development of handicraft cooperation is accompanied by the appearance of new enterprises. This makes it possible to organise the production of additional quantities of essential goods at a relatively low cost. The government, therefore, can concentrate on the construction of large industrial enterprises, on mass-scale production. Often, craft cooperatives become an important support to large-scale production. As they function in many economic sectors, they rapidly adjust to the specific conditions in these sectors, and so can serve as a material base for the building of large-scale industrial enterprises.

Some goods produced by craft cooperatives in developing countries attract a lot of foreign tourists and are therefore an additional source of foreign currency.

Craft cooperation, as other types of cooperation, encounters numerous problems and difficulties in developing countries. While they are in competition with private capitalist firms, the cooperatives still have to obtain raw materials and market their produce through private traders. Developed capitalist countries saturate the home markets of developing countries with their mass-producer commodities, often forcing out and ruining cooperators. The low level of cooperators' general education and the rank-and-file members' lack of experience and knowledge of management is another serious problem. Yet another is that craft cooperatives have only weak links with marketing and consumer cooperatives.

The most pressing tasks facing craft cooperatives are to: 1) strengthen the primary organisations and their material base; 2) raise labour productivity and economic efficiency; 3) establish closer ties, on the basis of common goals, with cooperatives of other types, and with state institutions and enterprises; 4) organise work to improve the skills and training of shareholders and raise their educational level; 5) develop democratic principles, set up elective inspection commissions, accountable to rank-and-file shareholders, to supervise and check the efficiency of cooperative organisations.

The future of craft cooperation is largely determined by the country's choice of orientation. In the countries of capitalist orientation, the national bourgeoisie is eager to penetrate cooperatives and use them to subordinate handicraft production to their own interests. These countries have conditions favourable for transforming the cooperatives controlled by the bourgeoisie into enterprises of a joint-stock type.

Can this be prevented? Perhaps there is only one way for the craft associations to avoid such transformation—and that is for all members of the cooperative to participate on an equal basis in the running of the cooperative and for the income to be equally divided among all the members. Marx stressed the importance of this. He wrote: "In order to prevent cooperative societies from degenerating into ordinary middle-class joint-stock companies ... all workmen employed, whether shareholders or not, ought to share alike. As a mere temporary expedient, we are willing to allow shareholders a low rate of interest."[1]

The history of handicraft cooperatives in developed capitalist countries shows, however, that they cannot avoid falling into dependence on the bourgeoisie, that rank-and-file craftsmen are dismissed from the management of cooperatives, which gradually come to employ wage labour. Thus, the total number of wage workers employed by craft cooperatives in

[1] K. Marx, "Instructors for the Delegates of the Provisional General Council. The Different Questions", in: Karl Marx and Frederick Engels, *Collected Works*, Vol. 20, 1984, p. 190.

Britain, Denmark, Italy, France, and Holland has reached 321,600. The average number of wage workers employed by one craft cooperative is 150 to 190.[1] The developed capitalist countries also have small craft cooperatives, embracing 5 to 10 families each.

The small-scale, isolated cooperative enterprises (a common and widespread form of cooperation in newly-independent countries) are based primarily on manual labour, that is, have low labour productivity. Their products, therefore, are sold at the prices significantly lower than the costs involved. This means that the major share of the surplus product of cooperative production, sometimes even a portion of the necessary product, is obtained by the buyers of these goods. No wonder, then, that big capitalists are "tolerant" of small-scale handicraft production: small craftsmen are not serious rivals to private entrepreneurs. To sum up, small associations cannot survive in a "partnership" with private capitalists; they go bankrupt, one after another; according to the law of concentration and centralisation of production, larger cooperatives, particularly those with rich shareholders in their ranks, find themselves in an ever more favourable situation.

It seems possible that in the countries following the capitalist course of development, the craft cooperatives will find themselves in conditions increasingly resembling those in which the West European craft cooperatives function, that is, they will be slowly transformed into bourgeoisie-controlled enterprises.

If the governments of the socialism-orientated states take some effective measures to reduce the private capitalist sector's influence on the national economy, the craft cooperatives in these countries will operate with more success because they will cease to be an instrument of exploitation of the craftsmen, and will no longer have to expend their resources in economic competition with the private sector. At the same time, socialist orientation does not, of itself, guarantee the swift and

[1] In the early eighties, Britain had 64 craft cooperatives, Denmark—250, Italy—989, France—416, and Holland—100 (*Les coopératives ouvrières de production en France et dans la CEE*, La documentation française, Paris, 1982, p. 12).

effective progress of the cooperative movement. What is needed is that the members of cooperative associations should be eager to make an effective and fruitful contribution and that the most effective methods should be applied in organising the production processes at the cooperative enterprises. Then the craft cooperatives can expand the sphere of their activity, take an active part in the solution of social as well as economic problems.

The progress of the productive forces will produce conditions favourable for the more widespread use of machinery, the improvement of the technical equipment of cooperative enterprises, and their gradual conversion into factory-type enterprises.

With the progress of industrialisation, craft cooperatives will gradually disappear. Engels wrote in a letter that a different approach should be taken to the significance of craftsmen's associations in the highly industrialised countries and in the industrially underdeveloped countries. "Of course, the primitive methods are bound to disappear," he wrote, "and we may assert that in a country with a developed industry a more humane attitude is to accelerate this process rather than slow it down."[1] As concerns industrially and agriculturally backward countries, craft cooperatives could help "the people live through the political crisis and preserve the country's industry until the people have their say".[2]

The craft cooperatives in developing countries have far from exhausted their potential. Craft cooperatives are needed until these countries succeed in building a highly developed industry independent of the capitalist countries.

3. Housing Cooperatives

These cooperative associations have come to fulfil an important social and economic function.[3] Their existence is ne-

[1] "Engels an Minna Karlowna Gorbunowa. 5 August 1880", in: Marx/Engels, *Werke*, Vol. 34, 1966, p. 452.

[2] *Ibidem.*

[3] In the majority of developing countries, housing cooperatives came into being after political independence: in 1961 in Mali, in 1965 in Zambia, in 1973 in Tanzania, etc. Housing cooperatives in Turkey have the longest record—starting in 1888. In Iran, first housing cooperatives appeared in 1943, in Malaysia—in 1949.

cessitated by the acute housing problem. The majority of the population in developing countries live in dwellings which do not meet even the most primitive requirements. The problem is exacerbated by the rapid population growth in the African and Asian countries and the large-scale peasant migration to towns.

Today, the newly-independent Asian and African countries have some 70,000 housing cooperatives. There are several types of the housing cooperative. The common types are individual owners', tenants', and joint owners' cooperatives.

Individual owners' cooperatives accumulate share payments, government allocations and other revenues, which are expended in creating the material base and organising the work. The objectives of these cooperatives include providing the shareholders with building materials and technical assistance in construction works. Profiteers seek to use the fact that building materials are in short supply in many countries in order to force up the prices of building materials. Cooperatives sell building materials to their shareholders at reasonable prices, thereby protecting them from profiteers. The actual job of building is done by the cooperators themselves. When the job is completed, they become the owners of the housing they have built. These cooperatives also build housing for renting out. Individual owners' cooperatives are found in rural as well as urban regions.

Tenants' cooperatives organise the construction of housing that is to be cooperative property. The housing is rented out to the shareholders, who pay a monthly rent.

Joint owners' cooperatives build blocks of flats. The share payment is usually fairly high, reaching a quarter or more of the cost of the flat. The members have to pay monthly contributions to cover the running costs and service the loans. When the construction is completed, the members of such a cooperative come into possession of a flat or flats. Most of the joint owners' cooperatives are in towns.

Members of a housing cooperative are, as a rule, fairly well-to-do. In many countries, housing cooperatives receive government allocations, albeit insignificant and irregular. The majority of cooperatives have to rely on their own

resources to cope with their problems and difficulties.[1]

Because they are involved in competition with private building firms housing cooperatives are often compelled to spend more than they can afford. Many of the operations involve manual labour, and safety at work is not provided for at an adequate level.

The fate of housing cooperatives in any country is directly dependent on the government's domestic policies. More often than not, a change in the political situation entails a change of attitude towards the cooperatives: the government either stimulates or impedes the operation of housing cooperatives.

The social development programme adopted in *Bangladesh* soon after it gained political idependence envisaged the spread of housing cooperatives. It was planned to carry out a sweeping construction and modernisation programme in the countryside, since 90 per cent of the housing are primitive bamboo and mud huts, and are often destroyed by natural calamities. Moreover, some 1,560,000 families lost their homes during the 9-month war of independence. The government set the cooperative organisations the objective of building 6 million homes in ten years. A decision was passed to allocate the cooperatives funds for housing construction. The cooperatives, however, did not get the allocations promised by the government. The housing construction programmes were never fulfilled. The housing cooperatives make up a mere 0.2 per cent of the cooperative organisations in Bangladesh. The cooperatives are controlled by the national bourgeoisie.

In *India,* the cooperatives play a significant role in housing construction. They build over 45,000 houses annually. Housing construction is accorded particular attention in the Kerala State. Nearly 100,000 houses were built in this state in the seventies, 50,000 flats going to people from the lower castes.

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[1] Housing cooperatives are involved in fairly complex matters. They purshase land; accumulate funds; engage architects and building engineers; run the construction; lay roads, electricity lines, water and sewage pipes; collect payments from the members; ensure that the members pay on time, etc.

The rising price of land is slowing down the development of housing cooperation in India, preventing the poorer cooperatives from expanding the housing construction and increasing the production of building materials from local raw materials. The price of cooperative flats is rising together with the price of land.

Cooperatives vary widely in the social composition and volume of construction. Comfortable flats for well-to-do urban families are built in towns. In rural areas, the cooperatives, equipped with primitive instruments, build primarily small mud huts. Often, a cooperative is set up for a specified time, until it completes the building of a house or some other project. Many of them hire workers.

In the majority of Indian states, the cooperatives receive government allocations through local administration. The total volume of these allocations comes to 2 billion rupees a year.

The majority of housing cooperatives in *Jordan* are concentrated in towns. The average size of a housing cooperative is 40 people and the aggregate membership is 2,000 people. Entrance is only allowed to people with a high income. They are formed according to the professional principle: civil servants', lawyers', medical doctors', engineers' cooperatives.

The housing cooperatives functioning in *African countries* have developed many specific forms and features. The development of this type of cooperation is intended to facilitate housing construction.

In 1983, the Upper Voltan government (the name was changed to *Burkina Faso* in 1984) decided to extend housing cooperatives land plots for housing construction free of charge and to establish a moderate housing rent in order to stimulate housing construction. The government encourages the organisation of housing cooperatives, and joins forces with them in housing construction in every province. The maintenance of housing construction on an organised footing makes it possible to make significant sanitation improvements in towns and rural settlements. The economic and social development plans for the years 1986-90 envisage extensive construction of a new type of the rural settlement ("revolution settlements") involving the active efforts of all who are in need of a new housing.

Housing cooperatives in *Ghana* are making a perceptible contribution to housing construction. The country has 17 housing cooperative associations, each building some 200-300 houses a year. The aggregate membership has reached 25,000 shareholders. The drawbacks of housing associations are their weak material base, absence of up-to-date building technology, inadequate financial resources. The quality of construction is often very low.

Housing cooperatives in *Ethiopia* enjoy substantial aid and support from the government. In the capital alone some 4 million square metres of land have been allocated for individual and cooperative housing construction. Addis Ababa has over 300 housing cooperatives. In addition to housing construction, they do repair work, lay water pipes, build roads, and manufacture building materials. When housing is allocated, priority is given to low-income cooperators or large families.

The majority of housing cooperatives operate in isolation and have no solid links with other cooperative associations. There are very few housing cooperatives involved in the construction of trade stores, storage facilities, or communal buildings.

Significant as their contribution is, the housing cooperatives alone cannot resolve the housing problem. The answer to this problem is a nationwide government effort. However, the government can hardly be expected to meet the population's requirement in housing in the near future. It is, therefore, still necessary to adopt long-term coordinated government and cooperative measures aimed at expanding housing construction by all means available.

4. Multipurpose Cooperatives

Multipurpose cooperatives occupy an important place in the cooperative system, and have begun to spread recently, particularly in Asian countries, primarily in rural areas. The first multipurpose cooperatives appeared in India, in 1937.

The share of the multipurpose cooperatives in the total number of cooperative associations varies from country to country. In Bangladesh they comprise 5 per cent; in Iran—over 20 per cent; in Syria, multipurpose cooperatives make up 84

per cent of the 3,900 rural cooperatives; in Sri Lanka, multipurpose cooperatives comprise a mere 3.4 per cent of the cooperative organisations.

In Africa, the first multipurpose cooperatives appeared in the early seventies. In Algeria, for example, the first multipurpose cooperatives were registered in 1972. By the early eighties, cooperatives of this type had been set up in Kenya, Ethiopia, and some other countries.

Multipurpose cooperatives have emerged as a result of several factors: 1) poor peasants could not afford to be members of several cooperative associations; 2) several different cooperatives uniting the same people could not operate as effectively as a single large cooperative disposing of considerable financial resources in the form of share payments; 3) in the countryside there are not sufficient people with an adequate level of training. The Indian researcher into the cooperative movement in Asia, J.M. Rana, has come to the opinion that it is easier to solve this problem if one group of experts runs one rather than several cooperatives at a time.[1] Moreover, a larger cooperative is better able to employ personnel with a higher level of training and skills. The fourth factor is that multipurpose cooperatives suit primarily large-scale landowners who prefer to act through one cooperative in order to obtain credits, market the produce, and settle the problems involved in building the roads and irrigation facilities necessary for more efficient operation.

The cooperative association Muang Chachoengsao, set up in Thailand in 1971, illustrates the operation of a multipurpose cooperative. This cooperative, nearly 700-people strong, was set up as a pilot cooperative on the basis of a creadit society. When it has been converted into a multipurpose cooperative, it provided the peasants not only with credits, but also with assistance in mastering agricultural machinery and the use of fertilisers, and later engaged in the building of fodder factories for the shareholders' farms. The cooperative instructs the peasants in modern farming methods. A demonstration hall displays the achievements of the best farmsteads and

[1] J. M. Rana, *Multi-Purpose Cooperative Societies in South-East Asia,* ICA, New Delhi, 1974, p. 17.

provides expert advice on the running of agricultural production.

It is worth noting that the multifaceted activities of these cooperatives allow them to make wide use of female labour. This has made it possible to extend the list of services provided by a multipurpose cooperative. Taking part in collective work, women become more involved in social life and help improve their families' material situation.

As pointed out earlier, multipurpose cooperatives have not become widespread as yet. This is because the simpler forms of cooperation have not yet exhausted their possibilities in the sphere of exchange, and the conditions are not yet ripe for transforming them into multipurpose cooperatives. This would require a more stable and broader material bases, more experience in collective labour methods, a higher level of involvement by the cooperators in the drive for common goals and interests.

It must also be kept in mind that the operation of existing multipurpose cooperatives is marked by profound inherent contradictions, arising from their heterogeneous social composition and the diversity of the shareholders' interests. Conflicts often arise over the distribution of profits and expenditure of funds. For example, cooperative shareholders grow different crops; therefore it seldom happens that the decision to process some particular crop or crops suits all of them. Not all the members agree that the cooperative's funds should be spent on obtaining tractors or other expensive agricultural machinery. Also, the diversity of their operations makes the organisation of cost-accounting and control over the expenditure of funds more difficult.

The nature and prospects of multipurpose cooperatives are the subject of dispute among many researchers into the cooperative movement in developing countries. Some economists are of the opinion that multipurpose cooperatives must confine their operation to the sphere of exchange (granting credits, wholesaling and marketing finished products, providing expert advice, etc.).

It would not, however, seem advisable to confine the operation of multipurpose cooperatives to the sphere of exchange. Multipurpose cooperatives constitute a higher form of cooper-

ation compared with marketing, consumer and other cooperatives. Multipurpose cooperatives fill the functions of marketing and consumer cooperatives as well as other functions: organise collective work during the harvesting season, build houses and roads, etc. Gradually, productive activity becomes the dominant function and the chief direction of their progress from the sphere of exchange to the sphere of production.

The agrarian economist K.-J. Michalski (the German Democratic Republic) rightly believes that multipurpose cooperatives in African and Asian countries should not confine their operation to the sphere of exchange.[1] In his view, multipurpose cooperatives must take on the organisation of collective methods of work; the cooperatives must be run on democratic lines; they must have elective management promoting the interests of the working people joined in a cooperative association. Michalski is of the opinion that an efficient multipurpose cooperative should include up to one thousand families.

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As was pointed out earlier in this book, the cooperatives within the spheres of both exchange and production are marked by profound inherent contradictions resulting from their socially heterogeneous composition. By strengthening progressive forces and promoting the interests of the working people within cooperative organisations the prerequisites are created for developing the community of interests and action of all the cooperated population. However, this unity cannot arise without energetic practical measures on the part of cooperative management and without social and political changes in society in general. Thus, of primary importance in creating the conditions necessary for the coordinated and purposeful operation of cooperative organisations are democratisation of social life and restriction of the influence of exploiter elements. Dividends may play a significant part in bringing the shareholders together on the basis of common interests and actions.

[1] K.-J. Michalski, *Landwirtschaftliche Genossenschaften in afro-asiatischen Entwicklungsländern*, Academie Verlag, Berlin, 1973, pp. 216-236.

When dividends are used to attain common goals (the building of trade shops, schools, cultural establishments, roads, water installations, etc.), cooperatives are encouraged to more effective and productive work. However, if the cooperatives see their main goal as obtaining higher dividends, their personal interests will prevail over the common interests, thus undermining their unity. If rank-and-file shareholders are involved in supervision of the utilisation of financial and other resources, this promotes the democratisation of cooperatives and provides a guarantee against the abuse of the principles and rules of cooperative activity.

To sum up, significant qualitative changes are taking place in cooperatives. Cooperatives of a simpler type, operating in the sphere of exchange, are growing stronger and coming to exert an ever greater influence on production processes. Despite all the difficulties, errors, and failures, the activities of cooperatives operating in the sphere of production show that it is possible gradually to introduce collective methods of work in agriculture.

The development of handicraft cooperatives increases the numerical strength of the working class and enhances the level of its involvement in social life. Handicraft, housing, multipurpose and other cooperatives increase employment, thereby improving the standard of living for a large number of people. The national bourgeoisie, money-lenders, private merchants, and landowners are seeking to subordinate the cooperatives to their own interests, to assume the key positions within them.

Chapter Six

AGRARIAN TRANSFORMATION AND THE ROLE OF COOPERATIVES

1. Chief Goals of Agrarian Reforms

Agrarian reforms have a fairly strong stimulating effect on the cooperative sector in agriculture. In turn, the extent and consistency of these reforms are largely determined by the degree to which cooperation is developed in the countryside and to which rural dwellers are involved in the cooperative movement.

The effectiveness of agrarian reforms and the part played by cooperatives in their implementation depend on who owns the land and whether or not the peasant masses have land.

Despite the fact that nearly everywhere in Asia and Africa the agrarian reforms followed directly upon political independence, large landed estates still exist in these countries alongside innumerable small peasant farmsteads with tiny land holdings. Altogether the newly-independent Asian countries have 97 million peasant households, of which 45 million (or 46 per cent) possess less than one hectare of land each. Some 20.7 million peasant households (21.4 per cent of all farms) own 1 to 2 hectares each.[1] In addition, many of these countries have large numbers of landless peasants.

