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Co-operatives and Development

Towards a Social Movement Perspective

PATRICK DEVELTERE

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CENTRE FOR THE STUDY OF CO-OPERATIVES



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Co-operatives and Development

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Towards a Social Movement Perspective

PATRICK DEVELTERE



Centre for the Study of Co-operatives
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Foreword

‘Co-operation’ as it is intended by the philosophers and practitioners who promote it and by many of the active participants and sympathizers of the co-operative movement is a mirage and an indisputable ideal. It is also a permanent quest for a better world. *En route*, however, many obstacles are met. These are related to the external environment and the approach we take to achieve the ideal.

This paper is about the interaction between the ideal and the praxis of introducing and supporting co-operation in the developing countries. I tried mainly to show how the people in the Third World, on their own, are able to engage in co-operation when they find it fit. It is an observation which I made during my frequent contacts with co-operators in these countries. Again and again we see that co-operatives which are part of spontaneous social movements produce the most satisfaction to the people concerned. There is ample evidence that these co-operatives in the long run produce the best results. However, co-operation remains an uphill struggle, even when co-operatives are not part of an externally controlled poor-peoples support system, but linked to spontaneous collective action. I found during my experiences with Third World co-operative movements that many of the problems they face are related to the heritage they carry of years of external patronizing and government control and also to an underestimation of social-movement action.

In this paper, I therefore try to trace the background of this concept of external promotion, support, and control of the co-operative sector. I also try to show how co-operation is essentially a social movement phenomenon. In this, I do not see any difference between the conditions and experiences in the industrialized world and the so-called developing countries.

For this paper, I used material I collected over the past six years. I have to thank so many people who helped me developing the ideas and approach presented in the paper. Among those who have helped, I wish to mention most particularly Cedric McCulloch of the ILO Regional Office in Port of Spain (Trinidad and Tobago), Professor Albert Martens (University of Leuven, Belgium), the staff of CIRIEC Liege (Belgium), the staff of Worldsolidarity (NGO of the Belgian Christian Workers Movement), S.K. Saxena (former ICA Director), and George Melnyk, as well as the entire team of the Centre for the

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Introduction

'Co-operatives and development' is a classical theme in the world of international co-operation. Ever since the introduction of co-operation in Latin America, Africa and Asia, international agencies, Third World governments, development planners and academic scholars have underlined the role co-operatives could, should and do play in stepping-up development. This official and popular support for co-operative development has been omnipresent and has received a prominent place in such diverse economic-political approaches as colonialism, populist and nationalist strategies of the post-independence era and, even, the structural adjustment strategies of the 1990s.

This support is based on the assumption that co-operatives invariably produce positive effects at the micro-, meso-, and macro-levels. It is generally taken for granted that co-operatives contribute to the betterment of the living conditions of the participating members (micro-level), induce positive economic and social changes in the direct environment surrounding the co-operatives (the village, the region) and can play a key role in national and even international development. As an Experts' Consultation on Co-operatives and the Poor asserted "co-operatives could, theoretically and in the long run, resolve most if not all problems of development" (ICA, 1978, p.7). Dülfer in his major study on the operational efficiency of agricultural co-operatives concludes that "certainly there is hardly a better organizational means than the co-operative for achieving the dual effect of change in social and economic development" (Dülfer, 1974, p.189). This apologetic approach to co-operatives as it relates to development has seldom been challenged.¹

The ideal and unpolled image of co-operatives has motivated a wide variety of prominent actors in development promotion to set up co-operative strategies, programs and projects, mainly directed to special underprivileged sections of the population: peasants, urban unemployed, women, etc. It could even be said that the interest of these actors in co-operative promotion and their practical involvement in concrete promotion programs has been the source and basis for putting co-operatives on this pedestal. This enthusiasm for co-operatives has also stimulated the development of institutions: specialized international co-operative development agencies, training centres, research centres and so on. Scientific work on the issue has to a great extent been embedded in this institutional framework and has been designed to serve the objectives of these

¹ There has indeed only been limited criticism on the role co-operatives de facto play in development by such authors as Gunnar Myrdal (1968) or Fals Borda (1971). As will be argued subsequently in more detail, even these critical notes did not concern the principles of co-operation as such, but rather the capturing of the co-operative instrument by colonial governments, Third World governments and elites.

institutions. As will be suggested in this paper, research on co-operatives in development therefore shared an 'ideal co-operative perspective' with the promoters of co-operative development. This ideal co-operative perspective was definitely linked to the blueprint approach which many of the co-operative development agencies applied. As Hyden writes, "implied in the blueprint approach is the notion that a tested model exists which can be applied and replicated in an effort at planned development" (Hyden, 1988, p. 155).

Many Third World development institutions and governments in recent years abandoned their great enthusiasm for co-operatives and co-operative types of participatory development programs. A fatigue with 'idealist' and 'voluntarist' strategies has led to a major shift in development programs for co-operatives. Investments in this area have been reduced and re-oriented towards business aspects of co-operative development, away from the social aspects. In this paper, the hypothesis will be presented that the relaxation of the involvement in, and in some cases the withdrawal of external agencies from, the co-operative arena in the Third World might begin to create the preconditions for the real development of a co-operative movement in these countries.

Implicitly or explicitly referring to broader prevailing concepts on 'the development problem' and the role of different actors in it, external agencies like colonial governments, Third World governments and international agencies, set the institutional framework for the development of a co-operative *sector*, but not for a co-operative *movement*. The sector therefore carries the historical legacy of the different strategies imposed on it at different times. The imprints of these strategies, which at times were quite intensive and pervasive, still mark the co-operative sectors in the developing countries and determine the possibilities to move to the stage of a co-operative movement.

The fact that these strategies introduced abstract concepts of co-operation aborted from very essential ideological and praxis components of co-operation, as well as from its social-movement roots, does not imply that they managed to impose a 'total institution' that left no freedom of action to those subjected to it. Within these 'strait jackets,' co-operators retained a limited margin of maneuverability to co-determine the faith of their sector. This ability to 'move' the co-operative sector depended on the concrete social and political setting. Often this movement characteristic was only a temporary feature since it caused immediate counterreactions of the traditional actors who in many cases managed to throw the movement back into its innocent sector status.

In the last ten years though, we have witnessed another historical breaking point in the global order, and particularly in the non-western and southern countries. This brings about yet another change in the rules of the game and the relative power of the actors

involved in the development process. The shift towards ‘democratization and liberalization’ of the political and economic scene in the Third World, whatever its real content, creates a situation which is structurally more conducive to social-movement action. Co-operative movements, as will be shown, are themselves social movements or directly tied up with broader social movements (workers’ and farmers’ movements, social-religious movements, nationalist movements and new social movements). Under the new conditions that are gradually developing throughout the Third World, at least three different trajectories concerning the co-operative sector can be discerned. In the first case, previous co-operative efforts on the part of the governments and other external actors are abandoned. In the second trajectory, old social movements, like workers’ and farmers’ movements, push for a new and independent co-operative movement. In the last case, co-operative sectors introduced in the ‘old style’ are gradually transforming themselves into autonomous co-operative movements.

For the present analysis of about one hundred years of co-operative development in the developing countries, a ‘social-movement approach’ is proposed. This will take into account the role of historical breaking points in the development process and the related dominant development theories and strategies. Within the framework of these macro-elements, the focus will be on the way different actors interacted in shaping the co-operative sector in the Third World (e.g., colonial agencies, governments, aid agencies and co-operators). The understanding of these processes is relevant for at least two reasons. First, it will help to detect the heritage that co-operatives in the Third World carry and, second, it will show how co-operation can be part of a social-movement development.

The analysis will begin with a brief overview of the present co-operative sector in the Third World and a critical analysis of the state of research done on co-operatives in development.

1. The Co-operative Sector in Developing Countries

It is very hard to draw a general picture of the co-operative sector in the Third World since, apart from a number of readers and the work of a few scholars like H. Desroche, very little scientific work has produced cross-country overviews of the state of co-operation in the developing countries. This is the case notwithstanding the numerous enticing titles on the subject, such as “The World Co-operative Movement” (Digby, 1948), “Co-operative Organization in Tropical Countries” (Gorst, 1959), “Das Genossenschaftswesen in den Entwicklungsländern” (Ghaussy, 1964), “Co-operation and Development” (Benecke, 1972), or “Co-operatives in Third World Development”

(Enriquez, 1986). As will be argued subsequently, this at least partially can be explained by the embedding of co-operative development research in the institutional settings specialized in co-operative promotion.

This does not mean that the material produced so far on the subject cannot be helpful in understanding the issue at stake. The contrary might even be true, since the statistical, valuative and evaluative positions presented in these kinds of works do reveal important dimensions of the way co-operation has been treated in developing countries.

In this chapter the co-operative sector will be introduced, through the available secondary material on co-operatives in Third World countries. The first focus will be on the physical characteristics of the Third World co-operative sector. The second focus will be on the valuative and evaluative approach found in the existing material. This will help, not only to understand the diverse character of the issue, but also to create the stepping stones for a critique and a process for developing an alternative approach.

1.1 A Statistical Overview of the Co-operative Sector in the Third World

Many scholars and policy makers in the co-operative field rightly complain about the scarcity of statistical and analytical overviews of the co-operative sector in the world. This has been a perennial problem, notwithstanding the efforts undertaken by several international agencies. One of the first acts of the French co-operator Albert Thomas, when he became Director-General of the International Labour Organization (ILO), was to use the platform and means of the ILO to proceed with an international inventory of the co-operative sector (Desroche, 1976, p. 110). Out of this came the regular 'International Directory of Co-operative Organizations' first published in 1921. The initial regular cadence of publication of this volume soon waned. This shows the many difficulties in producing coherent statistical overviews of the world co-operative sector: multiplicity of definitions of what a co-operative is, lack of a unified classification system,² absence of

² Van Dooren (1978, pp. 56-58) is one of the few authors producing a systematic classification. He uses nine different criteria:

1. the economic status of the co-operative members: producers, consumers, workers
2. the economic sector: agriculture, fishing, forestry, handicraft and industry, retail and wholesale, service
3. the economic functions of the co-operative: supply, marketing, processing, service, production
4. the level of integration: auxiliary societies, integrated co-operatives, co-operative farming (joint farming, collective farming, kolchoze)
5. the organization-structure: traditional co-operatives, market-linkage co-operatives, integrated co-operatives (Van Dooren borrows this classification from Dufler, 1974)
6. geographical location: urban, rural, co-operatives in handicraft
7. level of the organization: primary co-operatives, secondary co-operatives, tertiary co-operatives;
8. legal status: nonregistered societies, registered [co-operatives]

statistical collection systems in the different countries, and so on. The same difficulties are experienced by other agencies, like the International Co-operative Alliance (ICA), the Plunkett Foundation, and the Committee for the Promotion of Aid to Co-operatives (COPAC) that have tried, and continue to try, to produce statistical overviews of the status of the co-operative sector on a regular basis.

This means that official statistics from any source should, in fact, be accompanied with a number of caveats. As will be clear from further analysis, these official data reflect the narrow perception of the concept of 'co-operative movement,' which is a heritage from the colonial concept of co-operation. In other words, the available statistics – including those that will be presented in this paper – only focus on 'registered societies,' i.e. those co-operative societies that are accepted under the legislation of a country. Later, it will be seen how these laws were developed as social-control instruments that were, and in many cases still are, able to set the parameters of a co-operative sector. Without being able to orient completely or paralyze the people's will to develop a co-operative or co-operative-type of social movement, the colonial conception reduces co-operation to a nonpolitical and, at most, reformist organizational model for specific categories of the population. The statistics thus only give an indication of the extent to which a co-operative 'sector' has been installed and does not throw light on the 'hidden reality' of savings clubs, tontines, interest groups, syndicates, and other 'informal' co-operatives that people in the developing countries set up and that quantitatively as well as qualitatively might be more important than the 'co-operative sector statistics' lead us to believe. Adeyeye, for example, estimates that as many as 90 percent of the Nigerian households are members of esusu clubs (savings clubs), while only 2 percent are members of the official co-operative movement (Adeyeye, 1970). Jacquier refers to a study in major African cities that found that 85 to 95 percent of the urban population belonged to a mutual-help association (Jacquier, 1990, p.32).

Another problem linked to the term 'registered co-operative society' concerns the concrete social and economic reality this represents. During a 1982 Conference on Industrial and Handicraft Co-operatives in Africa, sponsored by the ICA and the Swedish Co-operative Centre, for example, it was calculated that on average 45 percent of the registered co-operatives in a sample of African countries were said to be dormant. This figure rose to about 60 percent for the industrial/handicraft category (Harper, 1991, p. 6).

It is not only the concept of 'co-operative' that should be looked at carefully. The term 'membership' used in the statistics also covers more than one meaning. Co-

9. number of functions: single purpose co-operatives, single commodity co-operatives, multi purpose co-operatives, all purpose or integrated co-operatives.

operative membership is easily equated with voluntary membership and active participation. However, as will be explained in more detail later, both the free-choice and the active- involvement theories reflect the ideal rather than the reality. As such, the same term of 'co-operative membership' is applied to very diverse social realities: where membership is compulsory or a condition for access to certain services, where membership is really free, and where members only have the status of clients.

**Table 1: Co-operatives and Co-operative Membership in Developing Countries
By Regions and Types of Co-operative**

	AGRICULTURE		CONSUMER		CREDIT		FISHERIES	
	Co-ops	Members	Co-ops	Members	Co-ops	Members	Co-ops	Members
Africa	44,451	12,582,692	17,128	2,636,605	12,597	1,537,829	942	31,355
Asia/Pacific	275,073	154,229,317	49,575	16,580,854	161,323	88,045,232	12,249	1,546,066
Latin America/ Caribbean	15,427	2,875,700	4,013	3,014,292	6,667	7,571,512	1,167	79,367
North Africa/ Near East	24,824	6,719,486	6,604	4,021,941	389	488,009	152	53,462
Totals^a	359,775	176,407,195	77,320	26,253,692	180,976	97,642,582	14,510	1,710,250

	HOUSING		INDUSTRIAL/WORKERS		OTHER		TOTALS	
	Co-ops	Members	Co-ops	Members	Co-ops	Members	Co-ops	Members
Africa	250	22,517	3,692	135,465	3,193	196,119	83,634	16,980,605
Asia/Pacific	35,004	2,197,833	59,112	4,668,097	106,947	14,501,274	702,706	283,253,301
Latin America/ Caribbean	2,789	505,372	3,052	369,729	6,445	5,562,369	38,072	19,567,923
North Africa/ Near East	2,180	774,737	1,067	61,363	5,662	124,175	32,809	19,567,923
Totals^a	40,230	3,500,459	66,923	5,234,654	122,247	20,383,937	858,221	331,953,924

In addition, multiple membership is the practice or rule in many countries. In some cases only one person per household, in others all members of a household can or have to be involved in co-operatives.

1.2 Summary of Co-operatives and Co-operative Membership in Developing Countries

The statistics in Table 1 are compiled on the basis of COPAC's summary of statistics for developing countries (COPAC, 1987).³ Although not compiled on a systematic basis, these statistics allow us to produce what Desroche calls 'a co-operative demography' and enable us to draw a number of conclusions concerning the penetration of the co-operative sector in the different continents.

To our knowledge, the most recent analysis of the world co-operative sector has been made by Desroche in his 1976 book, 'Le projet co-opératif.' At that time, he could not rely on any up-to-date global compilation of statistics.⁴ He therefore used data on ICA membership. Desroche was aware of the bias this caused in his analysis: the ICA traditionally had its major base in the European and North American consumer-co-operative movement. On the basis of ILO statistics, Desroche for example calculated that, in 1937, the total co-operative membership was about 143 million, which was about double the ICA's membership at that time (Desroche, 1976, p. 111) This changed over the years, partly due to the extensive promotion work of the ICA in Asia, Africa and Latin America. Still, since the integration of the co-operative movement is far less advanced in the developing world than it is in the industrialized countries, it is no surprise that a major share of the co-operatives in these countries are not as yet affiliated with any national, continental or international apex body. In 1991, co-operative organizations of just 79 countries belonged to the ICA (ICA, 1991, p.9).

1.3 Global Differences

The ICA in 1991 claimed to represent 670,230,051 members spread over 191 national organizations. The following table shows how these members and organizations are distributed over the different regions.

³ COPAC published these statistics in 1987, but used not less than eight different sources going as far back as 1977. Since COPAC always used the latest statistics available for each country and each subsector, it is fair to conclude that the statistics give an indication of the Third World co-operative sector in the early 1980s.

⁴ ILO's latest 'International Directory' at that time was published in 1958.

Table 2: ICA Membership by Continent (1991)

	No. of Organizations	Percent	No. of Individual Members	Percent
Developing Countries				
Africa	26	13.76	11,553,659	1.72
Asia/Pacific	47	24.87	352,765,602	52.63
Latin America	18	9.52	13,378,063	2.00
Developed Countries				
Asia/Pacific (*)	10	5.29	46,396,870	6.92
North America	3	1.59	72,000,000	10.74
Europe	73	38.62	74,092,366	11.05
Former East Block	12	6.35	100,043,491	14.93
Total	191	100.00	670,230,051	100.00

Source: ICA Annual Report 1990-91.

* Australia, Japan.

1.4 Sectoral Differences

Desroche rightly states that a supreme problem of these demographic statistics relates to the criteria for the distribution of the co-operative population in different subsectors (Desroche, 1976, p. 118). Due to a lack of any other operational data-collection system in this field, the data in Table 1 are based on the classification used by the authorities that procured the national statistics. It is clear from this table that the agricultural co-operatives are numerically, both in terms of number of organizations and members, the most predominant. In terms of number of co-operatives, this is the case for all the different regions. The classifications commonly used in data collection on co-operatives do not allow us to identify what could be called an intrasector analysis along the lines of the different activities developed or modes of operation used by agricultural co-operatives, but most observers agree that in developing countries a noteworthy feature of agricultural co-operatives is that they have been involved primarily in the marketing of food and relatively little in production (e.g., Thordarson, 1987).

Credit co-operatives have the second largest representation overall, but are less represented than consumer co-operatives in both Africa and the North Africa/Near East region. The fact that industrial co-operatives in Third World countries are mainly very

small-scale operations, involving few member-workers, accounts for their relatively small membership figure, as compared to the number of co-operative entities.

1.5 Geographical Differences

Directly linked to the global and sectoral inequalities are the geographical inequalities. The penetration and composition of the co-operative sector differs indeed between continents, countries and subsectors. Geographical inequalities in the co-operative sector in the Third World can be found at both the inter- and intra-country levels.

From Table 1, it could be concluded that the co-operative sector in developing countries is mainly a rural phenomenon. Later, it will be seen that this is largely due to the colonial powers' efforts to introduce rural co-operation as an instrument to prepare the incorporation of the rural economies into the world capitalist system. This policy has continued during the post-independence era. In recent years, however, one can detect an increasing interest of governmental and nongovernmental agencies involved in co-operative promotion for the urban problems and the role co-operatives can play in cushioning the negative effects of the urban crisis. They therefore stimulate the establishment of industrial worker co-operatives because of their potential for employment creation and income generation.

The national statistics show a more diverse picture, with several countries having a stronger 'urban co-operative sector.' This is, for example, the case in the Commonwealth Caribbean region, where the credit union subsector, which is mainly an urban phenomenon, is far more developed than any other co-operative subsector (Develtere, 1990).

Concerning the inter-country inequalities, Table 3 can be illuminating. In this table developing countries are classified on the basis of the size of their co-operative sector in relation with their overall population. For this purpose, the detailed COPAC figures on co-operatives in developing countries have been reworked (COPAC, 1987, pp. 4 - 10).

Table 3 only gives us a general picture of the co-operative sector as recognized by the national authorities. It does not reflect the dynamic co-operative subsectors within each country or the more or less dynamic co-operative movements. Following the official sources, Zimbabwe counts a relatively 'weak' co-operative sector with 1,434 co-operatives and 111,326 members, or 1.3 percent of its population (COPAC, 1987). However, in this same country, there were over 600 workers' co-operatives in 1989 (Harper, 1991). The previous table might also lead one to believe that Bermuda's co-operative sector is negligible. However, Bermuda's Industrial Unions' co-operative

ventures (credit union and consumer co-operative) have become a major instrument of the labour movement in mobilizing its membership base and countervailing the dominant economic and social trends in the island (Develtere, 1987).

Taking into account these remarks, two conclusions can be drawn from this table. First, it seems that although the list of the African countries which show a weak penetration is

Table 3: Classification of Countries in Relation to Penetration of Co-operative Sector (percent = co-operative members/total population)

	Africa	Asia/Pacific	Latin America/ Caribbean	North Africa/ Near East
>40%			Dominica	Cyprus
31-40%	Senegal	Kiribati	Argentina	
21-30%	Niger	Cook Island Sri Lanka	Belize Bolivia	
16-20%	Gambia	Burma India Malaysia	Guyana Trinidad/Tobago Uruguay	Israel Libya
11-15%	Ethiopia	China	Jamaica Peru	Egypt
5-10%	Angola Botswana Kenya Mozambique Uganda	Bangladesh Indonesia Cambodia PDR Korea Rep. Korea Nepal Singapore Vanuatu	Barbados Costa Rica Ecuador N. Antilles St. Kitts St. Lucia St. Vincent	Iran Iraq Yemen
<5%	Benin Burkina F Burundi Cape Verde Cent. African Rep Chad Congo Guinea-Bissau Ivory Coast Lesotho Liberia Malawi Mauritius Nigeria Rwanda Sierra Leone	Laos Pakistan P.N. Guinea Philippines Thailand Tonga	Antigua/Barb Bahamas Bermuda Brazil Dominican Rep. El Salvador Grenada Guatemala Haiti Honduras Mexico Nicaragua Panama Paraguay Venezuela	Afghanistan Algeria Jordan Lebanon Saudi Arabia Tunisia

Somalia
Sudan
Swaziland
Tanzania
Togo
Zambia
Zimbabwe

definitely much longer than that of the other regions, one cannot conclude that the development of a co-operative sector would be a typical Asian or Latin American phenomenon, as is often suggested. In both the latter continents, one finds countries with an important co-operative sector along with countries with a small co-operative sector.

The second conclusion concerns the colonial background of the countries under review. Britain's former colonies generally seem to do better in terms of penetration of the co-operative sector, than the French colonies. Senegal, however, is an example of a former French colony with a relatively strong co-operative sector, and countries such as Tanzania, Malawi and Pakistan show that not all former British colonies have a well-developed co-operative sector.

1.6 Organizational Differences

Not only do the co-operative sectors found in the Third World differ in terms of their general or sectoral penetration. The mode of organization and the level of integration of the sectors also show remarkable variations. As will be shown later, the genesis and shaping of co-operative sectors in developing countries have to a great extent been externally driven, as have the organizational and structural systems in which co-operators are supposed to function. Planners have tried to set up 'optimal' systems which could be justified in terms of 'viability,' 'business efficiency,' 'sociological realities,' or 'needs for coordination.' The different local and international actors involved in this shaping process therefore developed different models. It is my argument that the variety of organizational models found in the different countries is not so much a function of the creative process of organizational development of the co-operators involved, as it is a function of the theoretical model imposed or applied by these outside agents. These organizational and structural differences are multiple.

The size of the primary co-operatives differs from country to country and has greatly been determined by the specific co-operative promotion strategies applied. Many countries stipulate in their co-operative legislation the minimum number of co-operators that have to be involved in a co-operative society for it to be recognized officially. Many countries also adopted a policy to organize agricultural co-operatives on a village level ('one village per co-operative; one co-operative per village') and credit co-operatives on a common-bond- basis (e.g., per economic sector, per parish). Governments and other promotion agencies have also been directing mergers of smaller co-operatives or the splitting-up of larger units. Table 4 following must be interpreted in this context.

Mergers are only one form of horizontal integration which has occurred in many different Third World countries. Two other forms of concentration of co-operative activities

Table 4: Size of Co-operatives (average number of members) by Region and by Sector

Co-operative Sector								
Region	<u>Agricultural</u>	<u>Consumer</u>	<u>Credit</u>	<u>Fisheries</u>	<u>Housing</u>	<u>Industrial</u>	<u>Other</u>	Total
Africa	283	154	122	33	90	37	62	203
Asia/Pacific	561	334	546	126	63	79	136	403
Latin America/ Caribbean	186	751	1136	68	181	121	863	514
North Africa/ Near East	271	609	1255	352	355	58	22	596
All Developing Countries	490	339	540	118	87	78	167	387

at the primary level can be found in different developing countries. In some countries, a definite choice has been made for single-purpose co-operatives, in others for multipurpose. In some places, the 'isolated society system' (Van Dooren, 1978, p.155), whereby different single-purpose co-operatives function on their own, was propagated. In other instances, linkages were developed between credit, agricultural or consumer societies.

Apart from different systems of horizontal integration, co-operative sectors in the Third World also manifest a variety of vertical-integration systems. Most countries have their own mixture of regional sector-specific secondary bodies, regional apex bodies, national sector-specific federations and national apex bodies. The functions of the different bodies vary from country to country, as do their relationships and/or involvement with government. However, it seems that the overall picture of the co-operative sector as detailed in Table 1 also draws the lines for the integration picture, with more secondary and tertiary structures in the Asian and Latin American co-operative sector and far fewer in the African and Near Eastern countries.

Finally, it is important to note that vertical-integration has also continued across the borders with continental and subcontinental federations. These exist primarily on the Latin American continent, but regional confederations of credit unions belonging to the World Council of Credit Unions are in place in Africa, Asia, Latin America and the Caribbean.

1.7 Valuation and Evaluation

The available literature on co-operatives in the Third World not only reveals the above-described physical characteristics, but it also helps our understanding of the role co-operatives were ascribed and the evaluation of the relative success or failure of co-operative strategies. Indeed, the distinctive features of the co-operative sectors in the developing countries cannot be understood without appreciating, first, how they were considered part of the overall development process, and second, how they became part of a planned process and were alternately associated with success and failure.

Right from their inception, co-operative development strategies were given a high priority in the overall development process. This was the case in both colonial and post-colonial times. The values ascribed to co-operation varied over time and depended on the prevailing overall development strategy. In some cases, co-operatives are considered just one vehicle among many others to accompany and/or guide development. They are said to be useful and merit support because of their potential in instilling modern social and economic life in the Third World countries, or because they could help to organize the

market, or to get access to international markets, or to protect or reach the ordinary people. In other cases, co-operation was or is seen as a central vehicle to build a nation-state or to develop a 'third path' with more development value and potential than capitalism or communism. Most co-operative sectors in the Third World are burdened with this heavy weight of imposed values and objectives.

This is connected with that other distinctive feature of co-operation in developing countries—government involvement in the promotion, direction and control of the sector. Co-operation, as will be clearly illustrated later, has become an integral part of government's mission. Unlike co-operation in western countries, co-operation in the Third World has been associated with planned intervention of the state in the organization and structuring of social and economic life. Up to the present, the institutional framework introduced for this purpose by the colonial authorities, and later reinforced by the independent state authorities, is in place and co-determines the fate of the co-operative sector. Mainstream thinking about co-operatives in developing countries, as well as more scientific discourse about the subject, emphasizes the possibility and advantages of combining planning and spontaneous action, government involvement and 'self-reliance.' As a U.S. Overseas Co-operative Development Committee 'Compendium of Views by International Co-operative Experts' proposes, "the role of government should be to strengthen the ability of the members to be self-sufficient," and "a harmonization of objectives between government and the co-operative sector and agreement on the time necessary to reach these objectives" is considered an element of a favourable climate for co-operative development (USOCD, 1985, p. 4). This perception of the essential role of government in co-operative development is widely shared and has become a distinctive element of both co-operative theory and practice in the Third World.

In a first description of the co-operative sector in the Third World such as this, it is important to mention the puzzling successes and failures that are recorded throughout co-operative development literature. Some called co-operation in developing countries a complete failure (Gagnon, 1976); others look for internal and external factors hindering sound co-operative development (Benecke, 1972). Most dismiss failures as due to the wrong management of manageable factors and suggest minor or major adjustments in the social-engineering process which has been used so far to promote or assist co-operative formation and development.

As puzzling as the suggested, but unfounded, high mortality rate of co-operatives are the successes which are discovered. Economically viable co-operative structures like the dairy co-operatives in India, the workers co-operatives in Zimbabwe, the agricultural-marketing co-operatives in Latin America, and the credit union movements in most Third

World countries contradict most of the theories on the preconditions for successful co-operative development.

In this paper, it is suggested that the main reason for the inability to understand both the ‘failures’ and ‘successes’ is linked to the inadequate conception of co-operation and development which has dominated the discourse and the practice up to the present. The next chapter will dig deeper into the inadequacies of this concept and propose a possible alternative.

2. Research on Co-operatives and Development: A First Look

In this chapter, some general observations will be made on the common characteristics and limitations of the theoretical and empirical studies that have been conducted in the field of co-operatives and development. This will help to clarify the interaction between these studies and the strategies they were part of, since what Vandergeest and Buttel observe about the general development theory applies without a doubt for the co-operative development research: “[D]evelopment theory has always implied a praxis of sorts. That is, ‘development theory’ aims at achieving two things, first, an explanation or understanding of the so-called development process and, second, identification of a program of intervention in the process” (Vandergeest and Buttel, 1988, p. 690). Maybe more than in any other field, this has been the case for co-operative development research, which has always been intricately related to the institutional settings of co-operative promotion and has followed the political agenda of these institutions.

This paper does not propose a complete detachment, or so-called ‘value-free’ alternative, but will embrace a ‘social movement perspective’ which, as will be argued, can give a better understanding of the complexities of the realities of co-operative development, and can, at the same time, set the parameters for a different approach to co-operative development.

2.1 The Ideal-Co-operative Perspective

As is already evident from the previous chapter, the departure point of most of the traditional theoretical reflections about co-operatives and development is formed by the ideals that co-operatives represent. Reference is most commonly made to both the charter of the Equitable Pioneers of Rochdale, whose consumer co-operative is often considered as the ‘founding mother of the modern co-operative movement,’⁵ and the principles

⁵ Many historians of the co-operative movement, however, acknowledge the fact that co-operation was not an invention of the Rochdale Pioneers and point to the other earlier efforts for co-operation that

enunciated by the ICA, the world apex body of the co-operative movement. These principles are considered to be universal and are used to distinguish genuine co-operatives from 'false' or hybrid ones. The 1966 Congress of the ICA resolved that the following have to be considered as the essential features that distinguish all types of co-operatives, be it in capitalist, socialist, or mixed economies: open and voluntary membership, democratic control, limited return on investment, return of surplus to members, co-operative education, and co-operation between co-operatives. The question of the fundamental principles of co-operation stirred up emotional debates within the world co-operative movement and has been on the agenda of the ICA in the 1930s, 1960s and currently, the 1990s.⁶

One fundamental lesson that can be drawn from these exercises of consensus building between a wide variety of movements and institutions that claim the co-operative status is that these principles only reflect the common organizational features which can be observed on an ex-post basis in the major part of the 'developed' co-operative community. Never were they abstract 'principles' that generated co-operative organizations or were the *basis* for co-operative development. On the contrary, they are the *result* of a complex interplay of a co-operative praxis, co-operative ideology and specific organizational choice. Still, when applied to co-operatives in a development context, they are used as normative instruments to direct and orient co-operative development (ex ante) or to evaluate a co-operative's performance or achievement.

This overemphasis of the 'ideals' in relation to co-operatives and development can also be found in the debate on the definition of co-operation. The definitions of what a co-operative is, or is supposed to be, are myriad. In 1946, Emelianoff found 23 different definitions of co-operation, with a total of 46 different features (Emelianoff, 1942). In discussions on the role of co-operatives in development, definitions of co-operation that are both comprehensive and narrow are common. These definitions are comprehensive in that they incorporate an extensive variety of features which 'genuine' co-operatives are supposed to have in common; they are narrow in that they use these theoretical characteristics to set a wide number of prerequisites for movements and organizations to be considered 'legitimate' co-operatives. In the Recommendation on Co-operatives and Development by the ILO, the following definition of a co-operative is presented: "a co-operative is...an association of persons...who have voluntarily joined together to achieve

were successful. The importance of the Rochdale consumer co-operative society lies mainly in the rapid geographical spread of the initiative and the vertical and horizontal expansion of the movement it trickled off (see e.g., Roy E.P., 1976).

⁶ On these debates within the ICA, see Watkins W.P., 1979. For a critical analysis of the principles, see Craig J.G. and Saxena, K., 1986, Ish, D., and McGillivray A., 1992.

a common economic end through the formation of a democratically controlled business organization, making equitable contributions to the capital required and accepting a fair share of the risks and benefits of the undertaking” (ILO, Recommendation no. 127, 1966).

Scholarly attention to co-operative development in the Third World has fluctuated over time. However, during the high days of enthusiasm for co-operatives as a tool for overall development, which occurred in both colonial and post-colonial times, academics have had a major input, both in producing recipe-style ‘introductions to’ or ‘guidelines for’ co-operative development, as well as analyses of the obstacles, achievements and further prospects for co-operatives. The majority of researchers on co-operative development have their background in the social sciences (e.g., sociology, economics, history, law and educational sciences), but many adopt a multi-disciplinary approach. In many cases their research took place within the institutional framework of co-operative development programs set up by international agencies or governments. In these settings, the researchers very often combined their function of researcher with that of consultant, expert, planner, organizer or educator. Looking at ‘the state of the art’ of this co-operative development research, one is struck by the many monographs that exist on individual co-operatives, on national co-operative movements, and on national co-operative development plans. In this sense, most studies are conducted ‘from within’ and use an essentialist approach. As Apthorpe and Gasper note, when an essentialist approach is used, the policy (in this case, the co-operative strategy) “is taken more or less as endorsed and attention is overwhelmingly given simply to how to implement it, remove distorting factors and let it realize its potential” (Apthorpe and Gasper, 1982, p. 656).

In this light, it is no surprise that research on co-operatives in Third World countries has been dominated by an ‘ideal-type co-operative perspective’ or ‘utopia-conception-approach’ (Engelhardt, 1986), while in Western countries this approach has given way to so-called ‘real-type co-operative theories’ (Nilsson, 1986). As Thériault writes, in most research on co-operatives in developing areas, the researcher, “armed with one or more definitions of what a ‘real co-operative’ is, only verifies if the ‘said co-operative practices’ existing in the researched area, conform with the Rochdalean archetype or to the model(s) proposed by the ICA” (Thériault, 1984, p. 245).⁷ Since the 1970s, however, a number of scholars, like Apthorpe, have adjusted this ideal-type conception to some extent, by including concepts of power, conflict and social change in their framework.

⁷ My translation from French. All translations from non-English texts are by myself.

Most of them though do not abandon the normative-deductive position and continue to confront real-type co-operatives with a desired state of co-operation that has to be attained. Only recently have researchers broken with this 'ideal-co-operative perspective' for reasons which have to do with the inherent weakness of this traditional approach, as well as with the general paradigm shift in development theory and changing patterns in the Third World community.

2.2 Limitations of the Ideal-Co-operative Perspective

The limitations of the ideal-co-operative perspective are multiple and impede an understanding of the heterogeneity of the co-operative sectors in the developing countries, as well as the underlying and determining forces that contributed to the shaping of co-operative sectors or movements in all countries.

First of all, this approach does not take into account the different conceptions and models of co-operation that exist within the world co-operative movement and often gives an *absolutist* slant to the co-operative label. Not only can one distinguish between a liberal-democratic co-operative tradition, a socialist tradition, a communist and communalist tradition as Melnyk does (Melnyk, 1985), but within these, a multitude of organizational translations of the accepted principles can be identified. This to a great extent is due to the fact that co-operatives were developed and are situated within social movements that shape their co-operative vision, praxis and organization, not in relation to objective and universal needs, but in relation to time- and place-specific social, political and economic forces. In the ideal-type approach, little or no attention is being paid to the way in which co-operatives, in industrialized as well as in Third World countries, develop as historical subjects which carry traces of the past, and are at the same time permeated with the sociological features of the prevailing external environment. The ideal-type conception can only produce a snapshot of a particular social entity at a particular point in time. It follows that this approach permits only a static analysis of a co-operative entity with the emphasis mainly on its morphological characteristics.

This preoccupation with co-operative ideals has also led to an *atomic perspective* of co-operative development, in the sense that the epistemological subject has been 'the registered co-operative' and to a lesser extent 'the co-operative sector' (as an aggregate of more or less interrelated individual co-operatives). It is no surprise then that the focus of most of this research has been on 'co-operatives,' rather than on 'co-operative movements.' This hinges on our second critique, or, 'who sets the tune?'

In the ideal-type perspective, co-operation is defined by the researcher or the institution which commissioned the research. Implicitly, more often than explicitly, this

definition (which, as explained, is used as a yardstick for analysis and evaluation) is determined by the *hidden objectives* of the broader development program of which the research is part. At the same time, the program very often takes its conception of co-operation from one of the previously mentioned traditions but uses it for its own multiple purposes. In this sense, co-operation is not defined from the standpoint of the individual and collective actors involved. Although in co-operative terminology they are called ‘members,’ ‘participants,’ or ‘directors,’ in the ideal-type approach, their functions and freedom are greatly reduced. They are supposed to act only on the basis of preset rules which are directly deductible from the co-operative ideal. They are not considered to be creative actors actively participating in the forging of a co-operative ideology, a unique organizational structure and a co-operative praxis. It is thus unavoidable that the so-called ‘co-operative ideal,’ which is used to analyze a given co-operative setting, is biased by the ideological and sociological stand of the researcher and his institution.

When using an ideal-type concept as the principle analytical instrument, co-operative development theory and practice are hampered by the same weaknesses inherent to most classical development theories. Indeed, co-operative development theory inherited from the modernization, dependency and neomarxian development theories a functionalist approach which has little or no explanatory capacity. As all verificational or deductive theories, they try to capture the reality in grand evolutionary schemes which, following the accepted ‘laws of motion of the social reality,’ in one way or the other, inescapably make societies and their constituents move on the unilinear path from the ‘traditional’ to the ‘modern.’⁸ As will be seen later, the co-operative development strategies and related theories that were adhered to during the colonial and the post-colonial era shared this belief in the predictability and inevitability of the development process. Since the outcome could only be modern contractual co-operation, the main task of both theoreticians and practitioners was to identify the barriers, obstacles or prerequisites to speedy realization of the end result.⁹

The intervention strategies of governments and international agencies are also to a great extent legitimized by these same dominant theoretical paradigms, which attach great importance to the role of external forces in accelerating development, shaping development patterns, or setting and removing hindrances to development. Contrary to Western society, which acquired its unprecedented level of development through internal changes, non-Western societies, in this view, need intense contact with external factors

⁸ For the critique on the theories of modernization, dependency, and modes of production, see for example Taylor, 1979; Jacquemot, 1981; Vandergeest and Buttel, 1988; Hoogvelt A., 1976 and 1982.

⁹ On the conceptual weakness of the notion of ‘obstacles,’ see Hirshman, 1965.

and actors to trigger a development process. The Third World states were largely subsidized to function as intermediaries in this process. Modern contractual co-operation, as will be seen, has often been thought of as a change-inducing instrument for which external intervention was a *conditio sine qua non*. In these dominant approaches, the 'traditional' social reality is considered to be a static and conservative force which has no potential on its own to bring or direct change. In this sense, these approaches reduce the vernacular social context of the majority of the world's population to a reserve of little or no significance.

Development and co-operative theory and practice have ended up in an unprecedented *impasse*. The fact that mainstream thinking about co-operative development used simplistic and reductionist theoretical constructions, which all too often were taken for real, is fundamental to this. The crisis seems to a large extent to be a crisis of the intervention strategies and their theoretical references rather than of (co-operative) development *per se*. There are at least two observations that justify this statement.

The developing countries, first of all, in no way followed the paths that were predicted: the co-operatives have not acquired the modern status foreseen and do not function according to the principles ascribed. The actors which have so far been prominent in trying to introduce and shape co-operation in the developing world (colonial agencies, national governments and international aid agencies), have only been able to set the parameters of a co-operative sector. They had to invest a tremendous amount of resources to achieve this. Still, no uniform sector has been realized and there is a definite disenchantment with the poor results of what has been invested. Interventions have seldom achieved what was intended, and, unexpected by those who believe in a universal co-operative project, different and divergent trajectories are drawn.

A second observation is that a new historical breaking point was reached in the 1980s with the introduction of a 'liberal democratic option' for the Third World countries and the removal of the capitalist-communist schism. This at once eliminated the credibility of the old paradigms and introduced the structural preconditions for local individual and collective nonstate actors in the developing countries to reappear on the scene. The resources at the disposal of the external agents, governments and international agencies were reduced and reallocated under pressure of the economic and financial crisis. Under the new emerging paradigm, the ideal-co-operative perspective loses not only its theoretical utility but also its practical implications. A social-movement perspective might replace these losses.

2.3 A Social-Movement Perspective

Most developing countries are now witnessing a spectacular rise of social movements of different sorts (see e.g., Eckstein, 1989; Jennet and Steward, 1989). As Fuentes and Frank note, “among the most numerous, active, and popular of these social movements are a myriad of apparently spontaneous, local rural and urban organizations/movements, which seek to defend their members’ survival through co-operative consumption, distribution, and production” (1989, p. 184). While these scholars recount the rise of new social and co-operative movements which they label as ‘defensive,’ one also has to take note of the ‘revival’ of the ‘old’ movements. On the one hand, a growing interest of the labour movement for co-operative development can be observed, and on the other hand, some old co-operative sectors are turning themselves into co-operative movements. Financial self-sufficiency of successful co-operatives, on the one hand, and reallocation of resources on the side of governments or other interventionist agencies have made it possible for certain groups (members or others) to ‘capture’ the co-operative organizations and to question the prevailing patronizing system. In many cases, a revision of co-operative legislation is at the top of the agenda of these co-operatives. Invariably, the co-operative sector pushes for a restriction of the so-far excessive power of the registrar of co-operatives (e.g., in the Anglophone Caribbean, Indonesia, and India) or even the introduction of the notion of subsidiarity (e.g., the Philippines).

Although spontaneous action and internally driven development are now more than ever possible, such change is not being realized in a vacuum but in a context which carries the traces of the past (the sector) and in which other actors are still responsive to what is happening. A social-movement perspective will have to be developed to understand the dynamics of this process.

2.3.1 Social Movements

In this paper, co-operative movements in the Third World countries will be looked at from a social-movement perspective. For this purpose, social movements are defined as spontaneous collective attempts to further common interests or secure common goals through specific organizations which represent the ideology of the movement. Social movements, as Giddens (1990, p. 161) notes, “provide glimpses of possible futures and are in some part vehicles for their realization.”¹⁰

Gerard and Martens (1987, p. 27) give a useful starting point to understand the dynamics of social movements. They distinguish three components or forces in all social

¹⁰ Referring to Alberto Melucci’s “Nomads of the Present,” 1989.

and co-operative movements. There is, first of all, the ideology of the movement which presents both the images of a desirable society based on more or less specified values, and the ways to achieve this. There is, secondly, the praxis or the action which embodies the spontaneity which characterizes all social movements and is responsible for the mobilization and participation of the membership base. To realize their objectives, social movements do not only formulate alternative visions of society and mobilize their members to underline the importance of them. They also develop at least a minimal organizational structure.

In a push-and-pull fashion, each component interacts continuously with the others, although, at certain times, one component can take a dominant position. Through their praxis and action, people create and recreate the ideology of the movement and participate in the movement's organizations (e.g., via meetings, assemblies or elections). The ideology determines who can be involved (in-group vs. out-group) and what kind of praxis is desirable or acceptable and also legitimizes specific modes of organization. The organization, in its turn, presents the framework (and often the limits) of the praxis and acts as the official voice of the ideology. The way these three components interact and the results of this interaction creates the 'identity' of a social movement. Thus the movement *becomes* a retreat movement, a protest movement, a reform movement, a revolutionary movement, or whatever mixture.

The following scheme illustrates this interaction:

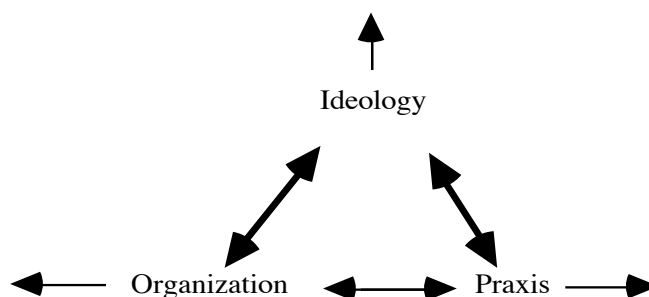


Figure 1: Components of a Social Movement

Although they continuously interplay and need to be present in order to give 'life' to a social movement, each of the three components has a tendency to lead a life of its own. These are the centrifugal tendencies inherent to all social movements. The 'ideologists' push for purity and object to 'deviances' which occur both in the praxis and the organization components. The 'activists' push for action and radical involvement of, and response to, the expressed views and needs of the members. The 'managers' push for

realism and adjustment of the movement to the so-called objective conditions of the environment. The group that is responsible for the reconciliation of the three forces is that of the 'social movement entrepreneurs.' They steer the movement, taking into account the internal dynamics of the movement as well as the external environment, and make the necessary strategic and tactical choices.

Using this scheme, it is accepted that social movements are voluntaristic phenomena, based on a certain degree of creativity and spontaneity. However, this does not mean that social movements are created or function in isolation. Historical and contextual factors not only determine the genesis of a social movement, but also influence the interaction of the three components, as well as their content.

In this sense, not only the 'movement actors' (members, managers or movement-entrepreneurs) but also external actors, who relate to the movement in a protagonistic or antagonistic way, play a role in shaping the ideology, the praxis and the mode of organization of social movements. These interactions between the movement and the environment, furthermore, take place within a specific historical-sociological context which 'allows' certain ideologies, praxis or modes of organization to exist. It follows from this that all social movements and hence co-operative movements are unique.

2.3.2 Social Movements: Genesis, Life-Cycle and Repertoire

Social sciences have always been puzzled with the *ideal psychological and social breeding conditions* for social movements. Traditional social-movement analysis is based on the assumption that shared grievances or perceived deprivation are important preconditions for the emergence of social movements. However, discontent within a population does not always lead to the formation of a social movement. Therefore attention turned to searching for additional preconditions. Smelser, who sees social movements still as a response to 'objective circumstances,' for example, identifies six cumulative conditions: structural conduciveness, structural strain, generalized beliefs, precipitating factors, mobilization of action, and operation of social control. Olson sees social movements as coming from the rational and calculated choices people make for certain collective goods (Olson, 1971). The North American resource-mobilization theory, which is based on the Olsonite assumption of rational choice, later introduced the useful examination of a variety of resources a social movement must mobilize, as well as the linkages of social movements to other groups, the dependence of movements upon external support for success and the tactics used by authorities to control or incorporate movements (McCarthy and Zald, 1982).

In the recent literature on social movements in Third World countries, a great deal of attention is given to the structural conditions which give rise to social movements. Paige, in his classical study of social movements and export agriculture in the underdeveloped world, sees (rural) social movements as “the consequence of interaction between those classes which perform the actual physical work of cultivation and provide the mass base of an agrarian movement and those non cultivating classes which draw their income from agriculture but are frequently the targets rather than the initiators of agrarian protest”(Paige, 1975, p. 9). Huizer shows that these relations do indeed play an important role but only lead to the creation of peasant movements if the rural status quo erodes (Huizer, 1976).

Eckstein, who looks more into the complexities of social-movement genesis in the Third World, distinguishes six conflict areas which can lead to collective action: conflicts rooted into the relations of production, conflicts within the market relations, racial and ethnic conflicts, gender relations, political institutions and political processes (Eckstein, 1989). Fuentes and Frank, finally, link social movements to cyclical macro-processes. “Although economic slowdowns or downturns may not generate social-protest movements directly, they may promote the ‘political opportunity structure’ to generate or amplify movement demands, to mobilize movement participants, and to promote movement success (including alliance) possibilities in unsettled times more than during economic upturns” (Fuentes and Frank, 1989, p.183).

The structural and the resource-mobilization approaches presented are not mutually exclusive but should respectively be presented at the macro- and meso-levels of society. A structural approach can be used in identifying the macro-economic and social tensions which feed social movements but should not be used to predict the development of social movements (which has often been the temptation of structural-functionalist and neo-marxian theories). A resource-mobilization approach can be used to look at the dynamics of social-movement creation in its interaction with external forces that also operate at the meso-level.

Social-movement research is concerned not only with the genesis of social movements, but also with the *life* that these movements lead. The focus thereby has mainly been on the organizational structures that movements create. These organizations are considered to be both the strength and the weakness of social movements. On the one hand, they are necessary to mobilize the resources needed by a movement, but on the other hand, they also gradually set in motion a process of institutionalization and bureaucratization. The observation that social movements undergo significant changes during their existence has led to numerous attempts to formulate theories of the ‘careers,’

‘life-cycles’ or ‘natural histories’ of social movements (see e.g., McCarthy and Zald, 1982, Meister, 1982, Touraine, 1973). Most research points to the tendency of social-movement organizations to separate themselves from the ideological and praxis side of the movement. Often drawing from the sociology of organizations or association, the social-movement theories detect a number of steps or a ‘generation–degeneration process’ social movements go through. They start with the utopian phase, epitomized by the charismatic leaders’ vision and mobilization power. This is followed by the movement phase, which invariably sets in motion a process of formalization and institutionalization in which an oligarchy dominates the internal power relations. This leads to a “slowing down of the movement process” (Meister, 1982) and, finally, engenders goal displacement or a redefinition and de-radicalization of the movements’ objectives, a loss of impetus and shrinkage of imagination, and, subsequently a diminishing spontaneity and practice. In the final stages, most theories would conclude that organizational survival becomes the key objective driving what is left of the movement.