Considering that redistribution of the land in favour of the poor and landless peasants is one of the central tasks in the majority of newly-independent countries, it is pertinent to ask: Is it possible to allot equal land holdings to all individual peasant households? Calculations show that if the land under cultivation were distributed on an equitable basis among all the land-tillers in Asia, each household would have a little over 2.5 hectares. If the landless peasants were included among the recipients, the holding owned by each peasant would

[1] *Rural Development, the Small Farmer and Industrial Reform*, Bangkok, UN, March 1976, pp. 56-57.

be miniscule. This would render impossible any organisation of efficient production or application of up-to-date technology. Thus, if the agrarian reform entails redistribution of the land in this manner, no significant growth of agricultural output can be expected unless and until collective methods of work and management, stimulating labour productivity, are adopted and spread on a wide scale. With this factor in view, many governments also plan to stimulate the cooperative sector and organise state farms when carrying through agrarian reforms.

All of these countries, however, face an acute shortage of land. The African continent possesses fairly large reserves of land suitable for cultivation and the organisation of agricultural production. Zambia, for example, has less than 7 per cent of the arable land under cultivation, Tanzania—some 10 per cent, Madagascar—less than 50 per cent (the total area of land suitable for cultivation is 8.3 million hectares in Madagascar). The percentage of cultivated land is also fairly small in Angola, Guinea, Mozambique, Togo, and some other countries.[1]

In a number of countries, large estates do not exist in any significant number. In Togo, for example, large individual farms, possessing some 40-50 hectares of land each, comprise a mere 0.03 per cent of the total number of farms and holdings. In this country, 30 per cent of the landowners have plots of less than one hectare per owner, 27 per cent—from 1 to 2 hectares each, 16 per cent—from 2 to 3 hectares, 14 per cent—from 3 to 5 hectares, and 13 per cent—over 5 hectares each. A similar situation can be found in Botswana, Ghana, Zambia, and some other countries. In other African countries there are huge landed estates, for example, in Tunisia, where 28,000 farmers (8.7 per cent of the total) hold 0.3 per cent of the land under cultivation, while 2,500 farmers (0.7 per cent) hold 25 per cent of the land.

[1] It must also be taken into account that some 44 per cent of the land suitable for cultivation is regularly hit by droughts; 55 per cent of the land are deserts or semi-deserts. Deserts annually swallow some 60,000-70,000 square kilometres of arable land. At the same time, in the Sahel zone alone 12 million hectares of land can be irrigated, which would allow to solve the food problem in Africa.

Peasant cooperatives are needed not only in the localities facing acute shortage of land but also in those with large reserves of fallow land. The existence of unused land tracts is an indication of weakly-developed productive forces. Therefore, a more rational utilisation of land and the extensive application of scientific and technological advances in agricultural production require a collective effort on the part of the peasantry in order to solve the problems facing agriculture. Consequently, in the territories with substantial land reserves, agrarian reforms cannot assume a radical character unless they are accompanied by the organisation of a broad network of cooperative societies operating in the sphere of production and exchange, as well as the organisation of state farms.

Agrarian reforms mean certain changes in the established forms and proportions of land-proprietorship, the character and principles of land-tenure, and the organisation of agricultural production. The land tracts belonging to foreigners are nationalised and handed over or sold to local peasants. Unused land is distributed among peasants. The land belonging to major landowners is bought out or expropriated to be redistributed among (or sold to) small landowners. The land plots which peasants previously leased from their landlords are leased to them on easy terms or allotted to them free of charge. Not all of the above-mentioned reforms are carried out in full in each of the countries undertaking agrarian reforms. Their implementation is carried out with varying degrees of consistency and thoroughness. However, it is a matter of priority for all the newly-independent countries to achieve a radical modification of agrarian relations; the extent to which this objective is achieved determines the rate of the country's economic development and the progress of its productive forces.

Very often, the type of agrarian reform carried out in given country depends on the existing forms of land proprietorship and land-tenure. Some countries are marked by communal landownership, others—by a feudal, predominantly subsistence economy. There are also a great variety of forms of land-lease, customs, and traditions.

2. Cooperation and the Agrarian Reforms in the Countries of Capitalist Orientation

In these countries the agrarian policy is designed to produce conditions favourable to capitalist enterprise and strengthening the position of the rural bourgeoisie in the cooperative associations.

Major landowners retain their influence over the cooperative associations due, among other things, to the lack of resolution and consistency on the part of government bodies in the implementation of the proclaimed agrarian reforms.

During the first stage of the agrarian reform in *Egypt*, steps were taken to reduce large-scale land proprietorship. The 1952 government law on agrarian reform allowed landowners to have not more than 200 feddans of land. The 1961 law reduced the size of an individual land plot to 100 feddans, and the 1969 law—to 50 feddans. As a result of the reform, a sum total of 832,000 feddans of land was expropriated. Some 400,000 poor fellahin (a mere 5 per cent of individual landowners) received additional land plots. According to the US researcher A. Richards, under President Nasser the land reform, while excluding the poorest peasants (tarahil), nevertheless reduced inequalities in landholding. The years of Nasser's presidency saw a rapid growth in the number of rural cooperatives. Later the rate of growth slowed down as can be seen from Table 8.

Table 8

Rural Cooperatives in Egypt

Years	Cooperative Societies (thou.)	Cooperative membership (mln)
1952	1.7	0.5
1965	4.8	2.3
1970	5.0	2.8
1973	5.0	3.2
1982	5.1	3.1

In the seventies, the government began to return to former owners the land tracts expropriated under the reform, extended the sale of land to private owners and to practise the lease of government land to private persons and joint (Egyptian-foreign) companies; it raised the land rent paid to private landowners by 20-25 per cent. Beginning from 1975, the landowners were allowed to reintroduce sharecropping (banned in 1952)—a system placing the land-tenants in bondage.

The credit and marketing cooperatives cannot effectively protect the poor peasant from exploitation by the landowners and rural bourgeoisie. Cooperative organisations made up of those who possessed a land plot prior to the reform still play the dominant role (4,300 cooperatives embrace over 2.5 million people). The agrarian reform cooperatives embrace 395,000 farms (752 societies), and 178 cooperatives of new landowners unite 71,000 shareholders, i.e., two per cent of the total number of cooperated peasants.[1] The reform, therefore, did not introduce any radical change in the structure of cooperative societies. The cooperatives comprising poor peasants that had begun to function in the sixties have been slowly undergoing a transformation and falling under the influence of the landowners and rural elite.

The agrarian reform in *India* has stimulated the development of capitalism in agriculture. Under the agrarian reform, some of the land belonging to major landowners was declared excess and to be handed over to landless peasants. Of the 3.8 million acres declared excess, the government took over 2.5 million acres. (The total area of the arable land in India is 347 million acres.) The landless peasants and agricultural labourers received not more than 1.2 million acres, i.e., less than a third of the land to be redistributed.

Since agrarian reform limits the size of the land plot of any individual owner, many major landowners transferred a part of their land to a relative or relatives—a measure allowing them to retain their proprietorship of the entire landed estate. To evade the progressive laws on agrarian reforms, the

[1] *Cooperative Information Note. Arab Republic of Egypt*, No. 3, 1981, pp. 1-5.

owners of large land tracts have been advancing the idea of cooperation of poor and landless peasants, since it is easier to control cooperated peasants than individual farmers.

The objectives outlined by the agrarian reform have been achieved only slowly. The local administrative bodies, dependent on major landowners, do not seek radical change. Moreover, no specific time limits were set for carrying through the agrarian reform thus enabling the reform's opponents to drag out its implementation for as long as they could.

Government bodies have not shown much perseverence and consistency in the implementation of agrarian reform. P.S. Joshi, Director of the Institute of Economic Development in India, writes that government employees are not too eager to carry out the agrarian reform because their concepts of ownership, enterprise, and the correlation between economic growth and equality coincide with the interests and ideas of new landowning groups.[1] Apparently the slow pace of the agrarian reform is the result of the policy of the ruling circles towards the peasantry. The objective of the ruling circles is to preserve the dominant position of landowners and rural bourgeoisie in the countryside.

Some economists are of the opinion that the failure to realise the reform in full is simply the result of the blunders and miscalculations made in working out ways and means of implementing it, of the decision to use the easiest and simplest ways to resolve the problems facing agriculture. The Indian economist T. Singh writes that the economists searched for easy ways to attain far-reaching structural changes relying, primarily, on investments, credits, and supplies on easy terms, as well as on the principles regulating capitalist and individual enterprise in all spheres of activity. The cooperative movement in the spheres of credit and services, meanwhile, lost its significance as a means of bringing about fundamental structural reform. Beginning with the late sixties, Singh points out, the search for a just agrarian society came to an end in politics and in planning.[2] The just society Singh writes about

[1] P.S. Joshi, *op. cit.*, p. 16.

[2] Singh, "Key Issues in Planning for the Future", in: *Mainstream*, Vol. 24, No. 14/15, New Delhi, 1986, p. 19.

has never been the objective of the reform—which did not seek the eradication of exploiter relations in agriculture.

Therefore, today one can hardly expect any radical change in agrarian relations in the Indian countryside.

The poor peasants had expected the agrarian reform to strengthen the cooperatives, which could then protect their members against the arbitrary domination of landowners and against bankruptcy. The majority of cooperatives, however, are wholly dependent on major landowners, and have even become their means of exploiting the peasants. As was noted at the Puna Scientific Conference (1980), which analysed the future of Indian cooperatives, more and more poor peasant families have begun to leave cooperatives, which have proved incapable of solving agrarian problems and protecting the poor.

As before, a significant number of peasants have to lease land from major landowners or become hired labourers. Over 60 per cent of the farms own only 9.3 per cent of the land, while 10.3 per cent of the farms (belonging to landowners and village wealthy) have retained ownership of more than half of the total area under cultivation. Some 2 per cent, the largest farms, own nearly a third of the land under cultivation.

There has been a growing trend in India to split up land. In 1951, the average farm holding was 2.6 hectares, in 1971—2.3 hectares, in 1976—less than 2.0 hectares. Of the 50 million farms, 40 per cent are land holdings under one hectare, 35 per cent—between one and three hectares, and 12 per cent—between 3 and 5 hectares.

The process of agrarian reform is also influenced by the rapid growth in the country's population[1] which necessitates large government investments in agriculture. The government has decided to concentrate investments in a small number of

[1] The average annual population growth in India is 13.5 million people. According to the estimates made by Professor K. N. Prasad, of the University of Panta, for every one million who are added to the Indian population every year, 9,760 more schools, 28,690 more school teachers, 193,000 more houses, 960,000 centners more foodstuffs and 14.6 million more metres of cloth must be produced. (K. N. Prasad, *Problems of Indian Economic Development,* Sterling Publishers, New Delhi, 1983, p. 40.)

states promising high rates of agricultural development. The result was that nearly half of the country found itself outside the "green revolution" zone. Despite the fact that 35 million hectares were irrigated in 1985 (compare to 20 million in 1950) and the grain crop of 1984/85 was 152 million tons (in 1959/60 it was 51 million tons), a large section of the peasant population suffers from poverty and hunger. The primary beneficiaries of progress in agricultural development are large landowners, the bourgeoisie, and cooperative management.

The Communist Party of India is in favour of a radical agrarian reform in the interests of the toiling peasantry. The following demand with respect to agrarian reforms and the role of rural cooperatives in their implementation, was put forward in the political resolution of the Eleventh Congress of the Communist Party of India: "Democratise the functioning of panchayats and cooperatives so as to prevent their domination by landowners and money-lenders, and safeguard the interests of agricultural labourers and working peasants. It is recommended that agricultural cooperatives, first and foremost the cooperatives of poor and middle peasants, be encouraged and assisted, including by allotment of surplus lands and government unused lands.[1] At its Twelfth Congress in 1982, the Communist Party again stressed the need "for promotion of both service and production cooperatives in the agricultural sector."[2]

The Communist Party tries to put its demands into practice. Thus, in the Kerala State, where Communists have for a long time been at the head of the state's left-democratic government, major positive results have been achieved: some 2.5 million former land-tenants have come into possession of their own land plots. Agricultural labourers and poor peasants have received a total of 325,000 acres taken over from major landowners.[3]

The development of agriculture in *Indonesia* has been fa-

[1] *Documents of the Eleventh Congress of the Communist Party of India,* New Delhi, 1968, pp. 169-170.

[2] *Political Resolution Adopted by the 12th Congress of CPI,* pp. 29-30.

[3] *Eastern Countries: the Present Times,* Vol. II, ed. by G. F. Kim, K. N. Brutents et al, Nauka Publishers, Moscow, 1980, p. 163.

irly complicated. Under the agrarian reform of 1960, land proprietorship had to be significantly reduced and peasants were gradually to pass over to cooperative forms of labour. Twenty-five years after the inception of the reform, large-scale land proprietorship had not been reduced, while the number of poor and landless peasants was far greater than when the reform had been proclaimed. At present, the country has 15 million hectares of land under plow and 25 million peasant families: 11 million poor and 9 million landless. Wealthy farmers and urban bourgeoisie often buy land by proxy. The cooperatives have long ceased to serve the interests of small farmers because they are totally dependent on the bourgeoisie.

The agrarian reform in *Iran* has had a stimulating effect on the capitalist sector in agriculture. It is pertinent to mention here that the reform, introduced under the Shah's regime, was necessitated by acute social contradictions. The reform, as originally designed, was to create stable support among the rural bourgeoisie for the Shah and his encirclement. It restricted the size of individual landholdings to a maximum of 200 hectares.[1] Farms making intensive use of machinery were permitted to reach 500 hectares. The peasant who received land had to pay compensation to the former owner. This reform, by providing land for over 800,000 peasants, gave a new impetus to the process of cooperation. Due to the reform, the land-holding farms numbered over one million in the seventies. Quite soon, however, many of the peasants who had received land as a result of the agrarian reform sold their land holdings because they could not survive the competition from large farms.

A new stage of the agrarian reform was proclaimed in the eighties. Its realisation was halted, however, because of the complex political situation in the mid-eighties. In 1981, the total amount of land distributed among the peasants was 1.1 million hectares or less than 15 per cent of the cultivated land.

[1] Before the reform, the Shah, his family, major landowners, top clergy, and tribal chiefs owned over 80 per cent of the land under cultivation. Small landowners had less than 15 per cent of the cultivated land. Some 70 per cent of the peasants did not possess any land at all.

The reform did not affect the nomads, comprising 10-12 per cent of the rural population, to any significant degree.

By the beginning of the eighties the reform had to some extent undermined the economic and political rule of the landowners. It produced conditions favourable to the expansion of small-scale production. It has failed, however, to remove social contradictions and save the Shah's regime. Later, the reform was halted, and former landowners began to recover their land holdings.

In a number of countries, attempts to create conditions favourable for the development of capitalist relations in agriculture have met with a strong resistance on the part of landowners, who tried to impede the implementation of the agrarian reform. One example is provided by *Pakistan*. In March 1972, the country began the implementation of a programme of agrarian reforms envisaging restriction of land proprietorship and forbidding the eviction of land-tenants from leased plots of land. It was planned to distribute among peasants the land tracts confiscated from landowners and militarymen (the programme set a limit of 60 hectares for irrigated land and 120 hectares for non-irrigated land). Only 614,000 hectares of land was confiscated from 4,036 landowners from May 1972 to March 1979, while 77,000 peasants received a total of not more than 308,000 hectares. The agrarian reform did not create conditions favourable for peasant cooperation.

The reform initiators had underestimated the power and influence of major landowners who opposed any change in the existing system of land proprietorship. With the exacerbation of the political situation in the country in 1977, the implementation of the agrarian reform was slowed down, and major landowners began to recover the land confiscated under the reform.

It is pertinent here to cite the opinion of Abdul Jabbar Khan, the president of a large bank, concerning the prospects for agriculture and peasant cooperation. He believes that Pakistan needs peasant shareholding societies to build irrigation and large-scale storage facilities, etc. Their purpose should also be to campaign for the introduction of the latest scientific and technological achievements in agriculture. Contracts for individual jobs may be concluded with private firms. Khan

is of the opinion that only small individual farms may join in cooperatives. Commercial banks must maintain strict control over the operation of cooperatives, and supervise the utilisation of machinery and fertilisers, and the expenditure of funds. Needless to say, the parallel development of cooperatives and joint-stock companies in agriculture promotes the interests of major landowners and rural bourgeoisie and is detrimental to small farms.

No radical change has been achieved by the agrarian reform in the *Philippines*. The pace and scope of the planned agrarian transformations are smaller than envisaged. In accordance with Decree No. 27, "On the Liberation of Tenant Farmers" (1972), landed estates of seven hectares and more were to be purchased by the government and distributed among tenant farmers (the so-called sharecroppers). The land remaining in private ownership was to be worked by the owners. It was planned to buy out the largest land tracts. The new landowners were not provided with land free of charge but had to pay the cost of the land over a period of 25 years at an annual interest rate of 6 per cent of the loan.

In actual fact, as Benedict Kerkviet (University of Hawaii) writes, only 440,000 peasants (8 per cent of the peasant population) had any real hope of receiving land. When the implementation of the reform began, some 300,000 former land-tenants were given the use of a total of 519,000 hectares of land (formerly the property of large landowners), while only 953 peasant tenants assumed full title over their plots of land: the land prices are too high for the bulk of the peasant population. Cooperatives involving former land-tenants were not a success. The majority of cooperatives are made up of a small number of wealthy farmers; cooperation allows them to obtain credits on easy terms and market their produce.

The late eighties saw the further aggravation of social relations in the Philippines, which may result in greater activity by the broad peasant masses. They will seek radical changes in government policy on major agricultural problems. In other words, it is possible that some positive changes will occur, stimulating the process of agrarian transformation and creating conditions favourable to the spread of cooperation among small peasant households.

In many countries, the national economy is still experiencing the aftermath of colonialism, the consequences of a lengthy struggle for independence and of internal strife. All this leaves its imprint on the character of agrarian reform. *Zimbabwe* provides a clear example of a country where the difficulties involved in the effort to change agrarian relations stem from its lengthy struggle for national independence. The country obtained political independence fairly recently—in 1980. Thousands and thousands of peasants left the country during the period of struggle with the racialist regime. A considerable part of the land they used to own has passed into new hands. Over a million peasants were settled against their will in the so-called "strategic villages", their most fertile land passing into the hands of white farmers. In 1982, 14.8 million hectares of the arable land belonged to 6,000 white farmers, while 685,000 Africans owned 17.3 million hectares.[1] The government bought out from the white farmers 2.1 million hectares of land, composed primarily of unused land tracts. The first to be granted land plots were those who had taken part in the armed struggle against the former regime.

By 1985, 225,000 Africans had been given land. Over 3,000 cooperatives were organised among the peasants, including producer cooperatives. By the mid-eighties, African cooperatives and individual farms accounted for 50 per cent of the total value of agricultural produce. Agrarian transformation has considerably expanded the rural cooperatives' sphere of activity. The government is assisting them in many ways. They have received seeds, 400 warehouses, and 265 tractors (free of charge).[2] In 1985-86, the Ministry of the Land, Settlement, and Agricultural Development allocated cooperatives 2.5 million dollars—6.5 per cent of the total government allocations for agricultural development.