It is obvious that these theories owe much of their inspiration to Weber’s classical characterization of bureaucratization and bureaucracies, as well as Michels’ “iron law of the oligarchy.” The process which will be presented on the Third World social movements, and in particular on Third World co-operative movements, will indicate the possibility that the reverse process may also unfold and that a revival of social movements may take place whereby the established social-movement organizations are refueled by stronger ideological and action tendencies. While there is no doubt that social movements generally move through certain phases, they do not often do this following the rigid framework presented, nor do they invariably end up in complete ossification as suggested. As Giddens (1990, p. 138) asserts, the Weberian picture of bureaucracies is inadequate and “rather than tending inevitably towards rigidity, organizations produce areas of autonomy and spontaneity.” In addition, an “iron law of democracy,” as suggested by Gouldner (1961), might be as applicable to any organization as an “iron law of oligarchy.” This is certainly all the more the case for social movements, which have a constitution different from most other social organizations since their organizations find their *raison d’être* and continuous legitimacy in the quality of their relation with the ideological and praxis component.

To orient and direct their collective action, people have a wide gamut of channels and means at their disposal. This *repertoire* is created through the dynamic and dialectic interplay between the triad components of praxis, ideology and organization but draws to a large extent from the social, economic and cultural environment.

Groups can use a set of 'silent' means of protest to show dissatisfaction with the existing conditions in an indirect way. They may use humor or art; other possibilities are sabotage of the production cycle or noncompliance with instructions. In other circumstances, and *moved* by other impulses, they will more openly present their grievances through demonstrations, strikes, riots, occupation of land, boycott of business or by the development of social and economic alternatives such as communes, self-help schemes or savings clubs. Alliances with and oppositions to other social groups will colour their choices to a great extent. While in the first instance 'quiet' practice might generally be accompanied by a nascent or tacit ideology, in the second case a more pronounced ideology will be found.

The pivotal core of all social movements' ideologies, whether implicit or articulate, is composed by values and, in sociological terms, is thus based on value rationality, as opposed to goal or calculative rationality. This is not to say that all social movements' ideologies are identical or similar. Divergent values can lead to very different analyses of society, its flaws and 'enemies,' as well as different theoretical constructs on the means to achieve social change or transformation.

In terms of praxis and ideology there is thus an indefinite number of alternatives. Collective action also leads to a wardrobe of organizational setups: syndicates, coordination groups, committees of all sorts, and leagues or societies. Co-operatives are just one alternative, but a unique one. Since the organizational options to a great extent codetermine the 'profile' and the 'life cycle' of a social movement, it is worth looking more closely at the relationship between co-operation and social movements.

2.3.3 Co-operative Movements and Social Movements

Co-operative movements have seldom been studied by scholars interested in social-movement research, who traditionally tend to focus on trade-union movements, nationalist movements and 'new' social movements in the industrial countries, or on revolutionary or peasants' movements in the Third World. Promoters of co-operation, as well as scholars involved in co-operative-development research, however, have often taken for granted that co-operatives belong to a special social movement without specifically analyzing the co-operatives from that angle. Worsley, for example, asserts that co-operation "has been a social movement with its own ideology: a social and moral critique of the existing society and the existing economy" (Worsley, 1971, p. 8). Others, however, such as Roy, explicitly refuse the equation of co-operatives with social movement organizations. "It is not an economic system. It is not a movement, political or otherwise. It does not seek to overthrow or destroy capitalism; rather it seeks to preserve

capitalism. It is not a conspiracy to link all co-operatives in one nation or in several nations into one economic movement. It is not a social movement. It is not a welfare scheme to give something to somebody....” (Roy, 1976, pp. 36-37).

Even a brief look at the history of co-operative movements in industrialized countries could justify an analysis which defines co-operative movements in the same vein as other social movements, since they also function on the basis of a dialectic interaction among the elements of doctrine, praxis and organization as described above and they undergo the same social processes. Indeed, the utopian ideologies of the St. Simonists, the Owenites, the Fourierists sparked co-operative practices and experiments which gradually resulted in more practical and enduring co-operative organizations representing the co-operative ideology and responding to specific co-operative praxis. This process inevitably led to a mostly underestimated diversity and heterogeneity in co-operative movements, since different ideological positions were developed, different practices were shaped and different organizational models were set up. This happened against the background of the industrial revolution, as well as the “revolution of ‘soft’ technology – of law and commerce, company organization and market size and rules, investment and credit” (Fairbairn, 1990, p. 65). The development of capitalism did not, however, start from a *tabula rasa* but unfolded against the specific social, political and economic environments of the different nations. Similarly, the original co-operative praxis and ideology developed as a form of collective action that mobilized specific groups who felt threatened by the ongoing social and economic developments in society, but who were also aware of the assets their group possessed to maintain, or even improve, its relative position in the given context.

It follows that co-operation was undertaken by a variety of groups who had little or nothing in common and thus looked at the problems of society and the potential role of co-operation from very different perspectives. In Britain, Germany, Belgium and France, the consumer-co-operative movements functioned as social-emancipation movements of the working class; the agricultural and the credit-co-operative movements, on the other hand, evolved as social defense or preservation movements of the rural and urban lower middle classes. It is therefore no surprise that co-operative movements, right from the beginning, exhibited different visions of society (e.g., on the role of the state, the potential of a third ‘co-operative’ way, etc.), different practices (e.g., concerning the role of patrons, the attitude towards state intervention, etc.) and different organizational models (limited or unlimited liability, single-purpose/multipurpose systems, centralized/decentralized operations, etc.), which also changed dramatically over time.

Co-operative movements therefore have always struggled with their identity and tried to indicate that co-operative organizations are different from private or state enterprises because of certain organizational characteristics. As follows from the above, this is an incomplete exercise since no attention is paid to the other two essential components of the movement: the ideology and the praxis, which cannot but differ from place to place and from time to time. As Fairbairn et al. assert “a list of organizational features can only note surface similarities” (Fairbairn et al., 1990, p. 16). A definition of co-operative movements in line with the above extension on social movements could be: co-operative movements are social movements which use some form of economic co-operation (organization) to the benefit of and with the involvement of the social group concerned (praxis) in order to defend the interests of the group which are considered endangered if the members would not react co-operatively (ideology).

As mentioned before, consensus-building exercises between the different sectoral and national (sub) movements within the ICA has led to the acceptance of a number of ‘universal’ principles. However, Watkins, who was the *rapporteur* of the 1966 ICA commission on co-operative principles, argues in his 1986 book on co-operative principles and practice that the ICA principles are only organizational rules intended to give substance in particular times and places to the true principles of the movement. These he lists as association (unity), economy, democracy, equity, liberty, responsibility and education.

It is clear that these principles, which are presented as the present-day universal principles, are shared by a variety of social movements. In fact, co-operative movements have always shared their principles with other social movements, because they have always been intertwined with them. This leads us to the point that, although the social-movement triad of ideology, praxis and organization is essential to understand the dynamics of co-operative movements, co-operatives cannot be analyzed as *distinct social movements*. Co-operation has a much more complex relationship with the phenomenon of social movements. It is this relationship with other social movements which to a great extent accounts for the diversity and scale of co-operative activity, a point which has rarely been appreciated.

The history of the phenomenon of modern co-operation teaches us that it is intrinsically intertwined with other social movements. These movements – workers’ movements, nationalist movements, social-religious movements and even political movements – are often at the origin of co-operative movements, colour the vision which co-operatives in a certain country or region exhibit, feed the co-operatives with movement entrepreneurs and members, provide the grassroots commitment to the co-

operatives, and determine the organizational outlook of a co-operative movement and its relation with the outside world (the State, other social movements, countermovements, etc.). In this sense, the identity of a co-operative movement is not only the result of the interactions among its own praxis, ideology and organizations. It is to a great extent determined by the broader movement to which it is related.

To analyze the relationship between co-operative movements and other social movements, one could use the ideal-type dichotomy of 'central' and 'peripheral' movements. No co-operative movement in reality represents truly either the central or the peripheral ideal type, but the notions can be used in a Weberian sense to achieve a better understanding of the level of integration of co-operative movements with other social movements.

In the cases where the co-operative movement is the central movement, co-operation has been the focal point around which collective action of certain groups was centered. This is the case, for example, for the Basque co-operative movements of Mondragon,¹¹ the agricultural co-operative movements in the Prairie Provinces in Canada, the consumer co-operative movements in Britain, and many others. Even in these cases, other social movements were involved in stimulating co-operation and, for a long time, were related to these co-operative movements. This was the case with the nationalist and social religious movement in Mondragon, the farmers', regionalist, populist, and social-gospel movements of the Canadian Prairies, and the chartist and workers' movements of Britain. For all of these movements, co-operation was central to their practice, organization and ideology while still oriented towards achieving the broader movement's aims. For this reason, these co-operative movements could be labeled 'central.'

At the other end of the spectrum are the 'peripheral' co-operative movements, which are created by social movements as one of many instruments to achieve their goals. In this constellation, co-operatives function alongside more central-movement organizations such as trade unions, political committees, and adult-education groups which dominate the movement in its praxis, ideology and organization domains. The *Gemeinwirtschaft* enterprises of the German Confederation of Workers (DGB), although in most cases not registered as co-operatives, are prime examples of peripheral organizations since they are wholly owned by the union itself. Other co-operative movements also to a great extent have a peripheral character. This is the case for example for those owned by the Israeli labour movement, the Histadrut, or the Kirkpatrick-type of co-operative, in Illinois. These latter co-operatives are controlled by the Farm Bureau, which is a farmers'

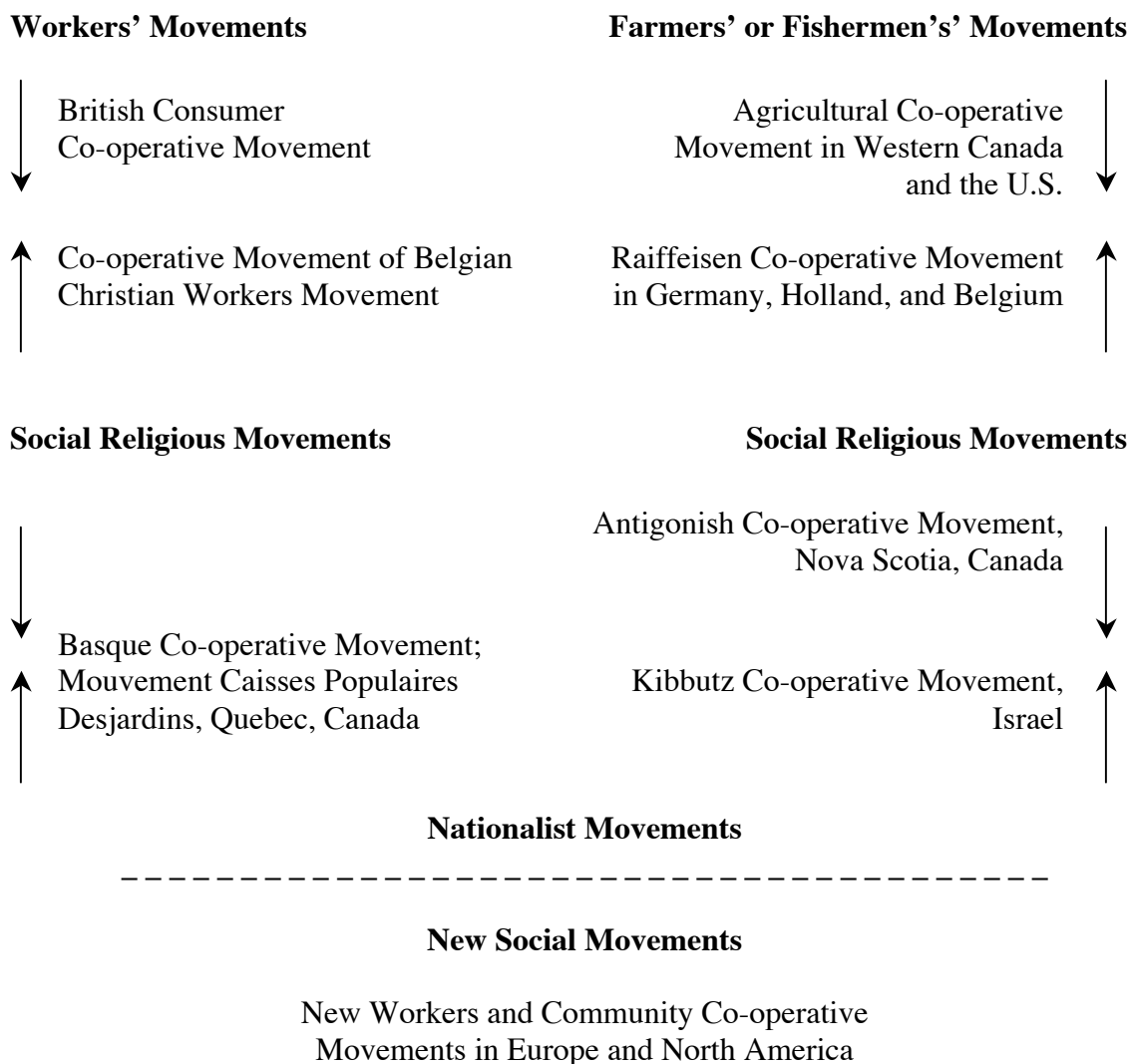
¹¹ See e.g., Melnyk, 1985, pp. 67-72; MacLeod, 1990.

lobbying organization, and not by the members themselves (Olson, 1971, pp. 153-159). The co-operatives of the Belgian Christian Workers Movement also tend to a peripheral position since their system of indirect co-operation foresees other organizations belonging to the same social movement (especially the trade unions and the friendly societies) to control these co-operatives.¹² The latter case shows that co-operatives might not be developed originally as peripheral instruments but can gradually lose input into the agenda and dynamism of a movement (see e.g., Kwanten, 1987).

The reverse can also occur, as is illustrated by the Antigonish movement in Nova Scotia. In this case, a wider social movement with a distinguished social-religious inspiration and primarily concerned with adult education, sparked off a high number of fishermen's co-operatives, consumer co-operatives and credit unions. When in 1940 the responsibility for the educational component was transferred to the Nova Scotia Co-operative Union, the co-operative movement moved centre stage of this broad Acadian movement (see e.g., Miffen, 1989-90).

¹² The friendly societies in Belgium are *inter alia* involved in health-care insurance, health services, and co-operative drug stores.

Table 5: Classification of Some Major Co-operative Movements and Their Relationship with Other Social Movements



All co-operative movements can be placed on this central-peripheral axis. Its interaction with the other social movements thus determines to a great extent the profile of the co-operative movement, i.e. the values that are presented in the ideology, the particular social group(s) involved in the co-operative praxis, and the modes of organization. Table 5 gives an overview of some major co-operative movements and their relationships with other major social movements. A choice has been made to include those movements that have been referred to as 'models' for co-operatives in developing countries. As well, the table shows only the major social movements that are linked to co-operative movements. Other movements, such as women's movements,¹³ and political and consumer movements, have also been involved in establishing co-operatives and have influenced the praxis, ideology and organization of co-operative movements. The table clearly illustrates that most co-operative movements do not hinge exclusively upon one single major social movement but receive impulses from different social movements at the same time or over time.¹⁴

One of the consequences of this close relationship that co-operative movements have with other social movements is that the co-operative principles of 'neutrality' or 'open door' and 'co-operation between co-operatives' have remained problematic. Co-operative membership has in many cases long been exclusively linked to the particular constituencies of the other movements, which are seldom mass movements but usually address a specific social group or class in society and often do not shy away from partisan politics. Schedewy describes this paradox, noting that only when the ideological tenets of these movements move to the background of the co-operative-movements-become-systems does the neutrality principle reach its historical triumph (Schedewy, 1990). Co-operation between co-operatives as a principle in turn has been confronted with the reality of intermovement rivalries. Nowhere has a national monolithic co-operative movement been developed. The only exception may be where the co-operative movement was part of a centrally planned and government-controlled economic system, such as the former communist *Centrosyuz* or the Chinese communes. However, while originally

¹³ See e.g. Kwanten G., 1987, on the role of women's movements in the Belgian Christian workers co-operative movement; Hammond Ketilson L. and Simbandumwe S., 1990, on the women's co-operative guilds in Saskatchewan co-operatives.

¹⁴ See e.g. Van Diepenbeek, 1990, on the influence of the social doctrine of the Catholic Church on the 'solidaristic co-operation school' which was the ideological basis for the Raiffeisen co-operatives and the Christian workers co-operative movement in Belgium, both of which gradually became more neutralized as broad-specter farmers' and workers' movements; see e.g. the Quebec *Desjardins* movement and its shift from a social-religious to a nationalist-inspired co-operative movement (see e.g., Desforges D.G., 1990); see Defourny, 1988, on the new wave workers' co-operatives and their development on the 'cross-roads' of divergent old and emerging movements and counter-movements.

born out of a social movement and an extreme form of spontaneous collective action, these co-operative movements developed towards imposed collective action and, in this sense, lost their social-movement character.

The fact that co-operation is fundamentally tied up with social movements does not mean that its relationship with these movements is of the same nature as that of other social-movement organizations. What distinguishes co-operatives from collective-action organizations is that an enterprise — the co-operative — is chosen as the key instrument to realize the aims set. As Michelsen explains, this is vital for the understanding of co-operative movements since enterprises are part of the market, and markets are based on goal or calculative rationality as opposed to the value rationality that drives social movements and their organizations (Michelsen, 1990). Co-operative movements try to bridge these two sets of rationality but show a tendency to become absorbed by the market. This tends to weaken the social-movement character of co-operative movements far more than the institutionalization and bureaucratization processes observed with all social movements.

2.3.4 Co-operative Movements and Development: Four Hypotheses

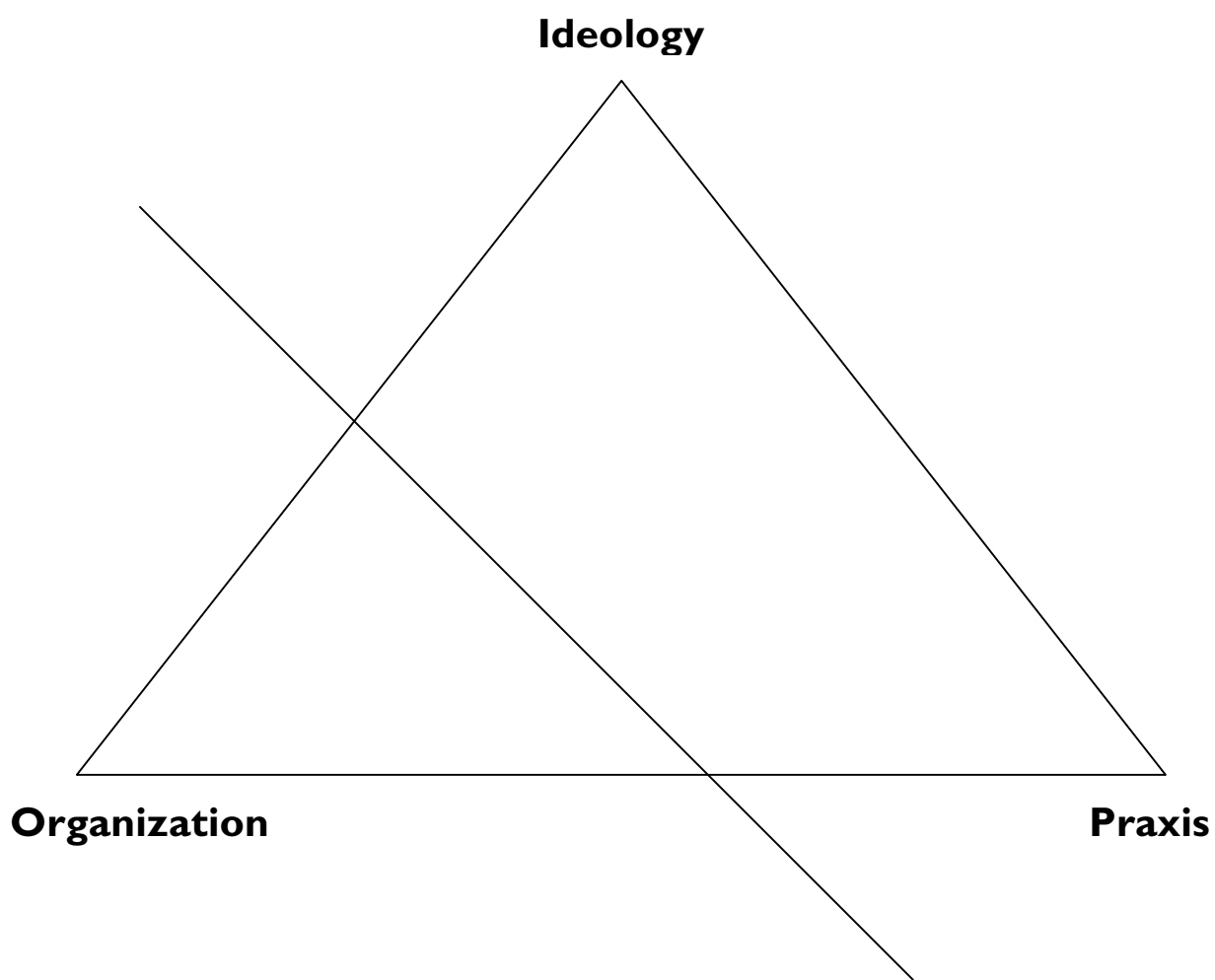
The phenomenon of co-operation in the developing countries has seldom been analyzed as a social movement, let alone in relationship to other social movements. This perspective has not been considered by the major actors in co-operative development nor by scholars involved in the study of co-operatives in the Third World. Still, a social-movement perspective—apart from its practical implications—offers a number of analytical advantages. From the vantage point of the social-movement perspective four hypotheses can be formulated about the phenomenon of co-operation in the Third World.

1. The first hypothesis is that co-operation emerged and developed as an instrument of external agencies foreign to existing or potential social movements. The external agencies introduced organizations that were called co-operatives purely because of their structural resemblance to the co-operative organizations found in the industrialized countries. As Figure 2 shows, only the organizational component of co-operative movements was introduced; it was amputated from the praxis and ideology components.

In other words, co-operatives did not come into being in the Third World as organic organizations of social movements which mobilized the people through their collective action to achieve certain goals which were defined by the people concerned. In this sense, it was not a co-operative movement that appeared, but a co-operative sector.

2. The second hypothesis is that co-operatives, as sector organizations, carry the legacy, or imprints, of the different strategies deployed by different external actors to introduce and manage a co-operative sector. The different actors that have been involved in co-operative-sector development are the colonial agencies, national governments, international agencies, and aid agencies. Their specific approaches to co-operative development differ to a great extent and have changed over time. Each left different traces behind.
3. The third hypothesis is that people developed different attitudes towards these co-operative institutions and at times tried and succeeded to 'move' the sector in

**Figure 2: The Three Components of Co-operative Movements
in Developing Countries**



their own direction. They were only partly able to do this and were always confronted with counter-reactions from the other actors involved.

4. The final hypothesis is that the present revival of social movements in the Third World can lead to the resurgence of co-operative movements. A first possible trajectory is the authentic co-operative development out of the sector; a second is the development of new co-operative movements.

The next chapter will examine the validity of these hypotheses. As background for that, the following section will present a historical and sociological overview of the different co-operative-promotion strategies developed and the way they interacted with the populations concerned.

3. Co-operative Development Strategies

For many years, co-operatives have been the focus of attention for many actors involved in development issues. This section will try to show how these actors perceived co-operation and how the perception was related to more general approaches towards the problem of development. As the perception of the development problem changed over time, so did the concept of co-operation in development and the related promotion strategies. A colonial period, a nationalist-populist period and a post-nationalist period will be distinguished. It will be argued that these historical periods were breaking points which changed the perception of the development problem, the actors involved and their relative roles, power and influence. These breaking points do not produce a complete new social, economic and political scene, but reorient the existing constellation in another direction. Certain characteristics of the old periods are therefore preserved, imbedded as they are in the social institutions that are part of society.

3.1 The Colonial Co-operative Promotion Strategies

In many Third World countries, it was the Europeans (e.g., planters) who first started activities based on modern contractual co-operation. This was the case in Asia, Africa, Latin America and the Caribbean. Bearing no relation at all to these co-operative initiatives, co-operatives were, from the end of the nineteenth century onwards, introduced and promoted by colonial agencies. The British started first with this process, but the Belgians, the Dutch and the French also developed their own co-operative-promotion strategies.¹⁵ These strategies conformed in general with the overall colonial

¹⁵ The Portuguese colonizer never relied on co-operative structures as instruments for control or for the extraction of agricultural surplus. As Holmén indicates, "Portugal, with its limited administrative capacity, gave priority to procuring land and labour for the mining and plantation companies (in

strategies of the mother countries but were certainly not the result of the coherent action of one single monolith institution. Different actors were involved in this process, all of whom were part of the colonizing force: administrators and business interests in the colony; metropolitan politicians and administrators; and, to some extent, the co-operative movement in the home country, the churches, and some other social-reform organizations or pressure groups.

The colonial strategies of co-operative development were based on certain assumptions that were seldom challenged and persist, in some cases, up to the present days. These assumptions were drawn from the evolutionist-modernization theory, which predicts that all societies move through certain predetermined stages and from the 'traditional' to the 'modern.' The first assumption that underlies the colonial co-operative strategies was that the co-operative type of organization would be beneficial to the overall development process of the colony and its population. This, it was reasoned, was the case for all the developing nations, since they were all characterized by similar social and economic patterns. While the colonizers assumed a certain degree of similarity in all the colonial territories, they did consider the situation in these places to be fundamentally dissimilar to the situation in the home countries, even in their preindustrial times. The initial stages therefore would have to be approached differently. In terms of co-operative development, this meant that the traditional societies with which the colonizer was confronted did not have the social basis for co-operative development on their own. It generally was accepted that co-operation could be easily applied because of the psychological inclinations of the indigenous people, who were experienced with traditional forms of co-operation. These traditional forms of co-operation, however, were considered to belong to the past and it was modern contractual co-operation which would bring them into the future. As Milcent, the French President of the Social Secretariat in Togo, stated in 1953, "the co-operative idea in Africa has the advantage of being the hinge of the tradition and of the progress" (Milcent, 1953, p. 114). Margaret Digby, a British co-operator who was very influential in the development of the British co-operative development strategy, voices a similar position when she states that "the value of co-operation is that it provides for a transition from the primitive to the modern economic and social worlds, which involves no violent disruption, prevents the exploitation of the less advanced by individuals or groups, does not place an intolerable burden of cost or responsibility upon the central government, and makes no demands on

Guinea Bissau, Angola and Mozambique), and made few attempts to improve or commercialize peasant agriculture" (Holmén, 1990, p. 23).

human nature which it has not, in many countries and climates, been proved fit to meet” (Digby, 1953, p. 162).

The colonizers further assumed that co-operation was especially useful to modernize the rural sector with its homogenous social and economic structure. The village was identified as the appropriate level for a co-operative society because the co-operative structures integrated with the existing social structures without being too disruptive. Because of the inability of the indigenous people to develop modern co-operatives, the colonial government was singled out as the most appropriate and best-equipped agent to organize, guide and control co-operatives. Because of the backwardness of the people, this task was primarily a task of tutoring. It was assumed that co-operation would be learned and that this learning phase in fact should precede the actual self-management of co-operatives by the natives.

Co-operatives and co-operative education were considered useful for the introduction of modern values and norms, i.e., for acculturation. Indigenous people could as such gradually learn how to operate business ventures and how to perform in a modern democratic context. The actual involvement in business and democracy, though, would take time. Supervision would be necessary and co-operatives would have to be guarded not to become involved in politics of any sort. Co-operatives thus were assumed to need governmental sponsorship and guidance if they were to be initiated and survive ‘properly.’ As will be seen, this colonial option for ‘government-sponsored co-operation’ gradually evolved towards ‘government-controlled co-operation’ in many cases.

In summary, one could say that the ascribed objectives of the co-operatives introduced by the colonizing agencies were to uplift gradually the traditional, and particularly rural, folks to more modern standards, through a process of acculturation by means of co-operative exercises guided by responsible government authorities. How this paternalistic vision was put into practice by the different colonizing countries in their respective co-operative development strategies will be examined in the following section. The focus will be on the British strategy since this could be considered the trend-setter, in that it greatly influenced other strategies through its impact on the United Nations’ (UN) co-operative approach. The Belgian and French colonial co-operative strategy will also be analyzed in order to throw some light on the different colonial philosophies and approaches that incorporated co-operative strategies.¹⁶

¹⁶ We will not go into the Dutch colonial development strategy since to a great extent it followed the pattern of the British strategy in that it soon replaced its metropolitan co-operative law by a special ordinance on indigenous co-operative societies (1927). The promotion of these societies was placed in the hands of a special co-operative advisor. The advisor and his staff combined administrative and

3.1.1 *The British Colonial Co-operative Development Strategy*

The British co-operative development strategy, which has become known as the ‘classical British-Indian Pattern of Co-operation’ (Digby and SurrIDGE, 1967), has certainly been the most pervasive and influential of all the co-operative development strategies. This strategy fit well with the ‘indirect rule’ principle of the British Empire, which implied the administration of the colonies through ‘native structures,’ as well as a decentralized system of government, and an appreciation of local voluntary participation.¹⁷ It is therefore no surprise that co-operative development was not initiated as a centralized initiative of the authorities in London but by the more liberal colonial administrators in the field.

The idea of co-operation as a tool for development came at the end of the nineteenth century. At that time, the British Colonial Government of India commissioned a study of the co-operative movements and legislation in Europe (Münckner, 1989, p. 101 et seq.). On the basis of this research, done by Sir F. Nicholson, the government decided to introduce co-operatives of the German Raiffeisen model into India. Nicholson’s research report recommended multipurpose co-operatives to meet the varied needs of the Indian farmers. However, the colonial government decided against them on the assumption that a co-operative with several departments was too complex to be operated by uneducated peasant farmers and managers of the caliber available in the villages (Ward, 1969, p. 8-9). This idea that the co-operative promotion strategy should take into account the *low level* of development of the natives persisted throughout the whole period of colonial rule. It was evident not only in the choice for single-purpose co-operatives, but equally in the option for a simple, easily understandable law, which could be considered a development law. As Müncker notes, the *Indian Co-operative Credit Societies Act* which was enacted in 1904, “was a ‘development law’ in the sense that it was based on an

supervisory tasks with promotional and educational functions (see e.g., Van Dooren, 1978; Ghaussy, 1964).

¹⁷ The Japanese colonial government also set up co-operative-type organizations in its Asian colonies. These were financial associations, farmers associations, and industrial associations. As Ki-Won Suh observes on the Korean case, “these organizations played predominant roles as instruments of policy implementation of colonial government and control and surveillance of rural people and rural society” (Ki-Won Suh, 1989, p. 278). Meister makes the interesting observation that the indirect rule principle used by the colonial administration corresponds with the approach to local government in the Anglo-Saxon countries. “The local Anglo-Saxon government has always been characterized by decentralization, by the preeminence of the legislative, by the co-optation of responsible persons through systems of committees, by a wide gamut of activities, by the participation of the citizens, this opposed to the French system which led to the ‘direct rule-principle,’ which is characterized by centralization, by strict hierarchical structures, by the pre-eminence of the executive, by the limited gamut of initiatives and the little accent on voluntary local participation (Meister, 1977, p. 18).

imported theoretical concept without practical experience with this form of organization under socio-economic conditions prevailing in India. It did not legalize tested practice but rather was part of an experimental development program to be implemented with government's assistance" (Müncker, 1989, p. 101).

Unlike the French and the Belgian strategies, which will be studied later, the British strategy began with a critical social analysis of the indebtedness of the rural population and usurpation by the money lenders. For this reason colonial officers played a key role in promoting the idea of co-operation for the dependencies. The British co-operative movement also promoted the idea. In 1900, the Congress of the British co-operative movement, for example, passed a resolution on 'Co-operation in the West Indies' and called for representations to be made to the government to pass Industrial and Provident Societies legislation for these overseas territories. The colonial officers discovered similarities with the situation of rural Europe in the mid-1880s and saw a potential for the successful Raiffeisen model to remedy this situation through credit co-operatives at the village level. However, the similarities for the colonizer ended there, since, unlike the European societies, the societies in the dependencies were supposed to be static societies that did not have the internal impetus to move towards a full-fledged co-operative system. Government therefore had to step in on a temporary basis and get the movement of the ground. The basic idea of this scheme was thus, as Münkner observes, "to create autonomous, self-reliant co-operatives in the long run, but to generate the lacking initiative and technical know-how of the local population by the services of officials of a specialized government agency (Co-operative Department), headed by the Registrar" (Münkner, 1989, p.103). As the British Overseas Services themselves saw it: "At the outset, illiteracy, apathy and inexperience prevented the mass of peasants from handling effectively the affairs of the societies without help and guidance, and it was necessary for the registrars to assume an active role in the promotion and supervision of the growing co-operative movement in the early stages" (U.K. Information Service, 1961, p.4).

The registrar therefore was equipped with extended functions, discretionary powers and an important staff of assistant registrars, auditors, accountants, and supervisors, which went well beyond those of the British Registrar of Friendly Societies at that time. The colonial government considered this to be a temporary tutelage with much of a pedagogical function. This is clear, for example, from what Sir Denzil Ibbotson stated when he introduced the 1904 *Act to the Indian Legislative Council*.

"The District Officer must give the first impulses, he must explain the new law and preach the new gospel, he must select the places in which the experiment is most likely to succeed and must suggest to the people that they should try it,

putting it to them as an action to be taken, not by government but by themselves, while explaining how far and in what way government is ready to help them. For the first few years at least he (the Registrar) will constantly be going round, visiting the societies and watching their progress, criticizing and assisting them, but as a friendly adviser rather than as an inspecting officer. As experience is accumulated and societies gain strength and are able to stand alone, and as their numbers multiply, the 'dry nurse' element will disappear from his duties, which will become purely official" (cited in Yeo, 1980, pp. 6-7).

After eight years of experimentation, the 1904 act was amended to apply to all types of co-operatives, not only rural credit co-operatives, and to introduce the possibility of limited liability societies, as well as the formation of secondary and tertiary societies. This new act of 1912 was subsequently introduced almost unchanged into Ceylon and later the British dependencies in the Caribbean and Africa. However, before this British-Indian pattern of co-operation became the reference in these other territories, governments there had already started their own schemes of co-operative promotion and sponsorship. The general pattern was to pass legislation on 'Agricultural Credit Societies' that provided for credit societies or agricultural banks which served specific localities and were financed with government funds (see e.g., Gorst, 1959). While the original intention of the British was to develop this tutelage system as a starter which should soon lead to a 'de-officialized' system, the involvement of the government in co-operative promotion and development became a permanent feature of its strategy. The problem was soon recognized by prominent co-operative promoters, as well as by contemporary research done on the subject. Sir Horace Plunkett submitted that "the widely spread and numerously supported Indian Co-operative Movement would be more accurately called a Co-operative Policy. It was created by 'resolutions' (to all intents and purposes laws) of the Central Government and has been administered almost wholly by the ablest civil service in the world" (cited in Hough, 1932, p. viii). Hough, an American investigator who made an evaluation of the movement in the beginning of the 1930s, concluded that "the lack of spontaneity in the Indian co-operative movement is admittedly one of its greatest inherent weaknesses, however unavoidable under the circumstances" (Hough, 1932, p. 221). The colonial authorities therefore started a process of adjusting their promotion and development policies by training more local staff and decentralizing government co-operative services. This, however, brought new possibilities for the government agencies to extend their grip on the sector and the rural and urban poor.

The promotion of co-operatives was directly linked to the unrest that was growing in many places in the Empire. The British authorities, in many cases, introduced co-operative schemes only after rural or working-class protest. This was clearly the case in

the West Indies, where the early government attempts to set up co-operatives as social welfare institutions were suggested and promoted by the Colonial Office in London in response to recommendations by numerous Royal Commissions which had looked into the popular uprisings and protest movements of the peasantry.¹⁸ Working-class and rural-peasant protest in the colonies alarmed the 'Home' Government increasingly in the second half of the 1920s and throughout the 1930s. Calls were increasingly made for social and economic welfare initiatives. Many of these protests were directed towards the monopolies of European¹⁹ and American²⁰ concerns. However this did not lead to 'free and defensive' co-operative institutions initiated by the peasants, but rather to a number of welfare programs and co-operative marketing structures in which the white planters, the plantation owners and the independent peasants were involved. Co-operatives, indeed, as Le Franc notes, "were not meant to be in competition with existing economic relations" (Le Franc, 1978, p. 26). Like 'responsible' trade unionism,²¹ 'constructive' co-operation became gradually accepted as a mechanism to appease the working and rural classes and to avoid disruption and disturbances. In this sense, co-operatives were considered appropriate reformist welfare instruments.

While original British colonial policy was directed primarily to the maintenance of law and order so that trading companies might pursue and expand their business, the many social upheavals in the colonies and the results of the Royal Commissions of Inquiry which looked into the roots of these problems brought about a dramatic redefinition of the colonial economic polity. The 1939 British *Colonial Development and Welfare Act* epitomizes the change in the philosophy of colonial trusteeship. It laid down the principle that the Colonies cannot build up a reasonable standard of well-being if they have to rely on their own resources alone. The act changed the colonial policy from

¹⁸ On the changing attitude of the colonial and imperial officials in favor of a progressive and constructive role for the peasantry, see Lobdell, 1988.

¹⁹ In Nigeria and the Gold Coast, for example, the local, native growers protested for a long time against the monopolistic buying agreements concluded by European concerns to control West African cocoa and palm crops in their own interests. As Winster et al. note, the Cocoa Buying Agreement of 1937 brought things to a climax and resulted in an organized general hold up of cocoa in the Gold Coast (Winster, 1945, p. 25).

²⁰ For example, the struggle of the Jamaican banana producers with the United Fruit Company eventually led to the creation of the Jamaica Producers' Association, an organization that was strongly supported by the colonial authorities and subsidized by the Imperial Economic Committee (see Digby, 1951, p. 44; Winster, 1945, pp. 49-52; Gretton, 1957, p.9)

²¹ The central government in London started the encouragement of trade unionism in the colonies much earlier than that of co-operatives. For that purpose, a Labour Adviser was appointed to the Secretary of State, a special Labour Advisory Committee to the Colonial Office, and special labour officials to the Colonial Office.

imperial laissez-faire to subsidized interventions with corrective intentions by the central colonial authorities.

Co-operation was to become a major instrument in this new approach. Co-operation, especially in rural areas, was considered to have a leading role in turning the tide of the economic crisis the colonies were experiencing before and during the Second World War period since the crisis was primarily one of dependence on agricultural monocultures. Encouraged by the UN Conference at Hot Springs in 1943, which was concerned with the improvement of agricultural methods and output and the raising of food standards in all countries and which recommended co-operative societies for the colonies as facilitators in the adjustment of agricultural production and distribution, both the Colonial Office and the Fabian Society called for more efforts to promote co-operation in the Colonies.²²

The Fabian Colonial Bureau (Winster, 1945), which prepared its report in conjunction with the British co-operative movement, suggested that the co-operative movement could be a vital instrument in the transition period from the old to the new economy in the colonies, eventually leading to self-government. "Once a Colony has developed its co-operative economy in a reasonable wide field, a long step forward has been taken in its capacity for democratic self-government" (p. 15). Government help was called upon to realize a planned development of co-operative associations and enterprises. Balancing between defining the co-operative movement as a "dynamic people's movement" and defending an initial "stage of government assistance in guidance and education" (p. 16), the Fabian Colonial Bureau opted for co-operative organizations as "channels through which the Government scientific and technical departments – Agriculture, Health, Education, etc. – will be able to reach the mass of small producers" (p. 26). Because co-operatives were valuable instruments in introducing an appropriate agricultural policy in the colonies and would give long-term benefits to the colonial population, the Bureau pressed for a centralized co-operative promotion with a Co-operative Department in the Colonial Office and a Co-operative Advisory Committee, as well as for a Model Co-operative Ordinance. This would be actively propagated by the Colonial Office and oversee a co-operative department in every colony.

Shortly after the majority Labour Government came to power in 1945, the Secretary of State for the Colonies issued a circular to all colonial governments on the co-operative movement in the colonies. He saw particular scope and need for co-operative credit societies, marketing co-operatives and consumer co-operatives. Following the Fabian

²² A Colonial Office memorandum of 1944 stated among other things that "Government by initiating and developing co-operation is reaping a manifold recompense for the comparatively small sums expended by it" (Campbell, 1944, p. 9).

Colonial Bureau's recommendations to a great extent, he proposed two principal means by which the development and the maintenance of the movement could be encouraged and assisted by the colonial governments.²³ He insisted firstly "that there should be an Officer of the Colonial Government, usually called Registrar of Co-operative Societies, assisted by a staff of the necessary quality and strength, charged with the duty of guiding and assisting the development of the co-operative movement, and secondly that there should be a proper legal framework for the movement in the form of a Co-operative Societies Ordinance and the necessary rules thereunder" (Hall, 1946, p. 3).

Attached to the circular dispatch was a Model Co-operative Societies Ordinance and Rules, prepared on the basis of the classical British-Indian pattern of co-operation. While this approach pleaded for the development of a genuine autonomous co-operative movement, and while the Secretary of State repeated his department's commitment to a "not too cautious experimentation in the gradual relaxation" (Hall, 1946, p. 6) of government's assistance to the movement, the proposed Ordinance and Rules prepared for the State controlled co-operative development. Since, as Münkner rightly notes, the Rules were "characterized by an increase in the statutory powers of the Registrar and his staff to an extent that allowed even direct interference in the day-to-day management of the affairs of the co-operative societies under certain conditions, to convene general or special meetings of members, to demand removal of the committee of management of a registered co-operative society and to require dismissal of unfit officers" (Münkner, 1989, p. 107).

As several authors note, this model act influenced the legal and institutional framework for co-operative development in the Anglophone developing countries for a period far beyond the colonial times and set the parameters for state-controlled co-operative development.²⁴ Indeed, most colonial governments reacted positively to the recommendations of the Secretary of State. Legislation was prepared and co-operative programs were set up in most British dependencies. This was done in close collaboration with or integrated into social welfare activities, often initiated by social welfare departments and with funds made available under the Colonial Welfare and Development Scheme. In this sense, Plunkett's co-operative formula of simultaneously interlinking 'better farming, better business and better living,' was adjusted. 'Better living,' which

²³ Also following the Fabian Colonial Bureau's recommendation, a Co-operative Adviser to the Colonial Office was appointed to correlate the work of the Co-operative Departments in the various territories, and an Advisory Committee on Co-operation was formed with a membership of co-operative experts (see e.g., Gorst, 1959).

²⁴ See for example Thomas, 1989 for the Anglophone Caribbean and Münkner, 1989 for Anglophone Africa.

was mainly an adult-education and community-development device, was promoted to the forefront of co-operative activity and was seen by many as a precondition for it.²⁵

In this way, the British colonial governments developed a widespread co-operative sector with activities in credit, marketing, housing, handicrafts, fishing and the distribution of consumer goods. Their interventions were mainly directed through co-operative departments, were closely linked to the extension work of both agricultural and welfare departments, and were to a great extent promotion and supervision/control related. The British, however, never got into direct management of the co-operative societies and maintained a principle of self-government right from the outset. Also, unlike the Belgians and the French, they very early on in the development of the co-operative sector supported the creation of secondary societies. Table 6 gives an overview of the number of co-operative societies found in the British colonies in 1959.

²⁵ This also led to what became known as 'better living societies' which organized different kinds of social services like health-care facilities or sanitation facilities on a 'co-operative basis.' This was mostly done under government supervision and with government financial sponsoring (see e.g. Gorst, 1959 and U.K. Information Service, 1961, pp. 41-42)

Table 6: Co-operatives and Co-operative Members in the British Colonies (1959)

Country	Number of Societies	Number of Members
Nigeria	3,115	154,420
Sierra Leone	275	24,000
Gambia	55	4,389
Kenya	576	158,429
Uganda	1,598	187,860
Tanganyika	617	324,994
N. Rhodesia	245	33,421
Nyasaland	87	7,763
Zanzibar	67	5,161
North Borneo	14	901
Sarawak	172	11,253
Hongkong	264	14,598
Grenada	20	1,853
Barbados	39	1,750
Jamaica	215	60,830
Trinidad	917	63,322
Dominica	22	7,300
St. Vincent	12	1,102
St. Lucia	11	449
British Guyana	554	36,973
British Honduras	63	13,897
Cyprus	234	21,809
Malta	16	2,536
Fiji	87	3,975
Gilbert/Ellice Island	44	17,685
British Solomon Islands	10	741
St. Helena	1	42
Aden	25	7,465
Mauritius	343	32,420

Source: U.K. Information Service, 1961

3.1.2 The Belgian Colonial Co-operative Development Strategy

It was not until 1921 that the Belgian Government engaged in an explicit co-operative-development strategy for its colonies of Congo and Rwanda-Urundi. Before that time, co-operatives only existed among the white population. In 1921, co-operation which included the involvement of the natives was made possible through the extension

of Belgian metropolitan law to the colonies. By this move, Belgian people and natives in the colonies could start co-operative societies if those societies conformed with the general principles of Belgian law and if they were authorized by the Governor General of the colony (Muller, 1953, p. 32). Based on the 1921 decree, a number of 'European' and 'native' co-operatives were set up in the colonies.

As the survey carried out by de Wilde shows (1953, pp. 43-103), the orthodox free 'native co-operatives' were certainly not so numerous. Under the aegis of Catholic missionaries, a limited number of co-operative credit and co-operative savings societies were created. Far more influential than these free initiatives, however, were the 'co-operative' structures promoted by the colonial authorities in an attempt to support indigenous administrative structures. A major impetus for these co-operative structures came when the decree of December 1933 sanctioned the establishment of tribal or district administration (*circumscription indigène*) under state supervision (Akan, p. 8). Under the co-operative designation, public corporations were set up with the double function of generating resources for these tribal administrative structures and producing benefits for their population. These co-operatives were financed by the *Caisses Administratives de Chefferie* (District or Tribal Administration Funds), and the management was in the hands of the public servants of the colony, in close association with the local tribal chiefs. This integration of colonial administration with the local, indigenous structures was essential to the Belgian indirect-rule option which continued until independence. Most commonly, these co-operatives were involved in agriculture (the 'agronomats' and 'laiteries'), construction, tribal industries (e.g., oil mills, pottery making and basket making), and pools of different sorts.

The colonial authorities soon realized that these kinds of co-operative structures were creating a hybrid and delicate situation. These public corporations did not so much rely on the free initiative of the native people but were created for them and required a patronizing involvement of the colonies' public servants. Under the pretext of facilitating the indigenous administrative structures through these co-operatives, territorial administrators engaged in commercial and industrial ventures that were not always compatible with the interests of colonists. Many complaints about unfair competition led to the early liquidation of the co-operatives and a total revision of the system.

In 1940, the provincial councils called for a redefinition of the public corporations' position and role. They were of the opinion that the public corporations should eventually lead to the creation of co-operative associations managed by the local chiefs. But they hastened to state that "this kind of association is only viable in regions which are not already occupied by European commerce, that their role should be limited at initiating

commercial and industrial activities and, that they should yield and dissolve as soon as European commerce is ready to take off “ (de Wilde, p. 60).

However, World War Two precluded new legislation in this spirit and changed the colonial outlook dramatically. As de Wilde recalls, the new Decree on Indigenous Co-operatives came into being under pressure from metropolitan public servants and colonial advisors, the colonial administrators being mainly in favour of perpetuating their ‘laissez-faire’ attitude towards co-operative and economic development (de Wilde, pp. 61-62). As was the case for the British Colonial Co-operative Strategies, the war years in Belgium brought the conviction that the colonial authorities were not only to set the stage for free capitalist development, but also had the responsibility of looking after the welfare of the natives. Stimulated by the changing intellectual climate within the UN and epitomized by the international conferences on post-war reconstruction, which called for social and economic adjustments in the colonies and the promotion of co-operatives, the Belgians also began to see co-operatives as instruments for modernizing the traditional societies without much disruption.

The Decree of 1949 introduced a completely different instrument from the former one that stimulated the public corporations. The new indigenous co-operatives were exclusively composed of native individuals from Congo or Rwanda-Urundi and explicitly combined economic objectives with educational objectives, unlike the former decree which defined co-operatives as commercial associations as in the mother-country. The new philosophy, which was in line with the positions of the international agencies and to a great extent based on the British colonial experience, assumed that the dependencies and their people needed special treatment which took into account the backwardness of the indigenous population. As the Colonial Council states in its introductory statement to the new decree, the Belgian law on co-operatives “is not adapted to the mentality of the indigenous masses, since the commercial and lucrative objective ranks before the educative action, which is essential for the evolution of the indigenous societies” (Muller, 1953, p. 34).

In this new approach, the colonial authorities were said to have the responsibility to assure a balanced transition from a traditional to a modern economy. To achieve that effect, the traditional structures and values would not have to be destroyed immediately but would be stepping stones to modern co-operation based on individual and rational benefit calculation, as is the modern economy which it is to serve eventually. Albert Gille, Provincial Commissioner in the Belgian Congo, reflects this philosophy when he states that “considering all the advantages and deficiencies of the clan, it seems advisable not to break it up, but to use it as a starting base in employing its spirit of solidarity and

adequately educating the sense of individualism step by step” (Gille, 1953, p. 32). To a great extent, the Belgians referred to this philosophy, which was equally the base for the British Colonial Co-operative Strategy. Still, the practical implementation of these views differed. The Belgian colonial strategy was far more patronizing, more education-oriented and almost exclusively set up for rural development.