Prime Minister Robert Mugabe has pointed out several times that the government wants to help cooperatives to improve the peasants' and craftsmen's living standard, raise labour productivity, and set up a new economic structure in the countryside. The first steps in cooperative development in Zim-

[1] *International Affairs*, Moscow, No. 4, 1982, p. 129.

[2] *Cooperation et Révolution Agraire*, Commission Nationale de la Révolution Agraire, August 5, 1985.

babwe have testified to the government's intention to make extensive use of cooperatives in order to promote the implementation of strategic economic and social objectives.

The process of rural cooperation in Zimbabwe is impeded by the existence of large farms owned by white settlers. This is exacerbating class and national-ethnic contradictions. Another factor impeding agrarian transformation is the tense political situation in southern Africa: it is costing the government a great deal of money to defend the state against the plotting by reactionary circles—backed by racist South Africa.

As regards agrarian reforms and ways and means of carrying them through in developing countries, the ICA leadership, representing cooperative federations in capitalist countries, suggest that cooperators in newly-independent countries employ various forms of collaboration with major landowners, leaving their land proprietorship intact. The following statement was made at one of the congresses of the International Cooperative Alliance: "...cooperative societies of tenants can act as land-leasing bodies which negotiate with landowners on conditions of tenure and rent for large holdings; and then assign smaller holdings to individual members".[1] If the cooperatives accept this recommendation, they will reduce to naught their own participation in agrarian reform, and assist large landowners seeking to seize control over the cooperative organisations.

As we can see, almost everywhere in the developing countries the implementation of agrarian reforms is proceeding at a slower pace than envisaged in government programmes and decisions. The main reasons behind this are: resistance by major landowners; an irresolute and inconsistent stand by government agencies; a lack of understanding on the part of many peasants of what their part in the implementation of the planned changes should be, as well as a lack of experience in the struggle to defend their interests; and the organisational weakness of rural cooperatives. Measures designed to implement agrarian changes are, as a rule, drawn up without taking into account the availability of the material resources and specialists required to carry them out. In a number of countries, agrarian reforms

[1] *International Cooperative Alliance, XXVII Congress, Moscow, 13-16 October, 1980,* London, p. 77.

are designed to achieve "reconciliation" between poor and landless peasants, on the one hand, and landowners, on the other.

To sum up, agrarian transformation in the countries of capitalist orientation is of a complex and contradictory character. The agrarian reforms have stimulated the growth of cooperatives made up of the rural wealthy. Cooperative property is being used in the interests of exploiter elements, which can thus consolidate their position in agriculture and keep the poor and landless peasants in a state of dependence.

As a rule, the agrarian reforms in these countries do not change the private ownership of water reservoirs and irrigation facilities. The cooperatives are thus made dependent on their owners. Moreover, a farm granted a plot of land has to pay monetary compensation to its former owner. As a result, the cooperatives made up of small farmers cannot accumulate funds or carry out economic activity independently of the landowners and national bourgeoisie. The government does not extend the required financial aid to cooperatives. The implementation of agrarian reforms speeds up the ruination of small-scale individual peasant households, which further aggravates class contradictions.

3. Cooperation and Agrarian Reforms in the Countries of Socialist Orientation

The purposes, forms, and methods of agrarian reform in the countries of socialist orientation are fundamentally different from those in the countries of capitalist orientation. In most of the countries oriented on socialist development, agrarian reforms envisage the elimination of the land proprietorship of foreign capitalists, as well as some measures to ensure significant restriction on or total elimination of large-scale landownership. This land is handed over for use or ownership to poor peasants and tenant-farmers free of charge or at a low price.

The transfer of land to poor and landless peasants brings to life more small farms, which, as stated earlier, are incapable of organising agricultural production at an up-to-date level or attaining high labour productivity. Marx wrote: "Proprietorship of land parcels by its very nature excludes the de-

velopment of social productive forces of labour, social forms of labour, social concentration of capital, large-scale cattle-raising, and the progressive application of science."[1]

The adoption of collective methods of agricultural production by small-scale isolated farms is an objective necessity of the current development of productive forces in society. The organisation of cooperative associations and expansion of their property are a part of this process. One may ask: does not the government policy of providing land for poor and landless peasants—and therefore increasing the number of small farms—contradict the objective nature of the development of productive forces? Here two factors have to be taken into account: (1) on the one hand, the grant of land to landless and poor peasants improves their situation for a while and postpones their bankruptcy—an undoubtedly positive factor; (2) on the other hand, the peasants recently allotted land are not eager to join a cooperative, that is to say, in many countries the material conditions are not ripe for the spread of large collective farms based on cooperative or state ownership.

Nonetheless, it would be wrong to view the increasing number of individual farms as a result of agrarian reforms as a factor impeding the development of the productive forces. The large number of individual farms does not prevent the development of every form of cooperation. Peasants, for example, willingly join cooperatives operating in the sphere of exchange because they help them market their produce and provide them with agricultural implements and machinery, seeds, and fertilisers. In other words, these cooperatives stimulate the emergence of new conditions favourable to a higher form of cooperation in the sphere of material production.

Cooperatives based on collective methods of land tenure may provide an effective and democratic form of transfer to higher forms of production organisation. It is through cooperation that small-scale production units can gradually transfer to large-scale production on a voluntary basis. This makes it possible to avoid the ruination of small farms, which can develop into larger—collective—farms whose members are united by common interests. A qualitative change takes place in land ownership. A part of the land becomes cooperative

[1] Karl Marx, *Capital*, Vol. III, 1975, p. 807.

property and the other part remains the property of its current owners as individually cultivated plots of land. Some countries have begun to implement this method of transforming small peasant farms.

The organisation of cooperatives during the implementation of agrarian reform is an objective necessity—but only if carried out on a voluntary basis. Untimely, enforced cooperation brings only negative results. In some countries, a peasant is granted land plot only on the condition that he joins a cooperative. This reform is an attempt to accelerate cooperation by enforced measures and is usually met with concealed or open resistance on the part of the peasants.

The reform in the *People's Democratic Republic of Yemen* envisaged a radical change in the agrarian structure. Law 27, passed on 8 November 1970, abolished large-scale landownership, reducing the maximum amount of individually owned land to 20 feddans of irrigated and 40 feddans of non-irrigated land. State farms and agricultural cooperatives were set up on lands expropriated from large-scale landowners. Cooperative members were allotted 3-6 feddans of irrigated lands or 6-10 feddans of non-irrigated ones. Payment for the land is spread over 25 years starting six years after the receipt of the land. The annual interest rate is 1.5 per cent. Legislation was passed compelling the land-recipients to join cooperatives. Therefore the reform, which on the whole had a progressive character, provoked dissatisfaction among the peasants. Moreover, some of the principles of the reform were abused in the course of its implementation: land allotments were confiscated which were not in excess of the maximum size, infringement of the interests of the peasants recipients of land allotments were allowed, etc.

The result was that the cooperatives set up by enforced methods collapsed. The machinery received by cooperatives from the government fell into the hands of private owners. In Hanfar district alone the private sector obtained over 500 pieces of agricultural technology. This speeded up the stratification of the peasant population, as a result of which middle and wealthy sections of the peasant population came into being. The wealthiest farms employ hired labour.

In the *Democratic Republic of Madagascar*, a selective

basis has been worked out for land confiscation. The primary objective is to provide land to those who till it. Land holdings exceeding 100 hectares are nationalised. By the early eighties, 112,000 hectares had been nationalised. The reform is carried out in accordance with the principles: "Agrarian reform has no meaning without peasant cooperation" and "Collective peasant labour guarantees a rise in the living standard of every Malagasy". In spite of these measures, cooperation did not embrace wide sections of the population. This is explained by the fact that not many peasants can break with semi-subsistence methods of farming. Besides, not many collective farms can provide a good example for noncooperated peasants because the majority of them have failed to achieve high labour productivity.

The agrarian reform in *Syria* is of a contradictory and complicated character. The peasants' energetic efforts to bring about changes in the form of land ownership have induced the government to pass several decrees restricting large-scale land proprietorship. The maximum size of a land holding as laid down in the agrarian reform is 10 hectares for irrigated land and 100 hectares for non-irrigated land. In 1950-80, the economic and political influence of large-scale landowners declined, the feudal system of quitrent and labour dues was abolished, and 60,000 households received land.[1]

Many of these households, however, had no money to buy agricultural implements, and therefore, instead of working the land plots themselves, leased them to rural capitalists at a minimal price. The cooperatives could do nothing to change the state of things. It is stated in the Programme of the Communist Party of Syria that rich peasants hold a dominant position in many rural cooperatives, that the organisation of cooperatives, the formation of cooperative management, and their operation in general are still undemocratic. Unnecessary intervention by some government agencies makes things worse. The laws regulating the operation of cooperative associations are not fully adhered to.[2]

The opponents of socialist orientation in Syria will probably seek to make the cooperative sector an instrument of exploitation of landless peasants. The only way to resist this is to create consolidated cooperative associations of poor peasants. To intensify the process of agrarian transformation, the Communist Party deems it necessary to take major, on-going measures aimed at developing the cooperative movement in the countryside in order to raise it to the level of producer cooperatives. This should be done preferably by means of persuasion. Model cooperative associations must be set up in the countryside; control wrested from wealthy peasants, democratic principles observed in organising cooperative associations, admitting to cooperative membership, and electing cooperative management; aid to rural cooperatives increased, material incentives provided, and facilities opened for the hire and repair of agricultural machinery.[1]

Work is being carried out to organise state farms in the countryside, primarily in desert regions now under development. The growth of the number of state farms and producer cooperatives is very slow, however. By the mid-eighties, the country had 30 state farms, specialising either in crop-growing or animal husbandry. Together with the country's six producer cooperatives, state farms account for 12 per cent of the poultry and 17 per cent of the eggs sold in the retail network. It seems possible that state farms will become an important means of restricting capitalistic influence in agriculture, by virtue of the fact that it is more difficult for rural capitalists to secure control over a state farm than over a cooperative organisation. Government policy toward agrarian transformation may help ensure a smooth process of economic and social change in the countryside.

Ethiopia is demonstrating the most profound and consistent approach to destruction of the obsolete agrarian structure. The government has proclaimed the need to carry through a revolutionary programme of land nationalisation. As is stated in the Programme of the National Democratic Revolution of Ethiopia, "The government shall ensure the rights of individual farmers, and at the same time it encourages and shall provide the necessary moral and material support to all

[1] *Fifth Congress of the Communist Party of Syria*, Politizdat, Moscow, 1982, p. 143 (in Russian).

[2] *Ibid.*, pp. 144-145.

[1] *Ibid.*, p. 149.

cooperative endeavours by the peasant masses. In order to increase the total agricultural output of the country, the government will also establish large-scale state farms in different places."[1] In 1984, state farms owned a total of 221,000 hectares of land.

The land has been declared public property. Moreover, former owners are not entitled to any compensation. The land has ceased to be subject to sale and purchase; it cannot be inherited or rented out. Over 12 million peasants received land.

The reform is designed to stimulate the organisation of peasants into state farms and cooperative associations and promote the development of state and cooperative sectors in agriculture. The government has approved the Charter of the Industrial Peasant Cooperatives. The main tasks of the cooperative sector are formulated as follows: (a) to put an end to the exploitation of man by man; (b) to ensure industrial growth through the use of up-to-date agricultural machinery and techniques and other methods, to promote the prestige of peasant work and its gradual transformation into a variety of industrial labour; (c) to secure political and social rights for the peasants; (d) to set up conditions favourable for the regulation of agriculture on a planned basis.

In 1985, the country had 1,300 producer cooperatives embracing 84,000 peasants. The cooperatives vied for the highest indices in agricultural production. The winners were awarded with tractors or other machinery.

The principal rights and duties of cooperative members are laid down in the Charter of the Industrial Peasant Cooperative. It is the cooperators' duty, as defined by the Charter, to take care of the state and cooperative property and to oppose any actions injurious to cooperative. Cooperative members are allotted land plots for subsidiary farming.

Cooperation is still in its early stage. In 1985, the cooperatives involved one per cent of the economically active rural population. The state farms and cooperatives currently account for 5 per cent of the aggregate agricultural output.

[1] *Programme of the National Democratic Revolution of Ethiopia*, Central Printing Press, Addis Ababa, s.a., p. 12.

It must be pointed out here that the transfer of land to individual owners has failed to stimulate agricultural output for the internal market. Commodity output has decreased. The reason lies in the lengthy period of feudal development, which had produced a corresponding labour discipline, i.e., discipline generally based on non-economic methods of coercion. Some economic methods of coercion (innate in capitalism) were used by major landowners. Economic coercion obliged peasants to hand over to the landowners the entire surplus product and a portion of the necessary product. Most of the peasants were landless, they leased land from landowners. The rent payment took 70 per cent of the peasants' output, which the landowners marketed. This type of agricultural commodity-exchange did not stimulate the progress of the productive forces. On the contrary, it was conducive to the conservation of the precapitalist relations in agriculture.

As a result of certain resolute measures carried out by the Provisional Military Administrative Council to abolish feudal relations, exploitation and oppression have become a thing of the past; these measures, however, have so far failed to bring to life a new type of discipline—the discipline of politically conscious peasants with an interest in increasing output in order to promote common national interests. The peasants who have obtained land as a result of the agrarian reform have only personal needs in view. They have never had any strong links with the market, and the current low level of commodity-money relations does not encourage individual owners to improve agricultural methods and increase the output of marketable goods. On the other hand, the reform has undoubtedly improved the quality of life for the peasants, they eat better (the exception is the years 1984-85, the period of famine brought about by drought).[1]

To raise the productivity of peasant households to any noticeable degree, it is necessary to use the most effective meth-

[1] Over 7.5 million people suffered from famine and other consequences of the drought. Peasants were evacuated from the regions hit by the drought and resettled in other, more fertile, regions. Cooperatives did a great deal, to help overcome the consequences of the drought. The resettled peasants (over 600,000 people) began to join cooperative associations.

ods of managing agricultural production, i.e., methods designed to enhance the interest of individual and collective farmers in increasing the output of agricultural production and selling it to the state and on the market. Of particular importance now is the expansion of the material and technological base of state and cooperative farms, since the present level impedes rather than facilitates the growth of production.

A high level of labour discipline cannot be secured on the basis of state and cooperative legislation alone. The grassroots cooperative societies and local government agencies must use every kind of incentive in order to encourage peasant holdings to raise their productivity; they must oppose the inefficient expenditure of cooperative and government funds.

A flexible system of taxation is one measure of stimulating the effort of cooperative and individual farms. It is possible to impose a smaller tax on the portion of output produced over and above the plan for selling to the state or on the market, that is, a tax system designed to encourage the peasants to produce more.

In the absence of consistent efforts to abolish private capital, conditions favourable to the invigoration of capitalist elements in agriculture have developed in some countries of socialist orientation. Unless restrictions are introduced on the purchase of new plots of land and use of hired labour, the rural bourgeoisie will, in the end, impede the development of society toward socialism. Moreover, not many rank-and-file members take an active part in tackling the economic and social problems of their cooperative associations; no effective control is maintained over the expenditure of social funds, and democratic principles are abused. All of this makes it easier for exploiter elements to penetrate cooperative societies and appropriate the results of the labour of the rank-and-file members.

The examples of Egypt and Somalia show that these countries, which had initially opted for socialist orientation, failed to restrict the influence of rural bourgeoisie, which then had no difficulty in acquiring control over many cooperative organisations. When Egypt and Somalia abandoned socialist orientation it was not without active support on the part of cooperative leaders, who rejoiced in the fact.

In many newly-independent countries the opponents of socialism have fiercely resisted the cooperation of poor peasants. Many cases have been registered in Afghanistan, Angola, Ethiopia, Mozambique, and Tanzania, when seeds, machinery, or cattle belonging to cooperatives were destroyed, the grain stores of rural cooperatives set on fire, etc.

Serious damage is inflicted on developing economies by the aggressive actions of external reactionaries. Several acts of aggression against Angola, Mozambique and a number of other countries have been made by racialist South Africa. The total damage inflicted on Angola has been counted at tens of billions of dollars. In Afghanistan, the damage caused to agriculture by prolonged military action, has surpassed 36 billion afghanis. Nearly a thousand rural cooperatives, 2,707 schools, 133 mosques and sacrificial places, 130 medical establishments destroyed.[1]

This fierce struggle against revolutionary-democratic governments shows that a people must be capable of defending its gains. The Marxist-Leninist maxim that the building of a new society cannot be a success unless it is capable of firmly resisting domestic counter-revolutionaries and external reactionaries is still true today.

Nonetheless, despite the different problems and varying economic, political, and social characteristics, the agrarian transformation of nearly every developing country is accompanied by the growth of all types of rural cooperatives. The land nationalised or bought from foreign or indigenous landowners is handed over for permanent or temporary use to poor and landless peasants. In many cases, the redistribution of land is carried out through cooperatives, the latter aiming, among other things, to unify the peasant recipients of land allotments on the basis of common goals and actions.

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[1] *Asia and Africa Today*, No. 4, 1986, p. 19.

Chapter Seven

COOPERATIVE BUILDING IN EUROPEAN SOCIALIST COUNTRIES AND THE SIGNIFICANCE OF THEIR EXPERIENCE FOR DEVELOPING COUNTRIES

1. The Cooperative Movement in the First Years of Soviet Government

Cooperators in developing countries may find it useful to learn the principles of cooperative building in the Soviet Union. There is much in common between the situation in pre-revolutionary Russia, with its multistructure economy, and the economic and social situation that has taken shape in many developing countries. The productive forces were weak, particularly in the outlying regions: Central Asia, Siberia, the Caucasus. Peasants comprised the majority of Russia's population; nearly all of them could neither read nor write, and there existed a great many customs and traditions impeding social or economic progress.

The cooperative societies that existed at the time served, with a few exceptions, the interests of the ruling classes. Consumer cooperatives set up in a number of towns on the initiative of industrial workers were engaged primarily in pursuing narrow economic objectives designed to improve the situation of individual groups. There were also cooperative societies made up of militarymen, police officers, clergymen, and bourgeoisie.

The cooperative movement in tsarist Russia emerged later than in Britain, France, Germany and other European countries. With time, however, Russia came to have the largest number of cooperatives of various types. On the eve of the socialist revolution in Russia (1917), the consumer societies numbered 25,000 (compared to less than 20,000 in Western Europe). By the early 1918, the country had 50,000 cooperative associations of different types,[1] the majority being consumer cooperatives (35,000), embracing over 11.5 million people.

[1] V. P. Dmitrenko, L. F. Morozov, V. I. Pogudin, *The CPSU and the Cooperatives,* Politizdat, Moscow, 1978, pp. 38-39 (in Russian).

There are several reasons why the number of cooperative societies in Russia grew so rapidly in the early twentieth century. In 1914 (when the First World War broke out) rationing was introduced in Russia and was implemented through consumer cooperatives. These cooperatives, however, were in the hands of the bourgeoisie, which intended to use mass-scale associations to promote its own political ends.

As social contradictions intensified and the working class came to play a more important role in the distribution of foodstuffs, the character of consumer cooperative began to change. Many of them tried to expell those who played into the hands of the bourgeoisie in favour of those who championed the workers' interests. The social composition of cooperatives began to change rapidly following the socialist revolution. Share payments were substantially decreased in order to make it easier for low-income sections of the population to join cooperative associations. In 1914, the average payment per person was 13 roubles 30 kopecks, in 1917—5 roubles, in 1918—75 kopecks. Even that small sum was beyond the pocket of some low-income families. In some regions, peasants paid by transporting in their carts the goods belonging to cooperative societies. In some cases (if the peasants wished), payments were made in kind: nuts, sweet corn, butter, furs, pelts, etc., and this made cooperative membership available to broad sections of the peasant population.

The Communist Party took active measures to invigorate the operation of cooperative societies. Its representatives were dispatched to cooperative associations; newspapers regularly carried reports explaining the great potential of cooperative associations in democratising society, building a new life, improving the quality of life and work.

The Communist Party showed great confidence in cooperative associations, which were encouraged to take part in the resolution of one of urgent problems of the day: distribution of foodstuffs. In 1920, when the country was still in a state of civil war, the government dispatched food through cooperatives to northern regions of Yakutia and the Sea of Okhotsk. The delivery included 30,000 poods of flour (one pood is

equal to 16 kilogrammes), a substantial consignment of tea, sugar, clothes, and other goods. During the famine of 1921-22, brought about by drought, a network of field kitchens was opened in the regions hit most by the drought; the field kitchens, organised through consumer cooperatives, provided free lunches for more than 1,600 persons, with priority given to children.

The socialist revolution brought a radical change in the character and goals of cooperative societies. It gave them every opportunity to build their work on truly democratic principles and exert a strong influence on the processes of economic and social development in society. The Decree on Land, adopted on the day following the victory of the socialist revolution (October 1917), encouraged the peasant masses to make all possible uses of the cooperatives in order to build a new life in the countryside. The Decree abolished private ownership of the land and minerals, water, and all other natural resources: they were transferred to public ownership. No compensation was paid to landowners and capitalists for the confiscated land.[1] Having abolished private ownership of the land and made the land the common property of the whole nation, the Soviet government created conditions favourable to mass-scale peasant cooperation.

The Communist Party began to extend every kind of aid and support to cooperatives. In Lenin's view, "a number of economic, financial and banking privileges must be granted to the cooperatives—that is the way our socialist state must promote the new principle on which the population must be organised".[2] Thus, beginning with the first years of Soviet power, cooperation has been not a sporadic, but a purposeful and goal-oriented movement, enjoying the constant support and assistance of the Party and the government.

One of the most important tasks facing the country at that time was involvement of broad sections of the peasant population, above all the poor and middle peasants, in the building of a socialist society. The Communists were well aware that the numerical growth of cooperators achieved due to peasant recruits did not in itself resolve any of the difficulties involved in the radical socio-economic transformation of society. It was necessary to find incentives that could encourage the peasants to bring about new forms of social relationships. The cooperatives became a significant factor in the implementation of this objective, particularly after the country passed on to the New Economic Policy (NEP) in 1921. The new economic course initiated the restructuring of the small-scale (primarily peasant) production, which, due to the development of commodity-money relations throughout the country, was subject to socialist transformation. Individual peasant farms could market the excess of their produce. Peasants were thus encouraged to put in more productive and effective labour. At the same time, individual peasant farms could not develop without economic ties with industrial enterprises in town.

The sole means of promoting these ties was commodity exchange, which necessitated the economic organisation of peasant holdings. Cooperation provided the best known and acceptable form of peasant association. The part played by cooperatives in the organisation of commodity exchange and trade assumed particular practical importance in the first years of Soviet government.

The radical socio-economic transformation carried out in the country produced conditions objectively favourable to turning cooperation into the principal form of association of individual peasant holdings and to involving them in the building of a socialist society.

Lenin, the leader of the revolution, worked out a conception of nation-wide cooperation, the central idea of which is the cooperation of broad sections of the peasant population. Lenin's conception, called the Cooperative Plan identified the principal tasks involved in the socialist transformation of agriculture.

Lenin set great hopes on cooperation, which he saw as an important means of building a socialist society. The cooperatives assumed particular importance in view of the need to ensure the economically validated distribution of the products

[1] Peasants received over 150 million hectares of the land formerly owned by landowners and wealthy peasant farms; they were exempt from the debts to landowners and from paying land rent.

[2] V. I. Lenin, "On Cooperation", *Collected Works*, Vol. 33, 1966, p. 470.

of labour. The democratic principles regulating cooperative development (election of cooperative management and presidents of the board, supervision of their work by rank-and-file members, economic independence of cooperative organisations) made it possible to interest all sections of the population in social action through participation in cooperative societies.

At the time, consumer societies were the most common type of cooperative association. They began to be used as a means of encouraging economic ties between industry and agriculture, and helped to consolidate the worker-peasant alliance.

The following figures testify to the important role played by consumer cooperatives in developing the national economy and achieving radical transformation in the sphere of exchange during the first years of Soviet government. In 1925, the cooperatives of all kinds accounted for 44.5 per cent of the total retail trade turnover (the consumer cooperatives—for 35 per cent). Through state trade 13.2 per cent of goods were sold and through private trade—42.3 per cent (as compared to 75.3 per cent in 1922-23). Consumer cooperatives took an active part in procuring.

Lenin's cooperative plan presupposed the involvement of scattered individual producers in town and countryside (artisans and craftsmen) in the building of a socialist society. The growth of craft cooperatives, encouraged and supported by the Soviet government, was facilitated by the transformation of small-scale cooperative enterprises into large-scale socialist enterprises using better machinery and equipment. Craft cooperatives developed rapidly in the NEP years, increasing by 76.6 per cent during 1921 alone.

The Communist Party and Soviet government greatly assisted cooperatives with personnel training. The resolution "On the Cultural and Educational Effort of Cooperatives", adopted in 1925, envisaged the organisation of an extensive network of courses for the board members and inspection commissions of cooperatives societies, and for accountants, commodity experts, etc. A special course on cooperatives was introduced into the curricular of the general secondary school. In 1927, nearly every region had a specialised secondary school training for work in a cooperative society.

The best-trained Party functionaries were dispatched to

work in cooperative societies. Sponsor societies were set up at industrial enterprises, offices, and educational establishments whose purpose was aid to rural cooperatives by providing them with agricultural implements, repairing machinery, building repair shops and cattle-sheds, etc., and disseminating knowledge. In 1926, sponsor societies had 1.5 million members.

As a result of this, as experience soon showed, some cooperative associations came to rely too much on external aid. Peasants displayed less interest even in their direct duties because the workers sent from industrial enterprises did so much to help them with harvesting, building, etc. This necessitated a change in the character of sponsorship of the countryside. The workers concentrated their efforts on matters with which the peasants could not cope unaided.

Thus, in the first years of Soviet government the cooperatives proved a tangible social force capable of drawing broad sections of the population into the building of a socialist society.

2. The Development of Rural Producer Cooperatives in the Period of Transition from Capitalism to Socialism

The creation of producer cooperative associations was a novel aspect of the process of society's revolutionary transformation initiated by the overthrow of the tsar. The organisation of the first collective farms was preceded by a great educational and explanatory campaign: the Soviet authorities had to explain and demonstrate to the peasants the advantages of collective methods of work over individual farming.

The first peasant associations were called associations for collective land tilling, agrarian artels, and rural communes. The associations for collective land tilling were actually the prototype of cooperative organisations: their members worked the land collectively only in the agricultural seasons, joining together for plowing, sowing, and harvesting. Agrarian artel members worked the fields which were their common property. Each member had retained his individual plot of land. The material and technological base of the artels was too weak to ensure high labour productivity. Their collective work was, therefore, of very low economic efficiency.

Of special interest to us is the organisational and working experience of the cooperative farms called communes. Most of them were composed of wage labourers, the poorest (and largest) peasant families unable to provide for themselves without outside aid, and of former soldiers and guerrillas (who had acquired sound experience of collective action during their military activities). Most of the communes were set up on the basis of former landed estates or unused land. Workers from major industrial enterprises took part in their organisation. Some of them even headed agrarian communes at the request of the commune's members.

Later, this effort was joined by internationalists—workers from Germany, Czechoslovakia, Switzerland, Finland, the United States. They brought with them agricultural machinery and implements and, together with Soviet peasants, willingly and enthusiastically engaged in the building of a new life in the Soviet Union. By the middle twenties, the country had some 30 communes comprised of foreign internationalists and Soviet peasants.

The organisation of agrarian communes went on at a rapid pace. Their number grew from 242 in the early July 1918 to 1,384 in December 1918. In the late 1920, their number reached 2,200. In 1921, the number of communes decreased. They were replaced by peasant associations using simpler methods of collective work—agrarian artels. At the time, the country had slightly more than 2,100 communes and over 11,100 artels. The communes varied greatly in size. An average commune united 50 to 100 people. There were some, however, with 30 to 50 or 100 to 400 people.

Quite a few of them were a practical demonstration of the advantages of collective methods of work and the efficiency of collecive farming. They supplied towns with grain, potatoes, and meat and helped the Soviet government overcome the difficulties involved in the provisioning of children's institutions and hospitals. In quite a few cases such help was extended free of charge, and this despite the fact that the communes were themselves in acute need of foodstuffs. As a rule, they displayed a very high level of enthusiasm at work and a profound faith in the victory of new—collective—forms of work.

Notwithstanding all the difficulties (Russia was in the midst of a civil war and fighting the interventionist forces of Britain, Germany, France, Japan, and other countries), the Council of People's Commissars allocated in 1918 one billion roubles for agrarian needs, primarily the development of collective farms. Credits were granted to associations for collective land tilling, artels, and communes. This was, at the time, substantial financial aid extended by the state to the first collective economic units of the country.

It was a marked trait of that time that the communes, apart from their direct economic tasks, were actively engaged in political life. But their major objectives were to produce grain, fruits, vegetables and berries; organise livestock-breeding, fishing, and hunting; develop various crafts, such as the manufacture of footwear, clothes, crockery, simple tools of labour, etc.

It was a serious and fairly common mistake that the communes' Rules (most of them) had overlooked such a crucial problem as the distribution of the products of labour in payment for the work done by commune members. The Rules did not promulgate the principle of better pay for bigger labour input; the remuneration was levelled out for all the members of a commune.

In many communes, the statutes included provisions obliging the members to take care of the young and old. One statute said: "The commune shall make it its duty to ensure that all the children receive their education in any educational establishment in accordance with the students' wish, with all the expenses to be borne by the commune. After graduation they must work for the commune for not less than five years or otherwise gradually pay back to the commune the cost of their education." The commune took care of the old and orphans: "The wife and children of a deceased member of the commune," said the statute, "remain at the commune's full maintenance on the same basis as all the other members of the commune."

The associations for collective land tilling, artels, and communes were engaged primarily in agriculture. They had undoubtedly made a significant contribution to the spread of the achievements of agricultural science and up-to-date agri-

cultural technology. Cooperative societies strove to use more productive breeds of cattle. Individual farmers learned new agrarian methods from peasant associations.

Over a relatively short period of time, some producer associations managed to attain a fairly high level of labour organisation and achieve good economic results. Advanced collective farms displayed their results at the first all-Union agricultural and handicraft exhibition opened in Moscow in the autumn of 1923. Exhibitions propagating the life and work of communes, artels, and factories were opened in other regions of the country.

The communes and other collective farms made impressive contribution to the effort to stamp out illiteracy and enhance the cultural level of the population. Everywhere in the country, communes set up schools for children and courses for adults, amateur art groups, reading circles, etc. The cultural and educational work was carried out locally. Thus the communes were becoming the centres of culture and a new life.

A great deal of attention was paid to the development of democracy and self-administration. Truthfulness, directness, and honesty were the underlying principles of all discussions devoted to economic, cultural, and political matters concerning the communes. Communes and artels helped to involve women in active social life.

There were, however, some negative examples as well. Not all the communes and artels were experienced in collective farming; their material base was fairly weak; hence they often could not attain good economic results. Moreover, many of them failed to put government-allocated funds to rational use. With economic dislocation and hunger reigning almost everywhere, the first communes often spent the funds on food and clothing for the members, and not on the needs of production. Once the funds were spent, the communes had no means of overcoming their difficulties and were eventually disbanded.

There were many homeless and unemployed in the first years of Soviet government. Some of them entered communes for a while, mainly in order to survive a difficult period in their life. They did nothing to promote the communes' interests.

The communes' numerical strength was changing all the

time. The adoption of the New Economic Policy (1921) encouraged individual farmers to put in more productive labour. As a result, many families quit the communes or artels to set up their own individual farm while, however, retaining or applying for membership of a consumer cooperative association.

The failures suffered by many communes and artels are explained, first of all, by their weak material base; lack of experience, trained organisers, and agricultural experts; low efficiency of operation due to a faulty, egalitarian, approach to the distribution of the products of labour.

There is no doubt that the egalitarian approach was justified in the years of the civil war. The communes strove to provide for children and relatives (most families were large at the time). The collective effort to overcome the difficulties was, perhaps, the only means of saving the life of many hundreds of people. The egalitarian methods could not, of course, be used in the future. The new economic policy laid stress on material incentives as an important means of stimulating more productive labour. Communes, meanwhile, continued to apply egalitarian methods of distribution, thereby reducing or annulling the peasants' interest in productive work, undermining discipline, and finally leading to economic disruption.

The material incentives principle did not win the ground overnight: the majority of commune members held that it was a survival of the past, applicable only under exploiter relations of production. Nevertheless, a new system of remuneration—payment in accordance with the quantity and quality of the work performed—was introduced in many collective farms on the initiative of cooperators themselves. That immediately produced the desired effect and enhanced the quantity and quality of work in collective farms. It was, needless to say, a far cry from an effective and theoretically substantiated system of distribution; nonetheless, the involvement of cooperators in the decision-making on matters concerning distribution stimulated their interest in the results of labour and induced them to display more initiative. Some societies even succeeded in applying self-accounting methods; they operated without any governmental subsidies.

The imposition of unduly high taxation rates on many ar-

tels and communes had a negative impact on their operation. As mentioned earlier, most of the communes were made up of poor peasant families using primitive labour implements. The duty on collective associations was levied in accordance with the number of households within them, with no account taken of their material situation; therefore, the same amount of duty in the form of agricultural produce was imposed on a poor holding as on a wealthy or average peasant holding.

Serious damage was done to artels and communes when wealthier households joined in. Peasants entered cooperatives voluntarily and could leave them voluntarily, in which case all the material values which they had handed over to the association when they had entered it (grain, cattle, poultry, agricultural implements) were to be returned to them.

Despite all the difficulties, blunders, and faults affecting the first producer cooperatives (many of which disbanded), the cooperative movement in the countryside did not die out. The artels, communes, and other rural associations that survived the severe trial of the time began to improve their methods and to search for more effective ones. They took up crafts (making leather and wooden goods, metal work, brick-production etc.). Therefore, the members of artels and communes had work all year round, their labour skills and efficiency improved, and the material base of rural associations was reinforced.

Whatever the positive socio-economic effect of the rural producer cooperatives in the first years of Soviet government, it must be remembered that the proportion of cooperated peasant holdings was insignificant. Thus, ten years after the socialist revolution in Russia, in 1927, cooperated holdings of the producer type made up only 0.8 per cent of the total number of peasant holdings.

In the late twenties, the Communist Party adopted the policy of total collectivisation of the peasantry. Communes were assigned a significant role in the implementation of this objective. Every second of the remaining communes had a tractor. Communes were the most stable and productive collective farms and employed the largest number of specialists. They constantly consolidated and developed ties with government and cooperative organisations in the spheres of crediting,

marketing, and providing the population with consumer goods.

The increasing number of collective production units in the countryside made it necessary to use up-to-date agricultural machinery. The demand for tractors went up, while national industry was only just embarking on the organisation of the tractor production (732 tractors were put out in 1925-26, 660 tractors in 1926-27). The country had to import tractors: 6,208 in 1924-25 and 12,368 in 1925-26. There was not enough hard currency, however, to buy the necessary amount of agricultural machinery on the foreign market.

The bulk of agricultural machinery was obtained by rural associations, communes, and state farms. In 1927 over 90 per cent of the tractor pool in the Russian Federation belonged to them. That year, the government passed a decision prohibiting the sale of tractors to individual farmers.

The implementation of Lenin's plan of cooperation necessitated active participation by urban industrial enterprises in the process of transforming agriculture. One factor facilitating the development and consolidation of peasant cooperatives were the so-called machine-and-tractor stations (MTS). They provided machinery for land cultivation, harvesting, and for training purposes.

Communes had to provide a vivid example of successful collectivisation for broad peasant masses. Unfortunately, many serious blunders were made in the course of peasants' cooperation, the most serious of them being violation of the principle of voluntary entrance. Peasants were forced to join agricultural artels; socialisation of their cattle, poultry, and labour implements was carried out against their will. The abuse of the democratic principle of peasant cooperation distorted the meaning of socialist cooperation and had a negative effect on the agricultural productive forces. The grain and livestock output dropped significantly during collectivisation.

Nonetheless, by the end of the thirties, many kolkhozes had managed to overcome the difficulties of the formation period and had achieved a noticeable rise in labour productivity. Industrial enterprises had played a special role in this; they turned out tractors, combine harvesters, automobiles, and other machinery which was then sent to machine-and-tractor stations and directly to the kolkhozes.

The Second World War, which the USSR entered when Nazi Germany attacked it in 1941, all but devastated the country's economy. In 1941-45, the country had to fight for its freedom and independence. The restoration of the war-damaged economy required a strenuous effort by the whole of society. In the war years, as in the post-war period, cooperative associations of all types took an active part in the rehabilitation of the national economy.

3. Cooperatives in the USSR: Current Stage

The cooperative associations operating in the USSR today are major socio-economic organisations exerting a great influence on the economic, political, and intellectual processes taking place in the country. Cooperation has become an important means of developing self-administration in work collectives and an effective instrument of raising the economic potential of the socialist state. The Law on Cooperation, adopted in 1988, states that cooperatives are a constantly developing and progressive form of socially useful activity. They open before citizens broad opportunities to use their energy and knowledge in productive work in conformity with their calling, wish, and abilities; to receive payment in accordance with the quantity and quality of labour input, to share in the final result of a cooperative's activity, and contribute to the satisfaction of its members' needs.

Consumer cooperatives have the greatest total membership (60 million people) of all the currently functioning cooperative associations; consumer organisations and enterprises employ more than 3 million specialists in about 70 fields. Some serious changes have taken place in the character of consumer cooperatives' activities over the years of Soviet government. Consumer cooperatives, which used to be engaged primarily in trade and agricultural supplies, have significantly extended their functions. They are currently engaged in the improvement of trade and services, the production of some goods out of local raw materials, and the organisation of public catering. They procure farm products from the population and kolkhozes; store and process the products, raise cattle and poultry; breed and catch fish; procure medicinal herbs, berries, nuts, mushrooms (often engaging the services of local schoolchildren), vegetables, and honey.

Despite the fact that consumer cooperatives function primarily in rural areas, they have their own specialised trade outlets in towns, control all urban markets, and regularly hold open-air fairs at which they sell the produce of cooperative enterprises, kolkhozes, and individual garden-plots.