The new Belgian Colonial Co-operative Strategy indeed foresaw first of all a whole set of interventions of different levels of colonial state authorities in the promotion and supervision of co-operatives. Special co-operative departments were created at the level of the general government and the provincial government. The provincial governors were directly involved in the co-operative strategy. They had to register all co-operatives²⁶ for a period of five years, had to fix the price or the advances which the agricultural co-operatives had to pay to the producers, and had to identify the educational committees or advisors for the co-operatives. These educational committees or advisors played a central role in the Belgian Colonial Co-operative Strategy. The Governor nominated the four members of these committees, two of which had to have Belgian nationality. If it was not possible to form such a committee, the Governor could nominate another European advisor.

The Governor also nominated a ‘delegate’ or ‘supervisor,’ who followed the activities of the co-operative very closely, had the right of veto, and acted as a financial inspector. The managing director was nominated by the District Commissioner after consultation with the board of directors.²⁷ The Belgian colonial authorities were convinced that these efforts, although temporary, were needed to re-educate the natives and ensure the success of the co-operatives (Gille, 1953, p. 27). As Grevisse puts it, “in this form of co-operation, education must provoke the blossoming of moral virtues and fight against the customs and habits that lead to sumptuous and ostentatious expenses or the destruction of wealth” (Grevisse, 1948, p. 23).

The Belgian colonial authorities considered co-operative development explicitly as part of their general native social policy,²⁸ but in reality the co-operative strategy was also directly linked to the agricultural policy of the colony. This policy was primarily

²⁶ In a sense this meant some decentralization of responsibilities, since under the former legislation the Governor General had to authorize every new co-operative.

²⁷ By June 30, 1952, de Wilde found in a sample of 40 new co-operatives that the educational committees were composed of 52 representatives of the European administrative authorities, 27 representatives of the indigenous administrative authorities, 8 private natives and 36 private Europeans; the group of managing directors was composed of 22 private natives, 16 private Europeans and 2 members of the European administrative authorities (de Wilde, 1953, pp. 64-66).

²⁸ In this sense, the government co-operative services were part of the Directions for Indigenous Affairs and did not have any specialist public servants.

based on the concept of *paysannat organisé* (organized peasantry). In that system, the colonial authorities used the traditional social structures for the allotment of underutilized clan land, as well as for the introduction of 'rational' agricultural marketing. These organized peasantries, which were under the direction of the colonial agricultural administration, were considered a fertile environment for co-operative action and were to benefit from the modernizing effects of co-operative action. Most co-operatives developed under this law were therefore based in the rural areas and were involved in the marketing of the major traditional crops introduced by the Belgians. De Wilde counted 40 new co-operatives by 30 June 1952 in the Belgian colonies, 32 of which were rural and 28 of which handled cotton, caoutchouc, coffee or palm oil (de Wilde, 1953, p. 69). By 1959, 83 co-operatives were registered in Congo, of which 63 were agricultural (Desroche, 1964a, pp. 144-145).

Just as the 'organized peasantry' was initiated and directed by the state, so was the co-operative strategy. The Belgians firmly believed that if "Europeans, as tutors for the indigenous people, did not take the initiative to launch indigenous co-operatives in the required economic conditions, it was needless to say, that there would be none" (Gille, 1953, pp. 23-24). In this sense, the co-operative strategy was part of the interventionist and patronizing colonial policy of the Belgian authorities. This, however, did not involve direct financial participation in co-operative activities, as was the case with the British. From the onset, the Belgians only accepted what they considered financially viable co-operatives – even if this necessitated direct intervention – and did not favour subsidized co-operatives which functioned as channels for government subsidized welfare activities.

3.1.3 The French Colonial Co-operative Development Strategy

Another colonial power which developed its own co-operative development strategy in its overseas territories was France. Unlike the British and the Belgians, the French based their interventions on the 'direct-rule' principle, which implied the introduction of centrally administered and unifunctional, specialized, frameworks that had no relation to the existing traditional structures. In this way, the French, right from the beginning, opted for imposed modernization through 'modern institutions' (Meister, 1977, pp. 28-31). Many of these institutions were labeled co-operative and profoundly influenced co-operative philosophy and development in the Francophone Third World.

France first introduced co-operation in Algeria in 1904 and shortly after in Tunisia and Indochina. On the basis of its experience in these dependencies, the Decree of 29 June 1910 was passed, prescribing the establishment of provident societies in French West Africa. As Munkner notes, this decree initiated a period of development by semi-

public development corporations called Native Provident Societies (N.P.S.) (Munkner, 1989, p. 126). The colonies of East Africa, French Equatorial Africa and Cameroon would later follow this example.

The N.P.S. had a variety of tasks, notably to keep a stock of selected goods, to supply farm implements, to process agricultural produce, to serve as insurance against disasters and accidents, to grant loans and to improve production methods. While the original idea was to encourage the traditional and spontaneous provident experiences through a modern co-operative and voluntary framework, the French authorities soon gave a systematic and compulsory character to these initiatives (Dia, 1953, p.131; Orizet, 1969, p.33). All the farmers in a given district were compelled to join and pay contributions. Typical for these semi-public institutions, functioning within a French direct-rule setting, was that their territorial base went far beyond the village level, the management was assured by colonial public servants, and they were supposed to function like commercial enterprises. They mainly had a 'technical' mission of introducing modern agricultural production (and later marketing) techniques, as opposed to the social and educational objectives of the British and Belgian colonial co-operative schemes.

The World-War-Two period led to dramatic changes in French colonial policy. The former regimes of 'Pacte Colonial' and 'Indigenat,' which were based on the notion of a centralized French empire, were replaced by the 'Union Française,' which provided for the equality of all people in the home country and in the overseas territories. As Dia (1953, p. 136) points out, this was not only a political but a social and economic revolution. The Overseas Territories Economic and Social Development Investment Fund (FIDES), the French version of the British Economic and Social Welfare Fund, was the cornerstone of this new orientation. In line with the overall international shift in discourse and thinking about development, the key issue was to develop the colonial territories to the social and economic benefit of the natives and to allow the natives to become more and more involved in the modernization process. Although they envisaged less chimerical projects than the British, the French also redefined the notion of co-operatives for the dependencies.

The N.P.S. were not dissolved. However, parallel to these provident institutions, autonomous co-operative societies were made possible through the extension of French co-operative legislation to the overseas territories. Since French law was very liberal and left most responsibilities in the hands of the co-operative movement itself, the colonial authorities did not directly intervene in the promotion of these co-operatives. Nor did they set up a specialized institutional apparatus for education, guidance and supervision, as had the British and the Belgians. On the contrary, during the whole period of the First

Equipment Plan (1945-1955), the French continued to favour concerted and specialized action for the promotion of certain export crops, for the development of infrastructure, and for technical supervision through public agencies (see e.g., Goussault, 1968). Many of those agencies were involved directly and indirectly in the technical operations of new co-operatives, but none had the explicit mission of fostering the co-operative sector as such.

The agencies that most obviously had a mandate to support co-operative societies were the Social Credit Societies. These societies were set up to make credit facilities available to 'social categories' which were thought to merit special treatment (see e.g., Leduc, 1958). Set up in most of the French African territories these societies had the legal status of state companies and had to provide short- and medium-term credit to officially approved co-operatives, amongst others. However, the Social Credit Societies had difficulty reaching the African peasants and their co-operatives, and a major share of their credit went to Europeans (Leduc, 1958, pp. 13-15).

The liberal system was more and more criticized for its inability to reach the peasantry. Another important contributor to the disenchantment was the politicization of the emergent co-operative movement, which most colonial authorities opposed, as well as the development of co-operative structures in the hands of middlemen and export agencies (Ghaussy, 1964, p. 72-73). The colonial authorities in a number of dependencies reacted by hindering the integration of the co-operatives into national structures and by increased involvement in and control of the affairs of co-operatives.

The Second Equipment Plan, which came into effect in 1953, marked a new trend. Education and social goals were emphasized and no longer took second place to purely technical ones. Government was taking a more active role in promoting social advancement of the rural population in the dependencies. It was now the general policy to encourage "the emergence of an African peasantry, the chief aim being to turn the traditional native peasant as quickly and as completely as possible into a modern-style farmer" (Leduc, 1958, p.8). In this light, the liberal co-operative-development strategy was also abandoned and new legislation was developed to cater to the special circumstances of the developing countries (Munkner, 1989, pp. 135-137). The new law foresaw a number of special co-operative development institutions at the national level, such as a consultative committee, which had to recognize the newly formed co-operatives. Half of the members of the committee were elected representatives of the co-operative societies. The law also provided for the establishment of a government co-operative service, responsible for a transitional government involvement in co-operative promotion and education. Using the metropolitan funds of the FIDES, the French thus

started quite lately a guided process of accelerated co-operative development, which Dumont critically defined as a “politique-cadeaux” (Dumont, 1962, p. 18).

This new legislative framework was very flexible and was not based on a comprehensive policy as in the case of the Belgian and British colonies. Being less coherent and allowing much interpretation by the public servants in the colonies, the strategy led to a variety of co-operative and co-operative-type initiatives. Mutual Credit Co-operatives, modeled on the Raiffeisen system of mutual liability, were first promoted in Cameroon, and soon spread to Togo, Dahomey, Ivory Coast and Madagascar.

Probably the most important and most pervasive of the government-promoted initiatives, was the ‘paysannat’ (organized peasantry) which, as in the case of the Belgian colonies, brought together rural communities and government agricultural officers in an attempt to remodel the technical and economic foundations of the rural society. Co-operative activities were linked to these paysannats and gradually became the institutional setting through which the government could ‘collaborate’ with the rural population. This rural population indeed had to become an active partner in, rather than a passive object of, government’s policies. Fundamental to the French approach was that this collaboration, which later became known as ‘rural animation’ (animation rural), was mainly directed to promote the involvement of the peasantry in centrally orchestrated agricultural plans.

In 1953, the Native Provident Societies were transformed into Mutual Rural Production Societies and later, in 1956, into Mutual Rural Development Societies. To enhance the participation of the local population in these institutions, the trusteeship authorities developed two strategies. One was a form of mixed management, whereby elected natives and French people jointly ran the societies. The other promoted village-level activities in pre-co-operative structures (e.g., Hirschfield, 1975).

By the time of colonial independence, the French Colonial Co-operative Development Strategy thus left a tradition of strong and direct government involvement in mainly rural co-operative schemes. The government’s implication was certainly of a different nature than that found in the British and Belgian territories, oriented as it was towards imparting technical know-how and far less towards social and economic aspects of co-operation. When at a relatively late stage in the colonial process, special co-operative development departments came into being, these units were less equipped with staff and relied more on their own inspiration than did their British counterparts. The co-operative sector remained to a great extent in its pre-co-operative phase and was less integrated than the one in the former British territories. However, it was also more diversified, mainly because of the credit initiatives developed in the rural areas.

3.1.4 Other Actors On The Scene

The above analysis shows how the colonial co-operative-development strategies of the British, Belgians and French developed as part of an overall colonial strategy which gradually shifted its emphasis from a purely metropolitan-oriented position towards a colony-oriented position. Indeed, the original approach of the colonial powers was geared towards maximizing the metropolitan benefits by maintaining law and order, by developing an infrastructure, and through ‘containment’ of the local population. Co-operatives in this context were established as a government instrument to maintain the existing relations, to introduce the natives gradually into the externally controlled, export-oriented money economy, and to develop local, modernized indigenous structures.

A dramatic change in these strategies came during the World-War-Two period, when the colonial relations of the European powers came under considerable pressure from the United States. The Americans questioned the effects of economic monopolies on the world economy and the social consequences of the colonial approach on the local population. A more active co-operative promotion strategy was part of the answer of the colonial powers who were eager to bring their colonial policies in line with the dominant thinking and discourse. Assisting the colonies to make the transition from traditional to modern societies became part of the colonial mission – even responsibility.

It has been shown how both under indirect and direct-rule systems this change in approach to development led to a new option for governmental promotion of co-operatives through special co-operative departments. As indicated, this was the result of governments’ response to a changing climate and changing power relations. Different national forces in the ‘home’ country, such as the Fabian Society and the co-operative movement in England or the Colonial Administration in Brussels, were prominent in inducing changes in colonial governments’ co-operative strategy in the colonies. However, it should not be forgotten that the ‘native’ population also co-determined colonial strategies. As Vandergeest and Buttel point out, “the relatively powerless always have some resources, or some strategic location from which they can influence or actively shape social processes” (1988, p. 688). These ‘native’ responses occurred at both the local and national levels of the dependencies. However, at the other end of the spectrum new institutional settings like the UN and international nongovernmental agencies like the ICA were also increasingly involved in influencing thinking about development and co-operation. In this section some light will be thrown on both the local and the international responses.

3.1.4.1 *The Native Response*

Very little is known about the way the local population reacted to the ‘alien’ co-operative institutions which were imposed on them by the colonial authorities. In fact, the natives were expected simply to accept these institutions as they were proposed and conceived by the authorities. No, or little, room was left for them to develop these structures into their own co-operative movements, since this would have implied spontaneous and voluntary involvement of the local population with the freedom of adjusting co-operative praxis, co-operative ideology and co-operative organizations in their own way and in a manner they deemed most fitting with the existing social, political and economic environment.

While the colonial agencies imposed co-operative organizations on the people without reference to an authentic practice and ideology, there are cases reported of how the local people tried and, in some cases successfully managed, to force changes upon the system. Holmén (1985) reports how, in Egypt, indigenous co-operatives were established as part of the anticolonial struggle in the early 1900s. They survived government opposition but did not become important in modernizing agriculture until after 1950.

Holmén also records how indigenous co-operatives developed in the 1920s in Ghana, engaging in cocoa transport and marketing.

They suffered continued efforts from the colonial government to convert these grass-roots organizations into controlled formal institutions. In spite of preferential pricing for British traders (especially after the ‘cocoa holdup’ in 1937-38) it has been stated that peasants managed to wrest control of co-operatives from the colonial administration, and then to use this administration to serve their own ends. This, however, seems to be an exaggeration. But it is true that a limited freedom was maintained until the second world war (Holmén, 1990, pp. 23-24).

It has to be noted that the native co-operative members were seldom alone in their effort to reforge the system in their own way. They often relied on the support of other actors, such as sympathetic administrators or local business people. The Catholic, and later the Protestant, small clergy and missionaries were most prominent in supporting co-operative efforts that escaped the strict control and patronizing approach of the colonial authorities. de Wilde, for example, explains how the Catholic missionaries in Belgian Congo set up different credit and savings unions and supported indigenous co-operatives which were received with much reticence by the government and hostility by the local business people. In Kisantu, when the government refused to incorporate a successful agricultural service and marketing co-operative with members in 87 villages, the

activities were perpetuated through four professional associations (de Wilde, 1953, pp. 48-55).

In the West Indies, as well, other supporting agencies contributed to a certain autonomy of the co-operative movement or certain sections of it. Before government even embarked on a concerted effort to introduce co-operation along the patronizing British-Indian Pattern, the Jesuit Fathers introduced the Antigonish Study Circle Technique of adult education for their promotion of credit unions in the parishes and created the St. George's Extension School Co-operative Department.²⁹ Similarly, the Jamaican Agricultural Society, a farmers' movement, supported co-operative formation amongst its members.³⁰ When the Jamaica Co-operative Development Council was set up in 1943, consisting of representatives of these organizations and the government, 'free growth' of the movement was defended by the existing co-operatives and their supporters. Government's interference, however, started to increase when a unifying co-operative ordinance was passed in 1949 and a government department for co-operatives was created.

Co-operatives and the co-operative sector were also used as a stepping stone by many natives in their race for upward social mobility. Co-operatives gave them access to resources scarcely available for local people: education, small economic benefits (e.g., the members of the boards of directors of the new indigenous co-operatives in the Belgian Congo were remunerated for this task), and social prestige.

Co-operatives could not be completely controlled by the governments and formed an ideal platform for political and nationalist movements. In India, the native leaders of the co-operative movement challenged the government authorities by overtly showing their sympathies and connections with the Nationalist Movement. They also encouraged the manufacture and sale of khaddar, or home-spun and home-woven cloth, much to the discontent of the Ministry (Hough, 1932, p. 222). The Nationalists also backed the establishment of dairy co-operatives to circumvent private monopoly rights. The 'Anand co-operatives' later became very successful and provided a blueprint model promoted in the famous 'Operation Flood' (Attwood and Baviskar, 1988, pp. 345-426). In many African countries, as well, the co-operatives and their leaders played an important role in

²⁹ Based on their experiences in Jamaica and British Honduras, the churches started to promote these Nova Scotian type of credit unions, which became the strongest and most independent co-operative movement in the region.

³⁰ The Jamaican Agricultural Society (J.A.S.) was set up under instigation of the government in the 1910s after the calamitous rising of peasants in a number of districts. The government made an annual grant to the J.A.S. while members paid an annual subscription and managed its operations through an elected board. The J.A.S. soon became a farmers' movement and lobby organization of the middle-class farmers (see e.g., Sherlock, 1958).

the independence struggle (e.g., Tanzania). Even long before that, native political groups and parties used the co-operatives to confront the white power. The Senegalese movement, after the liberal French co-operative law came into effect, was, for example, used by political parties as a means of action and pressure (Milcent, 1953, p. 117).

3.1.4.2 *The Emergent Role of International Agencies in Co-operative Development*

When the League of Nations and the ILO were established after World War One, the European and North American co-operative movements had already embarked on an international project to create a unified global co-operative movement.³¹ However, the question of co-operation in the dependencies was for a long time not on the agenda of the ICA. In fact, the idea of co-operative promotion by international agencies developed within the League of Nations (later the United Nations) and its specialized organizations.

Even within these organizations it took much time before co-operative development in the colonial territories and other underdeveloped countries was addressed directly. For example, the activities of the ILO's special Co-operative Service³² were originally oriented towards strengthening the co-operative movement in the industrialized countries only. In 1937, the then chief of the Co-operative Service of the ILO visited Morocco at the request of the French Government. Subsequently, missions were executed to Iraq and Turkey (Louis, 1973, p. 540). It was the beginning of technical assistance to governments to strengthen their efforts to promote co-operative development or to streamline their interventions in the co-operative sector.

The ILO spread the idea that "it was possible to integrate co-operatives in the economic and social life of indigenous communities...because these communities face problems which are susceptible to and even demand co-operative solutions, which admit of no better or indeed no other solution at all" (Colombain, in Louis, 1973, p.540). The ILO systematically started to promote co-operatives as an instrument, along with labour unions, tripartite consultations, labour legislation and inspection, to achieve social reform

³¹ The question of 'underdeveloped' co-operation was discussed during the ICA Congress of 1904 in Budapest. The report presented on the issue was accepted unanimously. It called for a direct and extra-statal sponsorship of co-operatives in countries where the movement had not taken root.

³² The ILO set up this service as early as 1921. Colombain formulates ILO's mission in the field of co-operatives as: "The fact that co-operative organization has helped to solve the economic and social problems of so many workers has also made it inevitable that the International Labour Office should follow developments in the co-operative movement...for this movement has carried out a far-reaching, highly significant experiment in virtually all branches of economic activity. Furthermore, in labour matters it has a novel approach which is different from that of trade unions, despite the fact that to some extent they share the same origins and aspirations, and also from that of the employers' organizations, even though it has the same responsibilities and the same managerial concerns as private employers" (Colombain, quoted in Orizet, 1969, p. 42).

in the underdeveloped countries. In this, the ILO pointed primarily to the responsibilities of the governments. In Recommendation No. 70 on the Minimum Standards of Social Policy in Dependent Territories, adopted by the International Labour Conference in 1944, the importance of governmental assistance in the promotion of the co-operative movement in non-self-governing territories was already indicated.

Very much in the vein of the British Colonial Co-operative Strategy, the ILO assumed that the co-operative movement in the underdeveloped countries would not develop along the lines it had in Western Europe, “at a time when social and economic conditions were less complex” (Colombain, 1953, p.68). People in the less fortunate social categories, who were supposed to have the greatest need of co-operation, were said to lack business knowledge and experience. Therefore, an “authority for the promotion and supervision of co-operative societies” had to be “the guardian of a special co-operative law,” and be responsible for “the registration of co-operative societies, the supervision of their operations, and, the guidance in formation and organization, with help and advice in management, so long as this is necessary and of value” (Colombain, p.69).

The same point of governments’ responsibility in promoting co-operative structures was already accepted by the UN Conference at Hot Springs in 1943, which looked at the distortions in the world food market and the possibilities of improved agricultural methods and output. Resolution XVII, which was devoted to ‘Co-operative Movements,’ recommended “that all countries study the possibilities of the further establishment of producer and consumer co-operative societies in order to render necessary production, marketing, purchasing, finance and other services.” The same resolution also refers to the social and economic role co-operatives play in development and states that “the democratic control and educational programs, which are features of the co-operative movement, can play a vital part in the training of good democratic citizens, and assist in inducing a sound conception of economic affairs.” The UN organizations continued to call on governments to promote co-operatives for specific target groups and areas (e.g., Ecosoc Resolution 370 (XIII) of 1951 in discussion on land reform) or for economic development in general (e.g., Ecosoc Resolution 512 CII (XVII) of 1954).³³

The ILO, in 1952, produced a report on “Co-operation in the Non-Self-Governing Territories” to support what it called an “enlightened social and economic programme.” The report almost exclusively refers to experiences of the British Colonial Co-operative Strategy. In its sections on the conditions of future development, the report to a large

³³ See Morsink (1975) on the early United Nations resolutions on co-operatives.

extent enumerates the system as applied in British dependencies, calling for active government assistance through enactment of a special and detailed law and through a special governmental co-operative agency with broad responsibilities but taking steps for progressive self-responsibility. Co-operatives, which in this report are regarded as schools for adult education, should also be intimately associated with general plans for economic and social development (ILO, 1952).

In this way, a specific perspective on co-operative development in the underdeveloped countries developed in which government's initiative and involvement was legitimized, and a specific pattern of technical assistance was attached to it, channeling external and additional efforts for co-operative promotion through the state authorities. During the 1940s and 1950s, when the technical assistance operations of the ILO and other UN agencies were still fragmentary, the direction was set to consider government as the main partner in the mission of these organizations to promote co-operative systems.

The established co-operative movements in the industrialized countries have only lately responded to these new options in a concerted and coherent way. Prior to 1954, there were little or no concrete steps taken to strengthen co-operatives in developing territories on a movement-to-movement basis. There was only the call of national movements for government recognition of the value and role of co-operatives in balanced social and economic reforms in the dependencies. There were some attempts to develop international business, some of which were carried out with local co-operative associations,³⁴ and there was the moral support of the initiatives of the UN Specialized Agencies.³⁵ In 1954, a firm decision was made in favour of a distinct development program coordinated by the ICA. As Watkins reports, the ICA opted for a distinctive and supplementary contribution to co-operative promotion in the underdeveloped countries, with support primarily oriented towards the co-operatives themselves, excluding aid to governments (Watkins, 1970, p. 270).

3.1.4.3 *Emergent Populist-Nationalist Co-operative Strategies*

³⁴ Winster et al. (1945, pp. 194-204), for example, mention the investments of the English and Scottish Joint Co-operative Wholesale Society which owned tea plantations in India and Ceylon. The plantations and factories were supplemented by co-operative stores for the workers; the Society also ran central depots in Accra, Calicut and Colombo and a number of buying stations in West Africa and India.

³⁵ Watkins (1970, pp. 261-271) reports how the ICA in several resolutions supported the work which the U.N. organizations were performing in the co-operative field and called for participation of its members in these programmes.

The co-operative sector in Latin America and China developed in completely different social, political and economic settings than those in the colonized territories of Africa, Asia and the Caribbean. While in the latter, the colonial authorities, as has been indicated, played a key role in introducing a specific co-operative concept that can be called a colonial adaptation of the European co-operative model, the co-operatives in Latin America and China developed much more under local forces.

In Latin America, the colonial powers of Spain and Portugal subjugated the continent and its people not so much under the forces of industrial capitalism, as was the case in the African and Asian colonies, but rather under the forces of feudalism. They left behind autocratic political structures that corresponded with the 'latifundia/minifundia' divisions introduced.³⁶ Against this background, two trajectories of co-operative development emerged.