The following data can illustrate some aspects of the economic activity of consumer cooperatives. The consumer cooperatives account for 28 per cent of the total retail trade turnover, 35 per cent of the bread production; they procure the bulk of the potatoes, melons, gourds, wild berries, herbs, honey, and wool.

The consumer cooperatives have improved and expanded their material base. The total value of their basic productive assets exceeded 21 billion roubles in 1987. They own trade stores, warehouses, storage facilities, catering outlets, restaurants, service shops, processing enterprises, the technological assets of some general schools and colleges, rest-and-recreation facilities, residential buildings, etc.

A great role in the sphere of material production is played by kolkhozes. In the early 1987, 26,300 collective farms had the total membership exceeding 12.6 million people. The aggregate value of their basic production assets was 134 billion roubles. They own 1,170,000 tractors (an average of 44 tractors per kolkhoz), 380,000 combine harvesters, and a great deal of other property.

State farms also make a substantial contribution to agricultural production. The 22,900 state farms operating in the country employ 12 million people. The aggregate value of their basic production assets is 162.3 billion roubles. They own 1,320,000 tractors (approximately 58 tractors per state farm), 429,000 combine harvesters, etc. On average, one kolkhoz has 6,400 hectares of arable land at its disposal, one state farm—16,100 hectares. (The difference is accounted for by the fact that many of the state farms were set up on virgin land to specialise in grain-growing, requiring large areas.) We can see that the rural producer cooperatives—kolkhozes—are virtually equal to the state agricultural organisations (state farms) in

the membership and amount of agricultural machinery owned.

Housing (urban and rural) and gardening cooperatives have been developing in the country as well. House-building cooperatives design, build, and distribute housing in full conformity with the principles of cooperative democracy, using funds made up of cooperative members' contributions. Country house-building cooperatives and gardening cooperatives assist their members in building country houses, wells, waterpipes, roads, etc.; obtaining gardening implements, fertilisers, and seeds; marketing the produce of their garden and vegetable plots (vegetables, fruits, berries, flowers, etc.). Currently, additional land tracts are being made available for urban dwellers in the vicinity of cities and industrial settlements to set up more gardening and country-house cooperatives.

Marketing, credit, and craft cooperatives operated in the country in the first years of Soviet government. These types of cooperative association were abolished in the early thirties. Consumer cooperatives have assumed most of the functions of marketing cooperatives. The growth and consolidation of consumer cooperatives, the appearance of kolkhozes and state farms, and the emergence of an extended network of savings banks where Soviet people kept their money had all undermined the economic foundations of credit cooperatives.[1] The disappearance of craft cooperatives is to be regarded as the result of a mistaken view of their significance for the national economy. Their abolition, following a voluntaristic decision, reduced the possibility of utilising their labour resources in full, and led to a decrease in the output of many goods.[2]

[1] It does not follow that there are no conditions for the functioning of credit cooperatives in socialist society. As is demonstrated by some socialist countries (Czechoslovakia, Hungary, Poland, and others), credit cooperatives may help to attract investment by the population and utilise them in the interests of certain collectives and the whole of society through building and reconstructing projects, the development of the social sphere, etc. Several Soviet economists have suggested that it could prove useful to revive credit cooperatives in the USSR.

[2] A short while before their abolition, the craft cooperatives owned over 114,000 craft workshops and other industrial enerprises employing a total of 1.6 million people. They accounted for 40 per cent of the furniture, slightly less than 70 per cent of the tinware, and over

4. Cooperatives and the Policy of Perestroika in the USSR

The restructuring of the regulation of economic and social processes (*perestroika*) that began in the late eighties has had a powerful stimulating effect on the cooperative movement. Cooperatives have appeared in the spheres of public catering and services, the production of consumer goods, the supply and processing of raw materials.

The following data testify to the rapid pace of cooperation brought about by *perestroika*. As of 1 January 1988, the country had 13,900 newly-organised cooperatives in production sphere and the services with a total membership of 155,800 (a ten-fold increase compared with early 1987). By the middle of the year, the number of cooperatives had reached 32,500 and cooperative membership—458,700. It is worth noting that the aggregate value of the goods produced by the cooperatives in 1987 was 349.7 million roubles and in the first six months of 1988—10,373 million roubles. The annual aggregate value of the goods and services provided by these cooperatives has reached several hundred million roubles. The earnings of cooperative associations are used to expand their basic assets. New types of cooperative associations have come into being: in entertainment, sports, rehabilitation, transport, and other areas. Cooperatives teach music and drawing, assist in preparing for college and university entrance examinations, provide instruction in foreign languages, etc. The majority of cooperative members combine their work in a cooperative organisation with a job at a government institution or enterprise. Industrial enterprises have the right to set up cooperative societies and to transfer to them production by-products, vacant quarters or buildings, and the necessary equipment and transport facilities.

One may ask: what is the point of setting up a cooperative association within a state production unit? Will it not lead to a split among the enterprise workers, as some of them will be using state (public) property and others group (cooperative)

43 per cent of the knitted wear produced in the country, as well as footwarc, souvenirs, etc. They owned 100 design offices, 22 experiment laboratories, and two research institutions.

property in their productive activity? Experience alone can give us a definite answer to these questions. We shall examine some positive examples: enterprises where the workers have become more disciplined and shown more initiative in carrying through the enterprises' industrial plans and social objectives when cooperatives were set up.

There have been instances when the creation of cooperatives within an industrial enterprise has transformed the latter into a cooperative enterprise. Transformation of this kind took place at a factory producing slabs of fibrous concrete in Zagorsk (a small town outside Moscow). A cooperative was organised in the parquetry shop, which had constantly fallen behind schedule. Apart from its basic functions of making parquetry, the cooperative took up the production of various building materials out of production by-products. At first, the cooperative had six members, all pensioners. Later it was joined by some workers, wishing to earn more by working for the cooperative in their free time. The cooperative attained a high level of labour efficiency and became a significant source of profit for the plant. Its operation stimulated the workers to work more and with better results. Rivalry developed between the factory workers who were not members of the cooperative and those who were, that is to say, among workers of the same enterprise. It soon became clear to everybody that the cooperative would win because on the whole the enterprise was unprofitable and had to be subsidised by the government.

On the workers' initiative, and in accordance with the Law on the State Enterprise (Article 23 states that enterprises operating at a loss may be closed), a cooperative was set up on the basis of a plant that was marked for closure. Its staff was cut by one-third. The greatest cut was suffered by the managerial staff: from 47 to 20.

The government leased to the cooperative the buildings, machine-tools, and other basic assets. The rental is equal to the depreciation deductions sufficient to recover the government's expenditure on these assets.

The cooperative decided to spend part of its profit on a canteen and a vegetable hothouse, and to bear half of the costs involved in the building of residential houses complete with garden plots for the workers of the enterprise.

The functioning of cooperative associations within government-owned enterprises makes it possible to utilise state (public) and cooperative property more rationally and to arrive at their most rational combination, thus improving the organisation of labour.

The rapid development of diverse forms of cooperative activity in the USSR is a tangible positive result of the economic reform being carried out in the country. The greater stress laid on cooperatives in the sphere of production must not be seen as a measure designed to replace or curtail the public sector. Practice has shown that the public sector and the cooperative sector may serve the common good by complementing and enriching each other and maintaining mutually beneficial ties, which allow both to focus on certain key problems specific to each rather than having to tackle all the problems at once.

Perestroika revived family cooperatives in rural areas. In some cases, family cooperatives have established contract ties with kolkhozes or state farms and are engaged full-time in the supply of meat, dairy products, fruits, and vegetables. In other cases, cooperative members work on farms, garden plots, or leased plots in their free time.

It is not every family that can form such a cooperative. The formation of a cooperative requires three to five able-bodied family members, each of whom, moreover, has expert knowledge of farming and is willing and able to work.

Family cooperatives have become fairly widespread in the Armenian Soviet Republic.

The cooperative Lori, for example, embraces several families. Its sphere is public catering. The cooperative has its own livestock farm and is engaged in the production of mushrooms, grain, and pickled vegetables. The cooperative, therefore, is helping to improve public catering in the district and boost food supplies.

The development of family cooperatives gives rise to a number of questions. Might the cooperatives become a source of excessive profits? Do they not encourage proprietory instincts? Does this entail the resurrection of exploiter relations in society?

The anxiety, needless to say, is well-grounded only if the

cooperative movement should develop spontaneously, without government control and intervention. To prevent the reappearance of social inequality and abuse of the socialist principle, "From each according to his abilities, to each according to his work", the cooperatives must operate in conformity with the Law on Cooperation, which was presented for nation-wide discussion, and be subject to the control of local Soviets of People's Deputies. Employment of wage labour is prohibited. A cooperative is empowered to conclude a labour contract with individuals for a specified period, i.e., for the period of a construction project, seasonal work in the field, etc. In the absence of unemployment, the majority of those employed by cooperatives are job-holders who work in cooperatives in their free time attracted by the higher payment rates. The existing legislature, therefore, prevents exploitation.

High rates of earning are regulated by the higher rates of taxation imposed on cooperatives: the more a cooperative earns, the more it pays out in taxes. This measure is designed to restrict superprofits. The existing legislation is to be further improved so as not to annul the cooperators' interest in achieving high labour productivity.

The April 1989 decree of the USSR Supreme Soviet "On Lease and Lease Relations in the USSR" will provide a powerful impetus to the cooperative movement. The decree rules that land, buildings, facilities and property shall be leased, as a rule, for a long term of 5 to 50 and more years. Property may also be leased for a short term of up to five years. The lease-holder is granted complete economic independence and made fully responsible for the preservation and rational utilisation of the leased property as well as land and buildings. Encouraged is the establishment, on a strictly voluntary basis, of land-holders' organisations, and individuals or groups of individuals.

The decree stipulates that, for the purposes of social security, a lease-holder's work record is regarded on the same basis as the work record of a government employee, provided the lease-holder makes payment into a social security fund. This provision covers the individual land-tenants or farmers and those working in a cooperative or a lease-holders' organisation. The decree also provides for the establishment of marketing, process, repairs, building or other cooperatives promoting the interests of the land-holders engaged in productive activities.

During perestroika, shareholding societies arose at some industrial and agricultural enterprises; they have some features in common with cooperative organisations. Shares can be obtained only by the workers of the enterprise housing that shareholding society, and the number of shares which may be acquired by each shareholder is limited; the management board is elected by democratic methods, irrespective of the number of shares held. There are, needless to say, quite a few differences between a cooperative and a shareholding society, but their operation has the same purpose: to increase the output of goods and services and raise the living standard of the population.

What has induced these enterprises to set up shareholding societies? An enterprise switching over to self-financing and profitability often needs more funds than are currently available to it. The setting up of a shareholding society allows it to obtain funds for temporary use not only from state bank but also from the workers of this particular enterprise.

The purpose of a shareholding society is to attract and accumulate workers' savings in order to use them to expand production and raise labour efficiency. As a result, the shareholders feel, more than before, that they are the real owners of the means of production, and are therefore willing to use them as efficiently as possible.

We have examined some of the positive results of the operation of cooperative organisations that have arisen during perestroika in the sphere of material production. There are, it must be admitted, quite a few cooperatives which have failed to attain an effective level of labour organisation. Several factors explain these failures.

The first is that cooperative organisations do not always receive the required aid and support by state authorities when they need it. The latter sometimes resort to various bureaucratic manoeuvres in order to impede the operation of cooperative organisations. Contrary to the mandatory decisions passed by the government, difficulties are created for cooperatives when they want to obtain equipment, raw materials or prem-

ises, or organise the efficient marketing of their produce. It must also be remembered that there are those who oppose perestroika—the current rearrangement of economic and social regulation in society. Some of the opponents are high-ranking executives whose wrong actions have a very marked negative effect on the revolutionary processes taking place today, slowing down the democratisation of society. The "braking mechanism" that they have mastered over so many years still affects cooperative development: it restricts the creative spirit and initiative of the active proponents of perestroika, including in the cooperative movement.

The second factor is that the organisation and operation of a cooperative enterprise require a great deal of effort and work on the part of each worker of that enterprise. Not everyone can withstand the pressure. The working hours are longer than the 8 hours at a government enterprise or office. Some of the workers are simply unable to work so intensively, and go back to work at a government enterprise.

The third factor is that some unscrupulous individuals see in cooperatives nothing more than a source of personal enrichment. However, the very nature of cooperation is alien to fraud, corruption, unscrupulousness and the abuse of democratic principles. Deviation from the principles of cooperative development is bound to lead to the collapse or disbandment of cooperatives by local authorities.

The success or failure of a cooperative and the earnings of its members depend on the profit. The latter, in turn, depends on the efficiency of each and every worker in the cooperative enterprise. A certain amount of competition can arise between identical cooperative associations. In the course of this competition some cooperatives grow stronger while others fall behind or even go bankrupt. There are grounds to believe that such failures will be few and far between: there is a great demand for all kinds of goods, which means that cooperatives will have to work for many years to come in order to satisfy the market for goods and services. It must also be borne in mind that the output of a cooperative enterprise is much smaller than that of an identical government-owner enterprise, and the demand for every kind of goods is growing rapidly. We may suppose, therefore, that, in the near future at

least, the competition between identical cooperative enterprises will not result in the ruin of a less effective enterprise. At the same time, it will induce the latter to raise the productivity of labour so as not to fall behind a more efficient enterprise.

Another positive factor of competition between cooperatives is that it tends to lower the market prices. With the growth and consolidation of the cooperative movement and the rise of its economic potential, the market prices will tend to go down, which is in the interest of all society. The cooperative movement has been having a noticeable effect on market and even state prices. The shoe-making cooperative Alina in Armenia, for example, sells some types of shoes at prices lower than the state prices. Cooperatives in the Penza region (the Russian Federation) purchase a large amount of meat and dairy produce from the local peasant households; as a result, the prices of meat and dairy produce at the local market have fallen by half.

A positive factor is that the spread of the cooperative movement has allowed many people to take up some constructive occupation and at the same time substantially improve their material situation. Such is the case of a cooperative set up by a group of retired Muscovites in the Ugran district of Smolensk region. They built a dam on a spring and are now engaged in breeding commercially valuable fishes and raising poultry (geese and chicken). Working in the open air, they keep healthy and do not feel isolated, as some other pensioners do, from collective labour and common interests.

The cooperative movement is now involving scholars, researchers and designers. They are engaged in various fields: the design, construction, and the utilisation of machinery and automated production lines; production of universal anti-corrosion coatings and conservation substances from production by-products; the design and application of new methods to clean heating appliances from scaling and corrosion; the sealing of roofs and basements, etc.

A Moscow cooperative, embracing some 40 designers and engineers, designs, makes and installs automated production lines with a full technological cycle for the production of multicolour linoleum floor covering, water-proof wall-paper, and wrapping for bread, sugar, and other food products. The coop-

erative puts out only those machinery and automated production lines not produced at state-owned enterprises. It is worth noting that some state-owned enterprises place orders with cooperative enterprises; in payment for their services, they build for the cooperatives work-shops and manufacture certain parts of the new machinery used by the cooperative enterprises, etc.

The existence of cooperatives makes it possible to abolish the deeply ingrained system of levelling in labour remuneration and offer new incentives to industrial workers, kolkhoz farmers, and office workers on the basis of socialism's economic law of distribution in accordance with work done. Disregard of or deviation from this law is bound to result in a slipshod attitude to work, low quality of goods and services, embezzlement of public funds, breach of discipline at work, and other negative phenomena which the authorities are compelled to counter with administrative-command measures. The latter, in turn, give rise to the system of administration and command in the regulation of economic and social processes in society, slow down the process of democratisation, and ultimately impede the entire process of building a socialist society.

Cooperative activity is incompatible with alienation of the workers from ownership and from the regulation of production, exchange, and consumption. Every member of a cooperative is encouraged to work more effectively. The cooperatives can always apply in their practical work the economic laws of socialism, notably the law of distribution according to work done. The state cannot ensure the application of this law in every work collective. This is outside its compass. Only a team of workers itself can arrange for a just and deserved remuneration of its members, for no one can assess the labour input of each worker of an enterprise or cooperative better than his co-workers. This is not to say that the state authorities must relinquish their function of organising distribution in accordance with the labour input. The norm-fixing documents issued by the state together with its economic and social policies, are designed to create the conditions for a theoretically substantiated and comprehensive improvement of production relations in cooperatives, and, therefore, to resolve current problems in conformity with the economic laws of socialism.

Cooperation, as other measures born of perestroika, helps generate the conditions necessary for achieving the optimal combination of collective, personal, and national interests. That is to say, cooperation may become an important means of reaching community of interests for the individual and the collective, and in society as a whole.

Needless to say, if it develops haphazardly, without due coordination and a consistent government policy, the cooperative movement is unable to ensure harmonisation of personal and collective interests or collective and national interests. Experience has shown that the interests of the collective sometimes prevail over the interests of the nation as a whole. This is true of a number of cooperative organisations. This does not stem from the nature of cooperative associations but is a result of deviations from the main principles of cooperative development or the fact that the laws regulating the relations between the state and cooperative associations are in need of radical improvement.

The value of new forms of cooperative association lies in the fact that they assist the state in meeting the demand of enterprises and the population in goods and services, attract more people into social production; help make a better use of local raw material resources, agricultural products, and secondary raw materials. The spread of the cooperative movement has a positive effect on the progress of democracy and promotes social justice.

Needless to say, cooperatives cannot replace the network of state-owned enterprises and institutions engaged in providing consumer goods and services, public catering, etc; their function is to complement the work of state-owned enterprises and organisations.

State authorities ensure against tax-evasion by cooperative organisations; that funds are expended and earnings distributed on a rational basis; that the principles of price-formation and democratic management are not abused.

Cooperative associations, as other public organisations (trade unions, the Young Communist League, etc.), are entitled by the Constitution of the USSR to take an active part in the management of state and public affairs, to have a say in all economic, political, social and cultural matters. Coopera-

tives are a useful means of democratising social relations, for they promote self-administration, initiative, and the creativity of the masses.

A study of the experience of cooperative development in the USSR, with all the successes, failures, and difficulties encountered by Soviet cooperators, may help those striving to make the utmost use of the great potential of cooperative organisation.

5. The Experience of Cooperative Development in European Socialist Countries

The experience of cooperative development accumulated in European socialist countries is interesting and instructive.

The cooperative movement has achieved major successes in the socialist countries, for a number of reasons. Firstly, cooperatives are a component of the national economy, and as such have the same goals as the socialist economy as a whole: to ensure the satisfaction of the ever growing demands of society through the extensive application of the achievements of modern science and technology. Therefore, the further progress of the cooperative associations in a given country conserns the state authorities and every citizen of that country. Secondly, the progress of the cooperative movement is determined by the operation of the economic laws of socialism. The realisation of these laws presupposes the progress of democracy in every field, and the active involvement of each and every citizen in the economic and social transformation of society, that is to say, corresponds to the natural process of development of the cooperative movement.

What then are the tangible results of the cooperative movement in socialist countries? In order to answer this question we shall draw on some concrete examples.

In the *People's Republic of Bulgaria,* over 30 per cent of the output of goods is sold to the population through cooperatives. Cooperatives buy from individuals and rural producer associations more than 1.5 million tons of various agrarian products. The cooperatives account for 36 per cent of the turnover of public catering, 70 per cent of the output of sweets, 56 per cent of the output of bread and pastry, and nearly 100

per cent of the output of soft drink. Rural producer cooperatives utilise 70 per cent of the arable land and produce the bulk of all agricultural products, which they process at their own enterprises. Craft cooperatives are engaged in the production of diverse goods and provide many services. They have organised the production of building materials, clothing, and souvenirs; they have set up joinery shops where cooperators can make the things they need in their free time. The disabled set up their own cooperatives and in this way are involved in the social labour process.

The *Hungarian People's Republic* has consumer, savings, rural producer, craft, and housing cooperatives. The cooperatives generate over 25 per cent of the national income. The consumer cooperatives account for over 34 per cent of the retail trade turnover; purchase over two-thirds of the fruit, vegetables, and potatoes; own 13 canneries, 50 bread-baking plants, 7 macaroni plants, 230 butcheries and meat-processing enterprises. The craft cooperatives' share in the output of the textile industry is 37 per cent, in leather, footwear, and fur production—23 per cent, in furniture production—28 per cent. The craft cooperatives export a portion of their produce.

The savings cooperatives (some 300 branches) hold about 13 per cent of all deposits. These cooperatives extend credits and insure citizens' property.

Hungarian cooperators have accumulated useful experience in the area of housing construction. About three-fourths of the housing is built jointly with cooperative organisations. It is worth noting that consumer, craft and other cooperative associations also take part in the housing construction. They do so in close collaboration with government building firms. Government firms build the walls, roof, and staircases, the rest being completed by the cooperative; the layout and decoration of the flats is done in accordance with the wishes of the future residents—the majority of them members of the cooperative.

What is the practical contribution of cooperatives to housing construction? Each person in need of a new flat receives from the state a subsidy equal to 25 to 40 per cent of the cost of the flat. In addition, parents can receive a free grant of 30,000 forints after the birth of every child; it is assumed that this money will be expended in housing construction. A hous-

ing cooperative will extend them a loan to be repaid over 35 years at a low rate of interest. Enterprises extend interest-free credits to their workers for housing construction. The housing cooperative then ensures that these funds are spent efficiently on the building and decoration of the flats. This is the cooperatives' contribution to the solution to the problem of housing and raising the living standards of the working people.

Hungary has also gained experience in regulating the prices of goods and services provided by cooperatives. Given the scarcity of some goods and services, regulation of prices is a far from easy matter. How does Hungary cope with this? The prices of most of the goods and services provided by cooperatives are not fixed; they are reached by agreement between the supplier and the trader, the client and the executor. At the same time, the state authorities establish the so-called "recommended prices", arrived at by taking stock of the market situation and the amount of the socially necessary labour expended in the production of the goods or provision of the services in question. Prices can be changed quickly if the need arises.

Cooperatives are taxed at reduced rates if they comply with the recommendations of the state authorities concerning the prices of the goods and services they provide.

The Department of Prices and Materials, the Trade Inspectorate, the National Council of Consumers, the People's Supervisory Board, and the trade unions make sure that some cooperatives do not use their monopoly on the production of goods or services to establish unduly high prices and therefore obtain superprofits. The existing legislature ensures that cooperatives selling their produce or services at unduly high prices may be fined or their licence may be taken from them and their operation stopped, and that those who are driven to abuses by their urge for personal gain are punished by law. In this way the government influences the process of price-formation through the application of economic or administrative measures.

Cooperatives in the *German Democratic Republic* have scored major successes in the economic and social fields. The cooperative property comprises 80 per cent in agriculture.

Rural producer cooperatives put out the bulk of agricultural produce. Cooperatives account for 34 per cent of the retail trade. For the most part, cooperatives sell raw materials to their members and buy and market the finished products. The following data testify to the scope of individual activity within cooperatives: private enterprises produce half of the total output of bread, confectionery, soap and detergents, a fifth of the output of fruit and vegetables, a sixth of the output of household utensils. The enterprises owned directly by cooperatives account for 28 per cent of the total output of bread in the country.

The state has been stimulating the spread of cooperative bakeries in every way. It has organised the production of small and effective baking ovens at a government enterprise. The use of these ovens has made the cooperative bakers' work much easier. The newly set-up bakers' and confectioners' cooperatives are exempt from taxation for the first two years of their operation.

The state supervises the quality of goods produced by cooperative and private producers. Measures of control are particularly strict at the enterprises producing foodstuffs. A private producer must have a record of work in his particular field of not less than 10 to 12 years before he is allowed to set up an enterprise, and must also pass qualification exams (for the title of a qualified pastry-cook, for example). The same is true for cooperative enterprises.

A special taxation policy has been developed for cooperative enterprises. They, as well as private enterprises, must pay a turnover tax of three per cent. They remit to the state budjet, as payment for allocated funds, six per cent of their value. They are also charged a profit tax on a scale determined by the size and specialisation of any particular cooperative. An enterprise making a small profit is exempt from this tax. The workers of cooperative enterprises are also charged income tax.

There is no doubt that cooperatives and private enterprises make a substantial contribution to the state budget, despite the fact that they employ a mere 5 per cent of the country's economically active population. However, it is not budget interests alone that induce the government to stimulate the spread of cooperative and private enterprises. The latter pro-

vide work for those who for whatever reason (state of health, place of residence, local customs do not or cannot work at a government enterprise with its fixed working hours and quotas. Cooperatives employ pensioners and students, who can thus considerably improve their financial situation. All this expands the range of goods and services. Cooperatives are, in a way, a school for developing the capacity for organisation (which is particularly important as concerns young people); they promote the spirit of collectivism and teach the members to take care of public property. Their activities facilitate the process of democratising society and developing socialist relations of production. Many activists of the cooperative movement and private producers have been elected deputise to local councils and the National Assembly.

The rapid rise of the cooperative movement and the spread of diverse forms of cooperation have been evident in the *People's Republic of China* from 1979, particularly among peasants, craftsmen, and office employees. This is the result of the economic reform begun after the Third Plenary Meeting of the Communist Party of China Central Committee (Eleventh Convocation) in December 1978.

The spread of the cooperative movement was greatest among the peasantry. In 1988, there were about 500,000 cooperatives in the countryside.

What type of cooperation predominates among the peasant population? First of all, consumer, marketing, and producer cooperatives. In addition, there have recently appeared cooperative centres of scientific and technological information. Their purpose is to propagate advanced economic methods and scientific and technological achievements. They supply their clients with information on impending changes in market prices. Peasants or agricultural cooperatives pay them for this service. Peasants use the services of cooperative banks and savings banks, as do rural cooperative organisations operating in trade or local industry.[1]

[1] The following data testify to the scope of local industry in rural regions of China. The number of cooperative, state and private enterprises in the countryside grew from 1.4 million in 1980 to 12.2 million in 1986. Rural industry turns out 20 per cent of the fabric, one-third of the clothing, 28 per cent of the footwear, 53 per cent of the building materials, and 30 per cent of the paper produced in the country. It employs a total of 80 million people, and annually provides employment for a further 6 to 8 million people.

The economic reform abolished harsh administrative methods of regulating agricultural production. It granted the peasants the right to make decisions on all questions concerning their households; they now have a stake in organising work more effectively. State authorities define for each household the amount of agricultural produce to be sold to the state at fixed prices. The peasants, in turn, can obtain industrial goods (agricultural implements, fertilisers, etc.) at prearranged prices. The peasants can sell on the market or to cooperative any produce surplus to the planned assignments.

Rural cooperative societies have become an important factor in the commodity-money relations established between the individual peasant holdings, on the one hand, and the state, on the other. Hence, both sides are interested in the development and successful operation of cooperatives in the countryside.

The economic reform carried out in the People's Republic of China has a great deal in common with the New Economic Policy (NEP) conducted in the USSR in the twenties. From 1922 to 1928, the value of the gross agricultural product in comparable prices doubled in the USSR. The new policy boosted the development of agriculture, cooperatives, and the building of socialism in general; it consolidated the alliance between the working class and the peasantry. A similar process is unfolding in China today. In 1980-88, the annual average growth-rate of agricultural production was 8 per cent. The annual output of cereals exceeded 400 million tons; the output of cotton doubled and meat production has increased 1.5-fold. Cooperatives have made a major contribution to the implementation of economic reforms. Until the end of the seventies, cooperatives were set up following orders issued by the central party and government authorities. The implementation of the economic reform boosted the initiative of broad strata of the population and stimulated the operation of all cooperative societies.

Cooperatives helped raise the living standards of a large section of the population and provided employment for sev-

eral million people. From 1979 to 1988, the number of poor families decreased four-fold; this factor, strange as it may seem, gave rise to new difficulties: with the rise in living standards, peasants became less eager to increase agricultural production. This has two explanations: (1) the modest needs of the peasants, who are used to the hard life they led until recent years; (2) the fact that not more than ten years ago wealth and comfortable circumstances were condemned in China, and this still influences the people's mentality.

It must also be remembered that since the promulgation of the reform, some 80 million peasants have obtained a full-time or part-time job in non-agricultural production in their native villages. Another 70 million have migrated to towns, where they were able to obtain jobs due to the growing scope of government industrial and building projects, cooperative associations, and individual private enterprises.

Cooperatives have been playing an increasingly important role in the urban areas. A noticeable contribution to the progress of industry has been made by cooperative industrial enterprises, which now account for 25 per cent of the industrial production. Of particular interest is the practice of setting up cooperative or private enterprises on the basis of government-owned enterprises with low economic efficiency. In this case the transfer of government property is carried out on the basis of a lease or a team contract. Auction sales of government property to cooperatives and individuals is also practised.

China has several thousand small-scale private businessmen: peddlers, craftsmen, shoemakers, etc.[1] Many of them have business ties with cooperative associations, primarily marketing cooperatives. If private business were prohibited, the state would have to provide maintenance for these sections of the population. Private crafts and workshops set up in urban and rural areas have made it possible to involve in socially useful labour millions of people, including those who cannot be provided with jobs at state-owned enterprises as yet.

The private sector, needless to say, does not provide employment only for those who cannot obtain a job in a state-owned or cooperative enterprise. Quite often, the workers at a privately-owned enterprise get better wages or salaries than the workers at a state-owned or cooperative enterprise. The manager's salary at the Shanghai State Plant is far lower than the income of a waitress in a small private restaurant. The government taxation policy is designed to rectify this contradiction. Private enterprises pay 3-5 per cent turnover tax and 7 to 60 per cent progressive income tax.

[1] Private businessmen are allowed to employ not more than seven wage workers. In fact, an average private enterprise employs the members of one family. No noticeable growth of wage labour has been registered in the country.

The Communist Party of China, as was stressed at its 13th Congress in 1988, is in favour of developing a multistructured economy on the condition that social ownership retains its principal role. The public sector has preserved its key positions in industry, the private sector accounting for a mere 0.8 per cent of the gross industrial output. At the same time, the private and cooperative sectors account for the largest share of capital turnover in trade and services. The fastest rates of growth here have been registered for the cooperative sector.

The rapid expansion of cooperation in China is accompanied by certain problems, difficulties, and miscalculations. The growth of agricultural production has exacerbated the shortage of agricultural machinery, fuels, and fertilisers. The existing pool of tractors cannot be adequately used because of the small size of peasants' land plots. Sudden sharp fluctuations in market prices have an adverse effect on the crafts and agricultural production: small-scale producers are reluctant to take the risks of expanding their production in view of the uncertain market prospects.

There are grounds for assuming that cooperatives will help improve the situation in this respect. As more and more individual producers join cooperatives, there will be ever more effective control over the labour input and consumption of increasing numbers of people. Through cooperatives, the government can effectively regulate the output and marketing of the goods produced by private enterprises. The great numbers of individual producers show that there are good prospects for the spread and improvement of cooperation in China.

There are grounds for assuming that the experience of cooperative development in China will have an uncreasingly positive effect on the cooperative movement in developing

countries, particularly on the Asian continent. Assimilation and application of this experience, with due account taken of the local conditions and national traditions of each country, will facilitate cooperative development and help to avoid many difficulties and mistakes. As an ICA member, the Chinese cooperators can share the positive results of their work not only with developing but also with socialist countries.

In *Poland*, many cooperatives operate in trade and services. The cooperative membership comprises over thirty per cent of the country's population. The cooperative union Spolem supplies urban population with food products and industrial consumer goods. Cooperatives control nearly 100 per cent of the public catering. The union Peasant Assistance is engaged in trade in industrial goods and foodstuffs in the countryside. Apart from that, it sells agricultural machinery to peasants, procures agricultural goods and raw materials, extends credits through its banks. The Polish cooperatives account for some 60 per cent of the country's commodity exchange and a little less than 65 per cent of the residential housing construction in the urban areas. Craft cooperatives put out a large assortment of consumer goods and souvenirs.

In *Romania*, the cooperatives have the membership of some eight million people, that is, over one-third of the country's population. The rural producer cooperatives have been allotted 54 per cent of the land tracts. Cooperatives own a large number of processing and services enterprises.

In *Czechoslovakia*, every third citizen of the country is a member of a cooperative organisation: there are 90,000 cooperative societies embracing 5.5 million people. The country has four central cooperative unions: agricultural (cooperatives functioning in production and services), producer (craft), consumer, and housing. They make up the central union of cooperative organisations.

Czechoslovakian cooperators work on the basic principles of the self-financing (economic self-sufficiency) of economic units: self-management, self-financing, and profitability. They are granted credits by the state. The bulk of their reserves, however, are created by share payments and profits accruing to them from the sale of their productive services.

The scope of cooperative societies in Czechoslovakia is indicated by the following figures. Cooperatives account for two-thirds of the gross agricultural output. Over the seventies and eighties, cooperatives have been growing in number and improving their efficiency; this has induced a stable growth of agricultural output.

Producer cooperatives turn out about 10 per cent of the total amount of goods produced for the domestic market. They also account for some 40 per cent of the services, including housing repairs and finishing, furniture-making, the repair of household appliances, footwear, and clothing, car servicing, etc.

The majority of producer cooperatives embrace from 15 to 25 independently operating self-financing cooperative enterprises. They produce a total of 25,000 items to the aggregate value of 30 billion korunas. Their goods are in demand on the external market.

One-fourth of the retail goods are sold through cooperatives (three-fourths in the countryside); 50 per cent of public catering is provided by cooperatives.

Cooperatives own 35 per cent of the housing. The housing cooperatives' contribution to housing construction has been growing in recent years.

The wide range of cooperative activity is undoubtedly the result, among other things, of government policy vis-à-vis cooperatives. It is common knowledge, however, that certain contradictions may arise between the cooperatives and the state, despite the community of interests; this is because the activity of cooperative organisations is defined by state legislature and state control over the quality of goods put out by cooperative enterprises; controversies may arise concerning the prices of goods produced and sold by cooperatives, and on other issues. Controversies may indeed occur between state authorities and cooperative organisations, but they should not disrupt the equitable character of their relations. In Czechoslovakia, if any material damage is inflicted on a cooperative by the interference of a state body or bodies, the latter must compensate for the damage inflicted as a result of their incompetent or arbitrary action.

At the same time, cooperatives cannot arbitrarily establish the prices of the goods they produce or sell. The country has a uniform price policy: only the prices for the latest or

most fashionable goods can be raised by 25-30 per cent. Cooperatives, therefore, have to watch the market situation closely, take into account the level of demand for goods and services, constantly renew the range of goods they offer on the market and improve their quality.

The majority of cooperatives do not market the goods produced at their enterprises. They sell their produce to large government wholesalers at agreed prices, and these then sell the goods on the market.

Cooperative enterprises and offices work swiftly and efficiently. This is not to say that there are no cases of inefficiency or slack work. Certain risks have to be taken when the production of new goods is arranged: they may not fare well on the market. What happens then? In these cases cooperatives rely on their reserve fund. This gives them a certain leeway in production activity. When the reserve fund is not sufficient, a cooperative may apply for credit to other cooperatives. Aid is granted in cases when it is really needed and will help the recipient enterprise return to productive work.

A cooperative enterprise may go bankrupt. In this case, the cooperative returns the share payments to its members and help them find jobs. If negligence or inefficiency on the part of any individual cooperator has been the cause of financial damage, the cost of the damage is deducted from his wages or stock.

The Central Union of Cooperatives in Czechoslovakia coordinated the work of cooperative unions. Its other functions are: organising of schools, refresher courses, and seminars for managerial workers in all sections of the cooperative movement and for activists of cooperation; establishing contact with state authorities; extending ties with cooperators in other countries.

Currently, Czechoslovakian cooperators are having to deal with serious problems involved in the effort to improve managerial techniques, eliminate red tape, and overcome the consequences of errors and miscalculations made in the implementation of the democratic principles of the cooperative movement. Similar processes are taking place in other socialist countries. Czechoslovakian cooperators, therefore, are eager

to learn from the experience and changes taking place in the cooperative movement in other socialist countries.

In the socialist countries, cooperators have also helped solve serious social problems. Cooperatives have done a great deal to eliminate unemployment in these countries. They ensure the strict observance of safety rules and regulations at their enterprises; provide leisure facilities and medical care for their employees, take care of their children. They do a great deal to make life easier for women: they extend the network of consumer service establishments (laundries, dry-cleaners, tailors and dressmakers, etc.) and pre-school institutions, do their share to improve children's catering at school, organise the sale of goods in hours convenient for working women, etc. Women are at the head of many consumer service establishments.

The educational, sports, and cultural establishments owned by cooperative associations, including general schools, vocational schools, and colleges, are now a major factor in the educational system of every socialist country. The students at these schools and colleges are instructed in the disciplines connected with their future occupation, as well as in general subjects, current developments in society, and topical questions of international life.

The cooperative organisations in socialist countries have their share of inadequacies and errors. There have been cases when cooperative property was regarded as no-one's property. In these cases an individual or individuals appropriated a portion of the collective labour. Not every cooperative has learnt to strictly abide by the principles of cooperative democracy. As a result, not every member of such a cooperative can have a say in the economic and social issues which affect the functioning of this cooperative. Some cooperatives have failed to learn to be independent of external aid (on the part of the state or other cooperatives), to introduce more effective methods of work, or to use the latest achievements of science and technology.

In view of this, the policy of glasnost and perestroika proclaimed in the USSR and other socialist countries is of particular importance. It is designed to enhance the level of social and political activity among cooperators and inculcate in

them the spirit of independence and responsibility for the tasks in hand. Glasnost, in turn, is inconceivable without a higher level of involvement by cooperators and all working people in every field of social life.

The cooperative unions of socialist countries are taking an active part in the struggle for peace and détente. Their representatives at international forums have several times advanced propositions aimed at uniting cooperators of all countries in the effort to curb the arms race and cut military spending. Of major importance today is the environmental problem. Cooperators in the socialist countries are making their own contribution to the solution of this problem by allocating funds for scientific research intended to lead to theoretical recommendations and practical measures to preserve and improve the natural environment.

With the progress of socialist transformation, the influence of the cooperative movement on the improvement of production relations is sure to increase. This, in turn, will have a positive effect on the development of the productive forces, raising the living standards of the working people in socialist countries.