There were first of all the co-operative movements that were integrated with the ascending middle-class movements in the early years of the nineteenth century. Non-Iberic urban and rural whites created consumer and farmers' co-operatives in the liberal-democratic tradition of the European Rochdale consumer co-operatives and Raiffeisen agricultural co-operatives. This happened mainly in Argentina, Brazil and Chili, where French and German descendants took the lead (Ghaussy, 1964, pp. 77-83). In Uruguay the consumer co-operative movement appeared as an integral part of the unionized functionaries of the state sector or those industries that were closely controlled by the state, such as the banking sector (Terra, 1988, p. 33). Typical for the Latin American development, as opposed to the one observed in the other continents, is that these co-operatives took root before co-operative legislation was in place.

A second current that stirred early co-operative development on the Latin American continent is that of both nonpolitical and political populist movements. An upsurge of these movements occurred in the wake of the 1929 Depression which dealt a severe blow to the Latin American export-oriented economies. Populist leaders responded to the disenchantment of upcoming classes with the old policies which used to be biased towards the interests of the landowners, the oligarchy and their international economic and political allies. The populist alternative was a policy purported to embody all interests in the nation. In this sense, the populist movements were compatible with nationalism in a way that neither socialism nor capitalism were (Worsley, 1984, pp. 293-295). As Baeck (1990, p. 14) notes:

³⁶ Latifundia are large estates, minifundia are small estates.

...against the political oligarchy and the landowners of the latifundia, who had for too long favored exports of agriculture and mining products as the nucleus of the economy, the populists favored import substitution or industrialization supported by tariff protection and state guidance. In their political program, the populists fought for more political power for the middle classes and the urban proletariat. This would curb the power of the traditional oligarchy.

This early wave of South American populism set the tone for a distinct sort of populism that would spread over the Third World after independence. In essence these populist vogues refer to popular-democratic responses of a society to existing antagonisms (e.g., rich/poor; powerful/powerless, urban/rural)³⁷ and suggest a 'return' to the innate egalitarian and communal roots as well as full participation of all citizens in the body politic and in the economic process. Populism, as it thus appeared in the Third World, cannot be classified as a distinct ideology since, as Worsley observes, it is "parasitic on neighboring ideologies" such as nationalism, socialism or communalism.

Co-operatives rank high in most 'populist' and 'nationalist' proposals for an alternative social model. In many cases this leads to the 'rediscovery' of the co-operative traits of the old society and a mythological belief in the potential for reinforcement of these inherent co-operative or communalist tendencies. In nationalist terms, the co-operatives were often seen as an exclusive instrument to recapture and strengthen the economic power in national hands.

In Latin America, populist movements and their political leaders thus promoted co-operative institutions. Most countries enacted co-operative legislation in the 1930s and set up special departments to encourage and administer the co-operative sector as part of an effort to counter the economic crisis (Fals Borda, 1970; Konopnicki, 1971). From the populist-nationalistic perspective, the idea of the people and the state joining forces in co-operatives was viewed as desirable and even necessary. Taking quite a different route than the colonies in Asia, Africa and the Caribbean, the Latin American countries nevertheless ended up in the same 'alliance' of the state and the co-operative members in seeking the overall interest for economic development and modernization.

The co-operatives that were most vigorously promoted on the Latin American continent were those tied up with the land-reform programs that most populist-nationalist regimes embarked upon. In most countries, governments supported service and marketing co-operatives of the liberal-democratic kind to accompany the land-reform program. In a number of countries, efforts were made to develop alternative co-operative schemes that were supposed to respond better to both the specificities of the local communities and the

³⁷ On the populist traditions see: Kitching, 1989; Laycock, 1990; and Worsley, 1984.

revolutionary aspirations of the political and social movements involved. The best known case is the collective *ejidos* which were formed in Mexico. As Carroll reports, strong and militant peasant unions organized on the private estates were responsible for the cohesive spirit in which these collectives were formed, but government played a decisive role in introducing and guiding this process. Therefore, the Ejido Bank acquired special responsibilities for the collectives and control over them. The bulk of the collectives were formed between 1936 and 1939. These collectives had to face outright hostility later when official policy changed (Infield, 1960; Carroll, 1971).

Other attempts to engage in massive rural co-operative programs based on a workers' production type of co-operation, such as those experienced in Venezuela, Chili and Peru, indicate that sustained state support for radical 'alternative' co-operative experiments was often made impossible by the partisan political struggles involved (Eckstein and Carroll, 1967). The option in Latin America was therefore rather for state-sponsored co-operative programs with some limited reform implications.

In China, a peculiar blend of populism and nationalism, underscored by Marxist discourse and policy after the revolution, set the tone for a formidable effort to create a rural economy based on co-operation. As is the case for the Latin American co-operative initiatives described, this 'Chinese model' became an example that was supported by both radical intellectuals (e.g., Dumont, Amin, and Lipton) and international organizations. It was also a stimulus for many post-independence populist-nationalist co-operative programs in the Third World (Kitching, 1989, p. 103).

During and after the destructive war with Japan, the first efforts to develop co-operative structures as a defense mechanism serving nationalist purposes were made in the creation of what is known as the Chinese Industrial Co-operatives or Indusco's. As Melnyk (1985, p. 40) notes, "two things stand out about Indusco co-ops. First, they operated in both communist and noncommunist parts of China and were approved and promoted by warring ideologies. Second, they got a head start in the noncommunist territory but eventually did better in the communist areas." The fact that the co-operatives operated on the lines of the liberal-democratic tradition was no obstacle for the communists since they were primarily considered appropriate mechanisms to rebuild the national industrial network under war conditions. It is therefore no surprise that once the Japanese had been defeated the impetus for these co-operatives dissipated.

After the revolution, the Chinese, under the leadership of the Chinese Communist Party, embarked on the *co-operativization* and later a more radical collectivization of the economy. This distinct Chinese model of co-operation was not the result of a spontaneous and widespread initiative of the people involved. It was, rather, centrally orchestrated by

the core agents and institutions of the Chinese regime and responded to political imperatives of a national nature. The sweeping land-reform program of 1949-1953 which was the basis for the first stage of co-operativization, was “primarily an attempt to ‘break open’ the structure of traditional Chinese society and restructure it on new lines, by confiscating lineage property, village association property, temple property and property of the landlord class” (Shillinglaw, 1971, p. 144). The land reform established individual allotments as the basis for new egalitarianism, with co-operative forms of exchange. The state was key in this process, since it was promoting, controlling and coordinating the new, innovative system. To that effect, for example, a central state-run purchasing and marketing system was developed.

The voluntary co-operativization proceeded too slowly and a new campaign for accelerated co-operativization was started by 1955. ‘Higher level’ co-operatives were promoted, modeled on the Kolkhoz and meant to equalize resources and income of the peasants, curtail the tendency of richer peasants and former landlords to capture the co-operatives, and probably chiefly to harness and increase agricultural output (e.g., Melnyk, 1985; Shillinglaw, 1971). Unexpectedly, this process ended up in a collectivization of the economy beyond the originally intended co-operativization. Simultaneously with the Great Leap Forward, Mao’s government started with the transformation of the collective co-operatives into people’s communes, a process which took place mainly between 1957 and 1961. The commune became the nexus of economic and social life in most of rural, and a great deal of urban, China.

Most important for this research is the observation that at least three characteristics of this Chinese model became standard ingredients in many post-independence co-operative strategies of the populist-nationalist inspiration. With the communes, the Chinese attempted to modernize their economy without going through the traditional pains and negative effects observed in western capitalist or Russian communist industrialization. They were looking to overcome the traditional division between owners of the means of production and ‘labour,’ between rural and urban areas,³⁸ and between the different regions in the nation. The Chinese model, secondly, set the stage for multipurpose co-operative societies that transcended the traditional market objectives of the liberal-democratic co-operatives introduced by the colonial regimes. Ownership of the means of production was, at least at the height of the period, in the hands of the communes, as was responsibility for education, public works, militia organization, finance and much industry (Shillinglaw, 1971, p. 152). Thirdly, the Chinese presented a

³⁸ As Melnyk writes, “Rural communes industrialized and urban communes began to carry on some agricultural projects” (1985, p. 43).

modern, alternative system which had no reference to the ‘spoiled’ co-operative experiments of the west but which could overcome the classical division between the state and the populace.

3.2 Post-Independence Populist-Nationalist Co-operative-Development Strategies

The independence of most colonial territories brought about a historical turning or breaking point, as suggested earlier. The rules of the game changed as did the actors and the concomitant discourse and theories on ‘development’ and ‘co-operation.’ In this chapter some more light will be shed on the way these actors, within the new constellation and armed with new ‘insights,’ built on the previous colonial tradition of co-operation and molded it into a new alternative model of co-operation. The first section will describe how the thinking on development changed and how the state was brought forward as the key agent in the development process. The implications of this for co-operation will be dealt with in the subsequent section.

3.2.1 Development Redefined

The colonial co-operative-development strategies were accompanied by the ‘modernization theories,’ which saw co-operatives as modernizing institutions that could guarantee ‘soft’ and ‘gradual’ progress for the traditional societies. The emergent populist-nationalist strategies changed the discourse and the practice concerning ‘development’ drastically. In a sense, *independence* brought the problem of *dependence* to the forefront and the creation of new *nation-states* introduced the *international* dimension of development and underdevelopment. The Economic Commission for Latin America (ECLA), under the charismatic leadership of R. Prebisch, by the end of the 1940s already coined the notion that the development and growth potential of the *peripheral* countries was being blocked by the international configuration of the economy which produced only advantages for the *centre* countries. These theories and doctrines of ‘underdevelopment’ proposed an inward- looking alternative which was taken up by many populist-nationalist regimes and became the vogue in many circles of the UN. Industrialization and import substitution were basic ingredients of the proposed strategies but were geared essentially toward building a noncapitalist model, since capitalism was ‘la bête noire,’ the ‘immediate enemy’ which caused underdevelopment.

Although this dependency paradigm was far from monolithic,³⁹ most theorists supported the idea that the national bourgeoisie of the satellite states were co-opted by the 'centre' and contributed to maintaining dependence. The practical political implication of this wholesale submission to capitalism was that a transition to socialism was considered possible in the immediate future. A vanguard role was given to all 'progressive' and 'indigenous' forces, under the *leadership of the state and the (revolutionary) party* to achieve the destiny of the nation.

Quite remarkably, support for the idea of strong states and state intervention in economic affairs in the independent nations also developed in the more conservative North American and European social sciences and international milieux. As Baeck (1990, pp. 77-78) indicates "in the conservative revisionism of American political science, the institutional instability of the new states was not perceived as a result of the social and economic alienation of large numbers of the population. The instability and disorder were regarded as the consequence of too intensive mobilization of the masses. In such a situation, characterized by democratically *unripe* masses and soft civil leaders, the military were hailed as 'saviors.'" In this sense, the social sciences underwrote the political support of strong regimes and the 'necessary' institutional structures to guarantee stability, both considered preconditions for economic growth.

The state had to be built in order to build the nation. The cold-war geopolitics, which subdivided the new states into spheres of influence, built on this system and reinforced the idea that political democracy could not be constructed on the ruins of traditional societies but should wait for a transitory phase of economic acceleration under state control to pass. In this sense, support for praetorian or autocratic regimes and/or nationalist-populist strategies which proclaimed a *third-way* kind of socialism, could be justified.

This period also brought with it a growing belief in the manageability of accelerated growth if the state's interventions in the economic field were *planned*. However, as Amin (1980, p. 52) observes, in many cases the much-hailed plan was not intended to be more than window dressing or obligatory adornment: "just as each of the...countries has a flag and a national anthem, so it has a plan."

The effect of this exceptional development strategy for the 'late-comers' was a massive expansion and concomitant centralization of the administrative apparatus of the

³⁹ There are many variants within the dependency theories. Note the 'liberal' school of thought (cfr. Galtung), and the 'marxist' variants on the dependency thesis by paragons like Frank, Amin, Baran, Wallerstein and Furtado. In the later group, a rear-guard battle between 'circulationist' and 'structuralists' and between those who put most emphasis on the 'national' perspective and those who suggested a world-system analysis took most of the intellectual energy.

state, irrespective of the 'official' denomination of the national approach (e.g., African socialism, liberalism, or industrialization by invitation). A specific powerful stratum of state functionaries emerged under these conditions. It strengthened its position and inflated its proportions through control over the key instruments of financial resources and the planning process.⁴⁰ Students of Third World States alternately define these states as 'strong' and 'weak,' referring on the one hand to the exclusive powers vested in the state and, on the other hand, to the lack of a real power base and legitimacy (Hyden, 1983; Gyllström, 1988, p. 38). In any case, it is obvious in most overdeveloped and centralized states in the Third World that internal dependence and external dependence to a large extent continue to determine the fate of the governing body. It is characteristic for most Third World states, whether based on formal democracy or one-party systems, that clientelistic and neo-patronage relations severely affect the working of politics and the functioning of the state apparatus (e.g., Clapham, 1985). At the same time, the Third World power holders are extremely dependent on external resources to supplement the limited internal ones. As Holmén (1990) notes, the nature of these 'transitory' states explains a great deal about the traditional involvement of government in co-operative development in the Third World and any 'cure' proposed by external agencies should take this into account.

3.2.2 Co-operation in the Populist-Nationalist Era: Basic Characteristics

In almost all developing countries, co-operation in the period immediately following independence reinforced the specific approach to co-operation which was introduced by the colonial agencies and was based on various degrees of government-sponsored/controlled co-operative development. In this sense, the notion of a co-operative sector as opposed to a co-operative movement continues to apply. This happens both in those countries which did not drastically change the overall colonial development strategy and in those countries which broke away from the traditional paths and proclaimed radical alternative strategies.

The populist-nationalist era was characterized by five features which would become more or less permanent imprints of the co-operative sector in the Third World. There is, first of all, the *intensification and extensification* of governments' involvement in co-operative development. Co-operatives, because of their said potential to mobilize the local human resources to the benefit of the entire nation and to transcend the existing class structures, were promoted by governments as an integral part of their

⁴⁰ On the emergence of this new stratum of state functionaries, see Taylor, 1979, pp. 250-252.

populist-nationalist strategy. Co-operation was conceived as an integral part of government's responsibility, not so much because of the perceived inability of ordinary people to engage spontaneously in co-operative initiatives (the logic behind the colonial strategy), but because of the necessity to build the nation as a united force under the leadership of the government.

To this effect, governments strengthened the administrative apparatus responsible for co-operation and adjusted the co-operative legislation to fit the new strategy.⁴¹ While in most cases, the role of promotion, control and guidance of the 'movement' was vested in special co-operative departments or ministries, the *planning process* and the *financial participation* of the government became a matter of general government policy. Different operational systems of interdepartment and interministry co-ordination were therefore developed.

Second, under the wing of government, the power holders had *full confidence* in the co-operative movement. The basis of this confidence varied from country to country depending on the ideology, the political discourse and the dominant strategy. For example, co-operatives were: 'instruments for achieving the objectives of economic planning' (e.g., India); 'instruments of a village socialism' (e.g., President Senghor of Senegal); 'instruments of African socialism' (President Nyrere of Tanzania); 'instruments to build a Co-operation Socialist Republic' (President Burnham of Guyana); 'instruments for the productivity and the efficiency of agriculture' (e.g., President Houphouet-Boigny of Ivory Coast; President Tsirana of Mauritius); 'instruments for the control of the commercialization by the state (e.g., Mali); 'decentralized instruments of collectivization' (President S. Touré of Guinea); 'instruments of the people's sector' (Prime Minister E. Williams of Trinidad and Tobago); or 'instruments for self-reliance and community development' (Constitution of Republic of Korea). Because of this full confidence in co-operatives, they could be given special treatment and advantageous positions in the economy through, for example, monopolies and monopsonies.

Third, in many countries during the populist-nationalist period governments shifted their initial policies of *inducement* to policies of, more or less, *coercion*. In this sense, the co-operative sector lost its voluntary character completely and became subject to strictly political and ideological imperatives that went beyond those of the 'movement' itself. This strengthening of government's role of initiator, partner or leader of the 'movement' was said justified for different reasons. One reason was the need for 'accelerated' co-operative development in order to catch up with the more advanced countries.

⁴¹ See e.g., Desroche, 1964 and Münkner, 1989, for the African countries; Develtere, 1989, and Thomas 1989 for the Caribbean countries, and ICA, 1988, for the Asian countries.

Co-operation in the developing countries was supposed to be both voluntary and rapid, but being voluntary it is slow and to be rapid it must be compulsory. This antinomy was resolved in favour of the quick advancement of the sector.⁴² In addition, co-operatives were often put in the frontline of the new nations' strategic economic areas and had to meet the centrally planned targets. Government's involvement and enforcement was supposed to be a prerequisite to achieve this.

This latter justification of coercive policy relates to the discussion about whether consciousness or institutions come first. Because of the divisions artificially created by the former powers, a vanguard role had to be played by the leading forces, such as government and the party, in bringing about an egalitarian ideology and transcending the traditional particularistic co-operative ideology. In the meantime and accompanied by educational campaigns, the government had to define the opportune structures.⁴³

The use of government-sponsored/controlled co-operative structures as *social control instruments* is a fourth characteristic of the populist-nationalist co-operative strategies. This system was as much dependent on the internal political processes of the country as it was on explicit strategic options to justify government's predominant role in co-operative development. What happened to the co-operative sector in most populist-nationalist strategies was very much what Korovkin called the "political inclusion or the co-optive encapsulation of the popular sectors into state-controlled functional organizations" (Korovkin, 1990, p. 11). It is therefore no surprise that in many countries the dominant political party had a self-ascribed monopoly over 'mass education,' 'rural animation,' or 'community development.' These were used as building blocks for co-operative development" (Goussault, 1968). In the same vein, in many countries a number of strategic political measures were used to 'discipline' the movement: leaders of the co-operative movement were co-opted by the political system; the movement was used as a dispenser of patronage; competitive co-operative movements were not accepted; and central co-operative bodies were not allowed, or had to work 'in partnership' with the authorities. The control of the latter over unifying co-operative structures was extremely sensitive political material. As Worsley notes "the co-operative movement at secondary and higher level becomes a key resource in the political power game" (Worsley, 1971, p. 35).

A fifth feature of populist-nationalist co-operative strategies is their *attempt to diversify the co-operative sector*. Most countries did not stick to the adjusted European

⁴² On this dilemma, see e.g., Desroche, 1964, p. 192 et seq.

⁴³ On this debate in the sociology and anthropology of co-operation, see Nash, Dandler and Hopkins (eds.), 1976, pp. 8-9; Sira and Craig, 1989.

pattern of co-operation which was propagated during the colonial period but *experimented* with new models that were supposedly more appropriate in the specific national context. In quite a number of countries, post-independence governments first experimented with different forms of pre-co-operatives. While pre-co-operative systems exist in all countries where registration is common practice, the most important implication of this populist-nationalist approach was that government considered these pre-co-operatives as a precondition and a learning phase. In some French-speaking African countries, for example, these pre-co-operatives were registered under simplified co-operative legislation. In English-speaking countries 'probationary' societies with provisional or deferred registration were stimulated (Münkner, 1989, p. 61). In both cases, the co-operative experts of the government were considered the tutors of the apprentices. Experimentation, secondly, took place in many countries by a resolute deviation from the single-purpose co-operatives promoted under colonial rule (Van Dooren, 1978, pp. 64-68). Multipurpose co-operatives did not, however, fundamentally change the existing ownership patterns. This was the case more so with the agricultural producer co-operatives which were set up on the basis of communal or co-operative ownership.⁴⁴ Examples of these are the Kibbutz-inspired 'pioneer villages' in the Central African Republic, the collective farms in Guinea, the co-operative farms in India, the 'Unités de Production' in Tunisia, the 'Ujamaa villages' in Tanzania, the agricultural production co-operatives in Peru, and the sugar workers co-operatives in Jamaica (see e.g., Desroche, 1964; Infield, 1960).

3.2.3 Co-operation in the Populist-Nationalist Era: Some Examples

While the above characteristics can be discovered in most post-independence countries which went through a populist-nationalist phase of development, it is clear that the historical and socio-political context of most nations contributed to unique interpretations of these. A closer look at these might refine the understanding of the dialectic interaction of the different international and national factors and actors in shaping the co-operative sector in the Third World countries.

India

In India, the post-independence government embarked on an Indian-Socialist route of development. In terms of co-operative development, the objective was to continue on the

⁴⁴ Using the classification of Desroche, (1964), these co-operative systems use one of the following three formulas: 1) private property/collective exploitation; 2) collective property/private exploitation; 3) collective property/collective exploitation.

British-Indian pattern of co-operation but to adjust it to the needs for accelerated, planned and equitable development. Saxena sums up the criticisms that were made of the previous colonial co-operative achievements: “it has moved slowly and has not responded quickly and flexibly enough to emerging needs; it has continued to think in small, evolutionary terms without recognizing that with external push, the movement could initiate and run much bigger projects, and, co-operative societies at various levels are ineffective because of lay management and are infested by ‘politics;’ furthermore their benefits are cornered by the elites and do not reach those who most need them” (Saxena, 1986, p. 42). This, for the Indian rulers justified the introduction of the principle of ‘state-movement partnership.’ This principle was implemented by introducing co-operative development into the governmental planning process, promotion of multipurpose co-operatives by public and semipublic governmental organizations, share-capital participation by the state in co-operatives, ex officio participation in the management of the co-operatives, and great powers for the registrars of co-operatives to direct and influence the development of individual co-operatives (e.g., Ryan, 1965; Van Dooren, 1978; Saxena, 1986; Ardhanareeswaran, 1987).

One of the public institutions which took a leading role in co-operative development in India was the National Co-operative Development Corporation (NCDC), which was established in 1963. The principle leverage of the NCDC was financing, through which it supported co-operative sugar factories, co-operative spinning mills, co-operative milk-processing plants and co-operative industrialization in the countryside. NCDC’s policy reflects a deep concern to stimulate equality through support of co-operatives formed for ‘scheduled’ castes, tribes and people inhabiting hilly areas as well as through special help to co-operatives in states classified as ‘underdeveloped.’

Tanzania

Tanzania is another prime example of how a co-operative-development strategy became part and parcel of an overall populist-nationalist development strategy (e.g., Saul, 1971; Hyden, 1980; Minde, 1989; Mporogomyi, 1988). In a sense Tanzania’s post-colonial co-operative policy evolved over time. The first phase was the promotion of liberal-democratic co-operatives. This was followed by active persuasion and inducement of new co-operatives and then by the forced development of new co-operatives. The forced development phase was later aborted and replaced by a ‘laissez-faire’ policy.

Building on the British colonial achievements and pattern, the newly independent Tanzanian government actively promoted co-operative development in a drive to assert African control of the economy in opposition to the economic power of the Asian traders

and the whites. Some co-operatives were given monopsony power as buying agents of the newly created marketing boards. Two developments ushered in more active governmental inducement of co-operativization of the economy. There was first of all the special Presidential Commission of Enquiry (1966), which found that without more government control there would be no chance that the co-operative movement could guarantee its democratic nature (especially at the secondary and apex levels) and its contribution to of the national economy. Therefore, sixteen co-operative unions and hundreds of societies were pre-emptorally taken over by the state.

In 1967, Nyerere, in his Arusha Declaration, announced the nationalization of the 'commanding heights of the economy' and the 'Ujamaa policy' as two means to achieve African socialism, self-reliance and an egalitarian society.⁴⁵ With his Ujamaa, Nyerere promised to shape his national policy along the lines of Tanzanian rural traditions and customs. In a united effort, government and the population would mold these traditional patterns of co-operation into agents of transformation and modernization. This, it was reasoned, could bring wealth to the nation more effectively and efficiently and guarantee its distribution on more equitable lines than any other system. The concept of Ujamaa was based on four principles: 1) people live together in villages; 2) the means of production are communally owned; 3) people work together; and 4) they share the fruits of their work. Ujamaa villages were to form the nexus of future rural multipurpose co-operatives which were considered 'basically socialist institutions.'

Since the movement towards establishing Ujamaa villages was based on voluntarism and persuasion, limited development in the sense proposed was seen. By 1974 neither the political mobilization efforts by the party officials nor the benefit schemes for Ujamaa villages had brought satisfactory results in terms of co-operativization. The government, faced with dropping agricultural output and returns, decided to shift towards a policy of compulsory *villigazation*. A uniform system was imposed for all Tanzanians living in rural areas to be part of Ujamaa villages. Assisted by specific governmental agencies and boards, these villages had to assume all the production, marketing and distribution functions of the traditional co-operatives and their unions which had been dissolved.

Peru

In Peru, after successive reformist civilian governments failed to address the permanent frictions in the society and the economic crisis, a regime of military populists came into power in 1969 under President Velasco. Velasco claimed that he would build

⁴⁵ 'Ujamaa' is a traditional practice of co-operation in rural Tanzania during peak seasons and in cases of emergency.

in Peru “a fully participatory social democracy, that is to say, a system based on a moral order of solidarity, not of individualism, in an economy fundamentally self-managed, in which the means of production are predominantly social property, under the direct control of those whose work generates the wealth, and in a political order where the power of decisions, rather than being the monopoly of political and economic oligarchies, is widespread and rooted in social, economic and political institutions directed, with little or no mediation, by the men and women who form them” (in, McClintock, 1981, p. 40).