Newly-independent countries, above all those with a socialist orientation, are paying special attention to the experience of the cooperative movement in socialist countries, and are applying it in their own countries. But, as mentioned earlier, there have been quite a few blunders and deviations from the basic principle of cooperative development in the socialist countries. One may ask: are not the mistakes and inadequacies of the cooperative movement in newly-independent counries, particularly in the countryside, caused by the fact that these countries mechanically adopt the experience of socialist countries in the organisation and regulation of the cooperative movement? There is no doubt that the ill-considered assimilation of the experience of deep-going transformation in economic and social life and the application of principles worked out in other countries without first taking stock of the specific conditions in a given country is bound to have negative consequences.

It seems that hasty and unsubstantiated attempts to set up producer cooperatives in a number of developing states

were to a certain extent the consequence of their ill-considered assimilation of the experience of cooperative development in the USSR and some other socialist countries. It was difficult to assess the experience of cooperative development in socialist countries correctly as books, manuals, and reports on the cooperative movement in these countries contained nothing or next to nothing about the blunders, faults, and failures which occurred during the campaign to set up kolkhozes and other cooperative associations, or about the uncalled-for interference by state and Party authorities in their work.

The books, manuals, and press reports on cooperative development in socialist countries that were translated into foreign languages were disseminated in Asian and African countries among students, including future cooperative experts, who, therefore, developed a one-sided view of the cooperative movement in socialist countries. Practice has shown that attempts to sanctify by socialist slogans some phenomena that have nothing in common with socialism (similar to such attempts in the USSR, China, Vietnam and a number of other states) have taken place in some newly-independent countries; there have been cases of violation of the principle of the voluntary nature of cooperative associations; some cooperatives were set up without an adequate material base, in others democratic principles were abused, etc. In our view, these attempts to mechanically assimilate and apply the experience of cooperative development accumulated by socialist countries in developing countries can be explained by two factors.

First, many national-liberation and cooperative movement leaders have been unintentionally misled concerning the possibility of achieving fast rates of socialist transformation in their countries and the role of the cooperative movement in attaining this objective. Their erroneous view is, in part, the result of the one-sided (positive) account of the experience of the cooperative movement in socialist countries given in scientific and educational literature.

Second, some extremist leaders sought to consolidate their power by organising, among other things, rapid, mass-scale cooperation. The not very successful attempt at rapid peasant cooperation in the USSR in 1929-33 has various attractions in their eyes. For one thing, an extensive network of coopera-

tive associations can, under certain conditions, be used to consolidate the central power through the formal application of socialist slogans in order to deceive population among whom socialist slogans are popular. It is no accident, therefore, that ultraconservatives in the West have often financed mass-scale cooperative societies. In the long run, this has discredited the cooperative movement and the experience of socialist construction.

The radical changes in the regulation of economic, political and social processes carried out in the USSR and other socialist countries have revealed many faults in the operation of cooperative organisations. At the same time, cooperatives have been assuming a far greater signifance in economic and social life, have promoted and accelerated the implementation of the economic reforms adopted in these countries. This is also of enormous importance for the developing countries. The radical changes in economic, political and social life (perestroika) taking place in socialist countries will help them make a correct assessment of the experience of cooperative development in these countries, learn from its successes and failures. The creative character of the economic reforms being carried through in socialist countries is bound to produce economically more effective ties between cooperators in the socialist and newly-independent countries.

Chapter Eight

TIES BETWEEN COOPERATIVES IN SOCIALIST AND NEWLY-INDEPENDENT COUNTRIES

1. Coordinating Principles

In the very first days following its inception in 1917, the Soviet state proclaimed respect for the sovereignty and independence of other nations, peaceful coexistence and promotion of the cause of peace in the world as the basic principles of its foreign policy. These principles determine its relations with Asian and African countries. Internationalism—solidarity with the struggle for political and economic independence waged by oppressed and newly-independent countries—is an organic component of this policy. Unlike imperialist powers, with their policy of neocolonialism and attempts to apply force in the relations with newly-independent states, the USSR and other socialist countries follow undeviatingly the principles formulated by Lenin, the leader of Russia's proletariat. These principles are based on the full equality of nations, mutual respect, and non-interference in the internal affairs of other states.

The emergence of the socialist world system following the Second World War (1939-45) and the emancipation of African and Asian nations from colonial oppression created conditions favourable for comprehensive, equitable, and mutually beneficial cooperation between socialist and newly-independent countries. As concerns the establishment and consolidation of economic ties, the interests of the socialist and developing countries coincide in many respects; a firm basis is thus laid for mutually beneficial cooperation, including between cooperative societies.

Socialist countries provide developing countries with considerable assistance in building factories and other major projects. By 1987, the USSR had provided aid for the building of over 2,100 industrial enterprises, electric power stations, agricultural and other projects and is currently assisting in carrying through 1,200 projects.

The commissioning of new projects and organisation of the production of new goods promotes the activities of cooperative organisations. Thus, the Bhilai Metal Plant built in India with Soviet assistance supplies a considerable amount of metal to plants producing agricultural machinery for cooperatives and for other organisations and individuals. The hydroelectric complex built on the river Euphrates in Syria with Soviet assistance has made it possible to increase the area of irrigated land (by 640,000 hectares) and the output of energy-consuming products (ferrous and nonferrous metals, fertilisers, etc.). A large number of peasant households can now use electricity, irrigation facilities have been set up; this has increased the efficiency of existing cooperatives and stimulated the growth of cooperative organisations and state-owned agricultural enterprises.

Cooperators in socialist countries help cooperative unions in newly-independent countries to set up new enterprises, build storage facilities and strengthen the material and technological base of cooperative organisations. The following examples illustrate the character of this aid and its impact on the cooperative movement in Asian and African countries. Centrosoyuz has rendered technical assistance in the construction of a large wholesale depot in Afghanistan and has taken part in setting up servicing and repair stations for agricultural machinery in a number of regions in Angola. In extraordinary situations (natural calamities, etc.), aid is rendered gratuitously. The Soviet Union dispatched to Ethiopia 300 lorries, 24 helicopters, and 12 An-12 transport planes when the country faced the severe consequences of an extended drought in 1984-85. Soviet drivers and aircraftmen transported three-fourths of the cargo. The total value of Soviet aid amounted to more than 150 million US dollars (not counting the aid of public and cooperative organisations). CMEA countries dispatched to Ethiopia foodstuffs, clothes, medicine, and technology: Romania sent 80 tractors, 40 tank-trucks, 16 refrigerator vans, drilling facilities; Czechoslovakia sent 30 trucks and a large load of medicines; Bulgaria, Hungary, Poland, and the German Democratic Republic sent clothes and foodstuffs. The cooperative unions of socialist countries bore some of the costs involved in the implementation of this internationalist mission.

The Soviet cooperators have helped the cooperators of the People's Democratic Republic of Yemen several times with automobiles, poligraphic and agricultural machinery, building materials, other implements and machinery .

Following an agreement with the National Cooperative Association of Nigeria, Bulgarian cooperators are building cold storage facilities, canneries, enterprises producing soft drinks, a factory of ceramic wares, a broiler chicken farm and bee-gardens.

Polish cooperators helped their Algerian counterparts overcome the consequences of natural calamities.

Polish cooperators sent to Tanzania a load of motor pumps for the system of irrigation facilities built in the country. Poland's Central Union of Producer Cooperatives handed over to Bangladesh cooperators 50 power-driven machine-tools for the textile industry.

Czechoslovakian cooperators sent advisors and specialists in cooperative-building to Algeria, Burma, Mali, Tunisia and a number of other countries.

The CMEA countries render assistance to newly independent countries, primarily in the area of industrial production within the public sector. Agricultural production accounts for a mere 10 per cent of the aggregate capital investment made with the help of the CMEA countries. Apparently, more assistance should be given in future with the construction of irrigation facilities, organisation of rural cooperatives, building of machine-and-tractor stations, etc.

It must be pointed out here that the aid of socialist countries has been a major factor in the effort to enhance the efficiency of cooperative and state firms in developing countries. The USSR, for example, has helped with the building of tractor assembly plants in India, Iraq, Pakistan, Ethiopia and some other countries. An agricultural machinery plant is being built in Mozambique with the assistance of Soviet specialists. Machine-and-tractor and repair stations are being built in Afghanistan, Syria, and the People's Democratic Republic of Yemen for servicing the machinery belonging to cooperatives and state farms; Soviet specialists have conducted soil and ecological research covering 3.5 million hectares of land in Libya and have drawn soil and geological maps for an area

of 100,000 sq km; in Syria, Soviet specialists have assisted in the construction of water reservoirs for the irrigation of over 50,000 hectares of land.

Cooperators of socialist and newly-independent countries are extending ties in the assimilation and dissemination of the experience of cooperative development. Cooperative unions of socialist countries regularly hold seminars and conferences jointly with cooperators of Asian and African countries; send experts in answer to requests by the national cooperative unions of these countries; exchange delegations, etc. The books, magazines, and reference books put out in many languages help disseminate the experience accumulated by the cooperative organisations of socialist countries. The knowhow transmitted by socialist countries is applied in the construction of cooperative enterprises, the organisation of trade, development of transport ties and organisation of the production of various goods.

The cooperators of newly-independent countries may find it useful to learn about the activities of kolkhozes and consumer cooperatives in some republics within the Soviet Union which used to be at the same level of socio-economic development as many Asian and African countries today. Delegations from developing countries come to the Soviet Union annually to study the work of Soviet cooperators.

An important factor in the cooperation between the Soviet Union and developing countries is trade exchange, which is growing from year to year. The USSR maintains trade relations with over 70 developing countries; trade ties are maintained also by cooperative associations in these countries.

Soviet cooperators have export ties with Afghanistan, Egypt, Ethiopia, India, Jordan, Libya, Sudan, Syria, and other countries. Centrosoyz concludes trade agreements with state firms, cooperatives, and private companies in developing countries; cooperators in African and Asian countries buy from the USSR and other socialist countries agricultural machinery, fertilisers, transport and trade equipment, which helps them reinforce their material base and make their own contribution to the revival and development of their national economies.

Stable trade ties between cooperative associations expand the production of export-oriented goods in developing countries, secure markets, and help to ease the terms of payment. Trade ties between cooperative organisations encourage cooperators in developing countries to expand the building of trade enterprises and factories processing the output of cooperative enterprises.

On the whole, however, the trade ties between the cooperatives of socialist and developing countries could be more fruitful. The factors impeding the extension of the trade ties are: (1) the relatively low quality of the products put out by developing countries, which are, so far, below the standard of the world market; (2) the fact that the cooperative unions in the majority of developing countries have no foreign-trade associations which specialise in establishing economic ties with cooperative unions abroad; (3) the fact that the short-term trade agreements concluded at present cannot stimulate the production of export goods for a long period to come (it would be a rational and expedient step to work out a programme of economic ties between the cooperators of socialist and developing countries for a term of five or more years); (4) the fact that many cooperative leaders and businessmen in Asian and African countries have inadequate knowledge as regards the advantages of economic contacts with socialist countries; (5) the distance factors (long distances involve additional transportation expenditure); (6) the fact that cooperative organisations cannot always obtain a licence for foreign trade (quite often restrictions are placed on the scope of cooperative trade for the sake of private export firms, which buy the output of cooperative enterprises at low prices to resell it on the market at prices far exceeding the purchase prices). Finally, the imperialist powers, striving for total control over the world market, manage to prevent, to some extent, the establishment of extensive economic contacts at the government level and between cooperative organisations of socialist and developing countries. Some developing countries, notably those influenced by imperialist states, refuse to grant socialist countries most-favoured-nation treatment. All these factors impede the extension of trade ties.

Foreign-trade operations are also affected by the rise of

inflation in capitalist countries and the developing countries' economic dependence on the capitalist world system.

"Non-equivalent exchange, unequal thade manipulations and arbitrary actions regarding interest rates and the pump of the transnational corporations are being used to one and the same end. They are adding still more to the poverty and misery of some, and to the wealth of others, and increasing the polarisation in the capitalist world economy."[1]

The following data testify to the negative influence of transnational corporations on the foreign trade of developing countries. A little more than a dozen transnationals control 75 to 90 per cent of African exports to the capitalist market. As a result, the exporting countries get only 6 per cent of the price of tobacco, 3-15 per cent of the price of cotton, 12 per cent of the price of bananas, and 25 per cent of the price of leather and pelts. Plunder disguised as trade annually comes to 6 billion dollars, which is equal to the total "aid" given to African countries by capitalist powers.[2] Transnationals get a return of 3.5 to 4.5 dollars per dollar invested in the African economy.

As a rule, transnational corporations buy goods in developing countries at prices below their value, while they sell their own goods in these countries at prices far exceeding their value. Price manipulation is a common practice. Thus, import prices in Tanzania rose by 15.2 per cent from 1980 to 1984, while export prices rose by 3.3 per cent over the same period.[3] The first president of Tanzania, Julius K. Nyerere, was right in assuming that "the IMF has become largely an instrument for economic and ideological control of poor countries by the rich ones" and that Western aid is granted primarily to those African countries "which accept an untrammelled capitalist economy".[1]

The negative influence of capitalist countries on developing economies impedes the realisation of the great potential of the cooperative movement in developing countries. Cooperatives could do a great deal to organise the production of various goods, increase the degree of employment, improve the working and living conditions of peasants and craftsmen, stamp out illiteracy, set up a health care system, etc. Inequitable trade relations between developed capitalist countries and developing countries result in the reduction of the national reserve fund and compel leaders of African and Asian countries to extract funds from agriculture, where the number and spread of cooperatives is greater than in other sectors of the economy.

This adverse influence is substantially reduced by the trade exchange with socialist countries. CMEA countries set fixed prices for the goods they purchase from developing countries, thereby promoting stable trade relations on mutually beneficial terms irrespective of the differences in the economic potential of the parties. This augments the democratic tendencies in the very mechanism of ties between states: equal status of states, abolition of discriminatory restrictions, mutual benefit. The socialist community countries, wishing to maintain long-term trade relations with all countries, have a stabilising influence on the formation of world-market prices, which is in the interests of the young states.

Assistance by socialist countries helps developing states to solve complex socio-economic problems; it also induces the capitalist states to conduct a more flexible policy and to consent to the establishment of economic contacts on terms acceptable to developing countries. A new international legal mechanism is taking shape in the economic relations between states. It operates primarily in the interests of those states which abide by the principles of peaceful coexistence, mutually beneficial cooperation, and friendship, i.e., the principles underlying the foreign economic policy of the socialist countries.

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[1] Mikhail Gorbachev, *Political Report of the CPSU Central Committee to the 27th Party Congress*, Novosti Press Agency Publishing House, Moscow, 1986, p. 21.

[2] The debt of developing countries to capitalist states now exceeds one trillion dollars. They owe socialist countries less than 3 per cent of the total debt. Presently, about one-third of all export goods produced in developing countries are manufactured at enterprises owned totally or in part by foreign capitalists.

[3] Julius K. Nyerere, "Africa and the Debt Crisis" in: *African Affairs*, Vol. 84, No. 337, October 1985, p. 492.

[1] Julius K. Nyerere, "Africa and the Debt Crisis" in: *African Affairs*, Vol. 84, No. 337, October 1985, p. 492-93.

The capitalist states, wishing to dictate the terms in their economic relations with states dependent on them, do all in their power to prevent the expansion of economic ties between these states and other counties. In the not so distant past there were virtually no economic ties between neighbouring countries in Asia and Africa. In the colonial period, economic contacts between these countries were established through the metropolitian powers. The collapse of the colonial system made it possible for young states to establish political and economic contacts, thereby reinforcing their positions in the struggle for economic independence and against discrimination in the relations with developed capitalist states.

The establishment of mutually beneficial political and economic ties between neighbouring states through government bodies opens the way for contacts between cooperative organisations in these countries. At the same time, differences in economic development and political orientation often impede the extension of these contacts. Considerable effort is therefore needed on the part of young states in order to overcome the obstacles to economic cooperation between neighbouring states.

At international forums, cooperators from socialist states expose the aggressive policy conducted by imperialist powers toward Asian and African countries. The internationalist stand of the cooperators was vividly highlighted by their support of the just struggle waged by the Vietnamese people for freedom and independence against US imperialism.

During and after the Vietnam war, the cooperators of socialist countries helped rehabilitate war-damaged economic projects and train the staff for cooperative organisations in Vietnam. Addressing Soviet cooperators Vu Dinh Viet, Secretary of the Board of Marketing Cooperatives of Vietnam, said: "You helped us materially and selflessly, delivering goods, trade equipment, means of transport, etc., and also assisted in building schools, training cooperative workers, thus creating favourable conditions for the development of the Vietnamese market and cooperatives. You lent us strength to overcome all the difficulties in implementing our tasks."[1]

[1] *Greetings to the 10th Congress of Delegates of Soviet Producer Cooperatives from Foreign Organisations*, Centrosoyuz, Moscow, 1979, pp. 15, 17.

In all justice, it must be pointed out that the cooperative unions of a number of capitalist states also render help to Vietnam. Thus, the Swedish cooperative union allocated 100,000 kronor and the Japanese union—19,000 dollars for the rehabilitation of the war-damaged economy of the Democratic Republic of Vietnam. Italian cooperators organised a fund-raising campaign among the population. About 152,000,000 lire was handed over to Vietnamese cooperators. British cooperators also rendered Vietnam material assistance.

At all forums, representatives of the cooperative organisations of socialist countries condemn racialism and apartheid and call upon cooperators of all countries to join the struggle against the remnants of colonialism in Southern Africa. The struggle against racialism and apartheid is supported by cooperators in many capitalist countries. At their congresses, conferences, and meetings they advance proposals to the effect that practical action is needed to eliminate racialism and apartheid. The board of the London cooperative society took a decision to withdraw from sale in their stores all goods imported from South Africa.

Young states have to solve many problems of both a domestic and an external nature if they want to overcome the vestiges of colonialism, build independent national economies, and draw broad sections of the population into the implementation of the objectives facing these countries. There is no doubt that the extension of economic, scientific, and cultural contacts with socialist countries facilitates the resolution of the economic and social problems encountered by young states.

2. Contacts Between Cooperators of Socialist and Developing Countries in the Training of Experts

The goals pursued by the national democratic movements in young states are: the elimination of economic backwardness and of the lag in the development of science and technology; the revival and development of national cultures; the attainment of political independence. This programme requires the adoption of vigorous measures to set up a broad network of

schools and eliminate illiteracy, train personnel and raise the cultural level of the population in general. The elimination of illiteracy and the involvement of every cooperator in active social work is one of the most important tasks facing cooperative societies. Quite a few of the cooperators in developing countries are ignorant of their rights and duties, do not know the status of the cooperative association of which they are members. The reason is the high percentage of illiteracy among cooperators at the grassroots level; some cooperative leaders seek to use this fact to promote their own, selfish ends.

The level of political and socio-economic development of any state is, to a considerable extent, determined by the level of education and training (including for cooperative work) of the population. States where population have a high level of training and qualifications achieve more successes in the economic, political, and cultural areas; in such states cooperators take a more active part in social affairs.

A number of developing countries have set up educational institutions and refresher courses for cooperators; cooperative societies have their own press organs. Cooperative societies allocate a portion of their profits for propaganda purposes and for training experts. In his day Marx pointed to the need for such measures. He wrote as follows: "We recommend to all co-operative societies to convert one part of their joint income into a fund for propagating their principles by example as well as by precept, in other words, by promoting the establishment of new cooperative fabrics, as well as by teaching and preaching."[1]

Of primary importance is the organisation of education for cooperators who can neither read nor write; then they must be taught the basic knowledge needed for their productive activity (growing crops, operating machinery, manufacturing goods, etc.). In many cases, cooperators must be trained in several specialities because they have to perform various jobs depending on the season. The leaders and activists of the cooperative movement must be trained and instructed at

[1] K. Marx, "Instruction for the Delegates of the Provisional General Council. The Different Questions", in: Karl Marx, Frederick Engels, *Collected Works*, Vol. 20, 1984, p. 190.

refresher courses on a regular basis. Highly qualified leaders and board members can tackle economic tasks more efficiently and rationally, continually improve management techniques, disseminate the experience accumulated by the advanced cooperatives.

In spite of the considerable effort undertaken by cooperators in developing countries to eliminate illiteracy and raise the level of qualification, these countries will experience an acute shortage of skilled personnel for some time to come.

Another serious problem is that there are not enough jobs for skilled personnel and experts in developing countries. In nearly all of them, the number of experts trained is out of proportion to the number of technical staff. The optimal proportion between highly qualified experts and technical staff has been calculated as 1:5. In cooperatives, the proportion of technical staff should be much higher than in other branches of the economy: the cooperatives have a ramified system of grassroots organisations; as a rule, these enterprises employ simpler technology than state-owned enterprises.

Most of the difficulties encountered by the cooperative societies in developing countries are explained as follows. Virtually no experts for cooperative organisations were trained from among the local population during the long colonial period; the overwhelming majority of the population in young states is illiterate, and therefore the training of experts cannot be undertaken on a broad scale; cooperative societies in Asian and African countries are unable to finance the establishment of the required number of cooperative education institutions, and considering that the cooperative movement is growing rapidly, the demand for experts is constantly rising.

Socialist countries are helping considerably with the training of experts for developing countries. Every year, over 80,000 students from more than 120 developing countries attend educational establishments and over 15,000 attend courses set up at industrial enterprises in the CMEA countries.

The number of students, post-graduates, and apprentices studying in colleges and technical schools in the USSR has now exceeded 40,000. The Soviet Union assists young African and Asian states in training cadres. Altogether, it has helped to set up 143 educational establishments in developing coun-

tries, including 21 colleges and 18 technical schools; over 37,000 people have been trained at these educational establishments. Some 300,000 workers have been trained at 100 vocational training centres. The total number of experts and skilled workers for industry, agriculture, trade, science, and culture trained by Soviet specialists is some 1,250,000.

Cooperators in socialist countries are working together to train experts for cooperative societies in developing countries. The work is conducted along the following lines:

(a) training and raising the level of qualification among cooperative leaders and activists by holding special courses and seminars, allocating grants to students at colleges and general schools and training lecturers for cooperative study centres in developing countries;

(b) spreading information on the principles regulating the development and functioning of cooperative organisations through the holding of international seminars and conferences, and by receiving delegations from the cooperative societies of developing countries;

(c) publication of handbooks, study aids, magazines, and scholarly works for cooperators in developing countries;

(d) joint research into the problems of cooperative development in developing countries;

(e) dispatching of lecturers and experts to Asian and African countries to give advice and assistance in the organisation of cooperatives in these countries;

(f) cooperation with international organisations (UN, UNESCO, ILO, ICA, etc.) for the purpose of assisting cooperators in developing countries to train national personnel.

The Central Union of Soviet Cooperative Societies (Centrosoyus) gives various forms of assistance in personnel training to cooperators of developing countries. Like other Soviet public organisations (the All-Union Confederation of Trade Unions, the Union of Soviet Societies for Friendship and Cultural Relations with Foreign Countries, The Soviet Afro-Asian Solidarity Committee, USSR Committee of Youth Organisations etc.), Centrosoyus annually allocates student grants for foreigners enrolled on the recommendation of cooperative societies of other countries.

In 1961, a faculty for foreign cooperators was set up at

the Moscow Cooperative Institute. Its main aim is assistance in the training of skilled cooperative personnel for Asian, African and Latin American countries who are educated in the spirit of friendship among nations. This offers young people (particularly from low-income families) the opportunity to receive an education and learn about life in the Soviet Union. Centrosoyus spends more than 2 million roubles a year on training personnel for cooperative organisations in developing countries.

Considering that developing countries are in need of specialists in many fields, cooperative colleges have set themselves the task of training specialists capable of working in various spheres of cooperative activity. Cooperative institutes carry out research into the history and theory of the cooperative movement in developing countries. This makes it possible to apply more extensively in the study process the positive experience of cooperative societies and ensures that the students have a better understanding of the problems encountered by cooperative organisations in developing countries. From 1961 to 1988, Centrosoyus colleges trained over 4,000 specialists for 70 countries.

The Centrosoyus effort has been appreciated by international organisations. Speaking at the 11th Congress of Representatives of Soviet Consumer Cooperatives, ICA President L. Marcus pointed to the important role played by Soviet consumer cooperatives; he particularly stressed the Centrosoyus effort to help the cooperative movement in Asian, African, and Latin American countries, including by training personnel for cooperative organisations of these states.[1]

Centrosoyus holds international seminars on a regular basis. They are usually attended by delegations from 30 to 50 developing countries. Moreover, Centrosoyus bears all the costs involved in the holding of these seminars.

Considerable assistance in the training of experts for cooperative organisations in developing countries is also given by cooperators in Bulgaria, Czechoslovakia, Hungary, Poland, Romania, and the German Democratic Republic. Socialist countries have schools and refresher courses running on a per-

[1] *Potrebitelskaya kooperatsia*, No. 3, 1985, p. 40.

manent basis for various categories of managerial personnel working with cooperative societies in developing countries.

A school for training managerial staff for cooperative societies in developing states was set up in Varna (Bulgaria) in 1971. The Central Cooperative Union and leading educational and research centres hold joint monthly seminars for cooperators from developing countries on a regular basis. Special courses for cooperators have been set up in Bulgaria for cooperators from countries that share common traditions, principles of cooperative development, etc. There have been courses for cooperative leaders for Arab countries (Egypt, Jordan, Lebanon, Tunisia) and rural cooperators from Mozambique. The holding of seminars and courses is financed by government and cooperative funds.

The one-year courses functioning in Hungary annually train 20-30 cooperative specialists from developing countries. There are also short-term courses (1 to 3 months) in the operation of consumer, loan and savings, and housing cooperatives.

In 1961, the Union of German Consumer Cooperatives set up a special study centre in Dresden—the International Cooperative School—offering one-year and four-month study programmes. Cooperators of the German Democratic Republic trained about 2,000 managerial workers for cooperative organisations in 45 developing countries. The GDR cooperators annually allocate 3 million marks for training cooperators from developing countries.

Working jointly with UN international organisations, Polish cooperators have convened over 20 seminars, scientific conferences, and training courses for 650 cooperators from developing countries.

Romanian cooperators annually allocate several grants for students from African and Asian countries attending higher and general educational establishments in Romania.

Since 1959, special courses to train experts for cooperative organisations in developing countries have been functioning in Czechoslovakia. By now, the courses have trained over 1,000 cooperative workers. The Central Cooperative Council annually allocates grants to cooperatives in developing countries enabling their representatives to receive a university education in Czechoslovakia. The country's cooperators convene seminars on the problems of cooperative development and cooperative movement. These seminars are annually attended by 100-150 cooperators from 20-25 developing countries.

Every year, socialist countries assign cooperative experts to developing countries, Centrosoyus, for example, has dispatched experts and lecturers to Botswana, Egypt, India, Kenya, Mauritius, Nepal, Sri Lanka, Sudan, Tanzania, the People's Democratic Republic of Yemen, Zambia, and other countries. The cooperative organisations of Poland, Czechoslovakia, the GDR, and other socialist countries have also dispatched their experts to African and Asian countries.

It would seem a rational measure to give more aid in training cooperative personnel locally, in the cooperative and other educational establishments, of the developing countries. The more cooperative experts from socialist countries (lecturers, instructors and advisors) work at these training centres, the more specialists can be trained annually in developing countries, and the lower the costs of their instruction.

Algeria provides a graphic example of cooperation in this area. Thirty training centres have been set up, expanded, and equipped with the assistance of Soviet experts and instructors. As a result, over 40,000 skilled workers and foremen for industrial and agricultural enterprises and organisations have been trained.

After graduation, the cooperative workers and experts educated in socialist countries return home. Each graduate is provided with a job with the national cooperative union which seconded him or her.

Quite a few shortcomings, problems, and difficulties have been revealed in the planning of personnel training and the use of skilled workers and experts trained at home or abroad. Many of the graduates (including cooperative educational establishments) show a strong inclination to opt for an administrative job after graduation.

A prominent leader of the national liberation movement in Africa, Amilcar Cabral, spoke of the need to oppose the false notion that education ensures a privileged position. This trend, however, is still strong in many developing countries. The desire to obtain a job in a central government body is

encouraged by the system of material incentives inherited from colonial times. In Ghana, for example, an industrial worker or a rural teacher earns only a fraction of the salary of a ministerial administrator. In Zambia, the salary of a cooperative chairman is 20-30 times less than the salary of an accountant employed by a cooperative federation, and this despite the fact that his job is far more difficult and his duties far more complex than those of an accountant. The Moscow Cooperative Institute has trained some 70 qualified workers and specialists for Zambian cooperatives. Practically all of them now hold administrative jobs. Therefore, urgent measures are needed to change the existing system of material incentives for experts and qualified personnel in order to attract them into production (industrial and agricultural) as well as into grassroots cooperative organisations.

The United Nations Organisation, the International Labour Organisation, the International Cooperative Alliance and some other international bodies help to organise training centres, allocate grants for students at these centres, distribute literature on the principles and practical work of various cooperative organisations, hold seminars for the managerial staff of cooperative societies, conduct research into the cooperative movement and its prospects, formulate principles regulating the organisation and functioning of cooperative societies, identify the objectives to be reached in the field of personnel training and the tasks involved in the effort to raise the level of cooperators' general education and culture.

The assistance rendered by international organisations has helped considerably in training national personnel for cooperative organisations in developing countries. This assistance can, and should, be even more practical and efficient. Until now, it has not been very well coordinated or regular. Not enough funds have been allocated by international organisations for the education of cooperators in developing countries.

To ensure more efficient aid by international organisations in the area of personnel training, the following steps are required. International organisations should extend their links with cooperative unions and cooperative training centres in African and Asian countries; provide regular assistance to cooperative educational institutions, to help them obtain modern technical teaching aids, publish textbooks and study aids on the problems of cooperative movement, and improve the qualifications and the teaching ability of the lecturers and instructors at cooperative study centres. Seminars should be held on the problems of the cooperative movement and methods of improving personnel training. Cooperators should be encouraged to play a greater role in the democratisation of social life and in the daily effort to promote the interests of the working people, improve their financial situation, and enhance the level of their general education and culture.

The establishment of stable ties between cooperative unions helps them reinforce the material base of cooperatives in the developing countries, expand the production of export goods, assimilate and apply the achievements of the cooperative movement in socialist countries. Long-term agreements with foreign economic and trade organisations encourage the cooperative societies to expand and improve production and to use more efficient economic methods.

To counter the negative effect of the inequitable economic relations between developed (capitalist) and less-developed states on economies (including on the economic activities of cooperative societies), cooperators of socialist and developing countries join together within the framework of the International Cooperative Alliance to achieve the creation of a New International Economic Order. Extending their mutually beneficial ties, they demonstrate the operation of the principles of equitable economic relations and their positive effect on all branches of the national economy.

Cooperators in the CMEA countries have rendered tangible help to the cooperative federations in African and Asian countries. Contacts between developing and socialist states must be further extended and improved.

Today, in the majority of developing countries there exist the objective and subjective conditions necessary to achieve the rapid development and democratisation of the cooperative movement and to involve broad sections of the working people in economic, social, and political activities through cooperative organisations. The states which have opted for social progress and the political parties and trade unions which seek to democratise social life have an objective interest in the success of the cooperative movement.

Reviewing the prospects for the cooperative movement in Asian and African countries we may assume that it has a great positive potential and is bound to exert an ever growing influence on all aspects of economic, social, and political life. However, the purposes, orientation, and significance of the movement will, to a considerable extent, depend on the degree to which anti-feudal or anti-capitalist transformation in these states is consistently pursued.

The activities of communist and workers' parties in these countries may have a noticeable effect on the cooperative movement. Communist and workers' parties see cooperatives as a major means of developing national economies, meeting the population's requirements in food, clothing, and housing and promoting social activity. The stronger the position of these parties among the cooperated workers and peasants, the more active are the working people in their struggle to achieve their economic, social, and political goals and defend their interests.

For all the importance of the cooperative movement in resolving socio-economic problems, cooperatives are but one of the means (and not the principal one) of bringing about fundamental changes in society. In Marx's words, "land and

labour leagues, trade and friendly societies, cooperative stores and cooperative production are but means towards it (transformation of society.—*Ed*)".[1] It would be a serious blunder to assign the cooperatives the task of achieving a radical transformation of society. Thus, with all due respect to cooperatives' search for practical solutions to economic and social problems, it must be remembered that they become a truly effective instrument in the struggle to achieve social progress on the sole condition that they share the interests of all working people and are used by the forces seeking economic independence, high and stable development rates for all branches of industry and agriculture, and the elimination of social inequality and exploitation.

The development of the cooperative movement is a component element in the policy of social progress, a major factor in the effort to speed up the process of progressive socio-economic transformation.

The experience accumulated in the course of social and economic development in the socialist countries may be of use to countries striving to eliminate the vestiges of colonialism and attain social progress. Now as before, the USSR is prepared to help the developing countries solve their economic and social problems.

The diverse creative activities of cooperators in socialist countries, covering all aspects of economic and social life show that under socialism cooperators enjoy the all-round assistance and support of the state authorities, organise their work according to the principles of social equality and democratism, and have a noticeable positive effect on the development of the productive forces and relations of production. No wonder, therefore, that the cooperators of young states show a growing interest in the activities of cooperative organisations in socialist states.

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[1] "Record of Marx's Interview with *The World* Correspondent", in: Karl Marx, Frederick Engels, *Collected Works*, Vol. 22, p. 603.

Supplement 1

Emergence of First Cooperatives in Asian and African Countries

Asian countries	Emerged	African countries	Emerged
India	1900	Egypt	1908
Ceylon (Sri Lanka)	1904	Kenya	1908
Burma	1905	Botswana	1910
Philippines	1910	Mauritius	1913
Thailand	1917	Uganda	1913
Indonesia	1920	Zambia	1914
Malaysia	1920	Lybia	1915
Jordan	1922	Senegal	1916
Iraq	1930	Burundi	1921
Iran	1934	Morocco	1922
Syria	1934	Algeria	1923
Nepal	1950	Zaire	1924
PDRY*	1957	Cameroon	1924
		Tanzania	1925
		Congo	1926
		Ghana	1928
		Nigeria	1928
		Sudan	1928
		Togo	1931
		Sierra Leone	1936
		Madagascar	1939
		Guinea	1940
		Ethiopia	1945
		Dahomay (Benin)	1947
		Somalia	1950
		Chad	1955
		Rwanda	1956
		Mali	1960
		Saudi Arabia	1961

* People's Democratic Republic of Yemen

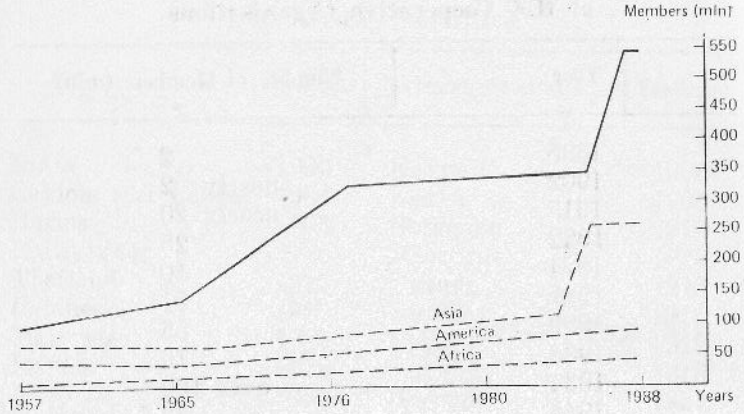
Supplement 2

Growth in the Membership of ICA Cooperative Organisations

Year	Number of Members (mln)
1895	2
1902	nearly 2
1913	nearly 20
1922	25
1924	40
1927	51
1929	56
1933	70
1934	over 100
1948	93.5
1954	117
1957	120
1960	146
1963	184
1966	214
1970	289
1976	346.5
1980	355.2
1981	363
1985	502

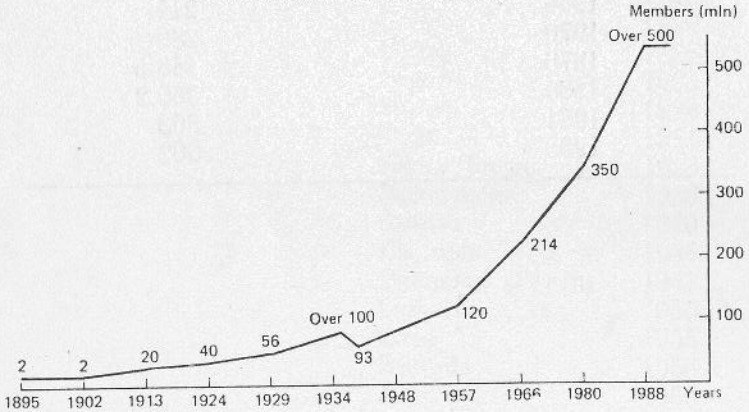
SUPPLEMENT 3

Development of the Cooperative Movement by Regions



SUPPLEMENT 4

Growth in Membership of ICA Cooperatives



SUPPLEMENT 5

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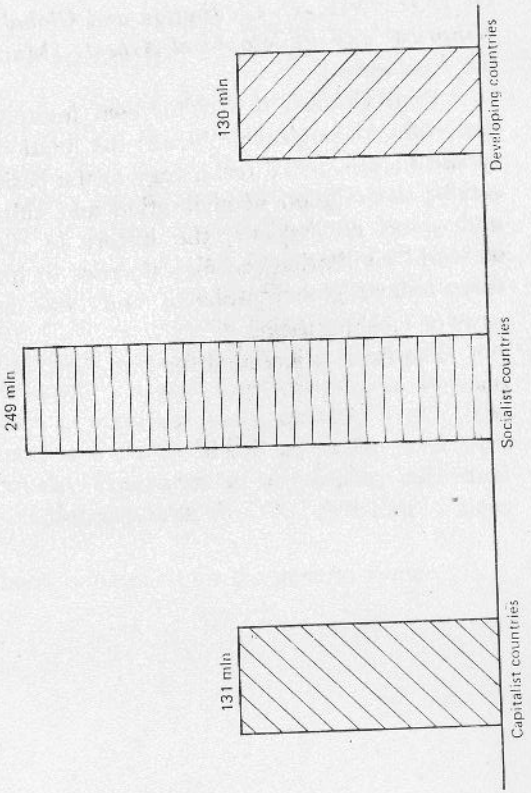

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The author has included in the book a section on the cooperative movement in socialist countries, expecting that an exchange of experience and generalisation of data on current trends in the cooperative movement will be of theoretical interest as well as practical use.