Velasco, who was committed to economic nationalism and to ‘participatory social democracy,’ tried to curb the power of foreign capital and the domestic elite, accelerated the process of import-substitution industrialization started under civilian rule, and tried to combine it with a drastic land-reform program. To this end, the government expropriated land from the larger landowners and transformed large and medium-size land estates into agricultural-production co-operatives. These collective farms received credit and technical assistance by government officers and were placed under strict state supervision.

Several contradictions of this policy would, however, eventually lead to its failure and contribute to the dismissal of the military regime. First of all, as Korovkin observes, the “land reform gave rise to a socially restrictive bureaucratically structured co-operative movement” (Korovkin, 1990, p. 27). The hacienda occupational hierarchy was preserved and the state bureaucracy controlled the co-operative process and determined the options of the co-operatives. This caused both internal unionization and politicization.

Second, the general agricultural pricing policy was adapted to the needs of the *Import-Substitution-Industrialization* (ISI) policy, and oriented towards the cheap agricultural inputs the developing domestic industry needed. This policy priority conflicted fundamentally with the interest of the producer-co-operative sector.

Third, those who benefited from the land-distribution process were the stable hacienda workers. This caused severe conflicts with the small-holders who faced competition from the state-sponsored production co-operatives. The farmers’ unions supported the small co-operative holders claims and literally assaulted the co-operative properties.⁴⁶ Simultaneously the co-operative program came under attack from small and medium capitalist producers. In order to recapture the mobilization process triggered by different farmers’ organizations and unions, the Velasco government created the National

⁴⁶ In fact the farmers’ unions shifted their basis from the previous hacienda workers to the small-holders, after they realized they were unable to mobilize the co-operative members for more autonomy. This remarkable strategic change from the unions active and practical support in favour of the land-redistribution process is well documented by McClintock (1981) and Korovkin (1990).

Agrarian Confederation, set up more than one hundred Agrarian Leagues, and initiated a National System of Support for Social Mobilization. However, this platform of both co-operative and non-co-operative farmers' interests turned against the government and brought the basic contradictions of its policy to the forefront. The Confederation and the Leagues tried to set up direct co-operative marketing systems to tackle the pricing policy of the government. They failed in their effort, but a change in government and a shift in policy orientation enabled the Confederation to become a strong force mobilizing the farmers for the preservation of the co-operative movement and against the neo-liberal agricultural policies.

Commonwealth Caribbean

The Commonwealth Caribbean also experienced strong populist-nationalist strategies shortly before and after independence. These strategies reinforced the colonial heritage of a state-sponsored or state-controlled co-operative sector and the perception of the co-operative sector as a poor man's sector which could eventually contribute to the national interests. By the end of the 1960s, in *Trinidad and Tobago*, the People's National Movement Government of E. Williams embarked on a policy to strengthen what Williams called 'the People's Sector.' This sector encompassed the trade unions, the co-operatives, the small businesses, the small farms and the handicraft industry and complemented the existing public and private sectors (Williams, 1981). Through special loans and large-scale projects, financed with abundant oil revenues, the government fostered the creation of consumer co-operatives. The People's Sector strategy was part of the effort of the Williams government to counteract the growing discontent with the uneven distribution of the wealth generated by the oil boom, as well as the permanent tensions between the different ethnic groups in the country.

In 1970, the then Guyanese Prime Minister of the People's National Congress (PNC) Government, Forbes Burnham, formally declared the Socialist Co-operative Republic of *Guyana*, in which co-operatives would become the dominant force in the society and function to the benefit of all (Hope, 1977; Mohammed, 1974). In fact, the co-operative doctrine, which explicitly referred to the co-operative roots of Guyanese traditions, was subordinated to the socialist and nationalist doctrine which the mainly African ruling party promulgated in the context of a complex political order in which sharp occupational and class divisions, as well as ethnic antagonisms, were drawing the lines. The ruling party therefore used the co-operative strategy, in close connection with nationalization and import-substitution strategies, to gain greater control over the central axes of

Guyanese society and economy. The doctrine of the ‘paramountcy of the party over government’ which was revealed in 1974, further completed this attempt at full control.

This meant, in essence, that government, and through government, the PNC, became the central actor in co-operative development in Guyana. Co-operative development was boosted through a long list of institutional measures. The Guyana National Co-operative Bank, The Kuru Kuru Co-operative College, and the Co-operative Department (which belonged to the Office of the Prime Minister) were amongst the most influential. While the co-operative sector witnessed enormous increases in numbers of both registered societies and members, the real focus and weight of the national politics and policies was laid on the nationalized industries rather than on the co-operative sector. Very soon this sector would benefit from ‘benign neglect’ on the part of a government striving to meet its macro-economic challenges.

Former French Colonies

The stronger involvement of government in co-operative development and the integration of state-sponsored or controlled co-operation in the overall populist and/or nationalist strategies of the young nations seem to have been general patterns after independence. In the French *ex-colonies* as well, co-operation became a key instrument in the nation-building process. In the French tradition, co-operation was promoted through different rural animation schemes aimed at mobilizing the population for the implementation of the centrally planned programs. Most of these programs were sectoral and carried out by specialized semipublic bodies, but a number of national animation schemes were also undertaken under the aegis of national planning bodies (e.g., the Office of the Prime Minister in Madagascar, the Planning Commissariat in Niger, the Ministry of Planning in Senegal) or the vanguard political party (e.g., Guinea, Mali and Congo-Brazaville) (see e.g., Goussault, 1968). Incorporation of co-operation into the French *ex-colonies*’ populist-nationalist strategies was partly a function of the traditions of French colonization and partly a function of the concrete political and socio-economic constellation in the country.

In *Senegal*, for example, in an effort to break with the peanut monoculture and monopolies, the new rulers strongly promoted co-operatives as local agents of the Office of Agricultural Marketing and as mechanisms for peasant participation. The objective was to build on the native traditional structures or, as Prime Minister Dia put it, “the co-operative movement, at the level of the real human communities, constitutes a mode of organization which makes it possible to preserve the old community values and to promote a modern development which is capable of taking a solid place in the

evolutionary trends of the present day world” (Dia, 1962, p. 290). Eventually this had to evolve into a network of multifunctional co-operatives which would form the backbone of a socialist economy. However, the resistance and heavy opposition of the traditional local elite brought a halt to these structural reforms and convinced President Senghor that a more cautious and pragmatic approach to co-operative promotion should be developed (Gagnon, 1976).

In *Zaire*, the former Belgian colony of Congo, co-operation did not get off the ground for a long time and did not receive strong government support. The Colonial Co-operative Law of 1956 remained unchanged and only during the late 1980s was a new law being considered. Based on the old colonial law, government’s influence in co-operative promotion and supervision was, theoretically and practically, still important.

3.2.4 Other Actors on the Scene

The populist-nationalist co-operative promotion strategies were not idiosyncratic phenomena. This is evidenced by the similarity between the different approaches found in various countries. The fact that the new power holders had to build their nation and therefore needed to mobilize their population around unifying structures and at the same time build up national revenues quickly in light of the rising expectations which followed independence, certainly determined to a great extent the choices made for state-sponsored or controlled co-operation. This general belief in co-operation and a particular strategy for co-operative promotion was also reinforced by the different international agencies that increasingly turned to co-operatives as a special powerful instrument to advance the Third World countries. This post-independence period was indeed characterized by a growing interest for accelerated co-operative development by different agencies. These included the UN (which because of the advent of new members was now more and more responding to the issues of concern to the Third World), as well as international co-operative organizations, bilateral aid agencies and nongovernmental agencies. These external actors played an increasingly important part in building belief and insight into special models of co-operative development and also became more and more involved in the actual implementation of these models through special programs and projects.

Specialized agencies of the UN, like the ILO and the Food and Agricultural Organization (FAO), played the most important role in this process by generating an atmosphere of confidence in co-operatives as a special instrument that could contribute to the overall development of underdeveloped nations. The ILO, which continued to be the leading international agency in co-operative promotion, presented co-operation as an active agent of economic organization and of regrouping of individual forces. In this

sense, co-operation was said to be able, especially in rural areas, to fill the hiatus of economic organization, which was considered an essential aspect of the economy of underdeveloped countries. In this way, the ILO said, co-operation was the “faithful ally of governments and in many cases the essential means to reach the rural population” (BIT, 1959, p. 33).

Until 1965, the ILO continued to promote co-operative development through a wide variety of separate advisory services to the governments of developing countries,⁴⁷ as well as research reports on the issues. From 1966 onwards a more comprehensive approach was developed to “enable the whole range of problems facing co-operative institutions in different fields to be tackled simultaneously” (Louis, 1973, p. 541). The ILO, therefore, adopted the Co-operatives (Developing Countries) Recommendation No. 127, which called for governments to develop a comprehensive and planned co-operative-development strategy in which ‘one central body’ would be the instrument for implementing a policy of aid and encouragement to the co-operatives. The ILO assisted different countries to set up these ‘co-operative enterprise development centres.’ As Louis writes, the role of these centres was, “to launch a simultaneous attack on all the weak points in a movement by carrying out whatever research and investigation is necessary, by providing systematic training for all who need it, by helping to create a wider understanding of the everyday activities of co-operatives, and above all by preparing plans for co-operative development. They combine the promotional and supervisory functions usually exercised by government departments or official institutes with the technical guidance and training functions carried out in various industrialized countries by specialized bodies established by the central co-operative organizations” (Louis, 1973, p. 541-542).

The ILO and other international agencies that were involved in co-operative development continued to regard government involvement as a temporary measure, which after a period of weaning should leave the movement in full control of its operations. The international co-operative movement accepted this conditional involvement of the governments because of the special needs for accelerated co-operative development and the inability of the movement to grow independently. Bonow, the then President of the ICA, worded the concern in the following way: “It is important to recognize, however, that the involvement of governments in co-operative planning and

⁴⁷ For example, advisory services related to the drafting of co-operative laws and regulations, the organization of administrative services to supervise and promote co-operatives, the structural organization of the sector itself (e.g., establishment of co-operative unions, federations or banks), co-operative training and education.

development must be a temporary phenomenon. The essential objective of state assistance, whether it be financial, technical or administrative, is to make itself superfluous as soon as possible....As we all know, however, co-operative movements in most developing countries have yet to attain such a level of stability of administrative structure and financial resources as will permit the complete withdrawal of the state from their affairs. The most vital question at the present time is, therefore, not whether state participation should be there, but rather the forms which ought to be given to this participation” (ICA, 1964, p. 10).⁴⁸

The 1960s also witnessed the intensification of western and eastern development aid of both a nongovernmental and a governmental nature. The Catholic and Protestant churches, inspired by Christian reformist ideas about social justice and equity, increasingly supported social-development programs which addressed the needs of the most deprived sections of the Third World countries. With much sympathy for the populist-nationalist efforts to build on the available local resources for an alternative and participatory development process, the churches gradually shifted their traditional emphasis from charitable and emergency relief interventions to more financial and technical support for local self-help projects. They often chose co-operatives as the organizational framework to support their interventions. This was also the case for the nongovernmental lay organizations which had their roots in the counter-movements of the European and North American countries and which strongly believed in the transformative capacity of co-operative organizations in the Third World. A myriad of co-operative projects which used different concepts, such as ‘conscientization,’ community development, or rural animation was the result.

Similarly, the co-operative organizations of the industrialized countries also increasingly supported co-operative projects and programs in the Third World. Of special importance were the programs developed by the Nordic co-operative movements, the Russian Centrosoyus and the North American credit union movement (see e.g., Andersen, 1990; Krasheninnikov, 1972; and Moody and Fite, 1984). The Nordic movements and the Centrosoyus mainly assisted governments of developing countries

⁴⁸ The ICA Commission on Co-operative Principles of 1966 also accepted conditional temporal government involvement as is clear from the following quotation: “ But if governments provide or guarantee large loans or take out large holdings of share capital, they will insist on checking the use which is made of public money....Government may therefore ask that its representatives shall sit on boards of management for a time, not with power of veto, but to make sure that the aid provided is being utilized in the way which it was originally intended. The important consideration is that the government representative shall not continue to sit a day longer than necessary. The more successful a society is, the more likely are the members to conceive the ambition of acquiring independence of government supervision and work to achieve it” (ICA, 1966, p. 168).

which showed an explicit interest in co-operation to implement their co-operative promotion strategies. A special emphasis was put on establishing co-operative training institutions and training the necessary cadre of people to execute the government's plans. The North American credit union movement, and especially the credit union movements of the U.S. and Canada (through their special extension services, CUNA International and Canadian Co-operative Foundation), the Antigonish Movement of Nova Scotia, and the Mouvement des Caisses Populaires Desjardins of Québec, sought to develop an *autonomous* credit union movement in the Third World countries. The result of their efforts was a spectacular growth of credit unions and their membership in many developing countries, most particularly in Latin America and the Caribbean.

3.2.5 The Local Response

The promotion efforts of governments and other external agencies can be associated with at least a quantitative growth of the co-operative movement. Konopnicki calculated for Latin America that from 1950 to 1970, "the number of co-operatives has increased by nearly 240 percent (from 7,568 to 25,757) and the number of members by 313 percent (from 2,227,750 to 9,463,655). It is interesting to note that half of this increase took place in the six years from 1962 to 1968" (Konopnicki, 1971, p. 233). Orizet's figures for Asia show that the Asian co-operative sector grew from 382,343 co-operatives in 1951-1952 to 439,461 units in 1966 and the membership from an estimated 60,230,117 to 73,123,904 over the same period (Orizet, 1969, p. 26). Combining Orizet's and Desroche's estimations, one obtains the following for Africa: for the years 1951-52, 6,637 co-operatives; 7,342 co-operatives in 1966; for the years 1951-52-53, 1,271,229 co-operatives; 1,819,578 in 1966; and 2,267,278 in 1970-71.

It should be noted, however, that this does not give a fair picture of the dynamics involved in these governmental efforts to promote co-operatives under the populist-nationalist flag. Overstressing the coercive potential of the government to determine single-handedly the outcome of the co-operative sector would be erroneous. It would be equally incorrect to characterize the definition of the population's attitude as passive or fatalistic.

As indicated in the previous section, state policies were built on the previous culture surrounding co-operative development and the realizations of their predecessors. Other international agents were also involved in creating the climate and providing the resources for the rapid construction of a co-operative sector in the Third World. However, these agents were still external patrons of an emerging co-operative sector and had to accept the parameters set by the principal agent of the strategy, the state. Apart

from these influences, one should not underestimate the role played by the population concerned and the way they reacted to the proposed structures and contributed to the outcome of the promotion strategies. As Korovkin skillfully shows for the Peruvian case, “the actual co-operative practices were determined as much by co-operative members’ responses to these policies as by the policies themselves. These responses sometimes went as far as to imply the total rejection of state interference with the co-operative movement. More frequently, however, they involved co-operative members’ attempts to turn this interference to their own collective or individual advantage” (Korovkin, 1990, p. 137).

Numerous case studies on co-operatives set up in this period report the disloyal attitude of the members, the uneconomic use of resources, or the noncompliance with government rules and regulations. However, what in the social-engineering perspective of government officials or external co-operative technicians is conceived as a lack of knowledge and consciousness on the part of the population, or an innate inclination for corruption and dependence on handouts, can in many cases be explained as a normal reaction of a population being introduced to alien institutions they did not set up themselves.

An overemphasis of the role of the state and external agents could also lead to the conclusion that their imposition of a ‘precooked’ or blueprint co-operative model was total and complete. However, local populations and particular groups often regained some of the independence they lost with government-installed co-operatives and actually explicitly chose to set up these kind of co-operatives themselves sometimes. As Gyllström describes for the Kenyan case, the government never had sufficient resources to develop a completely government-controlled co-operative sector. “It was not simply a mode of organization imposed on a passive peasantry. Peasants did in many cases actively contribute to the establishment of societies. The mode of organization had, no doubt, been defined by government, but on the other hand this meant legal recognition and, hence, a possible means for improving income earning opportunities” (Gyllström, 1988, p. 43). Hamer gives evidence that in many cases in Africa, groups turned to the co-operative formula to oppose or countervail middlemen, while benefiting from protection from the state in this struggle (Hamer, 1981). In addition, local and international actors, like nongovernmental aid agencies, clergy or the traditional elite, did at times provide the necessary resources and political protection to shield the people’s initiatives from too much state interference.

The disproportionate success and relative independence of the credit union movement should be explained in the same vein. Often it is argued that credit unions or savings and

loans societies have been able to make more inroads in the developing countries because of their easy and universal applicability (e.g., Schiffgen, 1970; Pluta and Kontak, 1976) or their direct relationships with the many traditional forms of informal savings and credit. However, it seems that their success has much more to do with the low priority Third World governments paid to the mobilization of small savings in their populist-nationalist strategy for development and also with the support of external patrons (e.g., churches and agencies), which limited governments' ability to take hold of the movement. Involvement of the local modern elite and middle classes, such as state functionaries, small capitalists and labour aristocracy, as initiators, leaders or patrons of the credit union movement equally contributed to its favourable position.

It should therefore be concluded that the populist-nationalist strategies were built on the previous concepts of co-operation and that they integrated these concepts into their general euphoria for planned and authentic development. They therefore reinforced the government's role in co-operative promotion and the concrete implementation of the co-operative programs, in which they were joined by international agencies. However, this did not result in complete control of the co-operative sector since other agents and patrons were involved. The interaction of these different actors was responsible for the actual outcome of the sector.

In any case, the high days of the populist-nationalist strategy came to an end by the late 1960s, when the high expectations about the potential of co-operatives to contribute to accelerated and equitable development came into question. This led to new avenues of development and a further diversification of the co-operative sector.

3.3 Populist-Nationalist Strategies Reconsidered

By the end of the 1960s, it was recognized that the First Development Decade of the 1960s had not brought the expected results. A critical analysis was made of the previous efforts to stimulate accelerated growth in the Third World. The co-operative strategies which were developed in that period were also brought under scrutiny. However, rather than being replaced by new non-co-operative strategies, the new concepts which were formulated about development called simultaneously for an adjustment and an intensification of the co-operative development programs.

3.3.1 Development Reconsidered

Even before the 1970s a number of broadly accepted optimistic ideas about development were shattered. There was, first of all, the old assumption of unlimited growth. This was challenged by the overall recession and the new insights about the

limits of the world's natural resources. There was, secondly, the 'trickle down principle' rooted in the belief that the poor, sooner rather than later, would benefit from the wealth the rich accumulated during the development process. This assumption could not stand the test when it became evident that the gap between the rich and the poor grew wider in most, if not all, developing nations and resulted in popular protest movements and sympathies for radical socialist solutions.

Two divergent theoretical solutions were presented to tackle these combined problems. One set of proposed remedies focused on order and stability as necessary prerequisites for any development strategy. The other stressed the necessity for redistribution of the available resources. The first option underscored the tendency of North American and European political circles to call for stronger governments and if necessary for a period of authoritarian or military rule which could guarantee a smooth transition from the failing import-substitution policies to export-oriented economic growth. The second option, which defended more 'social development,' more 'participation' and equitable 'redistribution,' got the attention of the policy-making bodies of the UN. There it was operationalized in a variety of more or less coherent strategies, such as the Growth with Equity Strategy of the World Bank, the Basic Needs Strategy of the ILO, the Agrarian Reform and Rural Development Strategy of the FAO, and the Primary Health Care Strategy of the World Health Organization (WHO). All these new approaches looked for a reallocation of the available resources to meet the basic needs of the underprivileged population and to reduce existing inequalities.

Co-operative programs, although first criticized, were to have a prominent place in these new approaches. For this to occur, several adjustments to the traditional populist-nationalist co-operative-promotion strategies were necessary. The following section looks at some of the critical assessments of co-operative programs.

3.3.2 The Role of Co-operatives in Development under Scrutiny

One of the first critical assessments about the potential for co-operatives to play a central part in enhancing development for the whole population of a nation came from G. Myrdal in his famous *Asian Drama* of 1968. He believed that the notion that co-operation would have an equalizing effect was bound to turn out to be an illusion:

While land reform and tenancy legislation are, at least in their intent, devices for producing fundamental alteration in property rights and economic obligations, the 'co-operative' approach fails to incorporate a frontal attack on the existing inegalitarian power structure. Indeed, it aims at improving conditions without disturbing that structure and represents, in fact, an evasion of the equality issue. If, as is ordinarily the case, only the higher strata in the villages can avail

themselves of the advantages offered by co-operative institutions – and profit from the government subsidies given for their development – the net effect is to create more, not less, inequality. This will hold true even when the announced purpose is to aid the disadvantaged strata.

From 1969 to 1971, the UN Research Institute for Social Development (UNRISD) carried out a research program on rural development and social change. Its results were published in a number of reports (Carroll et al., 1969; Apthorpe, 1970, 1972; Inayatullah, 1970 and 1972; Fals Borda, 1970, 1971; UNRISD, 1975). In attempting to produce a ‘world view’ of the realizations and performances of rural co-operatives, the research teams of the UNRISD studied thirty-seven rural co-operatives in three Asian, six African and three Latin American countries. The UNRISD researchers opted for a scientific immanent approach to unveil the discrepancies between ‘the myth and the reality’ of co-operation in the Third World (Fals Borda, 1970b). This meant that the criteria used in assessing the performance of co-operatives were the goals which co-operatives, co-operative movements and co-operative policies establish as their main aims, including both economic and social goals (Apthorpe and Gasper, 1982). “The studies did not seek to identify ‘inherent defects’ or ‘inherent strengths,’ but rather the linkages and thus the conditionality of processes and of positive and negative outcomes” (idem, p. 658).

The UNRISD studies singled out two *general problem areas* concerning co-operative development as it had occurred in the Third World up to the 1970s. The problems relating to co-operatives in the developing countries had first of all to do with the diffusion and adoption of certain alien models of rural co-operation which had been imposed on the rural population. Almost invariably co-operatives were initiated and sponsored by external agencies such as governments, churches, political parties or aid organizations. Pressure was brought to bear on people to join the co-operatives, principally through three means: “1) direct compulsion and coercion; 2) the creation of a monopolistic situation in which the individual is deprived of certain economic benefits if he decides to stay out; and 3) the offering of inducements in the shape of prospective benefits” (Fals Borda et al., 1976, p. 442).

Because a ‘decanted interpretation of co-operation’ and a ‘model adulterated by capitalist experience’ was transmitted to the developing countries, genuine co-operation got no chance to realize its revolutionary potentialities (Fals Borda, 1970b). This predicament had a serious negative impact on the performance of the type of rural co-operatives so far imported in the developing countries.

The performance of the co-operatives and their impact was the second problem area the UNRISD studies addressed. As the researchers said in a résumé of their findings,

“co-operatives have been introduced, but the scope of their activities bears little relation to the dominant economic pattern – their performance is simply irrelevant in the wider context of social and economic change. In the Third World, only a very small proportion of the total number of farmers are even touched by co-operatives, let alone effectively dependent on them” (Fals Borda et al., 1976, p. 446). While the aims of the agricultural co-operative policies were commonly directed towards self-reliance, agricultural innovation and increased productivity, social and economic equalization, and structural change, the UNRISD study found that co-operatives did little to contribute to the achievement of these objectives (see especially UNRISD, 1975). In terms of self-reliance, UNRISD observed that when co-operatives were introduced in rural areas characterized by various dependencies, the dependency situation would generally not be replaced by one of self-reliance, but would be perpetuated in another form, in the new organizational framework offered by the co-operatives. In this sense co-operatives would be carriers of new inequalities and would reinforce old patterns of exploitation and social stratification.

In terms of agricultural innovation and increased productivity the results were as grim. UNRISD concluded that no impressive achievements could be presented and that rural co-operatives had much difficulty in tackling the problems of productivity and equality simultaneously. Where the social impact and the structural change envisaged by ambitious co-operative policies were concerned, the researchers concluded that co-operatives so far played only a marginal role in bringing about positive social and structural change. The poor had seldom been reached by the co-operative programs under review; the position of women was negatively affected under the co-operative process, and the means of production did not really come into the hands of the collectivity.

The general policy conclusion for the UNRISD team was that one should question the wisdom of continuing along the dubious way so far taken, with its low probability of success and its waste of expectations, talents, resources, and funds. What emerged was a major rethinking of co-operativist policies and much caution and selectivity in their promotion.

The studies were subject to massive criticism which resulted in a sterile debate, not only on the case-study methodology applied, but even more on the definition of ‘genuine’ co-operatives. The battle that was fought gave an excellent example of the weaknesses and inappropriateness of the ideal-co-operative perspective that was adhered to, since both sides only tried to defend or reject co-operative practices and realizations in terms of their correspondence with the universal and absolute principles of genuine co-operatives. Stettner, who worded the position of the established international co-operative movement, reacted by dismissing most of the UNRISD findings since they were based on

case studies of co-operatives which could not be regarded as genuine. In her own definition, the goal of co-operatives was to “achieve a significant increase in output, a more egalitarian distribution of that output and a more egalitarian participation in the decision-making which determines the pattern of that output and its distribution.” In this definition, she “emphasizes efficiency of management, modern productive and business techniques and maximum surpluses for reinvestment or distribution to members. It is not *profits* that are rejected by co-operators, but rather the basis on which private profits are distributed. Co-operatives are not welfare organizations; they are business enterprises. They can achieve their *social* purposes only to the extent that they succeed in outdoing their private competitors in *economic* performance” (Stettner, 1973, p. 208). On the other hand, Fals Borda, who had the general direction of the UNRISD research program, underlined the incompatibility of genuine co-operation with profit-seeking and capitalism. He therefore called for a rediscovery of the pristine socialist roots of co-operation and the development of alternative co-operative approaches.

3.3.3 Modified Populist-Nationalist Co-operative Strategies

The general recognition of the failure of the old development strategies, as well as the findings of the UNRISD team and those of subsequent social research on the topic (e.g., Widstrand, 1970; Worlsey, 1971), resulted in a revision of the traditional populist-nationalist co-operative strategies. It did not, however, lead to a rejection of co-operatives as useful instruments to implement economic programs. Co-operation, on the contrary, was brought more to the forefront of the new *alternative* or *populist* strategies that were developed in circles of international agencies or national development planners. In fact, from 1968 onwards the UN called for co-operatives to contribute to economic and social development. This was the central theme of the Second Development Decade. As Morsink observes, the UN considered the co-operative sector: “1) as an important element of the strategy for the Second United Nations Development Decade; 2) as a means of broadening the basis for popular participation in the development effort; and 3) as a means for the equitable sharing of the benefits of development” (Morsink, 1975, p. 193). Also the belief gradually developed that possibly the principle task of co-operatives lay in organizing and reaching the poor. The basic thrust was therefore directed toward modifying the existing co-operative strategies and increasing the national and international efforts to help the nascent co-operative ‘movement’ realize these ascribed objectives. In this light, it is understandable that the 1970s were officially assigned the title ‘Co-operative Development Decade,’ since co-operatives were accepted as the most appropriate organizational mechanism to combat poverty.

Co-operation, in these modified populist-nationalist strategies remained the instrument of engineered economic and social change in which outsiders played the determining role. In contrast with the previous populist-nationalist strategies, more sophisticated project approaches were used which, at the same time, clearly defined the ultimate objectives of co-operation and took into account the different internal and external hurdles that have to be taken to reach these objectives. To master the project process, planners tried more and more systematically to incorporate anthropological and sociological knowledge on the subject (see e.g., Cernea, 1985).

These modified populist-nationalist strategies did not result in a unified approach to co-operative promotion and development, since they built on the diverse co-operative patterns and institutions created in each developing nation. Adding to the heterogeneity of the modified populist-nationalist strategies was the increasing number of external actors that became involved in co-operative promotion and development, all of them bringing along their own priorities and approaches. Four principal ingredients were, however, more or less present in the majority of the concrete projects that were set up in this period.

The first and also most topical and prominent aspect of these strategies was the attempt to develop co-operatives as instruments for *poverty alleviation* and for fulfilling the *basic needs* of the poor. Seen as an international and national responsibility, these strategies foresaw an important role for governments in securing redistribution of national and international wealth through special co-operative structures. In addition, they regarded government's role as one of neutral arbitrator, necessary to protect the poor co-operators against the exploitations of the richer and better-educated elites.

As a corollary to these projects, international co-operative experts and scholars debated the necessity for special co-operatives for the poor, as well as the dilemmas encountered in promoting co-operatives as welfare organizations for special deprived and deserving target groups. Discussions focused on dilemmas and contradictions, such as those between co-operatives as self-supporting grassroots organizations and co-operatives as charity channels, or those between the objectives of growth and distribution, and those between decentralization and equity (see e.g., COPAC, 1977, 1978; ICA, 1978; Verhagen, 1978; Lele, 1981).

The second principal ingredient involved attempts to turn around the 'top-down' approach which was inherent in both the colonial and early post-independence strategies for co-operative promotion. Thus, the modified populist-nationalist strategies made efforts to develop a participatory, or bottom-up, approach to co-operative development. Participation, which is an old and recurrent concept in development thinking, was

therefore redefined as an active process in which the participants take the initiative and action that they consider necessary for the betterment of their living conditions. Participation, in this sense, was equated with 'empowerment' and was seen as a means and an end, or a process of spontaneous action aiming at structural change and taking place outside the confines of rigid bureaucratic structures. The new vision of participation broke away from the traditional perception of community as a consensual unity and focused on the power configurations present in each society. This was certainly a radical departure from the old conceptualization of participation as a means to involve people in achieving objectives previously established by development policy makers (see e.g., Meister, 1977; Wolfe, 1982; Oakley and Marsden, 1984).

Stimulating grassroots participation was the third principal ingredient. Numerous efforts were made by international agencies, Third World governments, and nongovernmental organizations to stimulate this grassroots participation as a way of promoting an alternative co-operative movement. Participation was still incorporated in a *promotional* strategy since it was accepted that for co-operatives to develop among economically and socially weak segments of the population some intervention was necessary. The basic difference with former efforts was that now "such interventions must aim at stimulating *participatory* development from below, even if the stimulus is from above" (Dadson, 1988, p. 182). Social scientists using a "participatory research method" were increasingly involved in developing a "methodology of intervention" (Verhagen, 1986) or "a pedagogy of the trajectory" (Desroche, 1984), which would help to foster participating development.

Closely linked to this concept of participation was the factor of *de-officialization*, or weaning from government control and supervision, which received greater attention in the modified populist-nationalist strategies. However, these theoretical options were hard to operationalize because of at least two constraints. First, as has been explained, governments were still assigned a central role in implementing the strategies or at least in initiating or giving incentives for co-operative development. Second, since colonization, each country had built up standard patterns and practices with respect to supervision and control. As long as governments remained 'partners' in the execution of these strategies and received substantial international recognition and financial resources for it, there was little or no incentive to reduce or dismantle the governmental institutions involved in controlling and supervision or to build institutions within the co-operative movement which could gradually take over these functions.

The fourth characteristic of the modified populist-nationalist co-operative strategies was their call for a comprehensive and co-ordinated approach to co-operative promotion

and development in order to enhance the efficiency and effectiveness of the different initiatives. At the international level, therefore, the Committee for the Promotion of Aid to Co-operatives was created by the major international agencies involved in co-operative programs.⁴⁹ Inspired by the International Co-operative Decade and stimulated by substantial subsidies available for co-operative development under the western bilateral and multilateral aid programs, more and more western co-operative organizations embarked on comprehensive 'movement to movement' programs, which went beyond the previous benevolent donations of individual co-operatives (Saxena, 1984). Simultaneously, new experiments of 'interco-operative trade' between established co-operatives in the North and the South were tried. These efforts built on the experiences of 'multinational co-operatives' which had grown out of the co-operative movements in the industrialized countries (see e.g., Craig, 1976).⁵⁰ At the national level, many governments tried to determine the institutional framework under which the multiplying and diverse assistance packages of Western nongovernmental organizations could be delivered to the target population.

The praetorian elite which had most control over the Third World state apparatus accepted the modified populist-nationalist co-operative strategies only to the extent that the strategies did not challenge their position but contributed to maintaining international legitimacy and to subsidizing their social-and political-control efforts. They sought to combine a social and, in certain cases, egalitarian official platform with more control over the population and to justify this in light of the compelling necessity for export-propelled development. The contradictions of this approach, however, increasingly undermined the very system built up over years.

3.4 Towards a Revival of Social Movements

From the 1980s onwards, a new historical breaking point occurred, reshaping the relation between the different actors involved in the development process and bringing about a new interpretation of the development problem. Social movements played a more prominent role in this new era and were among the major actors responsible for heterogeneous social change. In a first step, this section looks at the impasse of the traditional thinking about development and the new avenues sought.

⁴⁹ The members of COPAC are: the Food and Agriculture Organization of the U.N., the International Co-operative Alliance, the International Federation of Agricultural Producers, and International Federation of Plantation, Agricultural and Allied Workers, the International Labour Organization, the United Nations, and the World Council of Credit Unions.

⁵⁰ See, for example, the ILO/SIDA Regional Project on Strengthening of Interco-operative Trade Relations, executed in Asia during the period 1978-1983 and later continued with ICA co-operation.

3.4.1 Actors and Social Movements as to the Focus of Development Theory

At the theoretical level, a *paradigmatic change* was gradually in the making from the mid-1970s on, when it became increasingly evident that both the modernization theories and the dependency theories showed fundamental shortcomings in explaining the development issue and in producing policy directions. With their grand evolutionary schemes, both theoretical 'schools' tried to uncover the 'laws of motion' which drive all societies. Both accepted that there are 'lower' and 'higher' societies and that fundamental forces inevitably moved all societies over the same trajectory to one single and common end result. In their different formulations, both tried to explain why the development processes encountered in the Third World were different from those in the First World and how all Third World countries showed similar structural patterns that impeded speedy development but which would eventually be overcome when the essential policy measures would bring them on the road to a higher stage of development.

Each of the major strands of development theory looked almost exclusively for external forces that would and did bring about change in the peripheral regions and reduced the indigenous social forces and structures of the majority of the world to a static reserve. Development was conditional on these external forces, very much unlike the industrialized nations, where internal forces and structural changes produced an unprecedented level of development. Although both the modernization theories and the dependency theories left a meager role to certain social groups, such as the modernizing elites and the nascent social classes, their functionalist schemes rested generally on recurrent, recognizable and even predictable mechanisms and structures. Little or no room was left to the local and national actors in shaping the social and cultural processes in their society.

The oil-block strategy of the OPEC countries, the fragmentation of the Third World block, the revival of Islam, the 'outing' of old and new social movements, the persistence of disparate traditional social relations (or 'modes of production' in Marxian terminology) in all developing countries, and the failures of the policy measures elaborated by the academics confronted development theories with the limits and inadequacies of their evolutionist and functionalist schemes. The result was a major impasse in development theory, debates over orthodoxies and a multiplicity of deviant interpretations of the old theories aimed at revitalizing the discipline.

As a consequence, development theory shifted its attention to the 'actors' away from the 'factors' and to the empirical world away from deductive and formal models. Out of this grew new theorizing, oriented to understanding rather than to explaining what is

happening in the developing countries. Social movements gradually became the focus of attention for both sociologists and anthropologists. Of major relevance is that many of these studies looked at the cultural level as a complement to the structural level to understand the involvement of people in collective action and the functioning of social movements; they also engaged in cross-country and cross-cultural analysis in an effort to identify similarities and differences.

In terms of co-operative-development theories, this paradigm shift brought about a disengagement with the ideal-co-operative conception which owed its theoretical base to modernization or dependency thinking and which was still very influential in the UNRISD research and the subsequent debate. After that, co-operative-development researchers began to redirect their focus to the concrete functioning and application of different co-operation concepts without the ambition to verify if or to what extent these reflected an ideal concept. The recent work on co-operation and the Third World state, and on 'traditional' or 'informal' types of co-operation, is part of this new tradition (e.g., Attwood and Baviskar, 1988; Hedlund, 1988; Holmén, 1990; Korovkin, 1990).

3.4.2 Authoritarian Rule Challenged

The pillars on which the authoritarian states and the populist-nationalist strategies were built, both in their traditional and modified fashion, were gradually demolished by a set of interacting and mutually reinforcing factors that occurred at the national and global levels from the early 1980s onward. A revival of social movements of all sorts was a contributing factor to this process, and the new situation which they helped to create left more space and incentives for collective action.

The first factor that helped to trigger this new historical breaking point was the *financial dyspnea* in which many Third World states found themselves, caused by the debt burden, the steep rise in real interest rates, and a gradual decrease in concessional aid. These budgetary constraints restricted the capacity of the authoritarian states to perpetuate their clientelistic and patronage relations with the politically sensitive strata of the society. Under pressure of the structural adjustment programs, they were forced to engage in unpopular measures which often included scaling down the state apparatus, disengaging the state from the economic domain, and revising subsidy and welfare programs.

The weak alliances on which the authoritarian regimes were based shattered under these new pressures. New alliances between the local bourgeoisie and the popular sectors were forged and functioned as the basis for democratization movements. The 'old' social movements, and particularly the trade-union movement in Latin America and various

religious movements in the Middle East and Asia, proved to be a reservoir of defiance and popular protest. Under pressure of the ‘moral base,’ these movements dissociated themselves more and more from the political establishment and institutions (see e.g., Munck, 1989; Baeck, 1990). The objective of these movements was seldom to seize state power:

Hardly anywhere during this crisis is ‘state power’ an adequate desideratum or instrument for the satisfaction of popular needs. Therefore, people everywhere – albeit different people in different ways – seek advancement, or at least protection, affirmation, and freedom, through a myriad of non state social movements, which thereby seek to reorganize social and redefine political life (Fuentes and Franck, 1989, p. 183).

The call for *political pluralism* and *democratization* was reinforced at the international level by a worldwide human-rights movement and the end of the old rivalry between the ‘capitalist’ and the ‘communist’ blocs. The latter change in international relations reduced the dependence of the geopolitical strategists of both camps on the praetorian powerholders. International legitimacy could therefore no longer be acquired solely by ‘lip-service’ to some kind of redistributive policy but was measured on the democratic content of the body politic. In the new constellation that was shaped, social movements proved to be important not only because of their claims and pressure for participatory democracy, freedom of speech and freedom of association, but also because they brought a quantitative aspect, or in other words the ‘masses,’ to policy making. Political legitimacy required the acceptance of the policy measures by the popular groups which could be mobilized through these movements.

The renewed and new social movements did not, and do not, mobilize only to underline their claims for participatory democracy in political life or for social benefits (as they did when they exclusively represented the labour aristocracy). Typical for this new wave of social movements is their engagement in and promotion of *co-operative self-help activities* of different sorts: savings and credit associations; community health clinics; food kitchens; or workshops. These activities simultaneously function as an organizing mechanism which helps to cement the movement, as a defense mechanism to cushion the effects of the economic crisis and the related ‘social debt,’⁵¹ and a mechanism to carve a ‘space’ of autonomy and self-determination which is not subordinated to the traditional political and economic forces.

⁵¹ The concept of ‘deuda social’ was developed by ILO/Prealc to define the unequal social distribution of the negative social effects resulting from the structural adjustment and austerity measures put in place to solve the debt crisis.

This involvement in self-help initiatives also resulted from the crisis of the traditional intervention strategies. In these old strategies, the state played a central role and tried to harness the available resources for its own political objectives. However, the widely proclaimed social objectives could not stand the test of time and the measures that were put in place to achieve these objectives did not produce the promised social changes. In this way, the latent functions of external support also became apparent and were subject to increased scrutiny. Meister summarizes the popular critique that “international agencies succeed in maintaining some kind of social peace and preventing unrest” (Meister, 1982, p. 18).

Many of these movements also represent a resistance to the *cultural homogenization* and destructive *social consequences* associated with the development strategies engaged in by the state. In a number of cases, this has led to major cultural reassertion, as in the case of the Islam movements and several Oriental religious movements, or to ethno-nationalist movements which contest the alliances of the state with minority or majority cultural groups. In other cases, it has resulted in less overt resistance and refuge in alternative modes of social and economic organization which are often depicted as ‘informal,’ or incorrectly associated with ‘traditional.’

It would be inaccurate to portray the new situation in the Third World as one fully determined by a homogeneous group of social movements which can bring salvation to the masses and their countries. The contradictions between the claims of these social movements are legion, as are the conflicts between movements and between factions within these movements. Some movements have greedy or authoritarian tendencies and look for complete control over the social life of their members; some movements show an ambivalent class basis. In addition, in their effort to control and direct the changes that take place, the social movements are themselves confronted with counter-movements of those who feel threatened by them (Touraine, 1973). Political parties try to capture the social movements and control their organizations, and traditional forces try to clip the wings of the movements by restrictive measures or through control of the political agenda.

3.5 Towards Co-operative Movements?

In his analysis of three decades of international assistance for co-operative development in the Third World, Bruce Thordarson, ICA Associate Director, identifies three problems and contradictions which hinder sound co-operative development: the dependence upon and control by the national governments; the counter-productive effect of much of the external assistance invested in co-operative development; and the

association of co-operation with instruments of poverty alleviation (Thordarson, 1988). He thereby refers to the accumulated effect of different strategies of co-operative promotion and development, referred to in this paper as the colonial co-operative-development strategies, the populist-nationalist co-operative-development strategies, and the modified populist-nationalist co-operative-development strategies. These strategies have been instrumental in creating and shaping a co-operative 'sector' which knows its economic successes and its failures. However, the fact that external agents, and especially the Third World states, imposed certain organizational blueprints on the co-operatives, deliberately subsumed the co-operative ideology to the dominant state ideology, excluded or reduced the co-operative practice, and made it inappropriate to talk about a co-operative 'movement.'

The above-described developments, which drastically altered the situation in the majority of the Third World countries, did, however, create conditions which are more conducive to self-determination for the co-operative sector, and thus the transition to a co-operative movement. There is also ample evidence that the co-operative sector played a similar role in the transition to the present era as it did in the transition to independence. Regardless of the intensity of state control and supervision over the co-operative sector, the participants were able to use it as a platform to question the *status quo*. In addition, under circumstances where other more politically sensitive social organizations, like trade unions, were completely curtailed or forbidden, the co-operative sector provided a framework wherein community leaders could pursue their ambitions for self-determination.

In the new circumstances, co-operatives, or co-operative-like organizations, appear to play an even more important role in the light of the attempts of contemporary social movements to represent and defend 'higher' social values, as well as to achieve more or less permanent autonomy from the state and the economic domain. Rather than being subjugated to the rationalities and forces of the state and the economic sector, co-operatives countervail these rationalities and forces. This is the underlying logic of many of these initiatives, even if it is realized only to a certain extent because of the contradictions within these movements and the efforts of counter-movements noted earlier.

In terms of the recent evolution of the co-operative sectors and movements in the Third World, three major trajectories are suggested which are not completely separate but meet each other at different times and places. In many countries there is, first of all, a tendency to dissolve government-controlled co-operatives through obligatory liquidation or 'privatization.' This has happened, for example, in Tanzania, Peru and Jamaica.

Whether or not this leads to new co-operative initiatives depends on the concrete situation in each country. In Tanzania, the dissolution of all co-operatives in 1976 was later followed by their re-installation in 1982 and a new co-operative law which foresees the possibility for co-operative apex bodies to take over a number of supervisory functions of the registrar. In Peru, the efforts of the governments to disintegrate the collective co-operatives resulted in the subdivision of most co-operative plots although some continued to survive and allied themselves with broader political protest movements. In Jamaica, the sugar workers co-operatives, which were established under the social-democratic government of Manley (1972-80), were dissolved after the Seaga government opted for more orthodox economic policies. None of them survived.

A second trajectory is presented by the *old co-operative sector*, which is either captured by interested groups or gains sufficient financial independence and is able to mobilize the necessary resources to challenge the old paternalistic system. Faced with a government whose financial and human resources traditionally controlled the sector but which has crumbled because of drastic cuts in budgets and public service staff, these co-operatives push for a complete de-officialization and self-determination of the co-operative sector. Assisted by international organizations such as the ILO and ICA, they lobby for the removal of legislative obstacles and a new 'working relationship' with government. This is the case, for example, in the Commonwealth Caribbean where the co-operative sector, under the leadership of the financially strong credit union movement and with the assistance of the Canadian co-operative movement, has worked out model legislation giving far more autonomy to the co-operative movement. This is also the case in India, where a special committee reviewed the State Co-operative Societies Acts and worked out proposals to delete the old systems of *inter alia* compulsory amendments of bylaws to ensure uniformity, compulsory amalgamation or division of co-operatives, power of veto to the government nominee in the co-operatives, and compulsory approval of certain staff by the registrar (Ardhanareeswaran, 1987).

There is finally the emergence of what could be called *new co-operative movements*. These are constituted by the common-interest organizations which proliferate in many countries and develop co-operative-type economic activities such as co-operative marketing, saving or production (e.g., Hyden, 1988; Gentil, 1990). While often not functioning as registered co-operatives, these organizations operate as real co-operatives which organize certain specific groups on a voluntary basis in order to defend the members' interests in a changing society. It is increasingly recognized that these organizations, which spontaneously evolve outside the official structures of the state and the 'formal' economy, cannot simply be defined as 'traditional' or 'informal.' As Levin

observes, membership is not based on community membership or kin relations but is selective and conditional. In addition, these organizations are governed by formal rules and therefore function on the basis of some kind of 'institutionalization of suspicion' (Levi, 1988).⁵² The protection and support offered to these initiatives by the NGO's in Africa and the churches in Latin America and Asia give these co-operatives a power which they would not have on their own and engage them in a movement which goes beyond the local, the occupational or the gender group on which they are based.

The revival of the 'old' social movements such as trade-union movements and farmers' movements also results in a wide variety of new co-operative-type organizations which mobilize the membership of these movements for the support of nonprofit economic initiatives. As mentioned, these co-operative movements, which present a plethora of organizational forms and operational principles, are developed to respond to the members' concrete needs and also to build up an economic powerbase which can help to defend the wish for self-determination of the broader movements of which they are a part.

The basic question concerning these new trajectories is whether they show only ephemeral tendencies or will lead to sustained co-operative movements. In light of what has been said about the internal and external dynamics of social and co-operative movements, the answer will hinge on several conditions. A first determinant factor will be the capacity of the co-operative movements, and their social-movement entrepreneurs, to find an ever-changing optimal interaction between the practice, the ideologic and the organization components, taking into account the inherent centrifugal forces in this dynamic. The possibility for an increasing and sustained movement character for the co-operative sector in the Third World countries will also be contingent on its capability to develop the right strategic and tactical moves and to mobilize internal and external resources to pre-empt, or react to, the counter-moves of traditional and new powers. Holmén, for example, gives account of how the Agricultural Co-operative Union (CACU) in Egypt achieved some control over agricultural-pricing policies but was subsequently dissolved when its leadership challenged Sadat. The Union was recreated in 1980, but its wings were clipped from the outset. The government pushed its candidate on to the seat of the chairman, and the Union was kept within bounds by disadvantageous terms of competition concerning agricultural credit (Holmén, 1985).

⁵² Institutionalization of suspicion has long been considered to be an exclusive characteristic of modern contractual co-operation, as opposed to 'traditional forms of co-operation' (see e.g., Dore, 1971).

Conclusion

Co-operation has been high on the agenda of many agencies involved in Third World development. This paper suggested that the different strategies deployed to foster co-operative development in the Third World have been able to set the parameters of a co-operative sector but not of a co-operative movement. (Table 7 highlights differences between a co-operative 'sector' and a co-operative 'movement.')

Each of these strategies, distinguished as the colonial co-operative strategy, the populist-nationalist co-operative strategy, and the modified populist-nationalist strategy, leaves its own imprint on the co-operative sector. These strategies, in combination with the reactions of the members, have to be taken into account to understand the present characteristics of the very disparate co-operative sectors in the developing countries. The paper showed also how these different strategies were in line with the dominant thinking about the 'development problem' at any given period. New historical breaking points brought new actors on the scene and changed the relationships between the different actors, as well as the definition of the problem and the nature of proposals for rapid change and development in the Third World.

The most recent radical changes, which brought another paradigm shift and another constellation of forces determining the outlook of the world, have brought social movements to the forefront of change. It was explained how the internal dynamics of social movements are determined by the dialectical interaction of a praxis, an ideological component, and the way the external environment interferes with and contributes to the external and internal conditions of social movements.

These new changes bring along the possibility for new co-operative movements to be generated in close association and articulation with the other social movements present on the scene. It is also possible that some of the co-operatives which were part of what has been called the co-operative sector can and do reassert themselves in the context of a co-operative movement. In so doing, through a revitalized co-operative praxis, they take back control over the process that shapes organizational models and concomitant ideology.

Table 7: Differences Between Traditional Co-operative-Sector Strategies and Co-operative-Movement Strategies

	Co-operative Sector	Co-operative Movement
Creation	Mechanical, through social engineering	Spontaneous
Membership base	Defined by external agencies (especially underprivileged groups)	Self-selection (especially aspiring social groups in defensive positions)
Patrons	Governments, development agencies	Members, sympathetic elite
Co-operative praxis	Excluded, reduced or controlled	Geared towards self-determination and collective control of movement process and external environment
Co-operative ideology	Subsumed to ideology of initiating agencies	Created and recreated by movement membership and organizations
Organization principles	Determined and imposed	Self-determined
Relation with government	Government-co-operative partnership	Countervailing power
Relation with other social organizations	Isolated	Articulated with or embedded in
Relation with other co-operatives	Depends on imposed blueprint	Depends on strategic choices as to level of intramovement competition/co-operation
Approach to social change	Planned change	Attempt to influence change, unplanned change

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